



Legislative Assembly of Alberta

The 29th Legislature  
Fourth Session

Standing Committee  
on  
Public Accounts

Economic Development and Trade

Tuesday, May 15, 2018  
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**Legislative Assembly of Alberta  
The 29th Legislature  
Fourth Session**

**Standing Committee on Public Accounts**

Cyr, Scott J., Bonnyville-Cold Lake (UCP), Chair  
Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

Barnes, Drew, Cypress-Medicine Hat (UCP)  
Carson, Jonathon, Edmonton-Meadowlark (NDP)  
Clark, Greg, Calgary-Elbow (AP)  
Gotfried, Richard, Calgary-Fish Creek (UCP)  
Hunter, Grant R., Cardston-Taber-Warner (UCP)  
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)  
Luff, Robyn, Calgary-East (NDP)  
Malkinson, Brian, Calgary-Currie (NDP)  
Miller, Barb, Red Deer-South (NDP)  
Nielsen, Christian E., Edmonton-Decore (NDP)  
Panda, Prasad, Calgary-Foothills (UCP)  
Renaud, Marie F., St. Albert (NDP)  
Turner, Dr. A. Robert, Edmonton-Whitemud (NDP)

**Also in Attendance**

McPherson, Karen M., Calgary-Mackay-Nose Hill (AP)

**Office of the Auditor General Participants**

W. Doug Wylie	Auditor General
Rob Driesen	Assistant Auditor General

**Support Staff**

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

## **Standing Committee on Public Accounts**

### **Participants**

Ministry of Economic Development and Trade

John Brown, Assistant Deputy Minister, Science and Innovation

Michele Evans, Assistant Deputy Minister, Economic Development

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

Jason Krips, Deputy Minister

Matthew Machielse, Assistant Deputy Minister, Trade and Investment Attraction

Toby Schneider, Executive Director, Policy and Information

Alberta Innovates Corporation

Maureen Fromhart, Vice-president, Finance

Alberta Enterprise Corporation

Kristina Williams, President and Chief Executive Officer



8:30 a.m.

Tuesday, May 15, 2018

[Mr. Cyr in the chair]

**The Chair:** Good morning, everyone. I'd like to call this meeting of the Public Accounts Committee to order and welcome everybody in attendance.

My name is Scott Cyr. I'm the MLA for Bonnyville-Cold Lake and chair of the Public Accounts Committee. I would like to ask the members, staff, and guests at the table to introduce themselves for the record, and then I will turn to the members on teleconference. Starting to my right, Mr. Deputy Chair.

**Mr. Dach:** Thank you. Good morning. Lorne Dach, MLA for Edmonton-McClung, deputy chair.

**Mr. Barnes:** Good morning. Drew Barnes, MLA, Cypress-Medicine Hat.

**Mr. Hunter:** Good morning. Grant Hunter, Cardston-Taber-Warner.

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

**Mr. Clark:** Good morning, everyone. Greg Clark, MLA, Calgary-Elbow.

**Mr. Machielse:** Good morning, everybody. Matt Machielse, assistant deputy minister of trade and investment attraction.

**Ms Johnston:** Good morning. Sonya Johnston, ADM, strategic policy and corporate services.

**Mr. Krips:** Good morning. Jason Krips, Deputy Minister of Economic Development and Trade.

**Mr. Brown:** Good morning. John Brown, assistant deputy minister, science and innovation.

**Ms Fromhart:** Good morning. Maureen Fromhart, vice-president, finance, Alberta Innovates.

**Mr. Driesen:** Good morning. Rob Driesen, Assistant Auditor General.

**Mr. Wylie:** Good morning. Doug Wylie, Auditor General.

**Ms Luff:** Robyn Luff, MLA for Calgary-East.

**Ms Miller:** Good morning. Barb Miller, MLA, Red Deer-South.

**Ms Renaud:** Marie Renaud, St. Albert.

**Dr. Turner:** Bob Turner, Edmonton-Whitemud.

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

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

**Mr. Nielsen:** Good morning, everyone. Chris Nielsen, MLA for Edmonton-Decore.

**Mr. Malkinson:** Brian Malkinson, MLA for Calgary-Currie.

**Dr. Massolin:** Good morning. Philip Massolin, manager of research and committee services.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk. Good morning.

**The Chair:** Okay. There is nobody on teleconference.

I have a few housekeeping items to address as well. Please note that the microphones are operated by the *Hansard* staff. Please set your cellphones and other devices to silent for the duration of the meeting. Committee proceedings are being streamed live on the Internet and broadcast on Alberta Assembly TV. The audio and video streams and the transcripts of the meetings can be accessed via the Legislative Assembly website.

Let's move on to the approval of the agenda. Are there any changes or additions to the agenda? Seeing none, I'd like someone to move that the agenda for the May 15, 2018, meeting of the Standing Committee on Public Accounts be approved as distributed. Mr. Panda. Any discussion on the motion? All in favour? Any opposed? Thank you. The motion is carried.

Mr. Panda, if you would introduce yourself for the record, sir.

**Mr. Panda:** Good morning. Prasad Panda, Calgary-Foothills.

**The Chair:** Thank you, Mr. Panda.

I would like to advise that today's meeting will adjourn at 9:45 to accommodate members attending the official welcoming ceremony for the Governor General of Canada.

Moving on, approval of the minutes for May 8, 2018. Do we have any members that have amendments to the May 8, 2018, minutes? If not, would a member move that the minutes for the May 8, 2018, meeting of the Standing Committee on Public Accounts be approved as distributed? Mr. Nielsen. Any discussion on the motion? All in favour? Any opposed? Thank you. That motion is carried.

I'd like to welcome our guests who are here on behalf of the Ministry of Economic Development and Trade to discuss the outstanding recommendations from the office of the Auditor General and the ministry's 2016-2017 annual report. Members should have the report prepared by research services, the Auditor General's briefing document, as well as the status of the Auditor General's recommendations document completed and submitted by the ministry.

I invite Mr. Krips to provide opening remarks not exceeding 10 minutes. Please proceed.

**Mr. Krips:** Thank you very much, Mr. Chair. I'm pleased to appear before this committee today to represent Alberta Economic Development and Trade. You have already met those around the front end of the table here. In addition, I'd also like to introduce Kristina Williams, chief executive officer of Alberta Enterprise Corporation, and Michele Evans, ADM of economic development, also in the gallery.

I will be providing an overview of the ministry along with some of the financial highlights and achievements for 2016-2017. The Ministry of Economic Development and Trade was established in October 2015 and leads the government's efforts to diversify the economy, create jobs, support trade development and market access, and ensure business competitiveness.

The ministry is divided into four divisions: economic development, trade and investment attraction, science and innovation, and strategic policy and corporate services. It includes 12 international offices in high-priority markets. These divisions and offices are supported by corporate services, including communications and human resources, and the ministry's priorities are advanced through several agencies, including Alberta Innovates, the Alberta Research and Innovation Advisory Committee, the Northern Alberta Development Council, and the Alberta Enterprise Corporation.

The operating budget for EDT in 2016-2017 was just over \$470 million, with actual expenses of approximately \$436 million. The work of Economic Development and Trade focuses on programs and initiatives that support businesses and private-sector job creation, enhance access to capital for small and medium-sized enterprises, coordinate and leverage research and innovation to increase the commercialization of Alberta ideas, facilitate export development and investment attraction from targeted international markets, enhance Alberta's national and international presence, and support Alberta's participation in negotiations on domestic and international trade agreements. EDT also plays a vital role in implementing the Alberta jobs plan, which outlines the government's plans to support job creation and diversify the economy.

This past December marked the one-year anniversary of the passing of Bill 30, Investing in a Diversified Alberta Economy Act, which allowed the implementation of two tax credits that support Alberta businesses. It has now been just over one full year that the capital investment and Alberta investor tax credits were open to applicants, and both programs have seen significant uptake. The capital investment tax credit encourages timely capital investments that offer opportunities for economic growth while the Alberta investor tax credit encourages investors to provide entrepreneurs across sectors with greater access to the capital they need to innovate and expand.

Under the Alberta jobs plan we also launched the community and regional economic support program, known as CARES, to help communities with limited resources and common interests tackle economic development projects they might not be able to on their own. Since its launch CARES has supported 173 projects across the province, representing close to \$13 million in funding support from three intakes. Through these projects regional leaders are working together to accelerate economic development and diversification. That will help Alberta to become more competitive and prosperous.

The department has also spent significant effort on enhancing access to markets for Alberta's products and services. Last year we led five ministerial missions and 49 business delegation missions to priority markets to promote Alberta's products and services and help Alberta businesses access new markets. Government of Alberta staff worked with Alberta companies to help them succeed in international markets through facilitating participation in trade shows and missions; offering programs like the Alberta export expansion program package, which includes the export support fund, the global buyers and investors program, and the export readiness program; and working with communities across the province to support their investment readiness. With the support of our 12 international offices, we offer information about trade investment opportunities, marketing intelligence, and business contacts in these priority markets for interested companies.

These actions have shown positive results. For example, last year we took more than 400 companies on our trade missions to key international markets, and the companies reported more than \$500 million in actual trade investment as a result. These missions have a significant impact on jobs and the economy here at home.

I'd like to now turn to the ministry's 2016-2017 business plan and provide an overview of some of the great work undertaken to support our key strategies under outcome 1. Key strategy 1.1 focused on providing leadership for the development of sector strategies in the areas of petrochemical, bioindustrial, and clean technology. One example is the work of EDT to support Alberta Energy with the evaluation of the application for the petrochemicals diversification program. The PDP approval approved two projects, resulting in investment of roughly \$6 billion, that will provide approximately 3,700 to 4,200 construction jobs as well as more than

240 full-time jobs once fully operational. PDP renewal was part of Bill 1, and we look forward to continuing contribution and support for the program.

For key strategies 1.2 and 1.4, both of which speak to support job creation and growth, the minister reprofiled the job creation incentive program into the Alberta jobs plan under Budget 2016. This has provided the successful transition that has enabled collaboration across multiple ministries in a number of new initiatives to invest in infrastructure, diversify Alberta's economy, support small and medium-sized businesses, improve access to capital, encourage investment and expand market options, and provide Albertans with new training opportunities while protecting services for families.

#### 8:40

I've already mentioned a few of the EDT-led programs in the Alberta jobs plan, the CITC and AITC programs, and the community regional economic support program. These programs continue today, and we expect to see ongoing success.

Turning now to strategy 1.3, I'd like to highlight the success we've had in expanding access to capital for small and medium-sized businesses across multiple sectors in Alberta. We're achieving good outcomes in several areas, including working with Alberta Treasury Board and Finance to increase ATB's borrowing limit by \$1.5 billion. This enabled Alberta ATB to authorize \$2.6 billion in lending to about 10,000 small and medium-sized businesses last year.

ATB also collaborated with the Business Development Bank of Canada to provide consulting services to 166 businesses last year and authorized more than 1,500 loans. The government also provided \$75 million in support to the Alberta Enterprise Corporation for investment in venture capital funds. Alberta Enterprise Corporation invested in 12 venture capital funds with offices in Alberta during the 2016-17 time frame, including an accelerate fund 2, focused on early-stage companies, and the Yaletown innovation growth fund, that invests in clean technology companies.

Moving along to key strategy 1.5, I'm happy to report that we've made a lot of progress in the development of a one-stop shop business portal, and we've launched the Invest Alberta portion of this site, which allows for the department to better promote Alberta's strengths to international audiences; [investalberta.ca](http://investalberta.ca) houses targeted information about industry, business supports, and interactive data tools. We've enhanced the integrated existing apps like the Alberta regional dashboard and the economic dashboard into [investalberta.ca](http://investalberta.ca). We all know that having easy-to-access and relevant information and tools online isn't just a plus but a necessity in today's world.

Finally, I'd like to highlight work undertaken to support community economic development, key strategy 1.6 under outcome 1. This work was largely done through the CARES program, which I've now mentioned twice because of the integral role this program plays in work with our ministry. CARES has been incredibly successful, with exciting projects announced across Alberta. The first intake for CARES ran from October 1 to November 30, 2016, and 61 applicants received funding of more than \$4.72 million. The second intake ran from April 1 to May 31, 2017, with 50 applications receiving about \$4.25 million. Round 3 projects were announced in April this year, and the fourth round of CARES will open to applicants this June.

I'd like to now turn to outcome 2, which is focused on ensuring that trade and investment opportunities are grown and diversified, leveraging Alberta's strengths and capabilities. This outcome is driven through six key strategies, including establishing a dedicated

branch to retain and attract direct investment to the province, developing and implementing a new trade strategy and an international engagement strategy, leveraging relationships, leading Alberta's participation in negotiations on a renewed agreement on internal trade, and leveraging our international offices and partnerships with multinational enterprises. EDT and the Alberta Washington office jointly organized four international missions for Premier Notley, and Minister Bilous led a mission to China in November 2016 with a combined 86 companies, municipalities, universities, and associations.

The third and final outcome in EDT's 2016-19 business plan is to ensure that Alberta's publicly funded research and innovation system contributes to Alberta's sustainable prosperity. The key strategies include delivering the climate change innovation and technology framework; increasing Alberta's partnerships and leveraging other science and innovation funding; supporting the growth of globally competitive enterprises; and establishing new and building on existing technology partnerships with international jurisdictions. Here, too, we've seen some significant accomplishments, including . . .

**The Chair:** Thank you, Mr. Krips.

Ms McPherson, would you mind announcing yourself for the record?

**Ms McPherson:** Sure. I'm Karen McPherson, MLA for Calgary-Mackay-Nose Hill.

**The Chair:** Thank you, Ms McPherson.

I will now call on the Auditor General for his comments. You have five minutes, sir.

**Mr. Wylie:** Thank you, Chair, members. We only have one outstanding recommendation relating to this ministry, and that's a recommendation that was made to Alberta Innovates relating to its financial reporting processes. We recommended that they improve those. We understand that the recommendation has been implemented by management. We are currently doing the follow-up work, and we'll be reporting on that in October.

Thank you, Chair.

**The Chair:** Thank you very much for that, Auditor General.

With the agreement of the committee we will follow the updated time allotment format for the questions, with revisions recommended by the committee working group following its meeting last week. In the first and second rotations: nine minutes each for the members of the Official Opposition and the government members, followed by four and a half minutes for the third-party member. We will check our time once the first two rotations are complete to determine if any other changes are necessary, but we are looking to adjourn at 9:45 a.m. For the time remaining, we will rotate equally amongst the Official Opposition and government members and the third-party member, with the final few minutes designated for any outstanding questions to be read into the record and to consider other items.

We ask officials at the table as well as those seated in the gallery to provide their names before responding to questions. This is for the benefit of members who may be participating via teleconference, for those listening in online, and for the *Hansard* recording.

I will now open the floor to questions from the members. Mr. Gotfried.

**Mr. Gotfried:** Thank you, Mr. Chair, and thank you to representatives here today for making time to see us. I'm going to start out, and I'll ask for fairly succinct responses – we have limited time

today – as succinct as possible. Looking at outcome 1 on page 14, "Alberta's economic development policies and programs support a sustainable and more diversified economy," could you reference a specific indicator which the department uses to measure how diversified Alberta's economy is?

**Mr. Krips:** Thank you, Mr. Member. I appreciate the question. I'm just going to take a look at my binder for a moment here. Diversification is vital to Alberta's future because it allows us to do more, offers a better value proposition to investors, and creates a robust business climate. Diversification is typically defined by working towards a balanced economy where, at any given time, one industry might be thriving while another is in a down cycle. Diversification is about having the right people, right institutions, right markets . . .

**Mr. Gotfried:** Excuse me, Deputy Minister. I've asked, actually, for the specific indicator which your department uses to measure how, not why.

**Mr. Krips:** Okay. Understood. We actually don't have a specific indicator, but we do monitor a number of the sectors, Mr. Member. If you take a look at one of the programs that we've been working very closely with Alberta Energy on, the petrochemicals diversification program, that is an example of a type of program that we use to help diversify the economy.

**Mr. Gotfried:** Okay. So are you using GDP, or are you using other measures, employment?

**Mr. Krips:** GDP is but one measure.

Maybe if I can, Member, turn to Toby Schneider, who's in the gallery here.

**Mr. Gotfried:** Deputy Minister, I'm looking for specifics on how you're measuring it rather than an explanation of how you're measuring it.

**Mr. Krips:** Right.

**Mr. Gotfried:** I'm just looking for the numbers. Is it GDP? Is it employment statistics? How are you looking at those measures?

**Mr. Krips:** It's all of the above, Member. We measure by GDP. We measure by percentage of different sectors and the growth that we've seen in those different sectors. We measure by the growth in the jobs. It's a number of factors. We don't have a specific measure within our annual report and our business plan, but it is a . . .

**Mr. Gotfried:** I think it would be helpful for us to have that.

The implicit assumption found across the desired outcomes in the annual report is that Alberta's economy is not diversified enough. Could you provide numerical evidence to support this assumption? I reference that, I think, in 2016, without the oil and gas industry, Alberta was the third-largest economy, ahead of British Columbia, in the country, and the School of Public Policy at the University of Calgary has stated that they believe that Alberta is as diversified as Ontario. Could you provide numerical evidence to support the assumption that Alberta's economy is not diversified enough?

**Mr. Krips:** Thank you for the question, Member. If you can just bear with me one moment.

I would like to actually ask Toby Schneider, one of our executive directors, to respond to that, Member.

**Mr. Gotfried:** As long as he can respond succinctly. Thank you.

**Mr. Krips:** Thank you.

**Mr. Schneider:** Thank you. I'm Toby Schneider. I work at EDT. I'd just like to say that we would say that it's a very complex question you've asked, and I'll try to answer it succinctly. The bottom line here is that when we looked through the measures – and we have to use the Canadian input-output model to actually get a better picture of the economy because just looking at the sectors themselves doesn't give you a full picture of the extent to which oil and gas has an impact on the Alberta economy.

8:50

We've gone through that. Unfortunately, the data is not from 2017 or '16 because input-output does lag a few years. Looking back into the 2012-2013 range, what we found was that at the time the oil and gas sector was around 27 per cent of the economy directly, but there was about another 14 per cent of the economy involved in the oil and gas sector indirectly in our service sectors such as business services or manufacturing and so forth, bringing us to over 40 per cent of the economy being directly and indirectly involved in the oil and gas sector.

I would say that the fact is that compared to previous data that showed that the oil and gas sector was perhaps more dominant, we would say that the oil and gas industry is still dominant, but we do have more diversity in the amount of the economy that's taking part in the oil and gas sector, and that gives us more opportunity.

**Mr. Gotfried:** Okay. All right. Thank you. Thank you, Toby.

Deputy Minister, does the ministry have any percentage-of-GDP goals for the sectors which are being targeted for diversification? I see in the annual report that that includes petrochemical, food processing, tourism, small to medium-sized business. Do you have specific targets within those sectors that you are moving towards in terms of actually demonstrating that your efforts are effective?

**Mr. Krips:** Thank you for the question, Member. I'm just wondering: is there a specific page number that you're referencing?

**Mr. Gotfried:** Yeah. This is all on outcome 1, page 14.

**Mr. Krips:** Okay. On page 14. We don't have specific targets for each sector, but we are working on market playbooks for each of the specific markets, and then within each of those specific markets we target our priority sectors to grow and expand. But we don't have any specific targets set for specific growth within a particular sector.

**Mr. Gotfried:** All right. Thank you, Deputy Minister. You know, I appreciate all the great work that your department does, but I think that, for members of this Public Accounts Committee, a little bit more measurables and outcomes and targets would be much more appreciated.

I'm going to move to key strategy 1.2 on page 14, "Implement programming that will support companies and non-profits... to catalyze job creation." In key strategy 1.2 it refers to the implementation of programming to catalyze job creation. Has the ministry done analysis to look at what job-creation numbers would be like if the corporate tax rate in Alberta was reduced back to 10 per cent?

**Mr. Krips:** I appreciate the question, Member. We have a number of tax programs in play, tax credits, including the AITC, the Alberta investor tax credit, the capital investment tax credit, the petrochemicals diversification program, but in terms of specific tax policy, that would fall under the purview of Treasury Board and Finance.

**Mr. Gotfried:** Okay. Deputy Minister, I guess our concern here is that if there are some fundamentals that need to be fixed and we're actually putting in other programs to try and overcome those fundamentals, I think that that's a concern to us as members here.

Does the ministry have any data to demonstrate the impact that the minimum wage increase has had on job creation in the private and nonprofit sectors?

**Mr. Krips:** Those specifics would fall to the Department of Labour, Member. I appreciate the question, but that's certainly not within the purview of Economic Development and Trade.

**Mr. Gotfried:** Okay. But this is about diversification and job creation, so I guess maybe there needs to be a bit more conversation with Labour and with the Ministry of Finance.

Does the ministry have any forward-looking analysis which projects the impact that the future minimum wage increase will have on job creation in the private and nonprofit sectors given that if you've got a loss on one side and you're trying to top it up, if we end up with a net zero in terms of the impact, that's going to impact your department?

**Mr. Krips:** Again, I appreciate the question. You know, we in this ministry are about program delivery once the policy has been set by the specific government of the day, so that's what we do. In terms of any questions related to minimum wage impact, that would fall to Alberta Labour.

**Mr. Gotfried:** Okay. I think it concerns me, I guess, if your department had targets that were around job creation and actually there was a net loss or a net zero in terms of that with respect to your initiatives. That would be something you'd be greatly concerned about in terms of the fundamental economics of the province.

Moving on, does the ministry track Alberta's combined federal and provincial personal tax rates in relation to the jurisdictions we compete with in North America and around the world, and are the combined provincial and national corporate tax rates also tracked? I mention that because obviously, again, if you're trying to attract business here, you're going on trade missions, you're trying to bring people to Alberta, we need to know what our competitive advantages or disadvantages are.

**Mr. Krips:** We are following very closely the U.S. tax rates, and the U.S. has recently undergone...

**Mr. Gotfried:** Thank you.

**The Chair:** Can you respond in writing with the answer to that?

**Mr. Krips:** Certainly. We can certainly do that.

**The Chair:** Ms Miller.

**Ms Miller:** Thank you, Chair. On page 47 of the Economic Development and Trade business plan a key strategy is to "provide regional economic development support to assist municipalities, communities and regions across the province." The ministry is giving support to municipalities through the community and regional economic support program. Can you give specific examples of how this program has benefited communities in Alberta?

**Mr. Krips:** Great. Thank you very much for the question, Member. You're referring to CARES, the community and regional economic support program. It's been a successful program and has received a



great deal of support from Alberta's communities. Some CARES program projects have won awards of excellence, including Big Lakes county, town of Cochrane, and Palliser Economic Partnership being each awarded the business retention and expansion award. The town of Cochrane and Palliser Economic Partnership each won the Alex Metcalfe award, which recognizes the best of the best community projects.

The first intake of CARES – and I think I mentioned part of this in my speaking notes – ran from October 1 to November 30, 2016, and had 63 applicants approved for approximately \$4.72 million in funding. The second intake ran from April to May of 2017 with 52 applicants for \$4.25 million; and the third intake, near the end of November, \$4.36 million.

The types of organizations that we work with include First Nations, Métis settlements, municipalities, and nonprofit organizations, and the project types include business community development enhancement, economic planning, marketing, and small to medium-sized capacity building.

Some of the projects from last year: the city of Edmonton was given \$800,000 for five key deliverables outlining the airport accord; Big Lakes received \$170,000 to proceed with phase 2 of the diversification and SME support initiative – the applicant won an EDAC award for phase 1 of its initiative – \$25,000 dollars was awarded to the Chinese Benevolent Association of Edmonton to improve network and market development of Edmonton's Chinatown; \$40,000 was provided to a First Nation to organize the feasibility study to determine tourism and marketing opportunities on Cold Lake First Nations lands; and \$60,000 went to Recycling Council of Alberta to compile statistics on existing waste management, identify new opportunities in waste generation, and develop tools to analyze options in advanced waste management.

Those are some examples, Member. There are more I can certainly articulate if you wish. I'm not sure if you have another question. I have other examples here as well.

**Ms Miller:** No. Thank you very much.

Actually, how exactly are you tracking the success of these projects?

**Mr. Krips:** Great. Thank you very much for the question. Applications are assessed by EDT program staff using a fair and transparent process, and the evaluation criteria are public. The program guidelines, which include evaluation criteria, are posted online. Again, we try to target economic planning, community development enhancement, marketing, small and medium-sized enterprise capacity building.

**Ms Miller:** Thank you.

I'm going to pass the rest of my time on to MLA Nielsen.

**Mr. Nielsen:** Thank you, Mr. Chair, and thank you, Mr. Krips, to you and your team for being here this morning. I just want to direct my questions around international offices. I know from my work on the Council of State Governments the important role that they play. I understand that in 2008 the Auditor General made a recommendation to EDT to improve the processes used to evaluate the performance of each international office. This recommendation, of course, was repeated in March of 2015 and deemed subsequently implemented by the Auditor General's office in October of 2017. I wonder if you can just tell us some of the changes that were made.

**Mr. Krips:** Absolutely. Thank you very much for that question, Member. The trade and investment attraction division is shifting its reporting to a trading block approach. This will better reflect how international offices and geographic branches collaborate and

contribute as a team. International offices do not operate in isolation, and this reporting will better reflect how branches and offices work together collectively as a government-wide resource to advance Alberta's objectives in each market. Each Alberta international office completes an annual client satisfaction survey to ensure that the offices are doing the right things for clients and performing optimally. The '15-16 client satisfaction survey results were very positive: 93 per cent were satisfied with the services received, and 62 per cent of those respondents were very satisfied. The Alberta international offices undergo regular network reviews to evaluate their global position and the services they provide to their clients.

EDT conducts annual program reviews to focus on continuous improvement, and we continually strive to ensure operational efficiencies and optimal resource allocation.

**9:00**

**Mr. Nielsen:** Thank you very much for that. As part of implementing the recommendation, I understand that reporting is done annually, but the economic benefit from trade wins facilitated by an individual office may be confidential. Can you give us any kind of, maybe, broad overview of what types of trade wins your department has been able to achieve?

**Mr. Krips:** Thank you for the question, Member. We're very proud of the work of our international offices. The staff are strong ambassadors for Alberta and play a critical role in advocating on behalf of Albertans, making trade connections and attracting investment in key markets around the globe. The international offices supported Alberta's economic growth with completion of a total of 71 trade, investment, and advocacy wins, 39 trade deals, 12 investment deals, and 20 signed agreements.

You're correct that not all companies share the total data of deals, but we do know that 36 of the investment advocacy wins for Alberta in that particular year of '16-17 represented more than \$167,000 in total investment – sorry; \$167 million in total investment.

**Mr. Nielsen:** Yeah. I figured that.

**Mr. Krips:** That's a big difference.

**Mr. Nielsen:** I figured that's what it was, yeah.

With the recent NAFTA negotiations and issues around softwood lumber and other trade issues, you know, I would suspect that our international offices are busy playing a role in that. Can you give us some of the highlights of what our offices have been doing to ensure that Alberta's interests are well represented at the negotiating table?

**Mr. Krips:** Thank you, Member. Great question. We have a very active trade policy team, and I'm really proud to brag about them. In order to advocate for Alberta's interest in international trade negotiations, Alberta believes that full participation with the federal government to those negotiations is essential. Alberta works to ensure that trade agreements allow the province to continue to act in the public interest with respect to labour, health, social services, and the environment.

For the critical NAFTA negotiations government has established stakeholder groups in key sectors of the province: agriculture and agrifood, oil and gas, forestry, manufacturing, environment, labour, and indigenous matters. These round-tables are a means for the Alberta government to update parties about the content of the NAFTA negotiations and receive input on issues and priorities that are of key interest to the province. While negotiations with China have not yet launched, Alberta has been proactive in consulting with Alberta industries about a possible agreement with China.

In order to better understand the needs of Alberta firms, provincial officials participate in events like business forums for the Canada-EU comprehensive economic and trade agreement and presentations on the implementation of the Canada-Korea free trade agreement.

The province has also met with municipalities, municipal districts, and counties to discuss items like government procurement that are high interest for these other orders of government.

EDT leads internal consultations with all affected ministries to ensure they have an opportunity to provide input and to flag important issues in international trade agreements, current trade agreements, and trade disputes. In all major international trade negotiations, including NAFTA, CETA, and TPP, Alberta and other provinces and territories meet regularly with the federal negotiating team before and after negotiation rounds. Alberta also attends each round as a member of the Canadian delegation.

**Mr. Nielsen:** Thank you.

Just one final question here. As you know, we're certainly looking for efficiencies, keeping our costs down where possible. I'm just wondering what your department is doing to keep the costs, you know, reasonable or low at our international offices.

**Mr. Krips:** Great. Thank you, Member. The 2015 Alberta international offices review recommended several measures to reduce the cost of international offices while ensuring these are positioned to efficiently support increased commercial successes in the region.

I'll have to come back to that, Member. Thank you.

**The Chair:** Mr. Clark.

**Mr. Clark:** Thank you very much, Mr. Chair. Thank you very much to the deputy minister and your team for being here. I appreciate the work you do. I have some questions. In your introduction you listed a long list of different areas. When I look at the annual report on page 8, you talk about the roster of 12 international offices and Alberta Enterprise Corp, Alberta Innovates, Alberta Research and Innovation Advisory Committee, the Northern Alberta Development Council and on page 6 and elsewhere the Investing in a Diversified Alberta Economy Act, the Alberta investor tax credit, the capital investment tax credit, the \$30 million CARES program, the coal community transition fund, the coal workforce transition fund, carbon conversion technology, and the climate change innovation technology framework. I'm almost out of time. That's a long list. That's a lot of programs and priorities. Really, what I'm interested in is that those things in and of themselves, I imagine, can be valuable, but what ties them together? That's my real concern. What's the definitive strategy, the measurable outcomes that you expect from this ecosystem as opposed to that long laundry list of siloed groups? The real question is: what's the big vision for ED and T?

**Mr. Krips:** What's the narrative? Right. All of those programs are bundled in under the jobs plan. I believe it was in early January to February 2016 that the government moved away from or changed the job creation incentive program, or JCIP, to come up with an overarching framework for the Alberta jobs plan. We do believe there's excellent benefit from the overall jobs plan. In essence, it does talk to outcomes and key strategies that we're trying to achieve. Some of the successes that we've been able to have are that more and more Albertans are working, and good jobs have been added, over the last year 90,000 full-time jobs. Alberta's small businesses provide good jobs, and there's been a real driving force with small businesses.

**Mr. Clark:** I'd just like to ask, then – let's talk about some of those key strategies. The performance indicator for key strategy 1.1 is about GDP, and that's a very big indicator. I guess what I'm interested in is: what are your targets in terms of the measurable impact that ED and T has on GDP, and what's the line between your work and that GDP growth as opposed to just a rising tide floating all boats?

**Mr. Krips:** Right. Well, we do believe that the overarching program package has actually increased our GDP. Alberta actually led the country in GDP growth for 2017. Last year private-sector investment in Alberta was 2.7 times higher than the Canadian average. So we do believe that the bundling of all of those programs together has actually resulted in increased GDP.

**Mr. Clark:** With respect, then, you believe that. How do we know? What are the specific measures so that we know that there's a direct correlation, a causal relationship between the work you've done and the stats you've just quoted?

**Mr. Krips:** With respect to that, you know, we certainly track the GDP. We track consumer spending. Consumer spending was up last year. We track the increase in jobs and any export increases. For example, in 2017 Alberta goods exports were up nearly 27 per cent from 2016, to over \$100 billion. Alberta exported more than \$100 billion worth of goods to 26 countries, up from 21 . . .

**Mr. Clark:** Again, apologies for interrupting. I have a very short time. All those are facts, and those are statistics. What is the connection – I'm not hearing a connection – between the work that you have done and making those things happen? Those are outcomes. That's happening. I'm not hearing that there's any sort of understanding of the work that you have done to help make those numbers higher than they otherwise would have been or that there's specific information of the work your department has done to drive those specific outcomes.

**Mr. Krips:** Well, attribution is always a challenge, to say that X specific program led to Y outcomes. But when you look at the bundling of 2017's economy, the GDP growth and increase in exports and increase in exports to other markets are all really good measures to judge our programs.

**Mr. Clark:** How many of those are nonenergy if we're talking about diversification?

**Mr. Krips:** Right. That is something . . .

**The Chair:** Can you respond to that in writing, please?

**Mr. Krips:** Certainly.

**Mr. Clark:** Thank you.

**The Chair:** Thank you.  
Mr. Barnes.

**Mr. Barnes:** Thank you, Mr. Chair. Thank you all for being here. In the next just two or three minutes I'd like to go with some questions back and forth quickly, please. First of all, back to the Alberta international trade offices in your report. Could you please tell me: how many jobs in Alberta were directly created as a result of trade and investment deals signed by the 12 international offices in the last year, directly created in the last year?

**Mr. Krips:** Thank you for the question, Member. For '16-17 I can tell you that the international offices reported 36 investment and

advocacy wins for Alberta, representing more than \$167 million in total investment.

**Mr. Barnes:** Okay. Thank you, Mr. Krips.

What's a win? I'm concerned because I see that in your Beijing office you were supposed to facilitate 19 wins but only actually facilitated two. What constitutes a win? Why were these results so poor?

**Mr. Krips:** I'll maybe ask trade and investment ADM Matt Machielse to respond to that, Mr. Barnes.

**Mr. Barnes:** Okay.

**9:10**

**Mr. Machielse:** Thank you for the question. We've set up a win directive to give clarity to our staff of what, to your question, constitutes a win. We're booking a win when an industry participant actually achieves a trade opportunity, signs a trade agreement, or when we have a significant response due to our advocacy efforts of what's in the best interest of Alberta. We're tracking those as wins.

**Mr. Barnes:** So it could almost be anything. A company could sign a deal saying: 10 years from now we're going to do something. That would be a win?

**Mr. Machielse:** We rely on industry to tell us whether there's value or not in the activities that they're undertaking in that international space. So, yes, we rely on, I guess, industry's integrity of whether they're receiving a win or not.

Just to your question about the Beijing office, in '16-17 we had a number of vacancies in that office. We had just assigned a new managing director to that office. He's done incredible work to turn that office around. So that's one of the elements.

The second element is that CRM was first introduced in 2016, and it's taken our locally engaged staff and our team some time to fully implement that. I think in future reporting, in '17-18, you're going to see a dramatic turnaround in some of that reporting.

**Mr. Barnes:** Okay. Thank you.

Can you please tell me what the average salary is for the full-time equivalents that are employed in the overseas offices?

**Mr. Machielse:** Sorry. I do not have an average. It really is dependent on what the local conditions are in that office. It's very different from China to India to London.

**Mr. Barnes:** Would you undertake to get me that information, please?

**Mr. Machielse:** I can get you an average, absolutely.

**Mr. Barnes:** Okay. Thank you.

I want to talk about the office in Washington with the softwood lumber negotiations, our government's change on the Keystone pipeline. How are we measuring our success in Washington?

**Mr. Krips:** I'll maybe ask Matt Machielse to respond to that.

**Mr. Machielse:** Again, through our CRM system – Washington is really focused on advocacy efforts. So we've got a senior representative in Washington as well as a managing director and Canada-based staff as well as locally engaged staff. With all of the dynamic that is now the U.S. and the importance of that market to Alberta, we've put significant effort into that office to engage with senators, governors, industry associations to try to position

Alberta's perspectives in that, particularly in Washington and through the transboundary organizations.

**Mr. Barnes:** Okay. Thank you. It seems very hard to measure.

I'm going to turn my time over to Mr. Hunter, please.

**Mr. Hunter:** Mr. Chair, thank you very much. My question is in regard to key strategy 1.6 on page 20. The coal community transition fund was created to supplement CARES. How many jobs will be created through the CCTF program?

**Mr. Krips:** Thank you for the question, Member. We've done a lot of work with a number of ministries on the coal community transition fund. Specifically, we've been working with the Department of Labour . . .

**Mr. Hunter:** Actually, I just need a number.

**Mr. Krips:** A number in terms of how many jobs will be created . . .

**Mr. Hunter:** Yes.

**Mr. Krips:** . . . in terms of the program itself? Well, the goal is to work with the communities to actually transition their economy to things other than coal. Those supports then allow for the employees bridge to re-employment relief, bridge to retirement income supplements.

**Mr. Hunter:** Deputy Minister, I'm sorry; I've only got a few minutes here. I needed a number there. If you could undertake to get me a number, that would be great.

**Mr. Krips:** Does this relate to a specific page in the '16-17 annual report?

**Mr. Hunter:** Key strategy 1.6, page 20. If you could undertake to get me that, that would be great.

The second question I have is: given the devastating impact of the coal shutdown on the impacted communities, do you think \$5 million is enough to adequately assist these communities?

**Mr. Krips:** There's been a broader pool than just \$5 million to support the communities. We've also worked with, as I mentioned a few minutes ago, Labour and Community and Social Services for other programs for the employees themselves. Bridge to re-employment grant relief, a relief grant which would be combined with employment insurance benefits, will provide up to 75 per cent of a worker's previous weekly earnings. The relief grant will come up to the point of re-employment or for 45 weeks.

We also have other programs with Labour, including bridge to retirement income supplement, which provides grant relief at 75 per cent of the worker's previous weekly earnings up to the point of pension eligibility or 72 weeks.

**Mr. Hunter:** Deputy Minister, those measures seem to be, like, one-offs. We're talking about transition from one job to another.

**Mr. Krips:** I wouldn't suggest that these programs are one-offs.

**Mr. Hunter:** Well, employment insurance is a one-off, right?

**Mr. Krips:** But we've also done . . .

**Mr. Hunter:** You're saying that employment insurance is what they're going to have as they go forward.

**The Chair:** Mr. Hunter, please put it through the chair, sir. Ask your questions through the chair.

**Mr. Hunter:** Through the chair.

**Mr. Krips:** These are bridge to re-employment. They are a bundle, including bridge to re-employment, as I mentioned, a relief grant previous to retirement, a bridge to retirement income, reallocation assistance. So these aren't one-offs. We worked very closely with the departments of Labour and of Community and Social Services to put this together, including our coal workforce and the community transition fund.

**Mr. Hunter:** Okay. Has the department done an analysis to put a dollar figure on the economic loss that coal communities will experience?

**Mr. Krips:** I'll maybe ask ADM Michele Evans to supplement.

**Mr. Hunter:** Okay.

**Mr. Krips:** Thank you.

**Ms Evans:** Hi. Michele Evans, assistant deputy minister of economic development. At this time we are continuing to work directly with the communities. There have been a number of assessments that the various communities have done on their potential impact. It's a broad impact, and many of these decisions around the timing for the closure or changes to the various plants are not known yet.

**Mr. Hunter:** Is the number higher or lower than the \$5 million?

**Ms Evans:** Certainly, the \$5 million was not meant to address the comprehensive impacts to some of the communities. The \$5 million was meant to support the communities in evaluating or proposing some of the things that they might want to do to help diversify their own communities or help develop some of the feasibility assessments that they might need to enter into in different areas.

**Mr. Hunter:** Did that number come from the communities, or did it come from the department?

**Ms Evans:** Certainly, it came from the department in terms of the available resources that we had.

**Mr. Hunter:** Were the communities okay with that number?

**Ms Evans:** The communities have applied and used some of the funds. Certainly, I can't comment on whether the communities were okay with the number or not.

**Mr. Hunter:** I'll maybe ask another question. Did the communities come up with a different number?

**Ms Evans:** I'm not sure that I can answer that. There are certainly a number of different factors that communities have brought towards the government in terms of assessing.

**The Chair:** Thank you, Mr. Hunter.

Let's move on to Ms Renaud.

**Ms Renaud:** Okay. In 2017 the government announced \$1.5 million to Edmonton and region incubators over two years. I would say that we could have said, "St. Albert and region," but that's okay. The St. Albert incubator, the Northern Alberta Business Incubator, is such a vital asset in our region. This support will allow us to engage about twice as many entrepreneurs. I understand that Economic Development and Trade wants to support services to innovators and to innovative companies across Alberta and that

you've achieved this through the Alberta entrepreneurship incubator program. My question is: how have you been tracking the success of the Alberta entrepreneurship incubator program, and can you give me some key metrics related to the program since the launch in 2017?

**Mr. Krips:** Great question, Member. Thank you very much. The Alberta entrepreneurship incubator program was launched to enhance entrepreneurship in Alberta through scale up of incubation capacity in different regions and direct support to advance entrepreneurial projects. This program has two streams, the accelerator expansion support stream, that supports scale up of entrepreneurial development and incubation capacity; and the entrepreneurial support stream, that supports projects that are accepted into the incubators through entrepreneurial vouchers and internships. The accelerator expansion stream was launched in seven regions, and the entrepreneurial support stream was formally launched in December 2017.

9:20

This program has been well received by entrepreneurs across Alberta. As an example, preliminary numbers are promising: 709 entrepreneurs received assessment and advice from business development advisers; 3,716 entrepreneurs successfully completed courses, training, or one-on-one mentoring; 69 new products were created by entrepreneurs as a result of supports from incubators; 31 companies were incorporated; 228 jobs were created by those new companies; and 35 entrepreneur support stream vouchers have been provided to entrepreneurs across Alberta.

**Ms Renaud:** Thank you.

That's all I have. I'm going to pass my time over to Dr. Turner.

**Dr. Turner:** Thank you. I'm going to ask some questions about Alberta Enterprise Corporation. That's pages 137 to 152. In 2016 AEC received a recommendation from the Auditor General to improve policies and processes to account for investment impairments. Can you take us through the steps that you took to implement the recommendation of the Auditor General?

**Mr. Krips:** Thank you very much for the question, Member. I'll ask Kristina Williams to respond.

**Ms Williams:** Hi. My name is Kristina Williams. I'm the president and CEO of Alberta Enterprise Corporation. Upon the recommendation we ensured that we took that to heart, and what we did is that we created a policy, that then our board approved and that the Auditor in October of 2016 said was fully implemented. We have run that process now for two years and successfully done so.

**Dr. Turner:** Could you give me some more details on that process?

**Ms Williams:** Sure. What we do is that we go through a detailed analysis of our portfolio, we look at the fair value and the cost of our investments, and we check whether or not there's a prolonged impairment. A prolonged impairment means that it's been impaired for more than three years. Now, we do that analysis, and then we look at materiality. Then we make a recommendation to our board, and then our board makes a decision on whether there is an impairment.

**Dr. Turner:** Understanding that the purpose of AEC is to develop venture capital in Alberta, what are some investments made by AEC in knowledge-based industries, and how many dollars on average were you able to leverage from those investments?

**Ms Williams:** In total we have \$135 million committed to venture capital funds. Those funds and their syndicate partners have, in turn, as of last year, March 2017, invested over \$375 million into 30 Alberta companies. Actually, it's over \$400 million as of March this year.

**Dr. Turner:** There's been some concern about the management fees, which, by some estimates, are 15 to 20 per cent. How do the management fees of these kinds of funds fit with other situations?

**Ms Williams:** The management fees are very industry standard. We invest on industry standard. They're about 2 per cent per year on committed capital for the first five years, and then they go down after that for the next five years.

Now, as of March 2017 there has been \$17 million in management fees, and in fact \$17 million has been returned to us, so we've actually recovered the entire management fee to date. If we look at the value of our funds, when we make an investment, we always make the investment with the notion that we will return the entire capital that we have committed, including the management fee. The value of our funds as of March 2017 was \$1.19, so that means, including management fees, that every dollar we had paid into the funds for investment and management fees was worth \$1.19.

**Dr. Turner:** Thank you.

My last question, then, basically relates to how AEC measures whether an investment fund is successfully contributing to a self-sustained Alberta venture capital industry and an innovation-based economy in Alberta. What measurable targets in the interim is the corporation monitoring?

**Ms Williams:** We look at a number of factors. We look at the number of jobs created, we look at the number of companies invested, and we look at dollars invested into Alberta. We ask the funds to do quarterly or semiannual reports on their activities in the province. We monitor and we sit on limited partner advisory committees for all of our funds, and we continuously ensure that our funds show up at all the events that we have here in the province. So we monitor this on several factors. Of course, it's important to see that these numbers grow, which we monitor.

**Dr. Turner:** Thank you.

I'll turn my remaining time over to Jon.

**Mr. Carson:** Thank you very much. Thank you for being here. In relation to Alberta Innovates the Auditor General had made recommendations to improve financial reporting processes. Can you tell us what steps have been taken to improve financial reporting within Innovates?

**Mr. Krips:** Thank you very much for the question, Member. I will actually ask Maureen Fromhart, vice-president of finance for Alberta Innovates, to respond.

**Ms Fromhart:** Thank you for the question. We addressed a number of different areas, including starting with the staffing of our finance group. We added a manager of financial reporting as well as a manager of budgeting and forecasting, adding depth and expertise to this area and allowing for further segregation of duties. We also developed a process with our legal and contract administration group to allow appropriate time to review complex new agreements. That process has now been in place through this year, and we're comfortable that it's working appropriately. As well, we agreed to draft any position papers on significant transactions or

issues or new standards that needed to be implemented and review those internally and use outside sources to validate as needed. Then, as well, we're just completing work on salary and benefits disclosure.

The prior year, where the finding took place, was a complex transaction of the consolidation of the four AIs. We implemented new processes to confirm that reporting every quarter, and we're comfortable that that's also been addressed.

**Mr. Carson:** Thank you.

I also understand that Alberta Innovates is undergoing a review of its strategic plan and just reviewing the programs as well. I'm just wondering how this might help with financial reporting into the future.

**Ms Fromhart:** In terms of funding going into the future, one of the concerns had been that on the consolidation of AI, 72 programs that were funded under the predecessor organizations had come forward. We did undertake a comprehensive program review this year to assess relevance, effectiveness, and efficiency, looking at impacts and outcomes, particularly in the immediate term through expiry, and looking to drive stronger alignment . . .

**Mr. Carson:** Thank you.

**The Chair:** Thank you for that.

Member McPherson.

**Ms McPherson:** Thank you, Mr. Chair. Thank you all very much for being here this morning. It's really great to have the opportunity to ask some questions. I want to refer to page 54. Again, it's about the Beijing office performance. I know we received a little bit of context about why the results were what they were. It certainly looks like it's underperforming. In terms of the vacancy, if there was a vacancy in that position and there was knowledge that it would impact what the results were, I'm wondering why the metrics weren't adjusted, why the performance measures weren't adjusted to accommodate for that.

[Mr. Dach in the chair]

**Mr. Krips:** Thank you, Member, for the question. I'll ask Matt Machielse, ADM of trade and investment, to respond.

**Mr. Machielse:** Thank you for your question. I think that I spoke earlier about the CRM, client response management, system that we've implemented. Leading from the direction of the Auditor General on how we're actually managing and targeting our work in those international offices, '16-17 was the first year for setting targets with the new framework. So we went through all of the offices and set draft targets. We have since refined and continue to refine those targets. I take your point that with vacancies, with the change that was happening in that office, perhaps those targets were not reflective of some of that capacity. But I do want to stress that the implementation of the CRM and having staff understand how to implement that – what a win could be, what an opportunity needs to be, all of that learning – happened during that year. We had some great success in some offices and less success in others.

**Ms McPherson:** Thank you for that.

Which CRM package was implemented?

**Mr. Machielse:** We developed a tracking system. It's the Microsoft Dynamics CRM system.

**Ms McPherson:** Okay. Thank you.

When was it identified that Microsoft Dynamics was going to be implemented? What year was that identified as the product and the vendor?

**Mr. Machielse:** That was initiated in '15-16, I believe, and then implemented in '16-17.

9:30

**Ms McPherson:** Did you or a partner contract Microsoft to do the implementation?

[Mr. Cyr in the chair]

**Mr. Machielse:** Yes.

**Ms McPherson:** Okay. Thanks very much.

I would like to refer to the Alberta entrepreneurship incubator program. In taking a look at the program, it looks like it's being deployed in communities with populations that are well over 10,000. I'm wondering if there's a similar program for rural Alberta for communities that are well under 10,000, that could be very small.

I was actually at a greenhouse last night in Bruderheim, which is a very tiny town, and I asked the owner if she had any sort of network there. The only kind of network that they have for incubators, accelerators for supporting one another is their own grassroots network. I wonder if you focused on the immense economic opportunities that we see in rural Alberta and if there is a formalized incubator, accelerator network for rural Alberta.

**Mr. Krips:** That's a great question, Member. Thank you very much. I'll ask the ADM of science and innovation, John Brown, to respond.

**Mr. Brown:** Thank you for the question, Member. In terms of recipients of funds under this program to enhance the capacity of entrepreneurship incubators in communities, we asked the local economic development associations, the REDAs, the regional innovation networks to collaborate and provide proposals to the program. The smaller communities are encompassed within I guess you'd call them a consortium of many folks that put their hand up that said: we can make a difference in our community. So your point to the Bruderheim example: I'll have to get back to you on the specific capacity in that community, but certainly rural communities are supported through this program.

**Ms McPherson:** Thanks.

**The Chair:** Thank you very much.

We'll go into a third rotation of four minutes for the opposition, four minutes for the government side.

Mr. Hunter.

**Mr. Hunter:** Thank you, Mr. Chair. Through you to the deputy minister the one question I have is again back to key strategy 1.6 on page 20. Large universities and major city economic development entities which have access to large pools of money through a variety of sources have received CARES money. This could have been allocated to the coal communities. How is your department ensuring the CARES program is actually helping those communities with no other options?

**Mr. Krips:** A great question, Member. I'll ask the ADM of economic development, Michele Evans, to respond.

**Mr. Hunter:** Thank you.

**Ms Evans:** The question – I just want to clarify – is: how do we ensure that the CARES program dollars are going to communities that need it?

**Mr. Hunter:** No. That have no other options.

**Ms Evans:** All right. The CARES program is an application-based process, so communities self-identify. The CARES program funding actually needs to be 50 per cent matched, so I'm not sure that it's relevant for the question that you're asking.

**Mr. Hunter:** Okay. I will cede my time to Mr. Gotfried.

**Mr. Gotfried:** Thank you, Mr. Chair. I just wonder if it's a possibility with limited time if I could actually take some of my time here to read some questions into the record. Is that a possibility?

**The Chair:** We have two minutes allocated at the end to read questions.

**Mr. Gotfried:** But if I'd be cut off then, could I do some at this point?

**The Chair:** No.

**Mr. Gotfried:** It's okay. Thank you.

A few questions here, Deputy Minister. What are the specific actions the Delhi office is taking to address the various tariffs on pulse crops to have them reduced or eliminated?

**Mr. Krips:** Great question, Member. I appreciate the question. India is a very important market for us, in particular for our agriculture sector and in particular the pulse sector. Basically, we are working very closely with the Ministry of Agriculture and Forestry. The Minister of Agriculture and Forestry in February '17 led a trade and investment mission to India and had high-level meetings with Indian officials to discuss the import requirements on Canadian pulses. It was related to the fumigation issue. And Mr. Carlier met with senior officials to renew an MOU promoting co-operation.

**Mr. Gotfried:** Deputy Minister, were those tariffs not almost concurrently announced at that time?

**Mr. Krips:** That I can't speak to, Member. But I can let you know that India has provided a number of extensions, and our minister of agriculture and my minister, Minister Bilous, have sent a joint letter to the federal Minister of International Trade and ag Canada urging them to continue to work with the Indian government to resolve the issue on pulse fumigation. We work very closely with the Indian office, the Delhi office, on that file as well.

**Mr. Gotfried:** All right. Any further information in the future would be helpful.

Is the Delhi office concerned about fallout for Alberta as a result of Justin Trudeau's disastrous trip to India?

**Mr. Krips:** I'll reserve comment on that.

**Mr. Gotfried:** Okay. We'll leave that one for another time.

Deputy Minister, key strategy 2.1 references establishing a dedicated branch to retain existing investment and attract new direct investment. Is the ministry at all concerned that large multinational corporations seem to be exiting the oil sands? Is the ministry in contact with these companies, including doing exit interviews, to ask what Alberta can be doing better to attract and retain them in the future?

**Mr. Krips:** Thank you for the question, Member. Basically, Alberta remains a strong investment target for both Alberta and international investment. We know that Alberta's investment per capita is twice that of the Canadian average and second only to Newfoundland. Oil and gas investment has fallen, but that's due to the drop in oil prices, which has created the drop in oil and gas investment globally.

**Mr. Gotfried:** No, it has not. I actually object to that because I think it's actually just in Alberta we're seeing that . . .

**The Chair:** Thank you, Mr. Gotfried.  
Moving on to Mrs. Littlewood.

**Mrs. Littlewood:** Thank you very much, Chair. On page 47 of the business plan it's talking about performance measures for outcomes for the Alberta export expansion program. Could you briefly share just a bit about how the program works and if you could give us some examples of success stories in this with small and medium-sized businesses and just a rough breakdown of projects that have been supported by sector, just to, you know, kind of give an idea of where these projects are happening in industry.

**Mr. Krips:** Wonderful. Thank you, Member, for the question. The Alberta export expansion program provides support for Alberta's small businesses looking to enter new international markets through three new programs that include the export support fund, global buyers and investments program, and the export readiness microvoucher program. AEEP helps Alberta companies access international markets by decreasing the cost typically associated with exporting. AEEP achieves this in several ways: reimbursement of half of the eligible expenses for approved companies travelling internationally to meet with potential clients and attend trade shows; funding support for booth space for Alberta trade show missions, which allows companies to access these trade shows at a lower cost than they would typically have been; and attracting of income-qualified foreign buyers and investors interested in the Alberta products and services by offering to cover their travel costs from their visits.

Some examples are Aerium Analytics, supported through the export support program. They provide integrated drone services, including the Robird drone, which mimics the flight of a falcon to deter birds from high-risk areas such as airports, high-yield agriculture fields, and tailings ponds. They had trips funded through AEEP that allowed the company to pursue sales in the United States. Four are proposed currently and are under negotiation, and in Latin America three proposals are under negotiation. The company expects this to result in \$600,000 in year 1 export sales to the United States and \$400,000 in year 1 in sales, exports to Latin America.

Another example is the international buyers' show in Orlando. This is a partially AEEP-funded mission. Thirteen participant companies reported that they had identified a hundred qualified leads with an estimated value of \$1.1 million in sales over the following six- to-12-month time period postmission.

Mexico Aerospace Fair was another partially AEEP-funded mission. Thirteen participating companies generated 36 qualified leads that resulted in an estimated value of \$6.6 million in sales over the following six to 12 months postmission.

Then in terms of the sectors, the primary sector is 25 per cent supported – this is in '16-17 – information and communication technology, 24 per cent; environmental products and services, 14 per cent; advanced manufacturing and materials, 14 per cent; manufacturing, which includes agricultural equipment, 10 per cent; life sciences and health technology, 7 per cent; and infrastructure and construction, 5 per cent.

**Mrs. Littlewood:** Thank you very much.

I just wanted to thank you for the start-up, for the seed money that helped open up the Bruderheim small-business incubator. It was more than \$60,000. We just celebrated the opening. A massage therapist is opening there and a road-building company called Spectre Systems and also a solar business is opening up in there to get their feet off of the ground. Just on the discussion of how, you know, companies like this would be able to expand their companies, would you be able to talk to us a bit about how they would be able to use this export package to be able to open up into other markets?

**9:40**

**Mr. Krips:** Certainly. As I mentioned, I think, in my opening comments and in . . .

**The Chair:** Would you like that responded to in writing?

**Mrs. Littlewood:** That would be great.

**Mr. Krips:** Will do.

**The Chair:** Thank you very much.

We'll start, in the last two minutes here, to read questions into the record.

**Mr. Panda:** Given Premier Notley's flip-flop on the Keystone pipeline, what is the Washington office doing to ensure that Keystone is built?

**The Chair:** Thank you.

Are there any questions from the government side? No?

Mr. Clark.

**Mr. Clark:** Thank you very much. The performance indicator for key strategy 2.1 is about per capita investment compared to other provinces and also about exports. Both of those things are mostly energy. Can you break out the nonenergy investments and exports?

**The Chair:** Okay. Mr. Barnes.

**Mr. Barnes:** Thank you. The federal government is taking a lot of taxpayer money into creating superclusters. What is your department doing to magnify the benefit of these clusters for Albertans?

**The Chair:** Mr. Clark.

**Mr. Clark:** Thank you. The performance measure for key strategy 3.3 is about how research universities are attracting grants, not specifically about the actions of the department. What are you doing to track the work that your department is doing specifically to incent attraction of research grants amongst universities?

**The Chair:** Thank you.

**Mr. Gotfried:** How does the branch referenced in key strategy 2.1 track its success? Do they offer specific recommendations to the government in terms of attracting and retaining investment, including competitiveness in taxation and employment costs, and if so, what are the recommendations?

**The Chair:** Mr. Clark.

**Mr. Clark:** Thank you. With respect to Alberta Enterprise Corp investments, what lessons, if any, have been learned about which industries are more successful than others?

**Mr. Hunter:** Could you provide a breakdown of how many jobs have been created through the CARES program to date?

**The Chair:** Okay. Mr. Clark: one final?

**Mr. Clark:** No. We're done.

**The Chair:** Okay. Thank you very much.

I would like to thank the department officials who attended today and responded to members' questions. We ask that the responses to any outstanding questions from today's meeting be provided in writing and forwarded to the committee clerk within 30 days.

Are there any other items for discussion under other business?

If not, the committee meets next on Tuesday, May 29, with the Ministry of Health and Alberta Health Services. The committee meeting is scheduled from 8:30 a.m. to 10 a.m., and the committee premeeting briefing begins at 8 a.m.

Would a member move that the meeting be adjourned?

**Mr. Nielsen:** So moved.

**The Chair:** Mr. Nielsen. All in favour? Any opposed? Carried.

Thank you very much.

[The committee adjourned at 9:43 a.m.]









