



Legislative Assembly of Alberta

The 29th Legislature
Fourth Session

Standing Committee
on
Alberta's Economic Future

Ministry of Economic Development and Trade
Consideration of Main Estimates

Thursday, April 12, 2018
9 a.m.

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Fourth Session**

Standing Committee on Alberta's Economic Future

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van Dijken, Glenn, Barrhead-Morinville-Westlock (UCP), Deputy Chair

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Clark, Greg, Calgary-Elbow (AP)
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Standing Committee on Alberta's Economic Future

Participants

Ministry of Economic Development and Trade

Hon. Deron Bilous, Minister

John Brown, Assistant Deputy Minister, Science and Innovation

Jason Krips, Deputy Minister

Matthew Machielse, Assistant Deputy Minister, Trade and Investment Attraction

Toby Schneider, Executive Director, Policy and Information

9 a.m.

Thursday, April 12, 2018

[Mr. Sucha in the chair]

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

The Chair: Good morning, everyone. I'd like to welcome everyone back and call the meeting to order. The committee has under consideration the estimates for the Ministry of Economic Development and Trade for the fiscal year ending March 31, 2019.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, the same as yesterday, please introduce the officials that are joining you at the table. I'm Graham Sucha, MLA for Calgary-Shaw and chair of the committee. I'll move to the member to my right.

Mr. van Dijken: Glenn van Dijken, MLA, Barrhead-Morinville-Westlock, and deputy chair.

Mr. Taylor: Good morning. Wes Taylor, MLA for Battle River-Wainwright.

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

Ms McPherson: Good morning. Karen McPherson, MLA for Calgary-Mackay-Nose Hill.

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

Mr. Bilous: Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview, Minister of Economic Development and Trade. On my far left is Matt Machielse, ADM for trade and investment. To my immediate left is Sonya Johnston, ADM, strategic and corporate services; to my right, Jason Krips, deputy minister; and to his right, John Brown, ADM, science and innovation.

Mrs. Littlewood: Good morning. Jessica Littlewood, representing the beautiful rural constituency of Fort Saskatchewan-Vegreville.

Mr. Coolahan: Good morning. Craig Coolahan, the MLA for Calgary-Klein.

Ms Woollard: Good morning. Denise Woollard, MLA for Edmonton-Mill Creek.

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

Mr. Dach: Good morning. Lorne Dach, Edmonton-McClung.

Ms Fitzpatrick: Good morning. Maria Fitzpatrick, Lethbridge-East.

Mr. Piquette: Good morning. Colin Piquette, Athabasca-Sturgeon-Redwater.

Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

The Chair: Excellent.

I'd like to note for the record the following substitution. Ms Woollard is substituting for Mrs. Schreiner.

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

A total of six hours has been scheduled for the consideration of estimates for the Ministry of Economic Development and Trade. For the record I would note that the Standing Committee on Alberta's Economic Future has already completed three hours of debate in this respect. As we enter our fourth hour of debate, I'll remind everyone that the speaking rotation for these meetings is provided for in Standing Order 59.01(6).

We are now at the point of the rotation where speaking times are limited to a maximum of five minutes. Members have the option to combine their speaking times with the minister for a maximum of 10 minutes. Please remember to advise the chair at the beginning of your rotation if you wish to combine your time with the minister's. As always, the discussion should flow through the chair at all times regardless of whether or not the speaking times are being combined. If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either the chair or the committee clerk about the process. With the concurrence of the committee I will call a five-minute break near the midpoint; however, the three-hour clock will continue to run. Is anyone opposed to having a break?

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

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to microphones in the gallery area. Ministry officials are reminded to introduce themselves prior to responding to any questions. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery should not approach the table. Members' staff may be present and seated alongside the committee room wall. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Otherwise, the scheduled end time of today's meeting is 12 p.m.

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.

The vote on the estimates and any amendments is deferred until consideration of all ministry estimates has concluded, and that will occur in Committee of Supply on April 19, 2018.

Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are being moved. The original amendment is to be deposited with the committee clerk, and 20 copies of the amendment must be provided at the meeting for committee members and support staff.

When we adjourned yesterday, April 11, 2018, we were eight minutes into the exchange between Mr. Gotfried and the minister. I'll now invite Member Gotfried and other members of the United Conservative Party to complete the remaining rotation. You have two minutes left.

Please proceed.

Mr. Gotfried: Thank you, Mr. Chair. Thank you, again, to the minister and to what's obviously a very talented group of staff and supporting cast in terms of some of the great work that you've been doing.

Minister, we got cut off, and it looks like we're going to maybe just get to the end of this first question, which was around EEP, whether you had hit the target of 1,500 businesses or trade- or export-focused associations receiving funding and supports through EEP in the last fiscal year.

Mr. Bilous: Yeah. Great question. Good morning. We came very, very close; 1,413 is how many companies we supported through the export expansion program.

Mr. Gotfried: Okay. What is your target? Your targets are static through '20-21, at 1,500 businesses. Is that because of a capacity issue or budget issue? That's probably a great number to be able to achieve, and it's probably new companies every year. But are there no plans to expand it, and if not, why?

Mr. Bilous: Out of the 1,500, we felt that that target is achievable. It's a good target, primarily based, frankly, around dollars. When we break out the math as far as the companies supported – a little bit is for admin, but the rest is toward the actual program delivery – we can fund, I believe, up to 1,500 companies. That really is our focus. Our hope is that as the program continues, new companies will learn about the program. So we've been working very actively through chambers, Calgary Economic Development, Edmonton Economic Development – that's now Edmonton Global – as well as business associations to help promote these supports.

The interesting thing about the export expansion – I don't know if members know this – is that it doesn't just apply to businesses although they are our primary target. It also applies to municipalities, indigenous communities, and business associations.

Mr. Gotfried: And trade associations. Yeah. I noted that as well.

Mr. Bilous: Yeah. There have been a number that have taken us up on it.

The Chair: I apologize to interrupt.

Mr. Gotfried: We'll continue this conversation in the next rotation.

The Chair: We will now move on to the Alberta Party caucus. Would you like to combine your time with the minister's?

Ms McPherson: Yeah, please. If you're okay with that.

Mr. Bilous: Absolutely.

The Chair: Please proceed.

Ms McPherson: Good morning, everyone.

All right. According to your business plan on page 49 less than \$25 million out of your \$446 million in expenses is allocated to economic development. Less than \$30 million is allocated to trade and investment attraction. Alberta Innovates accounts for the bulk of the expenses, at \$288 million, and the science and innovation budget has been cut from \$56.4 million in '16-17 to \$49 million this year. You've cut the economic development budget from almost \$26 million to just over \$24 million. In the 2015 budget those items together were projected to increase to almost \$100 million. I'm wondering how to reconcile the push for economic diversification with the reduction in innovation and economic diversification spending.

Mr. Bilous: Yeah. Great question, Member. There are a number of different factors at play here. One of them was that in the 2015 budget, that's when we stood up Economic Development and Trade. You know, the way that we look at it, the department and

myself, is that over the past two years we've really been standing up the ministry and looking at rightsizing a number of different portfolios. That involves having the right number and level of staff to be able to support the programs that we're delivering throughout the province but also looking at, again, rightsizing the programs and the budgets that are allotted. I mean, those are primarily the reasons.

I don't know. John, do you want to supplement that a little bit?

Mr. Brown: I can supplement the science and innovation investments and somewhat the Alberta Innovates investments. Some programs had come to an end. They were either five-year programs or seven-year programs, and they came to the end of their planned cycle within the time frame that you described. Other shifts in those allocations among the department were the result of business priorities in other areas of the department.

I'll give an example. Invest Alberta was stood up in '16-17 and developed a comprehensive business plan, and then it was staffed to implement that business plan. So some of those dollars had to come from other areas of the department, and some of those came from the science and innovation granting programs.

Ms McPherson: Thank you for that.

Programs coming to an end: do you have some examples of those?

9:10

Mr. Brown: I have one specific example. I probably don't have the exact name of the program. There was a seven-year program that was to transition highly qualified people that were hired by postsecondary institutions under previous endowments, where the postsecondary institutions were given the opportunity to support those academic staff members and associated staff members through their line budgets, their programming dollars, versus what we call catalyst funds. We put dollars into postsecondary institutions to target specific areas of endeavour that are a priority for the government of Alberta. That helps them attract world-class talent into very specific areas, and then over time it's up to the postsecondary institutions to use their planning cycles to make those longer term investments for those professionals. That was a seven-year program. It was about \$18 million a year. That program, actually, is being wound down in '18-19. The last allocation was the '17-18 allocation.

Ms McPherson: With a program like that, when it's implemented and it's planned for a specific amount of time, how does the department go about deciding whether or not to extend it?

Mr. Brown: Well, that's a very good question. In some respects it's on a case-by-case basis. However, with this particular program it was made very clear, actually, through the grant agreement to postsecondary institutions initially seven years ago. They knew that they had this contractual obligation to support these professionals at the end of the grant agreement. But it's not unheard of for programs to be extended. Usually it's on a case-by-case basis and fairly unique circumstances that would result in an extension.

Ms McPherson: Okay. Thank you for that.

Back to the original question, is the adjustment in the funds being allocated to different areas part of recognizing that the economy is actually quite well diversified and looking to promote more revenue back to the government?

Mr. Bilous: Yeah. I mean, what's interesting is that a lot of the supports through science and innovation but also through Alberta Innovates support companies that, in turn, are able to grow, hire

more people, and, obviously, pay more taxes, and that means more revenue for the government. You know, they play a very, very critical role. Again, what we've been doing since October 2015, when EDT was stood up, is really aligning the budget over time to align with the actual spend over the last few years. As I had mentioned, we refer to it as rightsizing the budget.

Now, I can tell you that I wouldn't necessarily use the terms "recognition that the economy is already well diversified." There are a number of sectors, some that are growing within the province, outside of oil and gas, but we want to continue to support those sectors and help them grow. Part of it, like I said, is the rightsizing of budgets. Part of it is grant agreements that have come to an end. A lot of the programs or a lot of the program support that Alberta Innovates delivers is multiyear; it's not a one-off. Innovates does support a number of different programs throughout the province but also, you know, partnerships. There's quite a bit of support that goes to postsecondaries as well to encourage innovation throughout the whole pipeline, from basic research all the way up to the commercialization of ideas, that turns them into businesses.

Ms McPherson: Okay. Thanks.

I've heard you talk quite a bit about trade missions to other areas and how successful they've been. In the news recently, in the *Journal*, there was an article talking about Edmonton and your ministry both going to China on trade missions, but these missions aren't connected to each other. I'm just wondering if that's going to have the most successful outcome both for Edmonton and for the province as a whole.

Mr. Bilous: Right. That they're not connected is not exactly true. We work closely with the city of Edmonton, with Edmonton Economic Development, now Edmonton Global, and on a regular basis I'm in communication with the mayor. They were planning a mission. There are a number of factors that go into the timing of a mission. For us, often we're looking for an anchor event in another country or in the market that we're trying to go into, and then we look at planning around it.

The mayor has a mission to Asia that – our missions do intersect at a couple of different points. CNOOC Nexen – and this is actually quite fascinating – every year brings 30 Alberta oil and gas companies over to China to meet with all of their supply chain in order to try to promote trade investment in those companies. I mean, I know that you know this. But it's fascinating that the larger companies want to see that the small start-ups flourish around them because it benefits them. It's often the small ones that are the most innovative, and it's the larger companies that adopt, usually, that technology.

CNOOC is bringing 30 Alberta companies again this year. I'm starting off with them on the front end in Beijing. From there we intersect with two different artificial intelligence missions that are going on concurrently. One of them is being led by, again, Edmonton economic global. The other one is trade and investment on AI, one in Singapore and one in Hong Kong.

So, really, it's four missions that are all intersecting with each other at different points in time, which is quite normal. On a trade mission – I've participated in them with Mayor Nenshi, with Mayor Iveson. When they come with us, we jointly participate in a number of meetings, but they'll also have separate meetings to the side, just as I will as well.

The missions have been planned – I don't know what the word is that I want to use – collaboratively, so we're well aware of what they're doing. There will be some meetings that I'll participate in with the mayor.

Ms McPherson: Thanks.

The Chair: We'll now move on to the government caucus. MLA Fitzpatrick, would you like to share your time with the minister?

Ms Fitzpatrick: I certainly would. Thank you.

The Chair: Please proceed.

Ms Fitzpatrick: Good morning, Minister. Now, this first question is near and dear not just to my heart but to Lethbridge and probably all of southern Alberta. Key strategies 3.4 and 3.6 – I think it's in the ministry business plan, page 47 – specifically look at trade and export, which prompts me to ask about trade corridors in the province. Can the minister speak to how EDT works with other ministries to ensure that our province has robust corridors in place that will meet our future economic and diversification needs? The twinning of highway 3 – and I know you've heard me speak about this before – in southern Alberta would be a catalyst for business and industry in my constituency and right across southern Alberta, where we're looking to encourage new markets and increase business activities which are already present; for example, Cavendish, the Perry potato farm.

All kinds of things are happening in the corridor, so if you could speak to them, please.

Mr. Bilous: Absolutely. A great question. There are a number of things that happen. Again, Economic Development and Trade works very closely with a number of departments; in fact, it's most departments, frankly. Transportation and Infrastructure are two of them. So when they're looking at criteria for the capital plan, we provide information on the economics. Again, if we're talking about either enhancing highways or improving trade corridors, we're looking at providing support to Transportation when they're doing an economic analysis. I know that trade corridors are a priority of Minister Mason, and he recognizes that it's critical. You know, what you're talking about in southern Alberta, highway 3, you know, has significant potential.

I mean, the short answer is that we work very closely with the other departments that we provide input to. This is where we do regularly sit down with MLAs like yourself to get input.

We talk to and work very closely with the chambers, the different business associations, the municipalities, who are regularly sharing with us, you know, things that are working well and some of their challenges and then looking at where the opportunities are as well as with companies that we are constantly in contact with, especially if they're looking at coming into a certain part of the province but there's a need for certain infrastructure for them to make that kind of commitment. That all becomes part of the conversation.

9:20

This is where, you know, conversations are and can be dynamic. I mean, obviously, Infrastructure and Transportation want to have a bit of a longer term vision in planning. We don't just want to be making knee-jerk decisions. However, there are sometimes opportunities for the government to move faster in areas. Again, Cavendish is one great example of the largest single investment into Lethbridge, where there needed to be some infrastructure upgrades for them to be able to participate. The great thing about those infrastructure upgrades is that they apply not just for Cavendish. It's not just giving one company that, whether it's a blank cheque or significant support. It's supporting the region to be able to attract and diversify and continue to diversify their economy. Lethbridge is a great example of a city that has done a remarkable job not just

diversifying their economy but weathering the downturn over the past couple of years.

Ms Fitzpatrick: Thank you very much, Minister.

What evidence does this government have to back up claims that Alberta's economy is looking up? I know because I'm sitting on the government side, but from your perspective? I'd refer you to page 43 of the business plan and the economic outlook section in the fiscal plan, pages 89 to 120.

Mr. Bilous: Sorry. I'm just flipping through. You said that page 43 in the business plan is where you're looking?

Ms Fitzpatrick: Yes, and the section of the fiscal plan pages 89 to 120.

Mr. Bilous: Okay. I'll start off just making some high-level comments while my officials look for the second page.

I mean, you know, we look at a number of different statistics. We obviously follow very closely third-party evaluations, whether it's the Royal Bank, TD Bank, Conference Board of Canada. We know that last year Alberta's economy grew the fastest out of any province in the country, at 4.5 per cent. That is a tremendous level of growth, and frankly it was a special year as we were starting to recover. This year we're poised to be one of the leaders in the country in growth, around 2.7 per cent, which is still significant growth in the province.

You know, we look at a number of different indicators. I mean, the first one is that 2.3 million Albertans are working today. That's more people going to work this morning than at any point in the past. We know that 90,000 new, full-time jobs were created since last year, that the bulk of those, in fact the large majority of them, are in the private sector, and we've seen incredible growth from our exports, that have gone up. Alberta exported more than a hundred billion dollars' worth of goods last year. We increased the number of countries that we export to. Alberta represented 20 per cent of Canada's goods exported even though we have less than 12 per cent of the population. We continue to be and have always been a province that punches above its weight. Last year as well we know that drilling activity doubled, which is significant, and nearly 42,000 new businesses were incorporated, which is also positive.

You know, other examples are anecdotal and concrete examples of companies that are coming to Alberta. Amazon announced their fulfillment centre, which is 750 new full-time jobs just north of Calgary in the Balzac region. We know that Swoop is staying in Alberta. Swoop is WestJet's ultra low cost carrier. I can tell you that without some concierge assistance from the government of Alberta, they were looking very closely at moving Swoop headquarters to two other jurisdictions, both outside of Alberta. Champion Petfoods, Google DeepMind, RocketSpace, and then, obviously, Cavendish: I mean, there are a number of different indicators.

However, having said that, you know, I have been travelling the province on a chamber of commerce tour and listening to small businesses, and I do acknowledge that not every business has been feeling or has started to feel the effects of the recovery. We absolutely understand that. Some businesses are still struggling around the province, which, frankly, is why the budget that we've tabled is one that has supports for small and medium-sized businesses to continue to grow.

We've through Bill 2 extended the two different tax credits that have been very successful, but we're also looking at continuing to provide support, whether through Alberta Innovates or some of our other arm's-length entities, to companies because we want this

recovery to be a recovery built to last and for every Albertan to feel it.

Ms Fitzpatrick: Awesome. Okay. Now I'd like to ask a couple of questions about the jobs plan. Where in Budget 2018 is there funding for the Alberta jobs plan?

Mr. Bilous: Oh, boy. Okay. It is going to take me a second to pull this together. The Alberta jobs plan: as you know, we announced that it's an overarching strategy involving multiple programs and initiatives, everything from access to capital, which is delivered primarily through institutions like ATB in partnership with the Business Development Bank of Canada. So it's not actual dollars flowing out of the government of Alberta; it's agreements that we have made with these institutions to increase their lending capacity to small businesses.

As well, there are supports that we deliver on an ongoing basis through entities like Business Link and Futurpreneur to investments, again, in infrastructure. You know, we're still continuing to make critical investments in infrastructure, but our government also recognizes that as the economy starts to recover, we're backing off a little bit on the throttle on the level of infrastructure investment that we are making, again based on the recommendation of David Dodge.

Through other programs, like CARES, is how we've delivered the Alberta jobs plan. We're extending that program, which has been highly successful, especially for rural Alberta and parts of Alberta outside of the two largest cities. I know that there are a number of CARES grants that the city of Lethbridge has successfully applied for.

The Chair: I apologize to interrupt.

We will revert to the UCP caucus. Would you like to continue to combine your time?

Mr. Gotfried: Yes, please.

The Chair: Please proceed.

Mr. Gotfried: Thank you, Chair. Minister, we'll try and get through this EEP this time. The third time is the charm. I just want to check with you; you talked about the 1,500. Are successful applicants to the program able to apply again for a follow-up program within this? We all know that, particularly in Asia, one trip is not necessarily – it's kind of only just a foot in the door. Are they eligible, then, for multiple or a couple? What are the parameters of that?

Mr. Bilous: Yeah. You know what? I appreciate that question, Member, and I do appreciate your understanding of the Asian markets in that it requires businesses to return on a regular basis. It's interesting that some people – and the department puts on training seminars before we take companies on missions. We want to make sure that they're maximizing their time and dollars being spent, whether they're ours or theirs, and to tell them that, you know, it's about building relationships and that it takes time.

When a company successfully applies to the export support fund, it's up to \$20,000, that covers things like hotel, logistics, and airfare. The majority of companies actually only use about \$5,000 to \$7,000. This is a great example of a program that is not a huge cost – when you think about \$5,000 to \$7,000, it's a fairly small amount – but to a small business, they don't have that kind of money sitting in the bank. We've had a number of examples of companies that have said: if your government didn't introduce this program, we would not be in new markets.

One example is a company called Absolute Combustion. I'm not sure if you're familiar with them, but they have fascinating technology. They started off very small. They're now located out at Edmonton International Airport. They participated in EEP four different times to four different countries. So that's one of the stipulations.

Mr. Gottfried: Minister, I'm going to cut you off there. This is a great story, but I have a few things and limited time here, so I'm going to move on.

Mr. Bilous: Sure. It is fascinating, and we've got to get these stories out.

Mr. Gottfried: Yeah, and I'd love to go and see it.

You know, this program is interesting. I remember that in some of my earlier days involved with economic development, previous governments had a PEMD program, a program for export market development. It sounds like this is very similar to that, which I also found was very effective. I guess my question is: which foreign markets or perhaps sectors are being targeted by your department through the EEP program, or is it really just more putting the word out there and seeing what comes to the table with respect to interested companies?

Mr. Bilous: Forgive me, Member; I was just getting clarification. On your previous question, they can return. For each mission or trip to Asia, they can return as long as they don't have more than 10 per cent market share. So when they hit that threshold, you know, they've graduated. They're flying on their own.

Forgive me. Can you repeat the last question, please?

9:30

Mr. Gottfried: Yeah. Just with respect to foreign markets or the applicants, are you targeting certain markets – you know, international markets – or certain sectors through your department, or is it really about getting the information out and having companies self-identify?

Mr. Bilous: Great question again. We have priority markets that we're driving towards – and companies are aware of that – but having said that, we don't limit which countries or markets companies want to go to. We're not saying that just because, let's say, China or Asia is a priority for the government of Alberta, we're only going to support companies going to Asia. Not at all. In fact, you know, there are quite a few opportunities. Honestly, if the budget was much bigger, we could be in a lot more markets on the ground, with boots on the ground.

Now, considering the budget that we do have under Matt's shop, the level of support and the number of trade missions that are led into whether it's markets in South America that are growing, a huge opportunity, we may not have people on the ground permanently there, but we still lead trade missions all over the world and have companies participating in them all over. I mean, I can get into details as far as how . . .

Mr. Gottfried: No. That's fine. I think, you know, we know that there are great support programs both with the international offices and, obviously, some of your specialist officers here and on a geographic basis. That's great to hear. I'm happy to hear that it's not necessarily just the big shiny-penny markets you're going after, because sometimes those aren't the best markets for us to go after.

What was the total investment attracted or contract value facilitated through the EEP programs last year?

Mr. Bilous: Great question. I'm very proud of the fact that through Economic Development and Trade our ministry alone, that leads dozens of trade missions world-wide, attracted \$500 million worth of new investment into Alberta. I mean, that's significant. Just to clarify for members of this committee and the public, that does not count Agriculture and Forestry's trade missions – they also lead trade missions – or Energy or Tourism or any of our other departments.

Having said that – and I know you're aware of this, Member – in our missions we work with and bring people with us, whether it's ag producers, people from the tourism sector, the energy sector. I mean, some of our missions have been very broad, like the mission I led in November '16 to China. There were 86 businesses and associations that accompanied us, and that was from a variety of sectors from clean tech to energy.

Mr. Gottfried: And they can access the EEP to assist with that as well, right?

Mr. Bilous: Oh, absolutely. That was the first mission that we had since we had introduced the EEP, and there were 11 companies that participated out of the 86 that had received funding from EEP.

Mr. Gottfried: Great. You said a \$500 million investment. Does that include contract value that may have been secured as well?

Mr. Bilous: Yeah.

Mr. Gottfried: It does? Okay. Thank you.

A key component of this program is supporting the creation of jobs, obviously. That's one of the key drivers. How many jobs were created as a result of the – I'll use your term – EEP program last year? I'll try and get the acronym straight.

Mr. Bilous: Okay. The department is going to look for this.

Now, one of the challenges with a number is that companies are the ones that hire, that grow because of these, so through companies that will report back to the department and disclose how many people they've hired, that's, you know, how we track some of them. The problem is that our numbers are not going to be comprehensive or complete because not every company is reporting back to us on how many they've hired or how much they've grown.

Mr. Gottfried: Could that not be a requirement of the program?

Mr. Bilous: Well, I mean, you know, we encourage it. We ask companies to share that kind of information, but again companies also, because of competition, sometimes view this as very sensitive information. For us to say, "We're not going to support you unless you disclose," I think there'd be a lot of companies that would say, "Well, then, we're not going to participate." I appreciate that we try to get those numbers as much as possible, but because of competitive reasons . . .

Mr. Gottfried: I would think that most companies would be proud to tell you how many jobs they created from their contracts.

Mr. Bilous: You know what? You would think that, but there are also companies, I can tell you, who have received support from the capital investment tax credit who do not wish to be disclosed at all because of competitive reasons. We want to respect that.

But I understand where you're coming from. Our department works with them to encourage them to share the information. Again, we can aggregate the numbers. We don't need to say which company and how many. That's, honestly, where we got the \$500

million from, and that's a conservative estimate of last year's investment.

Mr. Gotfried: And can we find detail on that \$500 million anywhere, Minister?

Mr. Bilous: That is a good question.
Matt, do you want to speak to this?

Mr. Gotfried: Or can we get it at a later date? I mean, either way is fine.
Go ahead.

Mr. Machielse: We surveyed all of our participants on the trade and investment missions. That conservative estimate was what they were willing to provide but not willing to publicly disclose, so we can't give you itemized numbers around that, just for the reasons that the ministry just explained, about it being commercially sensitive. We did ask at the time if they would be willing to speak publicly, to talk about and to share the awareness of the programs that we provide to industry, but it was to that level.

Mr. Gotfried: Okay. Given our diversification goals could we at least get those statistics broken down by sector?

Mr. Machielse: Through our CRM system, our client management system, we do track by sector all of the leads, opportunities, activities, and contacts that we're making with industry right now, and we can provide that to you.

Mr. Gotfried: Is that available publicly as well, Matt? I mean, if we can get that, that's great.

Mr. Machielse: It is internal. It's how we manage the network, but we can get it to you.

Mr. Gotfried: I think that would be a good indicator of the success of the program and in terms of the diversification goals as well.

Mr. Bilous: Yeah. Member, you know, I'm just looking at one of our internal documents. It's a pie chart that has projects broken down by sector that I think we could make public. I'll likely table this in the House. Would that be the easiest thing? I'm looking to the chair.

Mr. Gotfried: Excellent. I think that would be a good indicator for us.

Minister, I just have one question. We heard Amazon and Google bandied around here, kind of sexy and kind of in vogue. We talked earlier about some of the airline issues, and I'm a little concerned. I mean, you said: "built to last." We've seen some air services come and go.

The Chair: I apologize for interrupting.
We now go back to the Alberta Party caucus.

Ms McPherson: Thank you very much.

The Chair: Are you sharing your time with the minister again?

Ms McPherson: Yes, please.

The Chair: Proceed.

Ms McPherson: Okay. I wanted to talk about a few different things. You've mentioned RocketSpace a couple of times. I'm wondering: how many direct jobs have been created by RocketSpace coming to Calgary?

Mr. Bilous: RocketSpace is an incubator that works with companies.

Ms McPherson: I'm asking: how many jobs directly have been created by RocketSpace coming to Calgary?

Mr. Bilous: Again, with RocketSpace, we'd have to get permission from them to get the list of the companies that they work with and then ask the companies how many they have hired and how they've expanded. You know, not to say that we aren't having those ongoing conversations, but the hard-and-fast job numbers are sometimes not as easy for us to get a hold of, because if companies don't want to disclose, they don't have to.

Ms McPherson: So is there any concern? I know that when RocketSpace came to Calgary, they were talking about how they wanted to consolidate the ecosystem for tech start-ups in Calgary, but we've got quite a bit happening already. One of those things is Innovate Calgary. Is there any concern that RocketSpace would take over some of the activity that was happening through Innovate Calgary at all?

Mr. Bilous: No. You know, I think there are a couple of things at play. Having a number of different incubators and choices for companies is not a bad thing, especially when at different times of the year different incubators might be at capacity as far as the support that they lend. RocketSpace has a certain level of expertise. Again, being a company coming from the Valley is also significant. It also sends a message to the investors in Silicon Valley and other companies that Calgary and Alberta are a place to be. There are significant advantages to attracting companies that are well known. Part of the reason that we're very proud of whether it's Amazon or Google coming to Alberta is that it's significant, but what it also does is that it plants a flag in our province where other companies, investors, venture capitalists will say: hey, what's going on over there?

Now, to your point, we do have quite a few incredibly successful tech start-up companies, and we want to see them continue to grow and flourish. We view RocketSpace, I can say, as does Calgary Economic Development, as a beneficial addition to the ecosystem that currently exists in Calgary and see it as a way to expand that ecosystem.

9:40

Ms McPherson: My concern. When Duncan Logan was interviewed by the CBC before they came to Calgary, when they had made the announcement, he said really clearly that Calgary already has a great tech ecosystem up and running. What we look to do is to pool that into one location, and I think that would create more of a monoculture rather than an ecosystem and kind of defeat the purpose because you would end up having the same sort of ethos from all of the companies in one location. That's what my question is getting at. If we look to pool all of that activity in one spot, we really no longer have an ecosystem.

Mr. Bilous: Right. I mean, just to clarify, we have no intention of folding all of our incubators into one entity.

Ms McPherson: Okay. Good. I'm happy to hear that.

I'd like to talk about the aerospace industry in Alberta. From the most recent numbers I could find, the industry represents \$1.3 billion in revenue, 170 companies, and 6,000 employees. Forty per cent of their production actually goes overseas. I think there are lots of different tangents that are available from that. I know I've been speaking with some people at SAIT with connections to chambers

of commerce in China about aerospace trade with China, and we've already had a few conversations about that, certainly identifying that they have a lack of pilots right now. They also have a lack of airplanes and training for aircraft mechanics, all of those things. I think there's huge opportunity over there.

I'd like to refer to a press release from a company in Calgary. It's called WaVv. I'm sure you're familiar with them, with their ConvergeX conference, that's held in Calgary. February 23 was actually Canada National Aviation Day – I don't know if everybody has a pin for that one – and WaVv made an announcement talking about the development of an Alberta aerospace economic trade and innovation zone. I'm wondering if your department has had any conversations with WaVv or with the aerospace industry in Alberta generally about collaborating on this initiative.

Mr. Bilous: Great question, Member, and I'm glad you're excited about it, because there are significant opportunities in the aerospace sector. They actually had their annual conference in Calgary about a month ago, that I spoke at and participated in. I had an opportunity to sit down with a number of different companies, where we talked about their hope or vision for an aerospace corridor, which is how they were referring to it. Yes, that does fall under my purview and support from Economic Development and Trade. Those conversations have begun and are ongoing. I can't, you know, commit as we're sitting here as to what that may look like or the support they may receive, but I can tell you that you're absolutely right that there are significant strengths that we already have in the aerospace sector throughout the province. What I really liked about WaVv's idea is that they see it as a corridor, not just Calgary or one city.

One thing I will add that you'll find interesting is that EDT led a mission down to Chile not long ago – in fact, it was, I think, in the past two weeks – that was the International Air and Space Fair in Santiago, which 20 Alberta organizations participated in. That was led by my ministry. Again, there are significant opportunities. We are working with them, and I appreciate, you know, you being aware of that and flagging it.

Ms McPherson: I think that there is a lot of upside potential for the province overall in that area, and I think it could tie into another part of your ministry, and that's coal. We have this huge natural resource in coal, and I'm wondering if there has been any concentration on carbon fibre development, developing that technology from coal. There's so much potential, especially in aerospace, for carbon fibre to make lighter-than-air aircraft. I can envision Alberta being a leader in the world in this particular development of technology.

Mr. Bilous: John, do you want to comment?

Mr. Brown: Sure. Thanks, Member. Thanks, Minister. There's a lot of work that's going on to look at alternative uses of let's call them primary fossil-based carbon materials, and coal is among them. I can't speak to a specific project that relates to coal, but Alberta Innovates Corporation has a large science capacity in converting carbon into other things. We've made a substantial investment with the federal government in a carbon-conversion commercialization centre in Calgary that's in partnership with industry and working closely with Enmax and others.

To your point about coal, I can't answer that specifically around a project, but I know there's a lot of activity both in the academy and further down, discovery through to commercialization, looking at alternative uses for fossil carbon other than igniting it.

Ms McPherson: Thank you for that.

Honestly, I'm okay for this section of questions.

Mr. Bilous: You know what? Member, if it's okay with you, I just wanted to comment. A question that you asked yesterday about Aeromexico: I have a little more information that, with your indulgence, I'll share with the committee.

Ms McPherson: Oh, great.

Mr. Bilous: You are correct that Aeromexico's flight was suspended at the beginning of April, but I can tell you that WestJet picked up that flight as their partner and has taken it over. There'll be daily flights by the end of the month, in April. Part of the reason for this – and WestJet feels that they can succeed with direct flights because of a better cost structure; also, the emphasis of flying Mexicans to Calgary where Aeromexico was focused on getting Canadians down to Mexico. What I have been told by our airports is that these flights change all the time as far as routes, that they're not static. You know, again, this will continue. Aeromexico is no longer running the flight, but now WestJet is. I just wanted to give you an update on that.

Ms McPherson: Great. Thanks. I appreciate that.
I'm good.

The Chair: All right. We'll now proceed to the government caucus. Would you like to continue sharing your time with the minister?

Mr. Dach: Yes, please.

The Chair: Excellent. Please proceed, Mr. Dach.

Mr. Dach: Thank you, Chair. I'd first like to thank the minister for his leadership on this portfolio. He was recognized yesterday by some members of the opposition as being a very effective ambassador on the world stage for Alberta's trade and advancement of the efforts to ensure that we improve our trade globally. But we also know that your success, Minister, is through the hard work of your staff members, so I'd also like to acknowledge that if it wasn't for their hard work and intelligent application of your leadership, we wouldn't be where we are today. It's really impressive, the work that you've done so far on this file.

Also, I might add, for those of you watching online or perhaps on cable TV, that jerseys, hockey jerseys, are being worn today to honour the 16 members of the Humboldt Broncos who recently died as a result of the tragic highway collision. I wanted to thank Mr. Speaker publicly for allowing members who were able to scramble and grab a hockey jersey to wear them in the Assembly and committee meetings today. My neighbour Neva Cardinal was able to get me one at 10:30 last night. I thank her for that.

On with the business of the day, however. I wanted to ask a lingering question that I had in mind yesterday with respect to the interactive digital media tax credit program. I was wondering. I know that the Alberta investment tax credit already supports businesses engaged in interactive digital media development, video postproduction, and digital animation, but that begs the question: how does the new interactive digital media tax credit program differ from the AITC? Is there overlap, duplication, or are they complementary?

Mr. Bilous: Okay. Great question. Complementary, if I can summarize this in a word. Your investor tax credit is an opportunity for your smaller businesses to be able to scale up more quickly. If they're looking for an equity round, by offering a 30 per cent tax credit, we're derisking an investment by Albertans in an Alberta-based company. Again, you know, folks who have started their own businesses know that once you burn through your own savings,

your friends', and family money, you need to look at where you can find equity to be able to grow your company. But often at that point the banks, the traditional lenders are a little reluctant to give you money, especially in the tech sector. You don't have physical assets which you can get loans against. AITC helps them expand.

The digital media tax credit is helping them to be competitive in the sense that the majority of costs for an IDM company are through labour. Again, they're generally well-paid jobs for creative design, program design team. What that does is just to ensure that the companies can be competitive but they also can hire more folks to grow.

The two programs are complementary. What it means is that we're providing, you know, that access to capital that companies critically need to be able to grow.

9:50

Mr. Dach: Thank you for that.

One criticism of the IDM program that I've heard – correct me if I'm wrong, but I've heard that individuals believe that it picks winners and losers. Is this the case? How would you respond to that?

Mr. Bilous: No. In other jurisdictions across Canada their interactive digital media tax credits don't necessarily have a program cap, which means that there is a risk that if there are a significant number of companies that subscribe to the program, it's hard for a government to be able to budget, because it's as many as sign up for it. So what we did in order to ensure that we weren't going to exceed what we are budgeting is to put a cap on the program, a hard cap. Essentially, you know, the application process for our program is going to include windows to allow corporations that meet the eligibility requirements to benefit from the program. That is similar to other jurisdictions. Again, companies can sign up for it, and as long as they meet the criteria, they will be eligible, per employee, to get the 25 per cent tax credit plus, potentially, the 5 per cent top-up for employees from underrepresented groups.

Mr. Dach: Okay. Thanks for that.

I want to turn to a question I have with respect to the coal community transition fund. I remember as a young man, a young boy, actually, shovelling coal in my grandfather's basement into a coal furnace in his house in Thorhild. They transitioned from coal to natural gas, changed that furnace to natural gas, in about – I'm trying to think – 1961, so it's quite a while ago. In the same way, we're seeing that transition to natural gas in impacted communities, which are transitioning as well. When will the impacted communities see their grant funding from the coal community transition fund?

Mr. Bilous: That is a great question. I believe that cheques were mailed out – I'm looking at the wrong person. I'm looking at Matt. Sorry. Letters have been sent to the communities that have applied to the coal community transition fund, and funding agreements are already under way. Again, we recognize that although the runway for these power plants to convert to natural gas is 2030, which is a number of years away, already our three different power companies have indicated that they're interested in converting much earlier. We recognize that, you know, a community looking at diversifying its economy – it takes time, so we've been acting as quickly as possible to not just go through those applications but to get the communities their funding so that they can start on that pathway.

Mr. Dach: Okay. I want to move on to the topic of trade and investment. A simple question: why did funding for trade and investment increase?

Mr. Bilous: Okay. I'll start, and then I'll throw it over to Matt. I can tell you that there've been significant challenges that both the government of Alberta and, ergo, Economic Development and Trade are facing. The NAFTA negotiations that are going on between Canada, U.S., and Mexico along with the softwood lumber dispute that's going on have meant that there's been a significant demand and strain put on Matt's shop to be able to support our position on this. As you know, we've done a number of things on the softwood file, bringing on Gary Doer to be an ambassador for Alberta. Our trade team is very engaged on both the NAFTA and the softwood files. But what that means is an incredible level of support as far as ensuring both that we're gathering the information and that, for example, the federal government is aware of Alberta's position and that we are actively engaged in this.

That's put a significant strain on our department as well as the changing policy decisions out of Washington. Again, we're having to monitor what's going on in Washington on a minute-by-minute basis, essentially. Then there have been challenges like, you know, when the U.S. announced their aluminum and steel tariffs. We've had to respond to that. Again, Economic Development and Trade is the lead ministry acting on behalf of the government of Alberta. Because of it, these are high priorities for us. Again, the reliance and importance of the U.S. as our largest trading partner: we have a small Alberta office in Washington led by an incredible public servant and diplomat, Gitane De Silva. She's got a very small team that covers all of the U.S.

You know, Matt's shop has had a number of restraints on them, and we've had to beef up the support considering what's taking place and the importance of these trade agreements.

Mr. Dach: Thanks.

Well, that leads me directly to my next question. I know, in speaking with constituents who happened to notice that your passport has got lots of stamps in it – you probably need some extra pages – that they look at Economic Development and Trade and they see a minister flying around the world representing Alberta. I don't know if they really quite understand what it is you do when you land in these places and what interactions you have. They wonder: why should the government continue to lead these trade missions? For the benefit of those watching online or at home, just basically let them know what it is you actually engage in when you're there and what tangible results come from those meetings. Maybe shed some light on that.

Mr. Bilous: Sure. Thanks for that question. [Mr. Bilous's speaking time expired] I'm going to come back to that in a little while.

The Chair: We'll now turn back to Mr. Gottfried and the UCP caucus.

Mr. Gottfried: Member Taylor will take it.

The Chair: Sure.
MLA Taylor.

Mr. Taylor: Well, thank you, Mr. Chair, and thank you, Minister. I would like to go back and forth if that's okay with the minister.

Mr. Bilous: Absolutely.

Mr. Taylor: Well, thank you very much. Minister, my riding of Battle River-Wainwright has the community of Forestburg in it. It's been directly affected by the shutdown of coal. I've had a chance to personally talk with many of these affected communities, you know, including Forestburg. When one community is affected,

there are ripple effects. We need to be clear about that. The coal shutdown impacts not only Forestburg. For example, in Halkirk, Alliance, Bashaw, Castor, and many other communities there has already been a significant loss of jobs to date.

Hanna will also be significantly affected. Did the minister know that this closure will be a loss of about 200 full-time jobs? These are not low-paying jobs but great jobs that you can raise a family on. Minister, it's important to know that this is a conservative estimate, those 200 jobs lost; 7.5 per cent of the population of Hanna will be losing these jobs. How much of this is the impact on a community? Let's look at this. I want to ask. I'm asking kind of a rhetorical question on what it looks like when I ask that. If you look at this as a loss in Calgary, if Calgary lost 7.5 per cent of its jobs, they would have 90,000 jobs lost. That's huge. Can you clearly see that this would greatly affect Calgary, their economy, and the housing market? I think you can clearly see how that would.

Now, I would suggest that you should be very concerned for Calgary, that you would be very concerned for Calgary. Then why aren't you as concerned about the jobs in Hanna? Simply the math, Minister: 200 jobs; they make about \$90,000, Minister. That's \$18 million per year. That's what's affecting that community. Now, I understand that you had \$455,000 to go to cover the loss in Hanna. Do you really, honestly think that's enough?

Mr. Bilous: Okay. Well, thank you for your question. I've got a number of different responses. You know, obviously, we recognize, first and foremost, that the phase-out of coal has a direct impact on workers and their jobs, which is why our government and our department announced supports both for the communities and for the workers.

10:00

Now, again to clarify, 12 of the 18 coal-fired plants were scheduled to be shut down because of federal regulations that were brought in by Prime Minister Harper. Our regulations and Prime Minister Trudeau's regulations affected the remaining six plants. But our government made a commitment to support all workers regardless of whether it was our regulations or the previous federal government's regulations that affected their communities.

What I can tell you and what I'm very excited about is that when I toured around the province to the coal-affected communities, I met with a number of reeves and councillors from Forestburg, Castor, from a number of communities, who understood and recognized that their facilities were scheduled to close because of the Harper government's regulations, not the regulations that our government brought in. They recognized that, but what they appreciated was the level of support they could get. Those communities – and there are a number; it's the Battle River region, so the village of Halkirk, Forestburg, the town of Castor, the town of Coronation, Flagstaff county, the county of Paintearth – received \$1.75 million from the coal community transition fund for them to move forward with their economic diversification opportunities.

The town of Hanna received \$455,000. Now, I'll clarify that. You know, that sum of money is for the community to take the first step in looking at diversifying their economies. It's naive to try to say that \$455,000 is going to replace an existing facility.

Mr. Taylor: Minister, if I could say that, yeah, it's a first step. But that's certainly, clearly, not anywhere close enough to be able to change over from the \$18 million that was being generated in communities like Hanna. That \$455,000 is far and away much less.

Now, you brought up the point about the Harper government shutting down the coal-fired plants. That's not altogether accurate, and I want to make sure it gets on record that that is not accurate. They said that there's a lifespan for these coal-fired plants. However, if these coal-fired plants are brought up to the new emissions standards, the same Harper government said that then they can go beyond the 50 years that you were talking about. That's what you're referring to. These plants had a 50-year life cycle. Some of them, yes, would be expiring at those different dates.

Mr. Bilous: Prior to 2030.

Mr. Taylor: But they could have been extended beyond the 50 years.

Why are we not allowing businesses – and this is businesses now; we're talking about the economy in Alberta – to choose to meet this standard rather than shutting down these plants and, consequently, making the taxpayer foot the bill?

Mr. Bilous: Yes. I can tell you specifically and directly why. It's because they cannot make a business case to invest in the technology to upgrade these plants to be able to meet their emissions targets. What they have decided is that it is significantly less expensive to convert to natural gas rather than to bring in technology to be able to meet those emissions.

But, again, it was the Harper government that brought in the regulations in 2012 that would see the end of life for 12 of the 18 coal-fired plants. That cannot be disputed.

Mr. Taylor: Unless they actually did something to be able to extend that life. There was that option in there, Minister, through you, Chair, of course.

The Chair: Yeah. Hon. members, I want to rein in the conversation back to the budget instead of policy discussions here as well.

Mr. Taylor: Yeah. Okay. I have to ask you another. The 2016 fiscal plan specifically mentions \$195 million allocated for the transition of coal-fired communities, workers, and indigenous people. Can the minister please explain what happened to that money as I don't see it in the budget? I believe the Member for Athabasca-Sturgeon-Redwater asked this question yesterday, but I don't believe the line item was provided.

Mr. Bilous: Member, you're referring to Budget 2016, and you're also asking about past spending, which is suited under Public Accounts. We're talking about this current budget moving forward.

Mr. Taylor: Fair enough. So where is that money that should have been provided, that \$195 million? Where did it go in this budget?

Mr. Bilous: Well, I believe that money went out the door; therefore, it's no longer in this budget.

Mr. Taylor: Okay. Minister, a stakeholder reached out to ask me why one lump of money had been allocated to coal communities and indigenous communities. While these communities are part of the same region, they have distinct characteristics, concerns, and plans for moving forward from their coal phase-out. All of the communities need to be supported through the transition, and my concern is that allocating one pot of money to cover both the indigenous and coal communities could damage relationships within geographic communities. Can you explain the decision to put the two, the indigenous communities and the coal communities, together?

Mr. Bilous: I can. I mean, essentially, what we've done is just put them together in a budget line item. Again, it was a significant sum of money.

Now, again, that was made available in fiscal 2016-17. So I will refer back to the chair, that we are debating Budget '18-19, not spending from previous budgets. That's better suited under Public Accounts.

Mr. Taylor: Okay. Another deferred answer.

Can the minister please tell me: what economic studies did you do previous to the announcement of the shutdown of coal-fired electricity on communities throughout Alberta like Forestburg and Hanna?

Mr. Bilous: Sorry. You're asking . . .

Mr. Taylor: I'm asking you about what you did for . . .

Mr. Bilous: Anticipated impacts?

Mr. Taylor: Yeah. Sure.

Mr. Bilous: Well, again, I mean, we've been in constant conversation with the coal communities as we've moved forward with our climate leadership plan. The majority of communities around the province were well aware that their coal-fired plants would be shutting down long before 2030. In fact, the first plants were scheduled to come offline, I believe, in 2021. Communities were very, very appreciative of the fact that our government made a commitment to support them.

You know, to the previous conversation, Member, under those regulations under the previous federal government, the federal government did not have any budget items or budget support for those communities as they knew that coal was being phased out.

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

We'll now proceed to the Alberta Party caucus. Would you like to continue to share your time with the minister?

Ms McPherson: I'm still committed to that format, yes. Thank you.

The Chair: Excellent.

Ms McPherson: I'm going to refer to page 44 of the business plan.

In Economic Development and Trade, and across government, this commitment has been operationalized through the adoption of Gender-based Analysis Plus (GBA+) and the establishment of a Centre of Responsibility to assess the gender and diversity implications of engagement processes, policies, programs and initiatives.

Is there a corresponding commitment to implement UNDRIP?

Mr. Bilous: Okay. Forgive me, Member. You're talking about GBA plus and then how this relates to UNDRIP?

Ms McPherson: Is there a corresponding commitment to implement UNDRIP?

Mr. Bilous: Premier Notley has been very, very clear on the fact that our government is looking at – we've been doing an inventory of all of our existing programs to see how and where they fit with the goals of UNDRIP and also looking at opportunities to enhance and to look towards meeting some of those targets. It's an ongoing process. I know that Minister Feehan and Indigenous Relations have been working very closely with all of the ministries. Similarly, Status of Women is working with all departments to . . .

Ms McPherson: Okay. So that's a yes?

Mr. Bilous: We're looking at ways to meet the targets of UNDRIP. There are protocol tables that each of the ministries participate in. In fact, I just sat down with the Treaty 8 table two weeks ago to talk to them about economic development opportunities within indigenous communities. There are a number of steps that we're doing to move forward to try to meet some of the goals of UNDRIP.

Ms McPherson: How many EDT staff in Alberta have received training in GBA plus and in UNDRIP?

Mr. Bilous: I am going to defer this question to Matt Machielse. I'm guessing that we may not have that number at the tip of our fingers.

10:10

Mr. Machielse: Sorry. We do not have that number. I know that a number of staff have certainly gone through the seminars that have been put on by the Status of Women department, but the exact number – I'm sorry – we do not have.

On the UNDRIP implementation, the government and the public service are undertaking a three-year program to get all staff through what's called the blanket exercise. That's about to be initiated, I think, in June.

Ms McPherson: Okay. Thanks.

Two things out of that. First of all, it's difficult to be able to measure the effectiveness of a program if you're not taking measurements along the way as to how many people have participated in the training, so I'd really encourage you to capture that information. I think it's important. And GBA plus is actually a two-hour training online that you can take through the federal government, so it's easily accessible. You don't have to actually wait for the Status of Women ministry to bring that to you.

How many of EDT's staff abroad have received training in both of these?

Mr. Bilous: That's another great question.

Matt?

Mr. Machielse: Our locally engaged staff I don't believe have been exposed to the GBA plus training. I think we've got three staff now that are Canadian based but internationally deployed who have taken that training.

Mr. Bilous: If I can say, Member, that, you know, this is something that's an ongoing effort. We do record the number of staff that have gone through the GBA plus training. I don't have that number handy right now. But the goal is, quite frankly, to have all civil servants go through both of those training programs. It's just a matter of time for them to be able to take them.

Ms McPherson: Is there one particular person or one part of your ministry that takes responsibility for implementation of both of these programs?

Mr. Bilous: Yes. I'm going to call on Toby Schneider to talk about that.

Mr. T. Schneider: Thank you. Yes, there is one area designated within each ministry as this is moving through the entire public service. In our ministry it's part of my area to spearhead the entire ministry working through what are the collective actions that will be taken, which include many of the things you've mentioned such as ensuring that training would happen across the ministry with

each of our public servants; ensuring that we have processes to evaluate and measure how we are doing using statistics – and that is an ongoing challenge across the Alberta government – improving our supply of high-quality statistics to understand both where we are and where we're going on this.

There is also the ability, then, built into ministries, to evaluate our policy structures and to ensure that we have not entered into any type of unconscious bias or, if there are programs, that certainly we have a variety of programs that we can understand, on balance, how those programs are looked at through a GBA plus lens. That is a crossministry effort, and there are people within each of the four divisions of our ministry that are involved in that process. It's a very broad process.

Ms McPherson: Could I assume that UNDRIP is similarly being evaluated and executed?

Mr. T. Schneider: Yes.

Ms McPherson: Okay. Thank you.

Kind of along the same lines, something I know that's really important in my riding is that new Canadians coming to Canada have professional designations and training in their country of origin. I know that I notarize a lot of documents. Has Economic Development and Trade evaluated or are they participating in any sorts of programs to help expedite these processes? I know that even within Alberta we have a disparity between postsecondary institutions about what kind of training people receive. I know a number of these people have a great contribution to make. I mean, diversity is certainly one of our strengths. So what is Economic Development and Trade doing in this area to help bring professionals who are here already from other countries into our workforce in an appropriate capacity more quickly?

Mr. Bilous: Yeah. Another great question, Member. You know, this is spearheaded by the Ministry of Labour. I can tell you that we do work with them. I think part of your question and comment is on credential recognition, which, again, is done jointly with the federal government. In some cases it is the feds who have and give that designation. I agree that more can be done as far as expediting that process. The number of professionals who may have practised in a field in other countries is significant. They come to Canada and to Alberta, and they're unable to practise. It is something that we provide support to Labour for.

I mean, the other thing that we do in Economic Development and Trade and what I think is a fascinating statistic is the number of new Canadians and immigrants who possess a number of skills required to be a successful entrepreneur, whether it's taking risk, being creative, innovative, et cetera. We do look at supports through Economic Development and Trade for new Canadians or entities that work with new Canadians to be able to provide some support in the start-up space. Again, Business Link is a great entity that provides support for new entrepreneurs but also new Canadians.

I can't tell you off the top, going back to credential recognition, because that is primarily Labour, but we do provide support where we can as far as recognizing, you know, contributions that new Canadians make and that the sooner that their credentials can get recognized, the sooner they can contribute even more on a number of fronts.

Ms McPherson: Great.

I think I have about 30 seconds left, so I'm just going to leave it for now. Thanks.

The Chair: We'll now move on to the ND caucus. MLA Fitzpatrick, you'll share your time with the minister again?

Ms Fitzpatrick: Thank you, Mr. Chair. When I left off my questioning, I was talking about the Alberta jobs plan, so I'm going back there again. Part of the Alberta jobs plan was increasing access to capital. What's the latest on that initiative?

Mr. Bilous: Okay. Well, thank you, Member. As far as increasing access to capital, the two primary delivery agents of that are ATB and the Business Development Bank of Canada. We had, in the jobs plan, increased ATB's capacity to lend by \$1.5 billion. As I'm getting my stats here, I'll be able to give you an update. As well, Economic Development and Trade and the government of Alberta signed a letter of – I believe it was an MOU, but it was a collaboration letter between the GOA and the Business Development Bank of Canada. Now, what's interesting about that is that it's the first one of its kind. Now, since then a number of provinces saw Alberta's lead and said: we'd also like to have a partnership more specifically with the Business Development Bank of Canada.

To give you a bit of an update, from April 2017 to December 2017 BDC provided consulting services and authorized over 1,500 loans. ATB has hosted over 230 events province-wide to connect businesses with resources and supports. ATB opened two new entrepreneurship centres, one in Lethbridge in your constituency, Member, and also in Grande Prairie, and they've also been able to expand their accelerator. Let's see here. I'm looking at some other numbers real quickly. ATB authorized from April 1 to December 31 of last year \$2.6 billion in lending to just under 10,000 businesses. You know, a decent number.

We're continually working with those two entities to ensure that businesses have the capital that they need to expand and to grow.

Ms Fitzpatrick: Thank you.

Now I'd like to ask a few questions on the capital investment tax credit. What is the capital investment tax credit, and how much funding will the program receive through Budget 2018?

Mr. Bilous: Okay. Great question. The CITC, or capital investment tax credit, again, is a tax credit that we designed because of feedback from the business community, from the chambers of commerce, that have been asking for it. You know, this type of program exists in many other jurisdictions. Essentially, it's a 10 per cent nonrefundable tax credit up to \$5 million that can be carried forward up to 10 years in order to encourage the deployment of capital now, in a very timely manner.

10:20

We found that a number of companies were looking at expanding their facilities or potentially building a new facility but were sitting on their dollars. Because of the downturn in the economy, again, balance sheets are a little more challenging and margins are tighter. But in order to help the province recover much faster, we need those businesses to spend that money and invest it, which, obviously, creates jobs, and the money circulates throughout the economy.

This tax credit: we've gone through the first two intake windows of the capital investment tax credit. We've conditionally approved about \$62 million, which has leveraged \$1.2 billion of capital investment in the province. That leverage ratio: I'm not sure where it is on my sheet, but I think it's 20 to 1. It may be higher than that. It might be 30 to 1. No. It's 20.5 to 1, so a significant leverage. You know, because of the success of that program, in this budget we decided to recapitalize the program at \$30 million a year until '21-22.

Ms Fitzpatrick: Thank you.

You probably touched on it just a little bit, but when you began it – and you're continuing it – what was the expected outcome from the program investment?

Mr. Bilous: Right. The program was and is still expected to support \$700 million in investment, so we've already exceeded that. I can tell you that there are more than 1,500 direct, full-time jobs in the first two intakes. The program has been very, very successful.

I can tell you the breakdown of the different sectors, which I think is important, because this is one of the tools that we're using to diversify the economy. In chemical manufacturing there's \$454 million; mining, quarry, oil and gas extraction, \$424 million; food manufacturing, \$385 million; wood product manufacturing, \$280 million – I'm dropping off the decimals, by the way, folks, if you're adding this up – miscellaneous manufacturing, \$172 million; tourism and recreation, \$114 million, almost \$115 million; ag, forestry, fishing, and hunting, \$43 million; and primary metal manufacturing, \$18 million.

This program, in my opinion, has been very successful and has been a successful tool to help us further diversify our economy. I can't emphasize enough that this program concept and design is something that came from our entrepreneurs and businesses, who said that programs like this exist in other jurisdictions and that this will help incent companies to invest now. Frankly, I believe this is part of the reason why Alberta's economy is looking up and why we've been pulled out of the recession and are starting to come back to recovery.

Ms Fitzpatrick: Thank you.

In fact, you had answered my next question. Like many Albertans, I've heard a great deal about the Aurora Cannabis processing facility at the Edmonton International Airport, that will be the largest of its kind in the world. Can the minister provide other tangible examples of successful companies under the CITC?

Mr. Bilous: Yes, I sure can. You know, just to touch on Aurora Cannabis, what's interesting about that facility, as you mentioned, Member, is that it's the largest facility in the world, at 800,000 square feet. I had the opportunity with MLA Littlewood and Minister Anderson of touring it. There'll be over 300 full-time jobs once it's fully operational, a significant facility.

What's interesting when you talk to the CEO is that they have consciously decided to make Edmonton their international headquarters. That facility will be producing product that they will be shipping to a number of different countries. They actually just signed an agreement with the Italian government to be able to provide medical marijuana to the country of Italy. They're in the process of agreements with a number of other countries. When I spoke with them, they said very consciously that they chose Alberta because they recognize that between our favourable tax system and other advantages Edmonton is the place to be. They also, interestingly, chose Edmonton International Airport purposefully because EIA has been working on expanding not just their capacity but working to be, really, a logistical centre to be able to move products around the world.

Sorry. Back to other examples, there are a number of companies. Seven Generations up in Grande Prairie is one of the successful applicants. They're building a gas processing facility. I mentioned yesterday that iFly Canada is an indoor skydiving facility in Calgary. It sounds absolutely fascinating. And when I was up in Grande Prairie and in the Slave Lake region, Tolko has restarted a facility that has been closed for 10 years. Tolko said to us: part of the reason that we have decided to reopen this facility is because of

the capital investment tax credit. So when certain folks say that government should not be involved and stay out, I encourage those individuals to talk to these companies who say: if it wasn't for this support, we wouldn't be able to reopen our facility and start up again. Tolko has been very clear. That project, the strandboard, is significant. Tolko in three different communities employs about 800 people. They are the largest employer in a number of communities.

Ms Fitzpatrick: Thank you very much, Minister.

How much time do I have left?

The Chair: Ten seconds.

Ms Fitzpatrick: Oh, okay. I guess I can pass it on to somebody else.

Mr. Bilous: Thank you.

The Chair: This is probably a good opportunity for us to take our five-minute break. We will resume in five minutes.

[The committee adjourned from 10:27 a.m. to 10:32 a.m.]

The Chair: All right. I would like to call the meeting back to order.

We are now back at the rotation for the UCP caucus. Mr. Taylor, would you like to share your time with the minister again?

Mr. Taylor: Yes, I would like to share my time with the minister.

The Chair: Excellent. Please proceed.

Mr. Taylor: Minister, I would like to just kind of go back to that last question. Did you do an economic study prior to the announcement of the coal shutdown in those communities?

Mr. Bilous: You know, obviously, as we introduced our climate leadership plan, we were aware of the impact . . .

Mr. Taylor: But did you do an economic study prior to it?

Mr. Bilous: We were aware of the number of workers that would be affected by our government's regulation and the phase-out of coal as far as the impact to the communities, which is why we made a commitment from the day that we announced the phase-out of coal that there would be support for workers and for communities.

Mr. Taylor: If you did this kind of a study, can we get our hands on that study that you did?

Mr. Bilous: You know, we have been working with the communities to identify not only their strengths and assets but also the number of workers that are affected, so those were conversations that we've had with companies . . .

Mr. Taylor: So there's no specific study? Can I take that from that?

Mr. Bilous: Well, as I'm saying, we looked at the impact of the phase-out of coal on the communities.

Mr. Taylor: I have another question just with regard to that, Mr. Chair. Recently in Hanna the government agency known as special areas received \$290,000 for an economic development study. Would you know if that is under the CARES program?

Mr. Bilous: Which line item are you referring to, Member?

Mr. Taylor: It was an announcement that was done here just recently.

Mr. Bilous: Okay. But do you have a line item to reference?

Mr. Taylor: I don't have a specific line item to give you where I could show you that \$290,000. I wonder: can you tell us where that might be found?

Mr. Bilous: Well, if I don't have a line item, there's a chance that . . .

Mr. Taylor: If you've spent money, there should be a line item. Can you help me find it, please?

Mr. Bilous: There is a chance that that could have been executed through Municipal Affairs, and if that is the case, then I do not have the line item.

Mr. Taylor: Okay. Thank you. It seems like doing an economic development study after the community has been decimated is problematic, in my mind.

Why would a government agency department give another government agency, the special areas, funding? Isn't government-to-government funding kind of redundant?

Mr. Bilous: I'm happy to talk about this. However, if you are talking about a grant, potentially, that was given out last year, that would, again, be better suited under Public Accounts versus Budget 2018-19. But what I will say is that the Special Areas Board – and I know that one of your colleagues, MLA Strankman, is very familiar with the Special Areas Board as far as its history and where it comes from – is essentially a significant area that we administer on behalf of the communities. Similar to how a municipality would apply for, potentially, CARES funding, special areas can also apply for CARES funding for economic development projects because, really, they're the stewards.

Mr. Taylor: Okay. I guess I take from that that the best person to ask about where that funding came from is our Member Strankman.

Mr. Bilous: Well, he won't necessarily know where the money came from.

Mr. Taylor: Well, it seems like that's where I'm being referred to.

Anyway, I wanted to ask you something about the carbon pricing initiative. It would seem that this government is working with the federal government on the carbon pricing initiative because it's been going up as the federal government says, "We want to do carbon pricing" and vice versa. Given that both you and the federal government seem to have a working relationship, I wonder if the minister can tell me what the methane gas emission regulations are going to be. I understand that in a few months we're going to have some methane gas regulations coming from the federal government. How will that affect what's going to be happening with the gas emissions when you're producing electricity with gas?

The Chair: Sorry, Mr. Taylor. Can you cite where you're referring to in the business plan? I'm trying to follow along as well within the estimates.

Mr. Taylor: In the estimates? Just one second. Basically, you're going to find this under outcome 3.

Mr. Bilous: On which page, sir?

Mr. Taylor: Outcome 3 in the business plan. That would be page 47.

Mr. Bilous: Unless I'm missing something, Member, I don't see anything within my business plan that talks about output-based allocations or methane reduction. That falls under Environment and Parks.

Mr. Taylor: Do you know anything about the announcement and how that's going to affect jobs?

Mr. Bilous: With all due respect, unless there's a budget item and we're dealing with my department, to my knowledge, this is not a policy discussion per se.

Mr. Taylor: But I'm asking about the jobs. If we affect how many emissions can happen from methane and all of a sudden we cannot produce methane via natural gas because of these emissions, how will that affect jobs?

Mr. Bilous: Listen, what I can tell you is that Environment and Parks is taking the lead. Obviously, we're in constant conversations with the federal government.

As far as our methane regulations and when they're coming out, I don't have a definitive date for you.

Mr. Taylor: It looks like three to six months. That is what we've been led to understand. I would think that you have probably been working with the government to be able to come up with something that would be suitable. But that's not, like you say, your department, so I'll leave it at that. Like you say, there should be another department that would be working on that.

Given that coal is still going to be used for power generation in Alberta until 2030 – we've already talked about that – can you tell us how you're working with industry to continue investment, research, and development of clean coal technology?

Mr. Bilous: Sure. Sorry. I didn't know if that was the end of your question.

Mr. Taylor: Yeah. That is the question.

Mr. Bilous: There are a number of things. One of the things that we did to ensure that companies – you know, we brought on Terry Boston a year and a half ago. He's the best in the business. He's helped jurisdictions in the U.S. transition. In fact, the largest transition from coal to renewables was 26,000 megawatts, and Terry Boston helped negotiate that process. We brought him in. He worked with the three different power companies to come up with agreements where they would continue to invest in the province and not leave assets stranded. They made a commitment to uphold their obligations to workers and to continue to keep their offices in Alberta. That was the first step in ensuring that there is some stability.

10:40

Mr. Taylor: How is that with the clean coal technology? I'm just trying to get back to that.

Mr. Bilous: Yeah. I'll circle back to that.

First and foremost, we needed to make sure that the companies are committed to remaining within the province and that they're going to continue to produce electricity.

As far as the companies specifically working with clean coal, I've had a number of conversations with them. You know, it's a fascinating example. A lot of people will point to Saskatchewan and talk about their – it's basically like a scrubbing technology that is bolted onto an existing plant.

Mr. Taylor: Yeah. I understand how that works.

Mr. Bilous: The challenge is that everyone thought that that would be the silver bullet, but the results have been disappointing as far as how little they've been able to lower their emissions and also the cost of the technology. There were third parties in Alberta that did a report, a study on that and came back to the power companies . . .

Mr. Taylor: But what are you doing specifically? It's nice that you're telling me about what Saskatchewan has been doing and what those costs are, but can you tell me specifically what this government has been doing in research and investment in and development of clean coal technology?

Mr. Bilous: Right. Essentially, I can tell you that because of the costs – it would be about \$2 billion per facility to attach this technology – companies have said: no, it's more like \$150 million to \$200 million to convert to natural gas. Companies are not investing in it.

Mr. Taylor: So you're not doing really anything?

Mr. Bilous: The government of Alberta is not about to just invest in a technology that industry is not interested in.

Mr. Taylor: Okay. Technology advances could reduce Alberta's emissions over the next 12 years and, if successful, could be exported to the world with a far greater impact than any other carbon tax or domestic policy action within Canada.

Shifting over to coal mining, could you tell us Alberta's export numbers for thermal coal in 2017 and how those numbers compare to 2016?

Mr. Bilous: For thermal coal?

Mr. Taylor: Yeah. How much thermal coal?

Mr. Bilous: Not met coal? Okay. I mean, it may take my department a little bit to pull up those numbers. I don't know if we have them at our fingertips.

Mr. Taylor: Yeah. Give us a number later on. That's fine.

Mr. Bilous: What I will clarify, Member, is that there are not a lot of exports of thermal coal because simply . . .

The Chair: I hesitate to interrupt, but we will now revert to the government caucus.

Would you like to continue to share your time with the minister? Please proceed, Mr. Dach.

Mr. Dach: Thank you once again, Mr. Chair. A pleasure to continue our discussion here. Yesterday in deliberations in this committee we had a fair bit of discussion about attracting flights and keeping flights to the province at the various different airports. There were, of course, some concerns expressed about losing flights that we'd already attracted even after they'd been here for only perhaps a short time. I think this is something that all Albertans wonder about. I know I do when you hear about a flight that has been initiated and then perhaps within a year or two seasons it's no longer there. I'm wondering about how that decision process is made and how decisions are made by the various airlines that are implementing these flights.

It was mentioned or alluded to, I believe by yourself, that these flights are not static, that they're not forever, that it's a fluid situation. I'm just wondering if an airline will sort of try a new market or – forgive the pun – create a pilot project for a while to

see if that flight is going to work and then on a plan basis withdraw that flight before they get too deep into further investment. Is that part and parcel of how it works? What ongoing discussions do you have to manage this fluid situation of flights which may be being tried or test marketed by an airline that wants to investigate this market and then seemingly has to pull back because conditions change? Are there ongoing discussions? Is there an architectural mechanism that you have in place in your ministry to deal with these discussions?

Mr. Bilous: Thank you, Member. You know, this goes back to the conversation on the work that our department does in working very collaboratively with our airports, with the Ministry of Culture and Tourism, and directly with airlines.

You know, I can tell you that as far as airlines go – they'd be the best ones to ask, but they change their routes and flights regularly. They're constantly shifting. They're not static. I can tell you that we are constantly looking at supporting our airports to expand both passenger and cargo flights and to provide that support. There are two parts to this. One of them is obviously to get new routes, but the next part is to be able to fill and promote, whether it's filling up a plane with passengers or filling up a plane with cargo. Now, in order to do that, there are a number of supports that our department has given, working with both of our international airports, YYC and EIA, to expand and help our producers here fill those flights because that is significant.

I can tell you that Edmonton International Airport has participated in most if not all of my trade missions. YYC has a standing invitation. Both airports are invited on every single one of my trade missions. In the past YYC has declined to participate, although I can tell you that Calgary Economic Development, whether it's their CEO Mary Moran or their VP, has participated on every single one of my missions that promote and represent the city of Calgary and the region of southern Alberta as a place, you know, for economic expansion. We've been working with both of them at the request of the airports. We've taken meetings and helped facilitate meetings with airlines directly to talk to them about air service. Edmonton Economic Development has also participated in every single one of our missions, so they work very collaboratively with Edmonton International Airport.

As you know, the entity now has become regional, so it's called Edmonton Global. There are 13 different municipalities that participate, and really, you know, they understand our government's vision but also share that vision. I know the mayors in the region share that vision, understanding that if they come together as a region economically, they can compete much more effectively. I recently announced funding to Edmonton Global to help them get up off the ground. We recognize that it's very important to support that, and through that support it is providing support to our airlines and the services that they give.

You know, our international air service is really our trade pipeline that enables Alberta goods to access international markets, so air service and securing it is very, very competitive. This is where a sustained government presence in these markets along with Alberta companies really shows our commitment and establishes Alberta as a competitor.

What I can tell you and what's interesting is that in the past two and a half years since Economic Development and Trade was created, the Edmonton International Airport has expanded the range of products that they ship, from honey and chocolate to baby products to meat and a number of other products. I can tell you that we've worked with and supported directly companies like Sunterra, Cargill, Kinnikinnick Foods, and others to be able to open up those markets.

I mean, it's really a concerted effort between ourselves, our municipal partners, the airports, and the companies that will be filling these aircraft in order to get their products to market. I can tell you that Edmonton International Airport is now looking at and there are conversations around them being a western Canadian hub. There are many flights that are landing in Edmonton that are either dropping off cargo or filling it up before they move on elsewhere. It's quite exciting, at least the conversations that I've had when I talk to the airports, and they're very, very encouraged by the support that our department has tried to lend to them.

Mr. Dach: Just a bit of a follow-up because this really does interest me a lot. Nobody would suspect that a company, an airline, would make a business decision to initiate a flight lightly, and the same thing with respect to halting that flight. So I'm sure there are business models and planning that go into the decision to initiate the flight, and then also to pull back on one that's already in place is another significant, well-thought-out decision. I'm just wondering if there's a way to – we see these flights when they are stopped, and it's a hurtful thing. We don't want that to happen. Is there a way in the whole process that we can mitigate the failures? I know it's a business decision – airlines are making a risk judgment, and that's healthy – but is there a way that we can somehow mitigate those that fail?

10:50

Mr. Bilous: Yeah. Again, we're in conversation with airports on a regular basis. I can tell you that when I speak with businesses, I encourage them to be in touch with our department, to reach out to us if they are running into problems, complications, if there are regulatory challenges, et cetera, and we will lend support. That's what Economic Development and Trade does. We really act as a concierge service. I mean, there are I don't know how many different millions – well, yeah, probably millions – of companies that exist in the province of Alberta. If they don't reach out to us if they are in need of support or with challenges, as you can imagine, with our budget it's very challenging to try to reach out to, you know, over a million different businesses in the province. But that's where we work collectively and collaboratively with business associations and other entities.

There's one stat I just wanted to say because I don't know how much time we have left. Edmonton International Airport just put out their latest economic impact study, which shows that their economic output is up to \$3.2 billion, and it's increased by 45 per cent; their GDP is at \$2.8 billion, and it's increased by \$1.6 billion, or 133 per cent; and their employment numbers have increased by over 13,000, or 106 per cent in the past couple of years. Again, they look at the fact that there is a significant increase in the amount of private investment that's going into the airport, whether in hangars, in new facilities. If you haven't been out to EIA, I would encourage you to go out there. They have the new mall that is being built.

They are expanding significantly because there is a recognition from investors to companies that Alberta truly is a province on the move, on the go, and that there are significant opportunities to invest. We're seeing those investments increase. We're very proud to be partners working with them.

Mr. Dach: Thanks. It certainly is an economic hot spot. I've been out there twice and look forward to attending the opening May 2 with my credit card at the ready.

If I have a moment or two left, I'll try to re-engage with a question I left off with that we didn't have time to deal with last time we spoke. Basically, to satisfy members of the public who may wonder about the value of the trade missions: why should we continue to

lead trade missions, and what exactly are the outcomes that you seek that are visible and tangible?

Mr. Bilous: Yeah. I mean, there are a number. There are, again, companies that we have helped support who now export to a variety of new markets.

The Chair: I hesitate to interrupt, but we now return to the UCP caucus.

Would you like to continue to share your time with the minister?

Mr. Taylor: I would like to give my time over to the member right to my left.

Mr. D. Schneider: I'm the guy from the left.

The Chair: Would you like to go back and forth?

Mr. D. Schneider: Yes, if the minister is okay with that.

Mr. Bilous: Absolutely.

Mr. D. Schneider: Thank you, Mr. Chairman, and thank you to the minister and his staff. It's clear to me that you understand your portfolio, and that means a lot to a guy who's asking questions.

Now, my background is rural. I've been a farmer for most of my life, and that includes grains and cattle. I have a few questions that are ag related, but agriculture and Economic Development and Trade are pretty much joined at the hip, I think it's probably safe to say.

I just want to talk about India for a few moments. As I'm sure you know, Alberta farmers, lots of us, grow pulses. Down in the deep south, field peas are what we grow a lot. They fit well into a rotation, and they fix nitrogen. They have also traditionally been worth a lot of money, so part of a very good rotation. However, we lost a lot of that market price and, basically, a lot of the market in November as, of course, our biggest importer of peas, India, put a 50 per cent tariff on, and that included grain that was already ocean-bound to India. Now, I know that the minister of ag has been over to India. I think he went before the Prime Minister went.

Mr. Bilous: Yeah.

Mr. D. Schneider: India relies on monsoon rains to raise crops. They've had two tremendous crops in a row, and to me that sounds just like an Alberta dryland farmer. We get a couple of good years, and boom: oh, man; we can spend money; we've got grain everywhere. So that was kind of neat.

But, anyway, my question, Minister, is if you could update us, please – I'm not going to be too hard on you – on your international office in India and what your office may be doing in trying to attempt to see if we can find some kind of a reduction on this import.

Mr. Bilous: Yeah. Thank you for that question. I appreciate your background, especially with your interest in this. I can tell you that we were extremely disappointed when India decided to increase overnight tariffs on our pulses. You're absolutely right. Alberta is the second-largest exporter of pulses, next to Saskatchewan, and it's very significant, especially for southern Alberta.

What we've been doing, primarily through the Ministry of Agriculture and Forestry, is that we've been, obviously, in touch with the federal government, with his counterpart. I speak with Minister Champagne, the International Trade minister, on a regular basis, signalling the urgency with which we need the federal government to act to try to mitigate this. Now, unfortunately, as of

yet they have not been able to, and I don't know if – well, anyway, I'll leave those comments aside.

I know that Minister Carlier was there in India to help promote our exports. So the challenge is that this had a significant impact. What I will tell you is that we are, you know, in India. Our managing director Rahul knows the market inside and out and is looking, obviously, at constantly advocating on behalf of Albertans and Alberta producers.

As far as a quick update, I'll turn it over. Jason Krips is my Deputy Minister of Economic Development and Trade, former deputy of Agriculture and Forestry for a number of years, and fairly knowledgeable on this topic.

Mr. Krips: Great. Thank you very much, Minister and Chair. Member, thank you very much for the question. As the minister mentioned, Rahul Sharma works very, very closely with us here at headquarters. He is actually embedded in the high commission in Delhi, works very closely with the federal government, and actually supported Minister Carlier's mission into India a couple of months ago. He's doing all he can to work with the federal government on the advocacy front, and I know he worked closely with Minister Carlier to get some meetings.

We are working very closely with the federal government on this issue. It is very frustrating, but what is very beneficial for Alberta is that we do have on the ground resources through Rahul Sharma, who also knows the Alberta economy very well. He used to actually be headquartered here in the province, working with EDT proper or our predecessor. We're in close contact with him on this issue, and we're going to continue to do what we can working with him, with our counterparts in Agriculture and Forestry, and with the federal government.

Mr. D. Schneider: Okay. Well, understandably, because they rely on monsoon rains for moisture to grow these crops, those things come and go. Sometimes they don't last for generations. That being said, India can't store grain the same as we can in Canada. They don't have an abundance of storage bins. The crops are left to weather. Consequently, they're susceptible to bug infestations. That's how grain spoils. It spoils the same way in Alberta, too, but a different bug. Canada used to have an exemption from fumigation on our crops that go to their country mostly because our cold climate doesn't allow the types of pests that are of concern to India to survive over the winter. That exemption just expired here six or seven months ago – I think it was in September – and it has not been renewed as of yet.

I guess the same kind of question. Can you tell us whether your officials in India have been negotiating at all, whether it comes from the ag side or the Economic Development and Trade side, even though exports to that country may be smaller than they have been traditionally over the last several years, to try and get that reinstated, I guess?

Mr. Bilous: Yeah. Thanks for that question. I'll get Matt to answer it in a second. You're absolutely right. We work very closely with Ag and Forestry. I mean, the way we look at it is, again, it might be one ministry like theirs or ours that take the lead on this, but we work very, very close. Anything that is to do with trade is led by us, but obviously we have – anyway, we work in collaboration with them.

I'll turn it to Matt because he may have a little bit more information on this specific question as far as the program expiry.

Mr. Machielse: Thank you, Minister. Our managing director is fully aware of it. He's been engaged with the embassy in Delhi. He worked on getting our minister a speaking spot at the pulse conclave

to present Alberta's position, which was very important, as well as minister-to-minister meetings when Minister Carlier was in the country. I think this is one of the priorities for the office, to try to work through this issue. Although the federal government is taking the lead on it, we're heavily engaged in it.

11:00

Mr. Bilous: Just for the benefit of the committee, we'll follow up with Ag and Forestry to see what they're doing as far as advocating for that program to be continued or extended.

Mr. D. Schneider: Okay. That would be great.

I've got a few seconds. Just to change it up a little here, I'm sure that everyone agrees around the table – it doesn't matter what stripe you're from – that Alberta beef is some of the best beef in the world. With Canada signing the TPP 2, one of 11 countries I think it was – it's not implemented yet, but upon implementation Canadian cattlemen will enjoy basically the same preferential tariff that Australia has had for years with Japan, so it's a big win for Canadian beef.

Now, Canadian exports of beef to China have been limited in the past to frozen boneless beef. You know about this pilot project that was initiated late last year between Canada and China to see bone-in chilled as well as pork sent from Canada to China. Now, I know that the Canadian Cattlemen's Association and the feds were named as the negotiators in the deal, but I have to believe that Alberta was involved deeply in that as well. Once again, can you just kind of tell us how your international trade offices are doing in China with regard to more access for Alberta beef or any other parts? I know we spend a lot of time in the Pacific Rim. That's a great area of trade. I'll just let you go ahead.

Mr. Bilous: Yeah. Thank you, Member, and a great question. You know, it really was a concerted effort. You're absolutely right that it was the federal government that negotiated or took the lead on the negotiation with the Cattlemen's Association and a number of other associations. Canada Beef, Alberta Beef are big players that we work with and support. We were advocating alongside and simultaneously with the federal government. On every single one of my trade missions to Asia I've taken a number, whether it's the association or individual producers or shippers, with us, and we've advocated in every single one of my meetings with officials that this needs to change, that we need to be able to access their market. So a very big win for our producers and now a temporary win with China. Our hope and our goal and what we're working toward is that it's going to be a long-term solution.

I can tell you we've also been very actively working not just with the federal government, with our Canadian ambassador in China but also with the consul general in Calgary. With the previous CG, Wang – he is now retired; we have a new consul general – we had a very, very close relationship. He would work with us back there.

The other thing that we've had – and I appreciate your acknowledgement – is incredible staff in our international offices. They, you know, probably are the unsung heroes of many successes that our companies have back here at home. Ron Hoffman is our senior representative based in Hong Kong.

The Chair: I hesitate to interrupt.

We'll revert to government caucus. Would you like to share your time with the minister?

Ms Fitzpatrick: I certainly would. Thank you.

The Chair: Excellent. Please proceed.

Ms Fitzpatrick: Minister, when I was finishing off, you had talked about Tolko Industries, who used CITC support to restart its strandboard. In fact, I was quite familiar with that company from my previous career, when I did some indirect parole supervision in High Prairie. Why continue with the CITC and AITC programs when the economy is looking up? Wasn't this intended to be just a short-term stimulus plan?

Mr. Bilous: Well, that's a great question. When we first introduced these two tax credits, the reason we didn't introduce them as a never-ending tax credit is that we wanted to see the impacts that they would have and if they were, in fact, an effective tool to help diversify the economy and stimulate capital expenditures. We've seen the success that we've had, albeit early-on success, that we're just starting to see. But, again, the interest and the uptake that we've had in these two programs is the reason that we're looking at extending them and why we introduced Bill 2.

You know, in the past I think one of the challenges previous governments had over a number of decades was that when the price of oil would drop, government would be interested in diversifying the economy, and that's when they would start to try to take action to diversify the economy. When the price of oil climbed back up, efforts were often toned down or throttled back because the price of oil returned and now we don't have to focus as much on diversifying the economy.

Our government has made a conscious, deliberate decision that diversification will continue to be one of our top priorities and that we'll continue to work with industry to be able to support sectors both inside but also outside of energy, our traditional strength, so that when we get to a point where a single commodity price drops because of international market forces, we're in a much better position to weather that downturn as opposed to, again, the impact that every single business felt in all corners of the province over the past couple of years. There isn't a family or a business or a community that hasn't felt that downturn.

If you look at other provinces that also have some energy, both oil and gas, who have been able to weather the downturn better, it's in part because they have a more diversified economy. And when you look at why that is, as a great example, you know, the province of British Columbia had introduced their tax credit back in 1985. It has been successful. Their tax credit has gone on since '85. There is no expiration date on it.

We're constantly evaluating the tools that we're using to ensure that we're getting the outcomes that are desired, so I would suspect that come '21-22, again, we'll have a very fulsome picture of how many companies have been supported, how much GDP that has brought to the province, how many jobs we have. At that point we'll be able to make a decision. The government at that point will be able to decide if this is a program that's worth, again, extending or continuing in perpetuity.

Ms Fitzpatrick: Thank you. That's a great answer.

Now I have a couple of questions on the Alberta investor tax credit. Why has the government recapitalized the AITC by \$30 million per year until '21-22?

Mr. Bilous: Similarly as far as the timeline and the extension, in recapitalizing AITC, we found that \$30 million will leverage about \$100 million worth of investment. I believe that we've been reaching our initial targets of the \$30 million, which is why we've continued to keep the number of \$30 million.

There are a number of companies that have accessed this program that have said to us, you know, that this is part of the reason they've been able to scale up. It's providing a different opportunity for

companies to be able to raise equity so that they can grow. You know, the traditional tools of borrowing do work for some companies, but for others, again, that's one tool; the investor tax credit is another.

On the AITC, I can tell you that there's a 3 to 1 ratio of leveraging dollars. It's a little over 3 to 1; it's 3.33. We see that that AITC over the course of the next three years will raise approximately \$300 million. Again, it supports small businesses that are engaged in the research, development, and commercialization of proprietary technology, products, or processes as well as a number of others. But that first one applies sector-wide, so any company in any sector that is engaged in the research and development of new technology processes or products can qualify for this. It's not sector specific. Frankly, again, the Chambers of Commerce and other business associations, Calgary Economic Development, Edmonton Economic Development, and other EDAs around the province have applauded the fact that we listened to their ideas, their suggestions, and then we implemented them.

Ms Fitzpatrick: Thank you.

Roughly how many applications has the program received?

11:10

Mr. Bilous: Okay. As far as applications, the program opened for registration on January 16, 2017, so about 15 months it's been open for. There have been 228 eligible business corporations and nine venture capital corporations.

We are in the process of continuing to promote this program. We ask for the support of our MLAs to help promote this within their communities because, again, you know, supports are only going to work if companies are aware that they exist and if they apply for it. In addition to application for AITC, we also have a number of EDT staff throughout the province that are able to provide support to communities, whether it's for CARES applications or AITC or CITC.

Ms Fitzpatrick: Can you give me some examples of some of the companies that have come forward?

Mr. Bilous: I sure can. A company called Crowd Capital Inc. is an online investment crowdfunding platform where ordinary individuals and experienced investors come together to discover, evaluate, and invest in growing companies. I mean, this is an example of how AITC not just supports the creation of communities of investors but also provides support in access to mentorship and expertise.

Another company is Terrapin Geothermics. They produce an electricity-generating device that uses geothermal energy from nonproducing wells and industrial waste heat sources to create electricity. When you look at this company, there's real innovation as far as making use of nonproducing wells to turn it into, you know, the creation of electricity.

Ms Fitzpatrick: Well, I must say that I'm really happy to hear about utilizing the nonproducing wells. Certainly, our colleagues have had much discussion on that, and the Member for West Yellowhead would certainly be the lead on that conversation, with those conversations.

A breakdown in terms of the businesses applying under AITC by sector: do you have some information on that?

Mr. Bilous: I do. Thirty per cent of the applicants are from the professional, scientific, and technical services sector. Twenty-eight per cent are from general manufacturing. From ag, forestry, fishing, and hunting there are about 2 per cent. From arts, entertainment,

and rec there are about 3 per cent. Mining is 3 per cent, and information and cultural technologies are 24 per cent.

Again, you know, I think one of the things that my department is actively engaged in is promoting these programs. Previous to January of last year these tax credits didn't exist. They are a bit of a new concept for a lot of companies, who may not be aware that these supports exist. Through a number of different outlets we help promote this. We work with other departments to promote this to their stakeholders and companies; you know, with Ag and Forestry, Energy, obviously, Tourism, and others.

The Chair: I hesitate to interrupt.

We'll revert to the UCP caucus. Mr. Schneider, would you like to share your time with the minister?

Mr. D. Schneider: I think I'll just go back to that guy to my right.

The Chair: Mr. Gotfried.

Mr. Gotfried: Thank you, Chair. Yes, if we could go back and forth.

The Chair: Sure.

Mr. Gotfried: Minister, I was going to leave this issue alone, but after some of the comments by the Member for Edmonton-McClung around the air services, I kind of have to get this off my chest here. You know, there was much talk about and you highlighted the importance of air services and the connections and our ability to move products, goods, and passengers around the world.

Minister, we talked about the fact that we've now lost the fourth-largest air cargo airline in the world, Cathay Pacific. We might be on the verge of losing the 10th-largest cargo airline in the world, Air China, a linkage to the busiest air cargo hub in the world in Hong Kong, which could get our goods virtually everywhere in the world, with 270,000 kilos of cargo payload a week on Cathay, over 300,000 kilos of payload a week on the Air China services. I was just doing some research. Aeromexico was a daily service. We've now lost 43 per cent of the capacity. The WestJet flight is only four times a week. That's a 43 per cent capacity loss on that route.

You know, we've heard a lot of talk about the importance of this, and we've seen ribbons cut, Minister, and I'm concerned that – and we've brought this issue up with you. We've brought the issue up also with the Minister of Transportation in the past. I guess that as a member of this Legislature I think Albertans expect you to not only work with and support the airports and those organizations but to stay on top of this. I mean, if we lose more services, we're going to read about it – actually, you don't read about it in the newspapers because nobody announces it when they pull their services out. We're only going to hear about the new ribbon cuttings and new services.

The Member for Edmonton-McClung was talking about test flights. They don't do test flights. I'm sorry. If flights do not appear to be profitable, they will not even consider them. I can tell you that once you lose a service, trying to deal with that airline again is going to be next to impossible. Minister, how can you assure me and Albertans that this is not going to happen again under your watch?

Mr. Bilous: Let's clarify a few things. The Aeromexico flight: again, it was a company decision to suspend that flight. It's been taken over by WestJet. To clarify, there will be daily flights as of the end of April. So to paint doom and gloom about the percentage drop: it was temporary, first of all. Second of all, with Cathay Pacific there are a number of things. First of all, there's an international shortage of pilots. Now, this is where Alberta has been stepping up,

looking at increasing our pilot training capacity, and there are a number of facilities around the province. In fact, I had a tour of one of the facilities, at Edmonton International Airport, and their flight simulator, where they get pilots from around the world training in Edmonton. That facility is booked 365 days a year.

Mr. Gotfried: Minister, are you an expert on the pilot situation in the world, on the availability of pilots for Boeing triple 7s and 747 cargo aircraft?

Mr. Bilous: Member, I get information from the experts in the different fields. We work very closely with the airports.

Mr. Gotfried: But you didn't even know about Cathay Pacific. That was not even on your radar. How are you telling me – I can tell you that when you're dealing with the Asian market, they're probably going to use an excuse. Now, you've said that these are business decisions. Well, of course they're business decisions. They're running businesses, Minister. But if they're not getting the support and they're not hearing from the local government authorities to say that we want you here . . .

Mr. Bilous: Member, when you say "support," what kind of support are you talking about? Are you talking financial support?

Mr. Gotfried: I've never talked about financial support.

Mr. Bilous: Then please clarify.

Mr. Gotfried: We've talked about that before, Minister. What they want to hear is that you actually want them here, and in three years they had no contact – no contact – from you . . .

Mr. Bilous: So what would you propose the government . . .

The Chair: Hon. members.

Mr. Gotfried: Can you confirm to me that there was any contact with Cathay Pacific, their local representatives, at any time over the past three years?

Mr. Bilous: Member, I'm curious to know what you're proposing as far as support to Cathay Pacific. It sounds to me . . .

Mr. Gotfried: Letting them know that you want them here.

Mr. Bilous: . . . that you're asking for financial support.

The Chair: I'm going to interject for a second. If we can allow for ample time for questions and responses. You've been cutting each other off in the last little while.

Mr. Gotfried: Thank you, Mr. Chair.

The Chair: Please proceed, Minister.

Mr. Bilous: My question is that when you're talking about support, I mean, I can tell you that through our industry development branch we are in contact with a significant number of businesses on an ongoing basis. What I can tell you is that some companies will make decisions without informing governments. Others will approach a government for either support or to look at how a company or service can remain viable. I can tell you that there is obviously a shared responsibility. It cannot be just on the shoulders of government to contact every business in the province.

Again, there is the world-wide shortage of pilots. But what I do want to focus on is a couple of things. I appreciate where you're going with this, Member, and the importance of cargo flights, and I

agree with you one hundred per cent on that. What I am assured of is that there continue to be charters that are picking up the slack of Cathay Pacific. Now, I've been told directly from our airports that these services are ongoing, so I will take their word for it as . . .

Mr. Gotfried: Minister, I asked you a specific question there about the last three years.

Let's move on from this.

Mr. Bilous: Sure.

Mr. Gotfried: What I'm hearing here is that Google and Amazon are way sexier and take more attention than 600,000 kilos of cargo payload per week to move Alberta products to market.

11:20

Mr. Bilous: That's not true.

Mr. Gotfried: Minister, outcome 3 on page 47 of the business plan refers to stimulating growth in key sectors and markets. The last line of the first paragraph notes that your ministry "is responsible for creating the right conditions for economic growth by removing barriers to investment and encouraging economic activity in key sectors." Could you define what these key sectors are?

Mr. Bilous: Sure. Absolutely, there is a role for our department to play. I can tell you that the ministry of economic development and trade existed up until 2006, a very, very key ministry in that we act as a concierge service for a lot of companies. What's interesting, Member, is that the number of companies that are looking at where to expand to aren't necessarily looking for financial incentives . . .

Mr. Gotfried: But, Minister, I asked what these key sectors are.

Mr. Bilous: Yeah. I'm coming to that.

. . . but that they're looking for support to navigate the system. Really, I mean, in Economic Development and Trade one of our focuses is on making it easier to do business in the province. Now, the sectors that we're focusing on are sectors that we have strengthened, so agriculture, culture and tourism, energy, energy supply chain, forestry, clean technology, technology in digital media, industrial manufacturing, and health.

Mr. Gotfried: Okay. Thank you. That's good.

Could you outline for us what specific barriers to investment your ministry has identified over the past three years and what you are doing to remove these barriers?

Mr. Bilous: Absolutely. There are a number of things that we do. One, Economic Development and Trade, through me and my officials, puts a business lens on all of our regs as they come through cabinet and as they're being discussed, looking at: is a regulation still fulfilling the original intention that it was set out to do? How is it impacting business? Is it making it easier? Is it making it more challenging? Does that reg need to be modified, changed, continued, or dropped? That's part of the thing that we do.

As well, you know, our department looks at other jurisdictions, trying to level the playing field. We talked yesterday about the petrochemical diversification program as one to be able to attract the investment in upgrading. Obviously, our Invest Alberta works specifically with companies that are looking at coming into Alberta, promoting the province. Again, we act as a concierge service. We are in constant conversation with especially our two largest municipalities, where we work with them. A company has three different orders of government to work through as far as taxation and regulations. We help them to navigate through that. We also

will work with other departments to ensure that we're moving forward through regulatory approval in a timely manner.

Mr. Gotfried: Okay. Those are some generalities. I was looking for some specific barriers, but we'll get into that. I'm happy to hear that you've got a business lens, because some people have argued that it was the NDP world view that was driving this. But, anyway, we'll look at the business lens, which I know that you're focusing on.

Minister, I'd again point out that there are many economists, chambers of commerce, business groups, and others that have pointed out that your government has made it more difficult to invest in Alberta by raising corporate taxes, personal income tax, introducing a carbon tax, massively increasing the minimum wage, and introducing a variety of other burdensome regulations. Have you identified any way to reduce some or all of the burden or to address the unintended consequences borne by the business community in order to improve our ability to attract and retain international capital particularly?

Mr. Bilous: Yeah. Thanks, Member. You know, there are a number of . . .

The Chair: I apologize for interrupting.

Mr. Bilous: . . . things that I'm going to have to tell you about in a few minutes.

The Chair: We will now go back to the government caucus. Mr. Dach, would you like to share your time with the minister again?

Mr. Dach: Yes, please, Mr. Chair.

The Chair: Please proceed.

Mr. Dach: Thank you very much, sir. Once again I'm going to lead off with a question that I tried to get an answer to a couple of times, but time didn't permit. I'll lead right to the sort of meat and potatoes of the issue. I'm wondering what the outcomes are of some of our trade missions, and I'm asking about tangible results. It has often been said, particularly of Asian countries, that personal contact and personal visits by high-ranking officials, including, of course, ministers such as yourself, are particularly important signals to those trading partners that we mean business and that we're taking things seriously. First of all, I wanted to just find out what you can tell us are some tangible results from these trade missions, but maybe particularly comment on the issue of that interpersonal contact and how culturally it seems to be more important in some areas of the world that we trade in than others. What have you been able to gain as a result of you taking personal interest and particularly in China, the frequency of your visits there?

Mr. Bilous: Perfect. Okay. Thank you, Member. I'll start off with some stats that you're asking for. Alberta businesses attracted more than \$500 million in trade and investment on international missions in 2017, so half a billion dollars in 2017 from Economic Development and Trade missions only. From April to November of last year I led five ministerial missions. There were 49 business delegations with nearly 400 local companies. In the first 10 months of 2017 Alberta exports were \$82.7 billion, up from \$63 billion during the same period of 2016, making up 64 per cent of Canada's entire trade increase during that time. That's a significant increase in the amount of trade. I attribute that – obviously, there are a number of factors from world-wide demand to, as well, the work that EDT does in concert with our counterparts in other ministries, the federal government, the business community, different chambers. You know, we work very closely with the Canada China

Business Council to, again, have companies represented in both jurisdictions.

Last fall I led a mission both to Europe and then to the Arab Emirates. There are a number of outcomes that I can discuss, but with China and especially Asia I can tell you that it is critical that we're in market and that we go back to the market regularly. It's about relationships and then building on those relationships. You know, the role that we play is helping to build a government-to-government relationship. The way that I've explained it to others in the past is that if there is an MOU or a government-to-government framework or an agreement that exists, especially in Asia – we use China as an example. Chinese companies will look to see if there is that type of agreement between governments, and if there isn't, then they immediately become skeptical as to why there isn't a government-to-government relationship and whether that jurisdiction is safe: do we want to invest there? They want to see that there are relations beyond just business to business.

This is why on my missions to China we've been focusing on taking a significant number of companies on every mission with us to help them open those doors but as well to help line up business-to-business meetings. One of the things our international offices do is that they are constantly evaluating, meeting with Chinese companies, investors so that when we lead trade missions, we can line up, you know, the most effective business-to-business introductions possible. We want to make sure that companies are maximizing their time. Through our offices we help organize trade and investment seminars. In fact, in 2016 in the fall we had two trade investment seminars that had over 500 participants. There were 150 Alberta participants and over 350 Chinese participants, which led to a significant number of investment opportunities and deals.

I can tell you that we were sent recently a letter from RoboGarden. They were in New Delhi, and they wrote a letter just saying:

The work done by the team in New Delhi . . . was exceptional. They helped us to explore the whole educational industry in India. We were able to schedule meetings and interviews with a number of tier-one companies . . . with whom we could partner.

They're beginning to expand their business in India now, and they say that thanks to the great efforts led by the Alberta office's team, they expect to have significant revenues from this territory in the coming two years.

I mean, that's just one letter – I appreciate that – but it's significant, and actually that is public. That company has secured so far \$6 million worth of contracts. Again, not trying to take credit for it – these are the companies – but there is a role to play for government, and we have top talent in markets that lend that support, and I'm very proud of the work that our team does.

Mr. Dach: All right. Thanks, Minister.

In that same vein, I mean, it's certainly impressive growth in our exports over the last few years, and the numbers are big. They're not small percentages in growth, and it's definitely the direction we want to be going in. I know, in looking at maps of the world and looking at the percentage of the market share of a particular commodity we might be selling into, say, an Asian country, Southeast Asia, it is still relatively small, in my particular view.

11:30

On a macro level I see, on a longer term basis, huge, huge opportunities that really still exist for expansion beyond the percentages that we're already at right now. I'm not sure whether we have the capacity yet or we're reaching towards an overarching capacity to really take advantage of increasing those market shares in

a significant way over the next generation. Are we looking that far out in your business plan to say: "Look, we're only operating at, like, 5 per cent of the market in China for soybeans or some other grain export. We really think that we should take advantage, like, we should double that up with our commodity before somebody else in the world does that for us"? Are we looking at, on a large-scale level, really occupying and ramping up to meet the demand that's in some of the markets that we only really have a fraction of right now?

Mr. Bilous: Yeah. Great question, Member. I'm going to turn this over to my deputy to respond.

Mr. Krips: Thank you, Minister. Thank you, Chair. Thank you, Member, for the great question. I think there's huge potential on the trade perspective for Alberta, whether you look at ag and forestry, whether you look at energy, and I specifically look at TPP, CTPP, the comprehensive and progressive trade agreement that Canada just signed on.

The real brass ring, gold ring, whatever colour you want to use, for Canada on this is Japan. Japan tariffs will come down significantly for a number of our key products, including pork, beef, and wheat. Japan has a fantastically affluent market for our country. Because of TPP and Canada signing on, we will be there ahead of the United States, one of our main competitors in Japan.

If you take a look at an historical example of where the U.S. got in ahead of Canada in another key market, being South Korea, the tariff differential on a lot of our key products – again, thinking a little bit more on the ag space on South Korea – U.S. tariffs came down much quicker than ours did because they got ahead of us on a trade agreement.

Because we are a part of TPP and the U.S. isn't, we've got massive opportunities in Japan, and I do think we have an increased market share. We have a long-standing office within Japan, in Tokyo. Japan, like many of the Asian companies, likes seeing that long, historical friendship and building of co-operation. The fact that we have an office there gives us that toehold to be able to do some increased work with our companies here in the province to get them over there.

The use of the minister's program, AEEP, the Alberta export expansion program, will really give us that leg up to be able to take advantage of that particular trade agreement. I would think that the federal government will probably start having some engagement with China on an FTA sometime, I would say, this year or next. There's another massive market for us. Even if you look at some of the tier 2 or tier 3 cities, we can certainly, I think, stand to gain from an FTA.

So I think those free trade agreements are key in terms of us being able to get more than just scratching the surface of those opportunities. I know we've had trade officials engaged with our federal government on getting TPP finalized and specifically around some of our key markets and key products that we can leverage into those markets.

Beyond Japan and TPP you have some of the Asian countries that are a part of it. You'd look at Malaysia, at Vietnam; those are huge growth markets for us. We certainly will have, you know, our work cut out in terms of trying to prioritize, but I think the very fact that we have those trade agreements in place gives us that focus to prioritize for those markets.

The Chair: I hesitate to interrupt, but we'll be reverting to the UCP caucus.

Would you like to continue sharing your time with the minister, Mr. Gotfried?

Mr. Gotfried: Yes, please, Mr. Chair. Thank you.

The Chair: Please go ahead.

Mr. Gotfried: Thank you again. Minister, we'll move kind of on to some questions about unintended consequences. I'm going to move on to a further question here. My question is: are you at all concerned with the flight of over \$35 billion in foreign direct investment from major multinational oil companies such as ConocoPhillips, Shell, Total, Marathon, Murphy, Chevron, and others in their sale of perceived stressed assets in Alberta? We're obviously happy to see companies such as CNRL and Cenovus buying such assets and increasing their stake in the oil sands; however, we need to be able to attract global players. This is really a typical strategy in economic development circles, to try and get the major players into the marketplace first, to demonstrate global competitiveness, or at the very least global capital, and not just debt attraction, in order to develop fully our existing assets and also to create the most jobs and highest value propositions for Albertans.

Are you concerned, Minister, about this flight of capital? I think it's been likened to having 20 holes drilled into a bucket and trying to fill it up at the top with new initiatives but not actually taking care of some of the holes in that bucket, of which I think \$35 billion is a pretty big number of holes in a bucket.

Mr. Bilous: Thank you. Alberta has been and remains a strong investment target for both Alberta and international investment. Now, provincial-level data on foreign direct investments is no longer tracked by Stats Canada. However, we do know that Alberta's investment per capita is twice that of the Canadian average and second only to Newfoundland. Oil and gas investment in Alberta has fallen, but this is due to the fact of the global drop in the price of oil, which has created a drop in oil and gas investment globally. Access to market remains a significant contributing factor. Other areas of the economy are strengthening such as manufacturing, where investment in 2018 is expected to be 50 per cent higher than last year.

The term "flight of capital" is generally associated with a perceived risk in doing business in a jurisdiction and then moving capital out of that jurisdiction. That is not the case in Alberta. As previously mentioned, Alberta is blessed with a high level of continued capital investment. I can tell you from the experience of Invest Alberta and our dedicated team of investment attraction professionals across the government of Alberta and our ec dev partners that there is no lack of opportunity and appetite to make new and expanded investments in Alberta. These opportunities span sectors and geography.

As our economy continues to change and evolve, we expect to see continued and growing investment in many export-oriented sectors. That's why we're continuing with the capital investment tax credit, the investor tax credit, and why we've introduced the digital media tax credit.

Mr. Gotfried: But, Minister, are you concerned about the flight of that \$35 billion or, if you don't like the term "flight," the movement of \$35 billion of foreign direct investment out of the province?

Mr. Bilous: We're continuing to see investment come into the province. We've seen it through a number of different companies. We've seen it in commitments. I mean, last year, JACOS, the Japan oil company, was investing \$2 billion expanding their facilities. We see investment commitments from Suncor, Chevron, CNRL.

Mr. Gotfried: So what is the net positive of this, or is it a net negative still?

Mr. Bilous: We're seeing investment continue to flow into Alberta. Again, we look at some of the numbers from our exports that have

grown substantially. I mean, obviously, you know, the province is still recovering and in the early stages of recovery from the global drop in the price of oil, which has had a significant impact. I think we're seeing a structural change when it comes to energy worldwide. But this is part of the reason why our government introduced Bill 1, which is building on our successes from the original PDP program as well as ensuring that there are supports to encourage partial upgrading, which, as you know, has the benefit of reducing the amount of diluent that needs to be shipped in a pipeline . . .

Mr. Gotfried: But, Minister, that's going to be leveraged with subsidy.

You mentioned that the capital is moving because of the price of oil; however, these are oil and gas companies. Actually, they're moving that capital elsewhere, and the last time I checked, the price of oil, other than the discounts we get on some of our bitumen, is the same globally. So the money is moving elsewhere in a global energy marketplace and moving away from Alberta. And you mentioned the comment about risk. When we're seeing now that the risk – in fact, we've had it mentioned that there's political risk here in Canada and in Alberta, particularly in the oil and gas industry.

My concern is: what are you doing to improve Alberta's reputation as a destination for investment in new initiatives and opportunities amongst the major oil companies, not some of the other things but in major oil companies, including those that have divested themselves of much of their interests in Alberta? How are you working specifically with those companies to attract them back? These are big players, Minister. You know, the smaller players in the world watch the big players, and we've seen that. Again, it's a typical economic development strategy: attract the big players, and you bring the ecosystem with it. What are you doing to ensure that we can attract them back to Alberta to ensure that we have that base investment, that leadership investment, the ecosystem which is required to attract small and mid-size players to come here to diversify the economy, quite frankly?

Mr. Bilous: Uh-huh. You know, what I will say is that there are a number of players that are still within Alberta, still operating in Alberta. There are a number of companies that have equity stakes in other companies within the oil and gas sector. Shell is one of them. So they haven't left the province of Alberta.

I just wanted to pick up on a comment you said, where prices are not the same globally. Again, in Alberta, because of the differential, we do not get WTI.

11:40

Mr. Gotfried: But it's a global marketplace, Minister.

Mr. Bilous: But there are differences, not only in the price but also – I mean, this points to the bigger challenge that Alberta has been facing, that, quite frankly, our Premier has taken on, that previous governments have failed to do, which is to get market access, to get a new pipeline to tidewater. Part of the reason that Alberta has some challenges within our energy sector is that we need to get our products to tidewater, to the coast. So through our Premier and our government's initiatives we are closer than we have been for decades to getting a pipeline built. Our government has made a commitment that we'll do whatever it takes to get that pipeline built. I mean, that is a question around investor confidence, investor certainty. It'll also increase our capacity; it'll lower the differential.

I don't know if you're aware, Member, but our government committed to 50,000 barrels a day to Keystone XL to ensure that that pipeline would move forward. That pipeline, interestingly, once it's completed, will actually lower the differential as well.

That's largely in part because of the supply glut that exists in Alberta and the lack of capacity to get it to market and to the refineries down south or to the coast. So between Keystone and Trans Mountain this will shave off a significant number to increase the value that we're getting for our products. But I can tell you, Member, that our government will not stop at the construction of TMX, that we are continually focused on advocating for pipelines in all directions. You know, obviously this is an ongoing conversation with the federal government because this is critical.

Mr. Gotfried: Thank you, Minister. I've been talking around the reputation, and I know we've seen that, actually, the social licence has not gotten the reputation we need in order to attract that capital back and that we're still perceived as having significant political risk here in Alberta.

Let's move on to some comments you made here with respect to the Trans Mountain pipeline and some of the possibilities. Do you view public investment in the Trans Mountain pipeline as being part of your economic development strategy and advantage? Is that where we're moving and segueing, from social licence on to capital investment?

Mr. Bilous: Investing in the TMX is not within my budget. Again, I would encourage you to look for the line item. What we are doing and what we are showing is that government needs to be responsive to changing conditions and what's going on. One of the challenges, frankly, that governments often have is that they're not nearly as nimble as industry is. You know, our Premier is taking action to ensure that the TMX gets built. We recognize that this is in the national interest.

You know, I was speaking last night at the Alberta Chambers of Commerce dinner, at which I was saying to my table that the TMX goes far beyond being just a pipeline and moving our energy products. This is, in my opinion, the litmus test for the rule of law, for investment security within the country, so this is the message that we are constantly taking to the Prime Minister and to Canadians, that this pipeline needs to be built. This is about the future of our country, the future of investments and investor certainty.

Mr. Gotfried: Minister, you know what? It's not in your budget, so we'll move on here.

I think that, you know, we were talking about attracting investment and the reputation of Alberta, and we're hearing a lot from people again that the raising of corporate taxes, personal taxes, carbon taxes, minimum wage increases, and other burdens and regulations are a barrier. I would encourage you and your ministry to look at those as key barriers to international investment. Also, with respect to the reputation and the political risk, that we keep hearing from people is one of the huge perceptions that we now – I mean nobody would ever believe that Alberta was going to be a political risk.

The Chair: I hesitate to interrupt.

We will now return to the government caucus. MLA Fitzpatrick.

Ms Fitzpatrick: Thank you very much, Mr. Chair.

The Chair: You're sharing your time, I assume.

Ms Fitzpatrick: Yes.

I'm going to ask you a question, and I'll wait until you answer it before I go to my next one. Under the proposed Bill 2, Growth and Diversification Act, AITC includes a top-up of 5 per cent. What does this entail, and what's the rationale for the top-up?

Mr. Bilous: Okay. Great question. I'm going to start answering it, and then I'm going to throw it over to Toby Schneider. Both the digital media tax credit and the AITC include a 5 per cent top-up for diversity. Now, diversity in the AITC – I believe that's what you're asking for, Member – is for investors who invest directly in companies where the majority of the board of directors as well as the CEO are members of an underrepresented group.

Now, at the moment we don't have one definition of an underrepresented group, and here's why. Because AITC is open to all sectors, different sectors have different groups that are underrepresented. In the digital media space women are one of the lower percentages of employees. We want to change that. But that's not the case in all sectors, that women would be part of the underrepresented group, so we're trying to come up with a definition that is adaptable to different industries as opposed to just one. With the digital media it is easier because it's indigenous people, people with disabilities, and women. Those are the three largest underrepresented groups in that space. On the tax credit, we're looking at, again, using a more flexible definition to ensure that we're being responsive to the different sectors.

Ms Fitzpatrick: Thank you very much.

Mr. Bilous: Was that an adequate answer?

Ms Fitzpatrick: That was an adequate answer.

How does the new interactive digital media tax credit program differ from AITC? I know that AITC already supports businesses engaged in interactive digital media development, video postproduction, and digital animation.

Mr. Bilous: Great. Thank you.

I'm going to call on Toby Schneider, who has been instrumental in both of these tax credit programs. Take it away, Toby.

Mr. T. Schneider: Thank you for the question. The two programs are actually quite different and, as the minister mentioned earlier, work in conjunction with each other. To begin with, the AITC, the Alberta investor tax credit, is actually a tax credit for the investor, who puts risk capital into firms and takes an equity stake. We know that in Alberta there's a really good understanding of how to make investments in real estate and oil and gas, because that's a big part of our economy – and there's nothing wrong with that – but in some other areas we knew through our research and through speaking with stakeholders that it wasn't as easy to find people to take a stake in companies.

The reason was usually that there's less information, less understanding. It's not that there aren't good ideas, good companies, and good things happening. It's just difficult to find the networking and the understanding and the ability for people to vet those things. You need a little bit of an ecosystem that has to create around that. The Alberta investor tax credit, largely modelled off the B.C. investor tax credit, takes that on to help derisk and to help get people into the pool and say: how can we make that investment? That can be an individual or that can be a company making investment into these smaller companies.

The IDM tax credit is actually quite different in that it is a tax credit that is enjoyed by the IDM-focused company, and how they deliver that is that they essentially have a tax credit that's worth 25 per cent of the cost of employing the technical staff that develop the products. So you can imagine that for a lot of these companies, they can be small to large instead of as in the AITC, where generally they're all smaller. Instead of putting capital into a company, like with the AITC, which they then can use to get themselves up on their feet and going and become a going concern, it is an ongoing

tax credit to help level the playing field with other provinces where they enjoy these tax credits.

Alberta versus other provinces: our companies are just as competitive. The only difference between our province's companies and those in Ontario and B.C. is that they have a tax credit. So this is not a subsidy in the form of trying to make companies economically viable. They are economically viable on a level playing field.

Ms Fitzpatrick: Thank you very much.

Minister, key strategy 3.6 states:

Lead Alberta's participation and ensure Alberta's interests are advanced in trade and investment negotiations, including the negotiation of the North American Free Trade Agreement and the Trans-Pacific Partnership.

NAFTA negotiations have been difficult. Can you explain to me what your ministry is doing to ensure Alberta's interests are protected?

11:50

Mr. Bilous: Sure. So I'm going to start, and then I'll throw this to my deputy and then possibly to Daryl Hanak, who is one of our lead trade negotiators and who is sitting behind me.

Alberta has been extremely involved in these negotiations. What I mean by extremely involved is up to the point that we can be involved, so at the actual negotiating table. The federal government has not given the provinces or territories the ability or opportunity to sit at the actual negotiating table. What I can tell you is that for all rounds of NAFTA, we have Alberta negotiators there in the next room that get pre- and postbriefings of each of the rounds of negotiations and ensure as well that our position is represented. In addition to that, we do have a couple of things. We have Gitane De Silva in her office in Washington. That provides a lot of support, as I mentioned, and Daryl and our team are engaged in this.

What I will point out as far as the start of the NAFTA negotiations: I'm very proud that our Premier was the first Premier to head to Washington – actually, it was after, I believe, the President was sworn in – to meet with the new administration and to talk about trade. Again, our office in Washington is colocated in the embassy, so Gitane De Silva has daily conversations with Ambassador MacNaughton to ensure that Alberta's position is represented.

Now I will throw it to Jason.

Mr. Krips: Perfect. Thanks, Minister. Thanks, Chair. Member, a really good question. Just to supplement on the minister's really good description of negotiation, round 7 has been finished. We've had officials at every round, and as the minister indicated, they are not at table. In previous negotiations such as CETA the provinces were at table. That was a bit of an anomaly. This one, as much as you can say it, is a little bit more of a traditional process, certainly not a traditional negotiation by any stretch of the imagination, where the federal government will go in with their leads of each of the 28 tables that are in existence around the NAFTA negotiations.

The leads will then meet every night with each of the provincial representatives that are there. We've had a very strong contingent at every particular round. Round 8 was actually supposed to occur this week. Instead, what has happened is that a ministerial of the three key federal state ministers and the Mexican minister met on Friday of last week to try to raise, at least, the expectations that the United States was in agreement in principle. It was certainly not anything close to that. Conversations are continuing with the chief negotiators. We have ensured that our officials, who are present at every round, feed back to the minister, to myself, and to other

officials within government on the positions that the federal government are taking, and where they directly line up with provincial positions, we feed our views to the officials so that they then feed back to the NAFTA negotiators, our chief negotiators.

On top of that, we do take our opportunities, when we're in Ottawa, to meet individually with the chief negotiator for Canada. I and Matt Machielse did that a month or so ago when we were in Ottawa, just a private audience, the three of us together. We are plugged in very, very closely with the negotiators and are in lockstep with what the federal government is doing, ensuring that we reach the best agreement possible for Canada.

Ms Fitzpatrick: Thank you very much.

Now, this one is kind of off the cuff. I know that we're part of PNWER. In fact, I know that our chair has actually been a representative there. From your perspective, when we're doing NAFTA or something like that, do we get support from the United States, the PNWER group, when we do those negotiations?

Mr. Bilous: Support? Not necessarily. I mean, PNWER is a number of different provinces and jurisdictions. It's the Pacific NorthWest Economic Region. Now, because we have representatives from our government on PNWER, we use that as a vehicle to talk about Alberta's interests.

The Chair: I hesitate to interrupt.

The remaining time is allotted to the UCP caucus. You have about five minutes left. Please proceed.

Mr. Gottfried: Thank you, Mr. Chair, and thank you to the minister. Minister, I just wanted to first thank you for a lively discourse. We thought six hours was going to be a long time, but it's gone by rather quickly.

Mr. Bilous: It flies by.

Mr. Gottfried: I have a list of issues – Northern Alberta Development Council, innovation and research, Alberta Enterprise Corporation, cultural competency, and a bunch of things – that we're not going to get to. That's very interesting.

I want to switch gears. As we know, over 90 per cent of our trade is with our southern neighbour, the United States. I'd like to switch gears to some NAFTA questions here quickly.

Mr. Bilous: Sure.

Mr. Gottfried: I just want to point out that I had the opportunity to meet Gitane De Silva. I think we're ably represented in Washington. I'm happy to see that. It seems like we've got a very, very competent person there.

Minister, just this week Mexico's Economy minister said that he saw an 80 per cent chance of a new NAFTA deal in the first week of May. Let's keep our fingers crossed. Could you provide an update on how the NAFTA negotiations are going and if there should be any major concerns for Alberta and Albertans as we move forward?

Mr. Bilous: Thanks for that question. Obviously, NAFTA is extremely important. That was the Mexican representative's timeline of when he thinks it can be done. You know, the negotiation has been unconventional. It has hit some snags along the way but in some ways is moving along. Again, we've ensured that Alberta's position is represented there.

I don't know if either Jason or Matt wants to supplement with more detail.

Mr. Krips: Certainly, Minister. Member, thank you for the question. Mr. Chair, as I was saying to the member previous on NAFTA, round 7 was completed in March. There was supposed to be a round 8. It got sidelined for a ministerial. The Mexican official that you spoke of and, I know, U.S. Ambassador Lighthizer both have been trying to position themselves in a way that showcases that an agreement is imminent. From the officials' perspective, we're being told there are a number of the U.S. positions that have not had major movement from the United States. Therefore, we're probably less likely to have an imminent agreement. If you recall, when President Trump kicked off the NAFTA modernization, his goal was to have an agreement by the end of this past year, and then that deadline got moved to the end of March, and it has now been moved to the end of May. Part of what's been driving those deadlines is that you have the Mexican election coming up on July 1 of this year and then the U.S. mid-terms in the fall.

Mr. Gottfried: And then some of the China trade issues that have arisen as well.

Mr. Krips: Exactly. Those have risen up.

Our understanding is that the Mexicans may be positioning themselves that things are moving along, steady as she goes, so that it doesn't become an election issue for them. It'll be interesting to see what happens this fall – I don't know – if there's no agreement reached. Rest assured, though, that Alberta officials are very engaged with the federal government and watching the Alberta issues very closely. By all accounts, I think we're bumping along to the issues that have been settled very well for Alberta.

Mr. Gottfried: Deputy Minister, I'm going to move to a second, related question, if I might, either for yourself or for the minister. What is your ministry doing to prepare for multiple options, plans B and C, if you will, in terms of transport or international strategies given the extreme unpredictability of the Trump administration and what the outcome of these negotiations might be in terms of our ability to continue trading, you know, relatively freely with our largest trading partner?

Mr. Krips: A great question. In the department we are working through – I think the minister may have mentioned this yesterday – playbooks that speak to our main markets and main sectors within those markets, where we have a crossgovernment view of the work

that's being done, the priorities that we need to set within those sectors. We are, under our minister's watch, looking at different options of what we can do through our international offices. He has us constantly canvassing and making sure we have the right resourcing in the right places in the right offices, ensuring that we are very nimble to respond to the priorities, and again, obviously, working very closely with the federal government on any backstopping.

Mr. Gottfried: Minister, I have just one last related question; probably I'll get it in. What would the collapse of NAFTA mean to Alberta in terms of lost GDP? Have we done some studies on that, on how that would damage our economy, and what other plans do we have to mitigate that?

Mr. Bilous: We've looked at that. If the U.S. decides to back out of NAFTA, there's a six-month window. It has to get passed by Congress. We would then revert to the free trade agreement between Canada and the U.S. and Mexico. It means different things to different sectors. It would be an increase in costs to some sectors but not all. Again, you know, we have looked at what this would look like. Essentially . . .

Mr. Gottfried: Do we have a dollar amount of the impact?

Mr. Bilous: A contingency? I don't know.

Matt or Daryl, do you know if we have a dollar amount at the moment?

Mr. Krips: If I can, Chair . . .

The Chair: I hesitate to interrupt, and I apologize, but I must advise the committee that the time allotted for this item of business has concluded.

Mr. Gottfried: Minister, thank you to you and your team. It's been very stimulating.

The Chair: I'd like to remind committee members that we are scheduled to meet next on Monday, April 16, at 7 p.m. for consideration of the estimates of the Ministry of Infrastructure.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 12 p.m.]

