



Legislative Assembly of Alberta

The 29th Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Economic Development and Trade  
Consideration of Main Estimates

Wednesday, November 18, 2015  
9 a.m.

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**Legislative Assembly of Alberta  
The 29th Legislature  
First Session**

**Standing Committee on Alberta's Economic Future**

Miranda, Ricardo, Calgary-Cross (ND), Chair  
Schneider, David A., Little Bow (W), Deputy Chair

Anderson, Shaye, Leduc-Beaumont (ND)  
Carson, Jonathon, Edmonton-Meadowlark (ND)  
Connolly, Michael R.D., Calgary-Hawkwood (ND)  
Coolahan, Craig, Calgary-Klein (ND)  
Dach, Lorne, Edmonton-McClung (ND)  
Fitzpatrick, Maria M., Lethbridge-East (ND)  
Gotfried, Richard, Calgary-Fish Creek (PC)  
Hanson, David B., Lac La Biche-St. Paul-Two Hills (W)  
Hunter, Grant R., Cardston-Taber-Warner (W)  
Jansen, Sandra, Calgary-North West (PC)  
Piquette, Colin, Athabasca-Sturgeon-Redwater (ND)  
Schreiner, Kim, Red Deer-North (ND)  
Taylor, Wes, Battle River-Wainwright (W)

**Also in Attendance**

Barnes, Drew, Cypress-Medicine Hat (W)  
Drysdale, Wayne, Grande Prairie-Wapiti (PC)  
Malkinson, Brian, Calgary-Currie (ND)  
Panda, Prasad, Calgary-Foothills (W)

**Support Staff**

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

## **Standing Committee on Alberta's Economic Future**

### **Participants**

#### Ministry of Economic Development and Trade

Hon. Deron Bilous, Minister

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

Jason Krips, Deputy Minister

Justin Riemer, Assistant Deputy Minister, Science and Innovation

#### Ministry of Advanced Education

Darrell Dancause, Executive Director and Senior Financial Officer, Corporate Services

Rod Skura, Deputy Minister



9 a.m. **Wednesday, November 18, 2015**

[Miranda in the chair]

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

**The Chair:** Good morning, everyone. I would like to call this meeting to order and welcome you all here.

The committee has under consideration the estimates of the Ministry of Economic Development and Trade for the fiscal year ending March 31, 2016.

I'd ask that we go around the table and introduce ourselves for the record. Minister, when we get to your end of the table, please introduce your staff as well.

**Mr. Schneider:** Dave Schneider, MLA for Little Bow.

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

**Mr. Hanson:** Dave Hanson, MLA, Lac La Biche-St. Paul-Two Hills.

**Mr. Panda:** Good morning. Prasad Panda, MLA, Calgary-Foothills. I'm the new critic for this portfolio. Today I'm here with David and Kyle to help me.

**Mr. Drysdale:** Wayne Drysdale, MLA, Grande Prairie-Wapiti.

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

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

**Mr. Bilous:** Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview, Minister of Economic Development and Trade. With me to my left is Jason Krips, my DM. Beside him is Rod Skura, who is the DM for Advanced Education, also responsible for innovation, so he is here to support me. To my right is Lorne Harvey.

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

**Ms Fitzpatrick:** Maria Fitzpatrick, Lethbridge-East.

**Mr. Dach:** Lorne Dach, MLA, Edmonton-McClung.

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

**Mr. Piquette:** Colin Piquette, MLA, Athabasca-Sturgeon-Redwater.

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

**Mr. S. Anderson:** Good morning. Shaye Anderson, Leduc-Beaumont.

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

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

**The Chair:** And myself, Ricardo Miranda, MLA for Calgary-Cross. I have the pleasure of being the chair for today.

Hon. members, the standing orders set out the process for consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Economic Development and Trade, I would like to review briefly the standing orders governing the speaking rotation. As provided for in SO 59.01(6), the rotation is as follows. The minister or the member of

Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition and the minister may speak. For the next 20 minutes the members of the third party, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining we will follow the same rotation just outlined to the extent possible; however, the speaking times are reduced to five minutes as set out in Standing Order 59.02(1)(c).

Members may speak more than once; however, speaking times for the first rotation are limited to 10 minutes at any one time. A minister and a member may agree to combine their time for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may agree to combine their speaking time for a maximum total of 10 minutes. Members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time.

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

Three hours have been scheduled to consider the estimates of the Ministry of Economic Development and Trade.

Committee members, ministers, and other members who are not committee members may participate. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members have priority for seating at the table at all times.

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

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

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

The vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on November 23, 2015.

If there are any amendments, an amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on amendments is deferred until the Committee of Supply convenes on November 23, 2015. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty copies of amendments must be provided at the meeting for the committee members and staff.

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

**Mr. Bilous:** Thank you, Mr. Chair. It's my privilege to be here today to represent our government's newest ministry, Economic Development and Trade, as we look toward Budget 2015-16, the ministry's activities in the fiscal year ahead.

On October 23 Premier Notley announced the creation of this ministry to support greater economic growth and diversification for

Alberta and to create jobs for Alberta's communities. The importance of our work will continue to grow as we oversee implementation of a new economic plan, that will include enhanced support for small and medium-sized businesses; plans to enhance growth in key sectors where we already have great potential like agriculture, forestry, energy; and a strategy to improve access to markets for our products, promote trade, and attract investment.

Before I begin my presentation, I'd like to introduce some of my colleagues who have joined me today: Adrienne King, my chief of staff; Shannon Greer, my press secretary; Jason Krips, my deputy minister; and the Advanced Ed deputy minister, Rod Skura. Also with me today are Lorne Harvey, ADM, strategic policy and corporate services division; Justin Riemer, ADM, science and innovation division; Matthew Machielse, ADM, trade and investment attraction division; Toby Schneider, acting ADM, economic development and SMEs division; Howard Wong, senior financial officer; and Jeannie Smith, director of communications. I'm pleased that they could join me as I present Economic Development and Trade's proposed budget for fiscal year 2015-16.

Economic Development and Trade's mandate. Under Premier Rachel Notley's leadership our government is putting forward a new vision for the economy of the province, one of prosperous communities, where all families are able to thrive; one of successful small business with access to the supports and capital they need to grow and be successful; one where we foster innovation, recognize entrepreneurship, and promote healthy economic growth. Our government is committed to that kind of Alberta, and that's why the Premier asked me to serve in this new role.

Going forward, the Ministry of Economic Development and Trade will work to show leadership on the government's economic development efforts, a one-stop shop for information and support for businesses and investors and a strong voice in advancing Alberta's interests both nationally and internationally. Economic Development and Trade has a threefold focus: supporting provincial and regional economic development in Alberta; helping to get Alberta's products to international markets and promoting Alberta as a stable, advantageous place for foreign investment; and providing funding and strategic leadership for Alberta's research and innovation system.

Let me take a moment to expand on these key roles. First of all, our economic development and small and medium-sized enterprises division is primarily responsible for being a key economic development and implementation arm within government, supporting strategies that foster sustainable growth, developing and promoting nonenergy sectors and increasing economic resilience, and supporting small and medium-sized enterprises.

Our trade and investment division is tasked with driving market export development and investment attraction initiatives for Alberta's products and services. These include building strong economic and cultural relations with key jurisdictions around the world, leading Alberta's participation in domestic and international trade negotiations, connecting Alberta businesses to new opportunities in growing export markets, and promoting Alberta as a preferred trade and investment destination.

Last but not least, our science and innovation division focuses on fostering Alberta's expertise in research, innovation, and commercialization. This division is the lead funder and proponent of the government's research and development activities and also integrates work to maximize value from Alberta's innovation systems.

In addition to these divisions, the ministry consists of a number of independent entities, including three of the Alberta Innovates corporations, the Alberta Research and Innovation Authority, and Alberta Enterprise Corporation. We also oversee Alberta's 11

international offices in high-priority markets around the globe. Together our ministry improves linkages between economic development, trade and investment attraction, and science and innovation to encourage job creation, sustainable growth, and the formation of new and innovative economic sectors. As you know, improving these linkages is more important now than ever.

Alberta is facing serious economic challenges as a result of the downturn in global commodity markets, and the current economic situation is taking a toll on families across the province. Our government is responding and providing leadership by developing a plan for economic growth and diversification that supports job creators. Our new Ministry of Economic Development and Trade will play a key role in this plan.

#### **9:10**

To fulfill our mandate over the next year, we have examined our budget needs. The consolidated expense for this new ministry is budgeted at \$299 million in 2015-16. The consolidated budget also includes a total of \$228 million for three Alberta Innovates corporations, which includes all of the revenues and expenses for those corporations. Of the \$228 million, the department is providing \$126.5 million for the Alberta Innovates corporations that fall under its purview as well as \$5 million in new funding for the enhanced microvoucher and voucher program. This funding ensures that Alberta Innovates can continue to invest and support research in innovation and commercialization opportunities to deliver economic, environmental, and social benefits to Alberta.

In addition to this, this budget proposes providing \$50 million in new funding over two years to the Alberta Enterprise Corporation, \$25 million in both 2015-16 and '16-17. This investment will help Alberta-based entrepreneurs access the capital and mentorship they need to get their ideas off the ground and into the marketplace.

The budget also proposes \$3.97 million in additional funding to help attract and manage high-growth partnerships and agreements in research and development and \$5 million in new funding to support the creation of our new ministry. Over the course of the next few months the ministry will use this \$5 million in funding to hire additional staff to support economic development in small and medium-sized enterprises.

Along with these increases, this year's budget also reflects a reduction of approximately \$18.3 million by maximizing efficiencies in the ministry. This includes general program reduction to address government priorities as well as savings resulting from implementing the recommendations outlined in the Alberta International Offices Review.

Internationally my new ministry will continue to build awareness of Alberta's goods and services, support more export-ready firms, and pave the way to new markets by leveraging our international offices and relationships. Our investment attraction efforts will home in on investors and firms that have a strong potential fit with Alberta's business and innovation landscape and will bolster new and growing sectors. We will look not only to our traditional U.S. market but also beyond to ensure that Alberta firms can access the best markets and sell their products and services globally. With this budget our new ministry will help Alberta create a diversified, investment-ready economy.

Mr. Chairman, these initiatives are not only necessary; they are also crucial for the future prosperity of this province. Economic Development and Trade will support the government of Alberta's efforts as we work with our partners through this challenging economic situation to achieve long-term stability and prosperity. These efforts are vital to all Albertans, and my ministry seeks the resources to achieve our mandate.

Thank you for your time and consideration.

**The Chair:** Thank you, Minister.

I just noticed that one of our committee members entered the room. Mr. Hunter, did you want to occupy one of the seats at the table?

**Mr. Hunter:** It's okay.

**The Chair:** Thank you.

In that case, we turn to Mr. Panda. You have the questions, I believe. Please go ahead.

**Mr. Panda:** Thank you, Mr. Chairman.

**The Chair:** Are you going back and forth?

**Mr. Panda:** Yes.

**The Chair:** Thank you.

**Mr. Panda:** If that's okay with you.

**Mr. Bilous:** Absolutely.

**Mr. Panda:** Again, thank you, Mr. Chair, and thank you, Minister and your staff, for presenting yourselves for the scrutiny of the millions of dollars that you wish to spend and want the Legislative Assembly to approve. I also want to thank all of the other MLAs and their staff here today.

Minister, you and your staff are the knowledge workers on the pulse of the economy, the new innovations that will drive the economy, with the ability to link the buyers, sellers, and the collaborators together to create the synergies that drive innovations. Before I was a newly elected MLA, this is similar to what I used to do for a living for the last 30 years in the global corporate sector. Minister, you also have the knowledge of the economic infrastructure of the province and that the infrastructure needs to keep the economy moving. So I look forward to collaboratively working with you and your team in order to help you give confidence to the Alberta economy. Albertans are really worried, so we need to work together to give confidence to the job creators and the wealth creators in the province. I'm here to help, and if you feel like it, please add my number to your speed-dial.

Now let's get to business, and let's look at your estimates, specifically ministry support. I understand that the Ministry of Economic Development and Trade is a result of an amalgamation of the former IIR and certain divisions of the former IAE. Minister, can you outline what divisions and which assistant deputy ministers were combined and tell us, of the total \$278 million in expenses, how much would have been IIR and how much would have been IAE if you hadn't stuck them together?

**Mr. Bilous:** Sure. Well, that's a great question. I'll start off by congratulating you on your appointment as my shadow critic of Economic Development and Trade.

**Mr. Panda:** Thank you.

**Mr. Bilous:** This ministry was created by taking the innovation arm from innovation and advanced education, and that's by taking the ADM, which is Justin, and his team all the way down – that got moved over to my ministry – as well as by taking the international arm from IIR, from international and intergovernmental relations, over to mine. Intergovernmental relations has moved under Executive Council and is still under the purview of the Premier. So those are the two arms that we borrowed.

The breakdown of the ministry. You've got economic development and innovation – and that's again Justin, which I just said – that also oversees the Alberta Enterprise Corporation and the Alberta Innovates corporations. The next branch is trade and investment attraction, and that's under Matt. There's also communications and then strategic policy and corporate services, which is under Lorne.

Now, the budget was \$243 million from innovation and advanced education, that we took, and \$35 million from IIR.

**Mr. Panda:** Thank you.

Now, looking at page 75 of the main estimates, the expense line is up over \$20 million from last year's budget. That's a 7.5 per cent increase. Why do you need more money?

**Mr. Bilous:** Again, a very good question. There was an increase of \$35 million; \$25 million of that is the new funding for the Alberta Enterprise Corporation. Just to review very quickly, this is the entity that was created back in, I believe, 2008. This is the first time that the government of Alberta is injecting new dollars into the Enterprise Corporation.

This corporation is a fund-to-fund model, so they fund funding companies, that then decide which businesses and enterprises to invest in in the province of Alberta. This is a venture capital investment. What's exciting about the Alberta Enterprise Corporation is that really this is how a lot of companies, start-ups, tech innovation companies get off the ground. They're looking for capital through the Alberta Enterprise Corporation; it invests in funders, who then invest in the company. Now, since its inception Alberta Enterprise Corporation has created over a thousand jobs. Alberta Enterprise Corporation takes the money that government gives and then goes to the private sector to leverage more money. The initial \$100 million, that was given to them in 2008, they've turned into \$290 million since then. They've got a great track record. Twenty-five million dollars is going toward the Alberta Enterprise Corporation.

There is \$5 million to support the creation of this ministry. As you can imagine, there are a lot of supports that need to happen when a new ministry is created, everything from IT, web support, design, et cetera.

Then there is \$5 million of new funding for the enhanced microvoucher and voucher programs. Those are, again, targeted at small to medium-sized enterprises to give them that access to capital that they need.

I should say, though, that there was a decrease of about \$14.3 million to our ministry, and that was because the ministry went and looked for a 5 per cent reduction, so . . .

**9:20**

**Mr. Panda:** Minister, sorry to interrupt, but I was concerned about the \$20 million, and you're saying that you're going to put that to good use. Okay. Thank you.

Page 76, line 1, ministry support services: there I must compliment you. Three of the five lines here show no increase in the budget over last year. Can you tell me why the deputy minister's office, line 1.3, needs \$80,000 more this year when they came actually \$82,000 under last year? It looks like a staff member has been appointed to a deputy minister's office.

**Mr. Bilous:** Yes. That's very astute. There was an internal transfer from a vacant position in the trade policy to establish a new issues manager position.

**Mr. Panda:** Okay. Thank you.

Line 1.2, associate minister's office: was this the salaries for Teresa Woo-Paw and her staff, and also does it include their severance packages? If not, are you planning to appoint an associate minister later in this fiscal year?

**Mr. Bilous:** Under the associate minister's office there was no change between 2014-15 budget and the '15-16 estimate. The associate minister's office, as you know, was created under the previous government, and that was disbanded on May 5, 2015, so that's where the expense was incurred only for a partial year. I can tell you that we have absolutely no intention of creating an associate minister's office and bloating the ministry.

**Mr. Panda:** Okay. Thank you.

Did the previous minister's staff get any severance?

**Mr. Bilous:** To my knowledge, no. Oh, pardon me. In that \$150,000 in the associate minister's office expenses there was some cost of releasing the employees, of terminating them.

**Mr. Panda:** Okay. Thank you.

Line 1.5, corporate services: again, it's up by \$1.31 million over the last year. That's almost a 19 per cent increase. It's much beyond the industry standard. Are you staffing up in this area of the department, and how many FTEs are you planning to staff?

**Mr. Bilous:** In the beginning, when I talked about the increase overall of about \$35 million, there was that \$5 million that was allocated toward the creation of this ministry, for supports; \$1.2 million of that \$5 million is here in the corporate services department of the ministry. Again, that is providing support for the creation of this ministry. As well, there was an internal transfer of a vacant position from IIR in order to establish a new Alberta international offices operations co-ordinator position, and that was for \$110,000. That's the total of the increase on the corporate services.

I don't know, Lorne, if you wanted to supplement at all. [inaudible] Did that come through *Hansard*?

**Mr. Harvey:** Sorry. It's basically like the minister said. When you set up a new ministry, although we will be getting some positions across from the previous ministry of innovation and advanced education, there will be some gaps in the structure that we're going to have to fill in order to provide the appropriate support to the ministry program areas.

**Mr. Panda:** Thank you.

Now I'm turning to business plans. Minister, last year a previous minister of IIR indicated that your department had over 50 performance measures, yet only a fraction were reported in this business plan. I take a look at your business plan, pages 27, 28, 29, 30, and 31, and there are zero performance measures. I do not understand how in one year you can have over 50 and then this year you say: the performance measures are under development. Minister, you know, like many of you, when I worked in the private sector, you don't get funding approved without tangible performance measures and metrics. Why don't you let Albertans know what results your budget of \$278 million will deliver to them?

**Mr. Bilous:** That's a great a question. I can tell you, first and foremost, that those performance measures previous were for IIR. The creation of this new ministry means that we need to create new performance measures, that align with the goals and objectives of our ministry. Now, I hope you'll appreciate that only three short weeks ago this ministry was created. Instead of, on an ad hoc basis,

hastily creating performance measures, I'm sure you can appreciate that we want to make sure that we create the correct performance measures and take our time to get it right the first time. So we are letting the committee know that performance measures are coming and that they are being developed. I absolutely appreciate your question.

Again, the ministry has the five pillars that we're focusing on: leadership; enhanced supports for small businesses; capital investment in infrastructure; trade promotion focus, including investment attraction and export market development; and innovation and diversification to add value and strengthen different sectors of the economy. Like I said, Mr. Panda, we are developing them. They are under review, but we want them to be in line with this ministry's objectives and goals.

**Mr. Panda:** Yeah. I do appreciate the fact that I'm also the critic, officially announced today, and I'm trying to get acquainted myself.

Do you have timelines, Minister? When do you think you can share that with us?

**Mr. Bilous:** That's a great question. I can tell you that they're under review right now. I'm a little reluctant to give – oh, no; I'm less reluctant suddenly. Oops. We will have them in time for Budget '16-17. Let's see here. We're in the month of November, so it's only a few short months away that we will have the performance measures.

**Mr. Panda:** So by February, say?

**Mr. Bilous:** Yeah. I mean, the Finance minister hasn't announced when the budget is coming, so let's say February, March to play it safe.

**Mr. Panda:** Thank you.

Now, on page 29 of the business plan you have identified priority initiative 1.4, to launch a small-business research innovation program, as part of desired outcome 1. Can you tell me which line item in the estimates covers the spending for the initiative, and can you also tell me how the successful models worked in the United States and United Kingdom? One of your documents is referencing the successful models of the U.S. and U.K.

**Mr. Bilous:** Yes. That's another great question, on which I am going to defer to my deputies here.

**Mr. Krips:** Thank you very much, Minister. Panel members, Chair, I'll start, and then I'll maybe do a hand-off to my deputy colleague. It refers actually to line 4.9 in our estimates, grants to the Alberta Innovates corporations. That's where that money will be tied to the business plan.

I'll just maybe ask my deputy colleague to supplement.

**Mr. Skura:** Yeah. In terms of your questioning around the programs that will be modelled after those in the U.S. and the U.K., basically the programs are designed in both of those jurisdictions to provide upfront funding to assist new businesses with innovative or research-based ideas, to help them to commercialize those products and take them forward. In both of those jurisdictions they've been largely managed as grants. There still is a bit of work to be done in terms of refining the program details on those things, but it will essentially be a grant-based program aimed at small businesses and helping them commercialize innovative ideas or foster research that they've done to take those products to market.

**Mr. Panda:** Thank you.

My understanding is that their success was based on the actual scientific evidence and not all based on any ideological preferences. We are concerned that we shouldn't be picking winners and losers.

**Mr. Bilous:** You know what? I agree with you one hundred per cent. Neither do we. That's why any of our investments, when we look at investing in the Innovates corporations, are arm's length from us. They're the ones that decide which companies to invest in. The government of Alberta is not about to decide which companies to invest in, not at all.

**Mr. Panda:** Thank you.

Page 29 of the business plan: priority initiative 1.5 talks about access to financing and capital through venture and growth capital, microfinancing, and crowdfunding. Do Alberta entrepreneurs have issues acquiring financing, and why do they have those issues?

9:30

**Mr. Bilous:** Well, you know, conversations that we've had already with business and industry and conversations that happened before I came along, when it was still part of IIR, even innovation and advanced ed, were that there is – for a lot of businesses the reason that they can't get their idea turned into a product or a product to market is because of a lack of access to capital. So there were a number of initiatives that we announced, not only the microvoucher and the voucher programs, which are new – and that's the \$5 million that I spoke of earlier – to help provide companies with seed money. We also gave that money through Alberta Enterprise Corporation, which is venture capital for innovative and tech companies. As well, increasing ATB's debt limit so that they can lend up to \$1.5 billion more means that small to medium-sized enterprises that are in need of capital can access it. So those are the ways that we've increased it.

I don't know if my deputy wants to supplement, if there are other ways that . . .

**Mr. Krips:** No, Minister. I think you've actually captured it quite well.

**Mr. Panda:** Okay. So if ATB is there to support, that's great, but if they're not performing a special public-policy objective anymore for taxpayers, should it be privatized?

**Mr. Bilous:** You're asking if the lending should be privatized?

**Mr. Panda:** Yeah. If they are not able to support the entrepreneurs, then, you know, the policy objective is not working anymore for the taxpayers. Should it be privatized?

**Mr. Bilous:** Well, I think that at the moment the issue is that small to medium-sized enterprises need the dollars. Because ATB is governed by – I don't know if "governed" is the right term. Because they report to us, the government, we have the ability to raise their debt limits, whereas if, let's say, Servus Alberta or some of the other financial institutions wanted to increase their lending limits, they would have to go to their board of directors. We don't set how much they can lend.

**Mr. Panda:** Okay. Thank you.

Now I want to talk about Alberta Enterprise Corporation. Since we are on the topic of venture capital, turn to page 76 of the estimates, line 4.8, transfer to Alberta Enterprise Corporation. You're moving \$850,000 to the corporation this year. Can you explain that expense, please?

**Mr. Bilous:** Yeah. I'm just finding it real quick here. Sorry.

**Mr. Panda:** Page 76, line 4.8.

**Mr. Bilous:** Right. There was no change from last year to this year as far as the \$850,000.

**Mr. Panda:** So you are moving \$850,000 to the corporation this year.

**Mr. Bilous:** Sure. My ADM is saying: go to page 78. The \$850,000 in line 4.8 is operating funding, but if you look at the line above that, on page 78, it's actually the technology partnerships and investments. That's where that \$25 million . . .

**Mr. Panda:** Page 78?

**Mr. Bilous:** All right. On the original page you were on – sorry, Mr. Panda – page 76, you were asking about line 4.8, which is \$850,000, which has stayed the same. That's the operating expense. If you look at the line above that, technology partnerships and investments, that's where that transfer of the new money injected into the Alberta Enterprise Corporation comes from. To make it a little more clear, just to show you – I've asked the exact same question that you did – if you go to page 78, if you look at the Alberta Enterprise Corporation, it shows \$25,850,000. It shows you the consolidated. So the \$850,000 is operating; the \$25 million is the new money we have injected into it.

**Mr. Panda:** Okay. Thank you.

Now, page 80 of the estimates shows the Alberta Enterprise Corporation as having an operating expense of \$25.85 million for 2015-16. Where did this extra \$25 million come from, and why is it so high compared to last year's expense of only \$817,000?

**Mr. Bilous:** Okay. That's the \$25 million that we've injected into the Alberta Enterprise Corporation that they're going to be putting through to funders, which then invest in Alberta-based companies.

**Mr. Panda:** So that's the job grant?

**Mr. Bilous:** No. That's not the job – are you talking about the job incentive program?

**Mr. Panda:** Yeah.

**Mr. Bilous:** No. The funds for that – and correct me if I'm wrong – are still with JSTL, so I don't have that budget or those dollars in my budget. That's still in Jobs, Skills, Training and Labour. This is only the \$25 million for the Alberta Enterprise Corporation.

**Mr. Panda:** Okay. I'm still not clear. I'm parking this. We'll take it offline because we have to ask you many other questions if you don't mind.

**Mr. Bilous:** Sure. Yeah.

**Mr. Panda:** Staying on page 80 of the estimates, under revenue, investment income, you're recording a loss of \$1.321 million for 2014-15. What investment vehicles are these that are recording losses, and was it the Alberta Investment Management Corporation doing the investment?

**Mr. Bilous:** I'm not sure. Either Jason or Rod, can you speak to this?

**Mr. Panda:** Basically, my question is: why did they lose money?

**Mr. Bilous:** Great question. That is a realized loss from the Alberta Enterprise Corporation. I know that the Premier spoke to this at

length. Investing in venture capital companies often has a delay as far as the returns. The life cycle is a lot longer. The Alberta Enterprise Corporation's initial investment started in about 2010. They've really only invested for about four and a half years. Normally the life cycle, where you start to see a return on your investment, is around the 10-year mark. These are current but, I would argue, temporary realized losses.

**Mr. Panda:** Okay. Thank you.

Now I want to move on to Alberta Innovates corporations, line 4.9 on page 76, grants to Alberta Innovates corporations. These are down just over \$7 million this year, from \$133.494 million to \$126.469 million. Tell me: how many employees do Alberta Innovates corporations employ?

**Mr. Bilous:** Sorry. I'm still trying to find the page here.

**Mr. Panda:** Okay.

**Mr. Bilous:** Part of this is, again, that 5 per cent ministry reduction that we went through and cut to address government priorities, reduce our spending. That's where the 5 per cent comes from. There was a reduction – I can give you the specific numbers – of \$3.39 million to Alberta Innovates: Technology Futures; a \$2.021 million reduction to Alberta Innovates: Energy and Environment Solutions; and a \$1.607 million reduction to Alberta Innovates: Bio Solutions.

You asked about, in the Alberta Innovates corporations: how many FTEs? Correct?

**Mr. Panda:** Yeah.

**Mr. Bilous:** There are 652.

**Mr. Panda:** Six hundred and fifty-two?

**Mr. Bilous:** Correct.

**Mr. Panda:** They're all full-time? Are there any on contract, then?

**Mr. Bilous:** My ADM is saying: yes, there are some, but we don't have the exact number that are on contract.

**Mr. Panda:** Yeah. If you can let us know later, please.

**Mr. Bilous:** Sure.

**Mr. Panda:** Thank you.

Of that 652 how many are front-line provincial government scientists, researchers, and innovators?

**Mr. Bilous:** Once again we'll have to get back to you on that.

**Mr. Panda:** Okay. Thank you.

How much of these grants go to fund private-sector R and D?

9:40

**Mr. Bilous:** I'll bring up Justin Riemer. He's my ADM for innovation.

**Mr. Panda:** Thank you.

**Mr. Riemer:** Excellent question. I think we can get you some more detailed, specific answers.

**The Chair:** Sorry. Before you start, can you please state your full name?

**Mr. Riemer:** Sure. Justin Riemer, assistant deputy minister, science and innovation division.

One useful comparator is that the Alberta Innovates: Technology Futures budget is approximately \$150 million in total, and this past year approximately \$50 million of that came from the private sector and \$100 million came from the public sector. There are a number of private-sector and public-sector joint investment initiatives. That's sort of a bit of the ratio, to give you an understanding.

**Mr. Panda:** Okay. Thank you.

Can you please table all the written answers with the chair and the clerk of this committee?

**Mr. Bilous:** Oh, absolutely. Yeah.

**Mr. Panda:** Thank you.

**Mr. Bilous:** Any questions that we say, "We'll get back to you" on will go through the chair so that all the committee members can get the answers.

**Mr. Panda:** Thank you.

**The Chair:** Actually, to be clear, all the information has to be tabled with the Assembly so that all members benefit from the information. Thank you.

**Mr. Bilous:** So maybe we'll do both. We'll be extra thorough.

**Mr. Panda:** Thanks for the clarification, Mr. Chairman.

Now, on page 80 of the estimates, in the statement of operations the Alberta Innovates corporations show an expense of \$228 million. Where is the extra \$101 million, approximately, coming from?

**Mr. Bilous:** Sorry. We're trying to find this very quickly. Mr. Panda, could you repeat the question one more time, please?

**Mr. Panda:** Sure. I'm referring to page 80 of the estimates and the statement of operations. The Alberta Innovates corporations show an expense of \$228,106,000. Where is the extra \$101,637,000 coming from?

**Mr. Dancause:** Darrell Dancause, SFO for Advanced Education.

That number difference between what the department gives and what the Innovates corporations have listed there includes all of their other sources of revenue, much like what Justin was just speaking about. So that \$50 million for tech futures and the other corporations is taking bits of money from other areas and other government departments as well.

**Mr. Panda:** Yeah. If you can provide a detailed breakdown later on, I would appreciate that, Minister.

**Mr. Bilous:** Yes.

**Mr. Panda:** Thank you.

Is there a goal for the Alberta Innovates corporations to be able to commercialize enough technology that the revenues from the sales of the technology would make the corporations self-sustaining and no longer requiring direct grant support?

**Mr. Bilous:** Well, that's a very good question. I'll get Justin to supplement me in a minute. I know that, first and foremost, you know, Alberta Innovates and the corporations – what we're trying to do is to help the private-sector small to medium-sized tech innovates corporations get their idea and turn it into a product.

I should probably let Justin comment before I give my two cents. I'm going to turn it over to you.

**Mr. Riemer:** Sure. I think it's imperative to look at what other jurisdictions are doing within research and development. There is across this country and even internationally a need for some level of public investment in research and development, particularly for the longer term transformational investments. I don't believe government has ever given us a strategy or goal to be entirely self-sufficient with respect to public investment in innovation and see those corporations be self-sufficient. However, we are continually working with industry to improve their ability to commercialize and see those revenues acquired for the benefit of the economy overall.

**Mr. Panda:** Thank you.

In the annual report for Alberta Innovates: Technology Futures there are 11 employees making over \$200,000 per year in total compensation. Of these, six make more than \$300,000, and three make over \$400,000. Are these salaries in line with the executives of the public and private research institutions, Minister?

**Mr. Bilous:** Again, great question. I'll start off and give some comments and then maybe ask Justin to supplement afterwards. The government has begun an undertaking to review all 400 of our agencies, boards, and commissions, and Alberta Innovates corporations fall within that. I can tell you that we will and we are already going through a review of the Innovates corporations to determine several different things: number one, to make sure that, first of all, they're meeting the goals that we've outlined so that they're performing in a way that, again, is maximizing efficiencies, so getting the best value for our dollar because we recognize that we are funding all of the agencies, boards, and commissions with taxpayers' dollars and then to make sure that, again, they're meeting their goals.

We are prepared to make changes to all of our ABCs or some of our ABCs, again, once we determine: are they still meeting the objectives that they were designed to? Are they still current? Some of the agencies, boards, and commissions were created decades ago, so it falls on us to ensure that they're still relevant, and if not, then we will make changes to them. Then also, quite honestly, looking at the composition of our agencies, boards, and commissions and wanting to ensure that we have the highest quality, you know, the appropriate people with the appropriate skills on the boards and really focus on a merit-based system as opposed to what some in the past have maybe questioned.

**Mr. Panda:** Sure. There appears to be excess here, and our concern is whether we are getting value for the money Albertans are paying.

We have a few more examples. The CEO of Alberta Innovates: Technology Futures makes \$484,000, and that's more than what was spent in the minister's office last year. Has their CEO delivered the performance outlined in his contract? Are we getting the value for the money?

**Mr. Bilous:** Yeah. Again, a great question, and I agree that not only the ABCs that fall under my purview but, again, government-wide: we are reviewing them and actually doing it in a way that's very systematic. As soon as we've completed the review, then I'm sure we're going to have announcements and make changes to the ABCs appropriately.

**Mr. Panda:** So will that be done by the February-March time frame?

**Mr. Bilous:** Be done by February-March? No. I think that's unrealistic. Because there are 400, we're moving through them in a systematic way, so I don't even know if – by the end of next year might even be a little premature, but we're moving through them as quickly as possible, I can tell you.

For the boards that we have filled with appointments through orders in council – I don't know if committee members have noticed, but often terms for board members are three to four years. What we've been doing over the last several months is making appointments on a much shorter term. The intention is: because we're overhauling or reviewing all of the ABCs, instead of four-year terms I believe we've been looking at 12-month to 18-month appointments. Based on that, I would say that it may take us, you know, a year and a half to two years to go through the complete review and then to make significant changes to the boards, but I can tell you that it is a priority and we're moving through them, but, again, we want to go through it in a very judicious, prudent manner and not just . . .

**Mr. Panda:** No. I agree, but, you know, in this economy, when people are losing jobs, these salaries appear to be exorbitant, and we have to ensure that we benchmark them with the industry, and we have to get the value for that.

Anyway, I'll ask you another one. What has Alberta Innovates: Technology Futures delivered in the past year for taxpayers? Do you have any answer for that?

**Mr. Bilous:** Great. Okay. Well, I'm glad you asked that because, actually, there are quite a few success stories, and a couple of them I actually spoke about at AAMDC the other day. There are a few different companies. Lethbridge-based Ventus Geospatial is growing with the support of Alberta Innovates: Tech Futures and the regional innovation network of southern Alberta. It was started by two University of Lethbridge students in 2010. Ventus has grown significantly and now employs nine people. They are a leading provider of imaging gathered by unmanned aerial vehicles, with clients that include governments, public and private companies, and businesses with a world-wide reach.

**9:50**

Medicine Hat's Kinetisense, with the support of AITF, has developed movement analysis software that allows rehab practitioners to quickly and easily interpret patient video data to measure and analyze range of motion without any poking, prodding, or manual recording.

**Mr. Panda:** Sorry, Minister. Because of the time constraint we have, can you quantify that in terms of dollars? If not readily, you can provide that later on.

**Mr. Bilous:** I mean, again, the goal of the corporation is to help provide seed money to get ideas turned into products and get them off the ground, so to quantify is challenging. The Lethbridge company is a company that started with two students that now employs nine Albertans. How do you quantify the fact that they created the seven jobs that are, you know, good-paying jobs? The company has that ability to continue to grow.

Over time there are lots of opportunities, but this is where if the Innovates corporations didn't exist, these ideas may never have gotten off the ground because they wouldn't have access to that capital. Really, to put just a number on it I think is quite challenging as opposed to looking at either how many jobs were created or jobs which then lead to spinoff jobs and as well looking at ideas that may start off, turn into a product, and then eventually move to the point where they can be exported, and now you have access to

international markets, which is also one of the priorities of this new ministry.

**Mr. Panda:** Sure. I'm just trying to get to know – all that capital spending: is it translating into net benefit to Albertans or not?

**Mr. Bilous:** Well, as Justin commented, when we look at and review ABCs, we'll look, again, at best practices in other jurisdictions, but often the reason that government invests money into innovation is because we want to help foster that transformation of ideas into products. If the government wasn't there to provide some of that seed money, some of these ideas would never get off the ground and we wouldn't have the innovative breakthroughs that we currently do. But I think there is value in partnering with the private sector; this doesn't just fall to government exclusively. Justin has talked about some of the money that we've put in. Some dollars we've leveraged through the private sector as well, so partnerships, I think, are crucial.

**Mr. Panda:** I agree. But if even later on you can provide an approximate number of jobs they created, that would be great. You can gather that information.

**Mr. Bilous:** I'm not sure if there's a way to just quantify the number of jobs with all of the different initiatives and start-ups that we've invested in. Again, there are times when, say, a company that has seed money from government moves into commercialization and maybe fails, but then from that failure a new idea is born and then becomes commercialized. I don't know if there's just a simple mathematical formula on dollars to jobs. With the Alberta Enterprise Corporation themselves there have been over a thousand jobs created, but on spinoffs or ideas that have been born out of those existing, it's sometimes a challenge to track those numbers specifically.

**Mr. Panda:** Okay. We'll get back to that later on.

My next question. The CEO of Alberta Innovates: Bio Solutions makes \$338,000, and the CEO of Alberta Innovates: Energy and Environment Solutions makes \$347,000. Are these salaries commensurate with their performance?

**Mr. Bilous:** Well, not only that, but how are they in comparison to other jurisdictions and other agencies, boards, and commissions? That's, Mr. Panda, exactly why we are undergoing a comprehensive review. I have more success stories, if you want to hear them, from these different Innovates corporations, but we asked the exact same question when we formed government as far as: are we getting value for money, and how does that compare to other sectors? So that's what's prompted a complete review of all 400 of the agencies, boards, and commissions that the government of Alberta supports.

**Mr. Panda:** So you will share those findings after you finish your review.

**Mr. Bilous:** Absolutely. We will announce changes that we make to the ABCs when we make them.

**Mr. Panda:** Thank you.

What have Alberta Innovates: Bio Solutions and Alberta Innovates: Energy and Environment Solutions delivered in the past year?

**Mr. Bilous:** All right. Great. Alberta Innovates: Energy and Environment Solutions has been involved in a number of successful projects, including working with Alberta-based Electrokinetic Solutions to advance electrokinetic reclamation technology, a cost-effective process to treat tailings in situ, and working with Inline

Dewatering on a technology that separates water out of tailings, allowing for quicker reclamation.

In June 2014 Enerkem in collaboration with the city of Edmonton and AIEES opened the world's first full-scale municipal waste to biofuels and chemicals facility in Alberta, and I think some of my colleagues have attended, including myself, and have looked at this facility. During its construction the project created 610 direct and indirect jobs and during its operation 153 direct and indirect permanent jobs. I can tell you that I toured Enerkem myself, and it is on the cutting edge as far as technology goes, and it is quite exciting.

**Mr. Panda:** That's great. That's the kind of information I'm looking for in terms of net jobs they created and the dollar amounts that they saved in terms of cost savings for the company, so if you have a consolidated list of that, if you can table that to the chair later on, I would appreciate that.

**Mr. Bilous:** I think we can put something together to table, sure.

**Mr. Panda:** Thank you.

As the minister in charge how often do you sit down with the Alberta Research and Innovation Authority, and what have they delivered on in the past year, before your time?

**Mr. Bilous:** Okay. That may just take a quick second. Rod, do you have the information that you could speak on briefly?

**Mr. Skura:** Yeah. I'll give you a quick summary. Really, what the Alberta Research and Innovation Authority is about is to provide strategic advice to the minister on Alberta's research and innovation system, and it also provides similar advice to the Minister of Health on the health sector innovation because, as you are probably aware, Alberta Innovates: Health Solutions does report to the Minister of Health.

There are really three main things that ARIA, or the Alberta Research and Innovation Authority, brings to the table. The first one is that because they are made up of national and international experts, they bring that national and international perspective to Alberta's research and innovation system. The idea is that they provide neutral, independent, expert advice informing Alberta on how it should proceed on the innovation and research perspective. The members of this committee also serve as ambassadors. Because they are international and national folks, they do go out and they do spread the word about Alberta's innovation and research scenario. They have a pretty solid track record of providing relevant and strategic advice to Alberta.

So they're primarily an advisory body that informs policy decisions on how Alberta's research and innovation system should be designed going forward.

**Mr. Panda:** Okay. Thank you.

Minister, now I want to talk about the important trade policy. I'm referring to page 76, line 2, trade policy. Which former department did trade policy come from?

**Mr. Bilous:** Sorry. What page was that?

**Mr. Panda:** Page 76, line 2. My question is: which former department did trade policy come from?

**Mr. Bilous:** That came from the international and inter-governmental relations ministry.

**Mr. Panda:** IIR?

**Mr. Bilous:** Correct.

**Mr. Panda:** Okay. Last year you only spent \$1.368 million on trade policy. This year you plan to spend \$2.031 million. Does this increase in expense have anything to do with negotiations and the fallout from the trans-Pacific partnership agreement?

10:00

**Mr. Bilous:** No. To my knowledge, the surplus in the trade policy budget actuals is resulting from various vacancies throughout the year and savings in contracts as a result of fewer trade disputes filed against Alberta.

**Mr. Panda:** So you are saying that there is a surplus? I see spending there.

**Mr. Bilous:** Yeah, there was. The actual that was spent was \$1.368 million, but what was budgeted was \$2.111 million. So, yes, there was a surplus last year.

**Mr. Panda:** Okay. But this year you plan to spend \$2.031 million?

**Mr. Bilous:** Correct.

**Mr. Panda:** This increase in expense: has it got anything to do with those negotiations with the TPP agreement?

**Mr. Bilous:** I'll turn this to my deputy.

**Mr. Krips:** Thank you. Excellent question. As we look to ensure that we have support for the agreement on internal trade negotiations, that are ongoing, that were set in motion a year and a half ago by the Council of the Federation by the Premiers, as we look to continue to determine what the trans-Pacific partnership will look like in terms of the agreement, we will be looking to probably increase our support around trade policy to ensure that we get net benefit for Albertans from both the AIT as well as the TPP. We will be looking at probably increasing a little bit of support around those trade policy experts.

**Mr. Panda:** Thank you.

How many staff does line 2, trade policy, support?

**Mr. Bilous:** My ADM is saying that there are approximately 11 staff.

**Mr. Panda:** Okay. In the business plan, page 29, there is mention of targeted international markets and priority markets in priority initiatives 2.1 and 2.3. What are the priority markets?

**Mr. Bilous:** That's a great question. We're looking at, well, a couple of different things. Within our different sectors we are looking at building on our successes, so talking about sectors like energy, forestry, agriculture, tourism. I can tell you that our focus has been on emerging markets. We have a very strong presence with our international offices in Asia. In fact, that's where the bulk of them are. There's a real capacity for us to increase what we export into Asia, and let me just put this into perspective for you.

Last year alone Alberta exported \$121 billion worth of goods and services. Out of that \$121 billion, \$109 billion went to the U.S. alone. When you do the math on that, the majority of what we export goes to one buyer. Obviously, that makes us vulnerable and puts us at risk but also shows the opportunities that we have to grow, especially in our Asia markets. So that's one of the reasons that I'm focusing on our Asian markets. I can tell you that last year \$2.8 billion was with China, \$1.7 billion was with Japan, \$1.3 billion in the European Union, \$937 million with Mexico, \$537 million with

South Korea, \$454 million with the Netherlands, \$265 million with Hong Kong.

**Mr. Panda:** Yeah. I looked at those numbers. I've got them.

Now my next question. Priority initiative 2.5, trade rules and frameworks. Are there any efforts in the works to expand the New West Partnership trade agreement to the northern territories and Manitoba and Ontario?

**Mr. Bilous:** I'll first comment and then see if my deputy has anything to add to it. The New West Partnership is one that, you know, was negotiated with B.C. and Saskatchewan. It is a very, very comprehensive trade deal and one which was negotiated with Alberta's best interests in mind. At the moment the option for other either provinces or territories to join the New West Partnership exists, absolutely, but because that trade deal was already negotiated, signed, and sealed, any province or territory wanting to join has to accept in completion the trade deal. It's not about to be opened up to be renegotiated if a province wants to join. Is Alberta open to other provinces and territories joining it? Absolutely.

Jason, do you want to supplement?

**Mr. Krips:** Thank you very much, Minister. It's a great question. I mentioned earlier about the agreement on internal trade and the negotiations that are ongoing with all provinces. I can tell you that our trade experts as well as the trade experts from British Columbia and Saskatchewan are using the New West Partnership agreement as the template, as the baseline to try to get the AIT, the agreement on internal trade, up to it in terms of the standards, or, actually, lowering the barriers; I guess that would be the other way of looking at it. The AIT mechanism will probably be the focus over the next year. In terms of trying to ensure the benefit that Alberta, Saskatchewan, and British Columbia achieved, the New West Partnership is used as a template for other provinces to use those rules through the agreement on internal trade, for which we're going through the negotiations as we speak.

**Mr. Panda:** Thank you.

My follow-up question was about the NWPTA to the PNWER states of Oregon, Washington, Idaho, Montana, and Alaska. Will they be included?

**Mr. Krips:** You're talking, Member, about PNWER, the Pacific Northwest economic trade alliance?

**Mr. Panda:** Yeah.

**Mr. Krips:** Alberta is a member of the Pacific Northwest trade alliance, or PNWER. That is a mechanism where a number of the Pacific Northwest states and provinces meet on a regular basis to share learnings, take a look at the ability to benefit from trade with each other. With all of those transboundary organizations we ensure that we look to make sure that Alberta is having benefit from those. That's one thing that we're going to be undertaking, that we make sure that we continue to get benefit from PNWER.

In terms of the actual trade negotiations that are going on right now, the focus is pan-Canadian with respect to the agreement on internal trade.

**Mr. Panda:** Okay. Do you see the benefit of expanding to Oregon, Washington, Idaho, Montana, and Alaska?

**Mr. Bilous:** The benefit of expanding the New West Partnership?

**Mr. Panda:** To PNWER.

**Mr. Bilous:** Well, again, any time that we can reduce barriers to trade and enhance Alberta's position, I think it's positive. I can tell you that the lens that I'm bringing to this ministry – and, again, we have some incredible staff in the ministry – is obviously always wanting to look at Alberta's best interests first and foremost and then how that applies with our trading partners.

You know, I can tell you – I'm not sure if you're going to ask, but I'll pre-empt an answer to a question that maybe you were going to ask about in reference to the TPP – that part of the reason why I haven't or the government hasn't come out with a position is because what we want to do is go through that document thoroughly. It's a very, very large document with many side agreements. Before we come out and either endorse it or comment on it, I think it's only prudent to go through it thoroughly to understand exactly the implications that Alberta will face. Again, regardless of what the federal government does with the TPP, we need to look at it with a critical lens on: how does that impact Alberta?

**Mr. Panda:** Thank you.

Minister, I'm going to pick up the pace here because I only have five minutes or so. You and your deputy minister are saying that all these agreements are important to Alberta, but why was there no attendance by any minister at the PNWER meeting in Montana recently? Nobody attended that; that's my understanding. Correct me if I'm wrong.

**Mr. Krips:** If I can, Member. Thank you for the question. We have had a balance in the past of elected officials and staff officials that actually attend PNWER meetings. In fact, I believe that there is a PNWER meeting up north in either the Northwest Territories or the Yukon as we speak, and we do have some of our department officials there.

**Mr. Panda:** But I'm talking about the ministers. No ministers were there.

**Mr. Krips:** I stand to be corrected, but I do believe that we had fairly senior representatives from the department of international and intergovernmental relations in the meeting in Montana in July. As well, if I'm not mistaken, there were also representatives from Agriculture and Forestry. We make sure that there is good staff representation there, and obviously we brief up accordingly to make sure that ministers are fully aware of the dialogue that goes on.

10:10

**Mr. Panda:** Thank you.

Now I want to refer to international offices.

**Mr. Bilous:** Sure. Absolutely.

**Mr. Panda:** Page 76 of the main estimates, line 3, international relations: that's what I'm referring to. Minister, you said that Alberta has 11 international offices. Out of the 11, I think four are already in China. I understand most of our business outside of the U.S. is from Asia and predominantly from China. They already have four offices. Now you are planning to add one more office, Guangzhou. Is it required? You know, if you look at India, the trade with India is much lower compared to China, but there is only one office in India, which is also a potential market for Alberta. Do you still want to open and add more offices, or can you manage with the existing offices in place?

**Mr. Bilous:** That's a great question. One of the things that I've been looking at – and I've already had a lengthy conversation with Ron Hoffman, who actually is stationed in Hong Kong and oversees all

of our Asia offices. Let me just back up a minute. Ron conducted a report looking at all the international offices, again, to attempt to find efficiencies but look at the objectives: are they meeting those objectives and the value that each of the offices brings? You know, I can say that they do offer value, but of course we want to maximize our value for our dollar.

Within China I can tell you that Guangdong province – and this is where the discussion is taking place, around that Guangzhou office that you're asking about – is actually the business hub of southern China, and it's comprising a regionally distinct economy roughly the size of Florida and with the population of one-third of the entire United States. It is China's richest and largest province in both GDP and population and also has a rising middle class. So the conversation around the value of "Should we open an office in that region?" is one where, again, we're looking at the potential pros versus costs, but I can tell you that the ministry has informed me that the costing of that office, you'll be happy to know, would be just allocating or redeploying resources from the Beijing office. It wouldn't actually cost taxpayers any more money.

**Mr. Panda:** Okay. Thank you.

Canada signed a free trade agreement with Ukraine. With so many Albertans of Ukrainian heritage here in Alberta, with the language and cultural and industrial connections, wouldn't Kiev be a location of choice for a future international office?

**Mr. Bilous:** Well, that's a great question. Now, of course, being a Ukrainian descendant myself, it fills me with pride to talk about Ukraine. What I can tell you, again, is that I've gone through that report that Ron Hoffman wrote, and in looking at, again, trying to maximize the value for our dollar . . .

**The Chair:** I'm sorry to cut you off, Minister. I'm sorry. We've run out of time.

We now turn to Mr. Gotfried, who I believe is the one asking the questions.

**Mr. Gotfried:** Thank you, Mr. Chairman.

**The Chair:** Did you want to go back and forth, sir?

**Mr. Gotfried:** Yes, please.

**Mr. Bilous:** And it's 20 minutes, Chair?

**The Chair:** Twenty.

**Mr. Bilous:** Okay.

**Mr. Gotfried:** Thank you, Mr. Chairman, and thanks to the minister and your staff for not only making yourselves available to us today but for your hard work on behalf of Albertans and for the passionate commitment I can see you're taking forward in this portfolio, which is encouraging.

I'm going to take maybe a little higher level view of some of these and stay out of the weeds of some of the numbers here but, obviously, as it relates back to the budget. I'd like to, firstly, address some of the outcomes related to the 2015-2018 strategic plan and also how it relates to some of your ministry outcomes as well, 1 and 2, specifically key outcome 1 in the strategic plan as it relates to this portfolio.

Outcome 1 states that we will have "an open, sustainable and increasingly diversified economy that attracts investment." However, currently I would suggest that we are not particularly sustainable given a few factors: lack of investor confidence; flight of domestic and international capital; increased corporate taxes;

increases to the minimum wage; increased personal taxes on entrepreneurs, with the potential of undermining the risk-versus-reward balance; increasing costs of such inputs as fuel, electricity; wage inflation within organized labour; and other factors. Minister, what will you be doing and where is it budgeted to mitigate some of these concerns to attract investment, and how will you measure success in regional and national and international investment attraction?

**Mr. Bilous:** Okay. Great question. I'm going to start by first challenging the premise of your point. I do believe that Alberta is still one of the most competitive and best places to invest in, to start to grow a business. Part of it is that we still have – when you look at all-in taxes or costs to corporations, Alberta is still one of the lowest taxed jurisdictions in the country, primarily because we do not have a PST.

I can tell you that the reason we are facing this economic downturn is because of the low prices of the commodity market, which is having a significant impact on all sectors within our province. This is where, you know, the Premier made a very strong decision to create this ministry, which provides a one-stop shop for industry and businesses and the private sector but also is a way to ensure that economic development diversification remains a top priority of our government.

There are a number of initiatives that we've already announced that will help with job creation, including the job-creation incentive program; the increasing of ATB's debt ceiling; the reintroduction of the STEP program, increasing it by \$3 million but opening it up to small businesses, which I can tell you they are quite excited about; as well as the increase to the Alberta Enterprise Corporation; and the last one, which we haven't talked a lot about, allocating 3 per cent to the Alberta heritage savings account, and that equates to about \$540 million. That will be invested through AIMCo, again, as you know, an organization that has done a very good job for the government of Alberta as far as return on investment but is arm's length. We don't direct who they invest in, but their focus will be investing in Alberta-based companies.

I'll just make one last comment. When the Premier created this ministry, I can tell you that many of the business leaders throughout the province were quite excited about this. The president and CEO of the Alberta Chambers of Commerce, Ken Kobly, said:

By creating a new Ministry of Economic Development and Trade, this government has made it clear that the economy is a priority. It's important that we have a partner dedicated to helping grow and diversify the provincial economy, so our organization is looking forward to working with government on these initiatives to help make Alberta the best place in the country to start and operate a business.

**Mr. Gotfried:** Thank you, Mr. Minister. I appreciate the focus there, but I guess one of my concerns will be those measures as we go forward in terms of attracting investment specifically. I hope you'll be able to share those with us in a robust and comparative manner as we move forward.

This outcome further along notes the creation of “a stable, open and welcoming investment environment that promotes development of the province's energy resources.” Minister, I'm talking to leaders in Alberta's coal, oil and gas, power, and investment community daily. I can tell you that my research indicates that this government is creating a rather different investment environment with respect to energy resources, and that concerns, I think, all Albertans in terms of what that's going to do in terms of long-term investment and job creation. What will the minister do and where is it budgeted to mitigate and turn around this current negative perception?

**Mr. Bilous:** Well, you know, first of all, I think that starting with the creation of this ministry has been an incredible signal to industry and business that the economy is a priority and growing and diversifying our economy. Second of all, I think it's important – from what I've been hearing talking to business and industry, market access is the number one priority.

**10:20**

Now, I can tell you that attempts that were made in the last 10 years by the previous government, both provincially and federally, were that, quite frankly, no new pipelines were built, and access to market is still something that many different sectors struggle with. I can tell you that that is a priority of mine, and our approach to building more pipelines is, again, increasing our environmental responsibility and coming at this from the point of view of: instead of trying to sell what we're currently doing, let's increase our standards, let's move to the top of the pack. That in and of itself will be an incredible selling feature of our product. This is part of the reason that the Premier created the climate change panel, to look at ways to enhance our environmental stewardship.

At the same time I can tell you that what I'm quite excited about is the fact that that panel along with the royalty review panel have key industry and business leaders at the table, so these are decisions that are being made in consultation with the very folks from the sectors that this will affect. That, in and of itself, ensures that they have a voice and that we are moving ahead in a way that is balanced. I think, you know, we need to move past the conversation of the economy versus the environment. They are two sides of the same coin and both play well with each other.

**Mr. Gotfried:** Thank you, Minister. I hope that you're right in terms of the business community. That's not what I'm hearing. It's that, actually, some of these reviews and maybe different balances are creating a lack of confidence. So I hope that you're right in terms of that actually creating a new balance, but that's not what I'm hearing.

You mentioned access to market, which I think is extremely important. We've seen your government recently increase the taxes on diesel fuel, which is obviously going to affect transportation of products by rail. In the absence of some of the pipeline-to-market access, I'd like you maybe to comment on what your ministry's view of that increase is given that we move not only oil- and gas-related products but also agricultural and other products, fertilizers and other things, via rail, and how that is actually going to help us to access markets.

**Mr. Bilous:** Well, absolutely. First of all, you know, we looked at ways to modestly increase government revenues. Part of the challenge that we found ourselves in, quite frankly, is that there is an imbalance between revenues and, again, looking at the priorities of Albertans as far as critical infrastructure, which is long overdue, and that's one of the investments that our government is investing. So that fits directly with what you're speaking about: investing in critical infrastructure not just in schools and in hospitals but, again, in bridges and roads and culverts and transportation corridors, which Minister Mason had talked to AAMDC about, and the fact that we've reintroduced the STIP program. Municipalities and rural communities have long been asking for these dollars to increase.

I do recognize, absolutely, that one of the challenges with the fact that more and more of our oil and bitumen is being shipped via rail is that it's putting a real burden onto the agricultural sector and also, to a lesser extent but to an extent, on forestry. Farmers trying to get their product to market is a challenge because, you know, the rail companies may decide that they prefer to take oil or that the fees

that they're charging are going up. So this is a reason, quite honestly, that we do need to work very diligently and aggressively on finding ways to get product to market. But, again, you know, the methodology that the previous government used was one that didn't work, so this is where our government is taking a different approach. I am optimistic and will continue to work toward finding ways to get our product to market.

**Mr. Gotfried:** Thank you, Mr. Minister. We all remain optimistic. We may have some excess capacity from the reduced transport of coal, so you may have some opportunity to fill that back up with some agricultural products.

In the outcome it also says, "The government is committed to increasing the economic value of oil and gas activity and creating more in value-added downstream oil and gas." Further along it says, "The government will . . . [make] investments in value-added processing and refining." Minister, there's no mention here of doing this through engagement with the private sector specifically. Does this government foresee committing to this value-added activity via direct investment of public funds to create more downstream value? If so, where is it in the budget, how much will we be investing, and in what specific ventures will we as Albertans be investing in such speculative, high-risk, publicly owned processing and refining ventures?

**Mr. Bilous:** Good question. I can tell you that this is one of the priorities of our government in looking at ways to increase value-added. We are not about to charge out in isolation, on a decision that we make on our own, without working with the private sector to look at ways the government can support. Nowhere and never have we stated that the government of Alberta creates jobs. We do not. The private sector creates jobs. We have a role to play in, you know, increasing efficiencies, reducing red tape, looking at supporting private industry in their creation of jobs. From our point of view, if there are opportunities that the private sector has to increase value-added, both downstream and upstream, then we will look at ways of supporting them.

So have we committed . . .

**Mr. Gotfried:** It actually says, Mr. Minister, "The government will . . . [make] investments in value-added processing and refining." That's a quote from that. I guess I was a little confused with that quote, whether that actually shows a public investment directly in these. So I'm understanding that you're going to use that to leverage against or to subsidize or to create some stimulus in those areas?

**Mr. Bilous:** If that is the decision that is in the best interest of Albertans and in our value chain. I can tell you, quite honestly, that the royalty review panel is also looking at opportunities for value-added within the energy sector.

**Mr. Gotfried:** Thank you, Minister.

Also in outcome 1 there's a reference to our province's "low-cost business environment." However, we continually hear from industry and respected economists about how we actually operate in a high-cost environment relative to other regional, national, and international jurisdictions, particularly in the oil and gas sector. These factors typically include the high cost of labour, including a planned increase in the minimum wage; high cost of land and buildings; high cost of construction; increasing cost of electricity and other utilities, likely to be exacerbated by this government's early coal phase-out, which is now in the proposal stage; increasing corporate taxes, personal taxes, fuel taxes; and high cost of overcoming barriers to market access either due to infrastructural

inadequacies, seasonal excess demand, or overcapacity – rail, for example – or other geographic considerations.

Given this perhaps erroneous claim of a low-cost business environment and the likelihood of intentional or unintentional deterioration of some or all of these factors in the months and years ahead, how can you continue to indicate that a low-cost environment is one of our existing strengths, with a further potential for deterioration of these competitive disadvantages in the latter years of this plan?

**Mr. Bilous:** I'll begin by saying . . .

**The Chair:** I would just like to remind all of us that the matter before this committee is the consideration of the Department of Economic Development and Trade estimates for 2015-16. I just want to remind all of you to please stay on and not to stray from that topic. Just a reminder.

Thank you.

**Mr. Gotfried:** Okay. It's in the business plan and in the strategic plan.

**Mr. Bilous:** Sure. I'd love to be able to respond to that.

**Mr. Gotfried:** Thank you.

**Mr. Bilous:** With all due respect, your party's proposal before the election was an increase of over 65 different taxes, which actually would have meant a less competitive environment if you went through with those campaign promises. Alberta still is the lowest taxed jurisdiction when it comes to supporting business and industry.

**Mr. Gotfried:** But do you still think it's a low-cost business environment, Minister?

**Mr. Bilous:** First and foremost, the fact that we have no PST is significant. But here's the other part. I do recognize that when our economy is overheated, the cost of labour and materials do go up and have been high in the past, depending on where we are in the cycle. But I can tell you that one of the reasons the government is investing significantly in capital and capital projects is because while our economy is low, now is the time to invest in those projects, again, investing countercyclical. When you look at the past, government has often invested at times when the economy is overheated and is therefore competing with the private sector, and you've got prices that escalate and spiral out of control. So this is the time to invest, and I would argue that, yes, Alberta still is one of the most competitive jurisdictions to invest in.

10:30

**Mr. Gotfried:** Thank you, Minister. I know that that doesn't necessarily translate into a low-cost environment. I guess it concerns me that we will need a further loss of confidence in this economy to possibly bring that low-cost environment to a reality.

Further, also on the key outcomes here from the strategic plan, it says, "Albertans deserve a royalty system they can trust to optimize returns to Albertans from [our] natural resources." Now, I appreciate that this is a hopeful and perhaps slightly ill-defined statement; however, Albertans will require consistent levels of resource development to provide such optimized returns. No development of resources: no royalties.

With respect to Economic Development and Trade issues, we are currently seeing reduced investment, reduced employment, reduced value and volume of Crown land lease transactions, and an overall reduction in sector activity in Alberta, anecdotally far greater than

many competing jurisdictions your department will need to take into account from a competitive perspective. How will your government and your department attract new investment while reconciling this optimization with the likely prospect of increased royalties, increased carbon taxes or levies, and increased tax burdens on those very companies and investors without whom we have no hope of maximizing and hence optimizing such returns in support of social programs, investment in infrastructure, and future savings or debt repayment?

**Mr. Bilous:** Again, looking at the province of Alberta, first of all, the royalty review panel is just that. It's a review to look at our current royalty regime, which, as you may or may not be aware, is extremely complex. In fact, former Energy ministers have left politics saying that they did not understand the existing royalty regime, which tells me that's a major flag in that we need to understand exactly our different processes. The royalty review panel is made up of experts, including those from industry.

You know, after 44 years of one party in power, obviously, I think, any party getting into government wants to review our current systems to ensure that we are getting the maximum benefit but, as well, that we are moving forward in a way that is fair to Albertans, including those that invest within our province. So the royalty review is a review that's going on, but at the same time Alberta still is one of the most competitive jurisdictions to invest in. Through the creation of this ministry we're looking at ways to support business and industry but also looking at supporting sectors that exist outside of energy.

Again, we talk about GDP and the fact that, you know, it is going to be less this year than others because of the low price of oil. Every time I hear of companies that are struggling or those that are pulling back on capital investment, first and foremost – and I'm quite surprised that you're joining the chorus of the Wildrose – is that . . .

**Mr. Gotfried:** I'm not joining any chorus, Minister.

**Mr. Bilous:** . . . the Alberta NDP, despite what you may think, does not set the international price of oil. So the fact of the matter is that when you look at many of the job losses that have been announced recently, this has nothing to do with NDP policies. This has to do with the fact that commodity prices have significantly come down and are staying low. This is where we need to focus on providing supports to diversify the economy, so supporting our other sectors. Again, Alberta has a robust agriculture and forestry . . .

**Mr. Gotfried:** Thank you, Minister. This was about the royalty system, this particular question. I appreciate what you're saying. Again, what I'm hearing from investors in the energy sector is that it is not just the price of oil and gas; it is the mitigating factors which are being imposed or proposed by this government.

Moving on to some of the specific items in here, there's no specific reference in this budget outcome . . .

**The Chair:** Thank you, Member. You have run out of time.

Seeing no other parties or an independent member present, I think the next in the rotation is the government caucus. Ms Fitzpatrick, is that you?

**Ms Fitzpatrick:** Yes, it is, Mr. Chair.

**The Chair:** Thank you. Please go ahead.

**Ms Fitzpatrick:** I'll actually share my questions with MLA Coolahan, and all my questions will go through you to the minister.

**The Chair:** Okay.

**Ms Fitzpatrick:** I'll begin. First of all, thank you, Mr. Minister, for being here. Economic Development and Trade was created on the 23rd, as you mentioned earlier, at a time when the province's economy was dealing with massive job losses in the energy sector. This ministry is about a month old. The ministry's business plan, on pages 27 to 30, shows an interesting mix of priorities and outcomes, such as Alberta's economic environment being sustainable, diversified, and knowledge intensive, and trade and investment attraction. I should say that page 75 in the estimates document proposes an increase for 2015-16. What is the government's economic growth and diversification plan? If you could expand on that a little, please.

**Mr. Bilous:** Sure. Thank you for the question. Again, we've got five pillars that we're looking at focusing on. The first one is providing leadership. The creation of this ministry, first and foremost, provides business and industry with one entryway, or one door, into government. Far too often we've heard and I've heard that you may have innovative ideas or that there may be innovative ideas out there, experts in their field, but they don't know how to translate or turn that idea into a business or how to commercialize that and they don't know where to go. The Premier, by creating this ministry, has shown that there is one place that they can go to get information regardless of where they are. If they're a small to medium-sized corporation, if they're a budding entrepreneur who has an idea and doesn't know what the first step is in taking that idea and moving it forward, they can come through our ministry.

The other four pillars of our ministry are enhanced supports for small businesses. Again, there are many small businesses that want to make that next step to move toward a large or medium-sized enterprise but, again, don't know the path forward with either access to capital or access to that knowledge and expertise. We often hear about industry and businesses looking for an ecosystem that will help them learn from experts or others that have done it successfully, so looking at mentorship programs, which actually fits with the Alberta Enterprise Corporation, which is something I didn't talk about earlier. In addition to funding venture capital, they also provide that mentorship, which I think is critical when we're looking at supporting entrepreneurs.

Capital investment on strategic infrastructure and trade promotion, again focusing on investment attraction and export market development, so growing in the areas of, especially, our Asian markets. Then there's innovation and diversification to add value and strength in different sectors of the economy. That innovation and diversification does apply to, as well, the energy sector. It's also looking at maximizing or looking at ways to enhance our existing sectors. Again, you know, Alberta has strong agricultural, forestry, and tourism sectors, and I think there is much potential in increasing value both upstream and downstream on those chains and also looking at how we can commercialize some of those ideas or export those ideas. Alberta even within the energy sector has incredibly innovative ideas, products. Alberta really is a world leader when it comes to the development of our energy.

One of my priorities is to look at how we can support those innovators to either export those products or those ideas and how we can commercialize them. I think there's a lot of value that has been left off the table until now.

**Ms Fitzpatrick:** Thank you for that answer. I have to tell you that there are a number of innovators in Lethbridge that I have kind of directed to your portfolio.

Can you give us a comparison of the plan that you've outlined with the past plan? What's the big difference?

10:40

**Mr. Bilous:** Well, I can tell you that there had been previous attempts at diversification, you know, and some of those have failed miserably. But I think that there are a couple of different things. Number one, there isn't a magic bullet that we have or that we can use that is going to suddenly turn around the international prices of our commodities or that's going to immediately fix the economy. We've already rolled out a series of initiatives – and we have more that we will be rolling out over the coming months – that look at our economy today but also our economy tomorrow. So our focus is looking at providing business and industry with the tools that they need to succeed both in Alberta, nationally within our own country, but also in the global marketplace, whether that's access to capital, access to markets, again, how to scale up, that knowledge that a lot of businesses that want to move to the next level have been looking for.

I think part of the reason why I've been receiving feedback from businesses and industry and municipal leaders throughout the province is that there are a lot of incredible ideas and, as you pointed out, some incredible companies that have come out of Lethbridge that are just looking for some support and in the past didn't know where to turn to. You know, for me that points to the fact that the creation of this ministry came at a critical time, again, one where entrepreneurs and businesses have been asking for this one-stop shop.

When I talk about diversification, for me it's about supporting our existing sectors. I know that, again, there were past attempts by previous governments on diversification where I don't know if it was throwing mud against the wall and hoping that some of it would stick or what they did. What I often use as an example is that the government of Alberta is not going to sit in an office somewhere and decide what the next sector is going to be for the province. That is not our job. That's up to the private sector. The comment that I often make is that I don't know if Alberta is about to be the next fashion hub of North America, but I can tell you that we won't be participating in that.

We're going to be looking at supporting – I know that's disappointing – our existing sectors of agriculture and forestry, and there's significant potential to increase our opportunities for export and, again, our opportunities for new technologies. This is why I'm quite excited that innovation has moved over from Advanced Education into Economic Development and Trade because, again, there are many great ideas or innovations that need that support. I think we have real opportunities to be a world leader when it comes to agriculture and forestry.

**Ms Fitzpatrick:** You actually answered my next question, but that's okay. In terms of throwing mud, there's some mud being thrown in Lethbridge that isn't sticking to the wall, but it's sticking to some pretty good, innovative ideas.

My next question is in terms of innovation and economic diversification. In your business plan, page 28, paragraph 4, you mention that

Economic Development and Trade will lead efforts to ensure that Alberta continues to diversify its economy, strengthening existing sectors,

as you've said,

and finding new opportunities that will create jobs, attract investment and enhance market access for businesses.

I am so pleased to hear this, and I'm really proud to hear this because it does put us on the map.

However, line 4 on page 76 in the estimates budget shows there is a decrease in the budget for economic development and

innovation. If economic diversification is a priority for our government, why not increase the funding in this area?

**Mr. Bilous:** Okay. That is a great question. Just give me one second here. If I'm looking at the right page, there were a couple of different things. There was the 5 per cent general ministry reduction that was included in this. There are a few different things. There was an increase of new funding that fits with program delivery support for the creation of this ministry, but then there was also – well, I'll go back to this for a moment. The consolidated expense for the new ministry was budgeted at \$299 million. Again, within that, there's \$50 million of new funding into the Alberta Enterprise Corporation, which helps Alberta-based entrepreneurs access capital mentorships that they need to get their ideas off the ground. There is \$228 million for the Alberta Innovates corporations, which includes all of the revenues and expenses. Of that, the department is providing \$126.5 million to the three Alberta Innovates corporations that fall under our purview. This funding ensures that the Alberta Innovates corporations will continue to provide innovation, research, and commercialization services that deliver economic, environmental, and social benefits.

The other aspect or other piece is that the budget also provides \$10 million per year, beginning in '16-17, for enhanced community economic development initiatives to enable our economy to grow in regions throughout the province.

**Ms Fitzpatrick:** Okay. Now, line 4.5 on page 76 shows that the previous government had budgeted \$34,010,000, and they actually spent less. Perhaps that's because they didn't utilize the money that they should have utilized, so some of that throwing the mud against the wall would work.

**Mr. Bilous:** Okay. There was a 5 per cent reduction to address, again, our priorities. Part of it is because we've delayed the research capacity grant funding provided to Campus Alberta.

**Ms Fitzpatrick:** Okay.

**Mr. Bilous:** I don't know if you want to supplement that.

**Mr. Krips:** Certainly. Thanks, Minister. In essence, that was part of our 5 per cent overall reduction. But, obviously, as the Minister has talked about, we've been fortunate to get some increases when we look at the Alberta Enterprise Corporation and some of the initiatives, the community program the minister mentioned. So we certainly are heightening our focus on economic development.

**Ms Fitzpatrick:** Okay. What are your top three priorities that you've tabled in the budget?

**Mr. Bilous:** As far as initiatives or as far as sectors?

**Ms Fitzpatrick:** Initiatives.

**Mr. Bilous:** Okay. There have been three out of this ministry specifically: the Alberta Enterprise Corporation, venture capital, providing that for budding entrepreneurs and also the mentorship; the increase of the lending limit to ATB, again, providing small to medium-sized enterprises with access to dollars to continue to grow; and then looking at investing in Alberta companies. That's through the 3 per cent of the heritage savings account into AIMCo with the direction of investing in Alberta-based companies. In general, I can tell you that we're wanting to provide supports to small to medium-sized enterprises, whether that's through access to capital or supports as far as expertise and mentorship; looking at finding ways to increase our export capacity and so working with

our international offices to increase capacity to export; and, of course, attracting new investment dollars into Alberta.

**Ms Fitzpatrick:** Thank you very much, Minister.

Now I'll pass it over to MLA Coolahan.

**10:50**

**Mr. Coolahan:** Thank you, MLA Fitzpatrick, Chair, Mr. Bilous. Mr. Bilous, on November 6 President Obama formally announced the fate of Keystone, of course. You know, this has been a political hot potato for a long time, and there's no level of government in Canada that has been able to make this happen. I think we all knew its fate before it happened, anyhow. As a member representing Calgary, I'm pleased to see that this government is securing the province's future by diversifying the economy and not depending on single-source revenue. I see that line 4.3 on page 76 of the budget shows a substantial increase in funding for industry development. I'm asking: how is the government advancing Alberta's interests on pipeline infrastructure when we can't rely on the success of Keystone XL and possibly the Northern Gateway pipeline?

**Mr. Bilous:** Okay. I think there are two different questions in there. One, that increase, which I'll talk about first, specifically deals with our enhanced innovation, or our microvouchers, and SME support, that helps support innovative and technology-based businesses to gain access to business services, so marketing, planning, feasibility, or business formation, and accelerated technology and product development activity, so prototyping, demonstrating, testing. It enhances service delivery quality to and available resources for small to medium-sized enterprises and will also allow for realignment and strengthening of the entire technology commercialization system. Building on existing microvoucher and voucher programs, this program advances SMEs with new technology product development projects through types and levels of funding and support progressively. That's the first part, and that was an increase of \$5 million in that line item, 4.3.

Then to your second question, you know, the Keystone XL pipeline. That decision was out of the hands of Alberta and Alberta's government. I can tell you that for years the previous government spent an incredible amount of resources trying to lobby the U.S., from our own ambassadors to our trade offices to also trade missions that ministers went on unsuccessfully to try to convince the U.S. that this was a good thing.

Our government is taking a different approach. We do absolutely acknowledge that access to markets is a priority. We need to have more than one buyer. Otherwise, the buyer sets the price, and of course we're forced to accept the price that they set. But what's different between the previous government and our government is that our approach to market access is very different. Again, through the creation of the climate change panel we're looking at ways of enhancing and increasing or improving our development of our natural resources and looking at ways that we can do it with reduced greenhouse gas emissions and reduced impact on the environment. Quite frankly, I believe that that will provide new possibilities or that that will actually increase the opportunities that we have to get our product to market.

Premier Notley had conversations a few weeks ago with the Premier of New Brunswick about Energy East. That is an initiative that we will continue to work on, and the Premier will continue to work with governments across the country, including the federal government. I think that there are some real possibilities. Again, what we've been hearing is that the previous approach, quite frankly, failed and didn't work. You had a PC government in Alberta for 40 years and a Conservative government federally, and

they both couldn't get it done. So the approach has to change, and I look forward to working with our partners across Canada but elsewhere as well to find opportunities to get our product to market.

**Mr. Coolahan:** Great. Thank you.

I just want to touch again a bit on diversification. We talked a lot about it today. How does the ministry work in partnership with the other ministries to promote diversification?

**Mr. Bilous:** That's a great question. I've had numerous conversations already with the Minister of Agriculture and Forestry, the Minister of Energy, the Minister of Culture and Tourism as well. When we look at diversification . . .

**The Chair:** Thank you, Minister. Unfortunately, the time has run out again.

We are at a point here. I wanted to know if we have concurrence to take a five-minute break. The clock will continue to run unless there is opposition to that, at which point we will just continue. Do we have agreement around the room that we can take a five-minute break? Yes? Thank you very much.

The clock will continue to run. We will meet in five minutes. That will be 11 o'clock on the dot.

[The committee adjourned from 10:55 a.m. to 11 a.m.]

**The Chair:** Okay. I'd like to call us back to order, please. Thank you very much for being promptly back at the table.

We restart our rotation. This time you do have 10 minutes, five minutes each combined.

Mr. Panda, did you want to go back and forth, or did you want to do statements?

**Mr. Panda:** Sure. Yeah.

**The Chair:** Back and forth? Perfect. Thank you.

**Mr. Panda:** Absolutely.

I think, Minister, we stopped at your favourite city in Ukraine, Kiev. We ran out of time. We were talking about opening a potential office there. Because I have less time now, I'll be asking several questions, so maybe we can get through all of my questions. Do you see any potential to open an office in Kiev in the future given the cultural and economic connections there?

**Mr. Bilous:** Right. I mean, I can't definitively say yes or no. We want to look at where it makes the most sense to have an international presence. At the moment we have only one office in Europe, and that's, again, partly because of proximity, but also we want to ensure that we're spending taxpayers' dollars in the most responsible way possible and that we're getting the best bang for our buck. Is that something that we may consider in the future? Possibly, but I can't give you a definitive answer today.

**Mr. Panda:** Okay. Thank you.

Minister, you also mentioned your discussions with Ron Hoffman and the upcoming report from him. When do you expect that, and will that be public? Can you share with us?

**Mr. Bilous:** You know what? It actually is already public. I believe it can be found on the – is it on our website already? It can be found on our website.

**Mr. Panda:** Okay. Thank you.

What international travel is on the docket this fiscal year for you and the cabinet?

**Mr. Bilous:** Fair enough. What I can tell you is that the Minister of Energy got back from China a few weeks ago, and she's spoken of her trade excursion. She did travel with members of the private sector, industry and business, which, I think, had some real benefits for them as well, being able to meet with officials from China but also private-sector investors.

**Mr. Panda:** Are you going to follow her with a visit?

**Mr. Bilous:** Well, she did speak about it, and I believe that there will be – forgive me; my deputy is just informing me. In any international trade excursion the ministers who go or participate will release a report, I believe, within two months after their trip, to talk about, again, the purpose, the value, what they got from it.

**Mr. Panda:** I'm not asking about the report this time. I'm asking about: what are your travel plans?

**Mr. Bilous:** Right. At the moment we're looking at developing a comprehensive travel plan and want to look at what international conferences are taking place, the timing of when I travel. We also want to look at maximizing, again, my time and the value for our dollars. At the moment Minister Carlier is heading to Japan at the end of this month. Again, Japan is one of our trading partners, that we trade quite extensively with in our agriculture sector, agriculture and forestry. For myself, more than likely I will be travelling to Asia sometime in the spring. Again, the dates and the details have not been nailed down, but I will be making those public when we know.

**Mr. Panda:** Yeah. Given, you know, reports in the past that the government spent lots of money on these travel plans, on this travel and all, do you have any checks and balances to ensure that taxpayers' money is not gone to a boondoggle?

**Mr. Bilous:** Yeah. Absolutely. You know, before I approve of my colleagues travelling internationally, they obviously submit a document to me talking about what – there is a travel approval process that exists. Both ministers and MLAs have to submit all proposed international travel for the upcoming year to myself, and I'll advise if they have preliminary support in moving forward.

They must then submit their travel requests for formal approval to myself six weeks prior to the date of their departure, and this involves completing a travel form with mission objectives, key initiatives, and the estimated budget for all government of Alberta staff travelling on the mission in addition to the MLA or minister. I'll review and assess each travel request based on specific criteria, which include the following: ensuring that the mission supports the objectives of Alberta's international strategy and advances the government of Alberta's focused agenda priorities and clearly identifies desired results; that the travel doesn't conflict with legislative responsibilities and duties; and that efforts are made to avoid a high frequency of missions to one particular region or country.

Again, within that, looking at maximizing the value of our time – when I'm looking to Asia for my own travel in the spring, likely it'll be to visit multiple offices in multiple countries, obviously, to get the best bang for the flight from here over there.

**Mr. Panda:** Thank you.

I sat in the Energy minister's estimates review, and I noted with interest that she is spending \$5 million this year on market access. Are you spending anything on market access? What line item is that in your estimates? Can you identify market access in your priority initiatives in the business plan?

**Mr. Bilous:** Yeah. I mean, market access is absolutely something that industry and business leaders have pointed out as critical. They need access to markets. With the Energy minister's \$5 million that's budgeted – obviously, I can't comment on her budget, but it seems, top of mind, that it makes sense. You know, again, energy is one of our sectors that needs to have that market access.

My staff are just looking through the budget at the moment, if there's a specific line item on market access.

I think part of that, you know, fits just within our priorities. Market access: one could make a case that any international travel that I go on is looking at improving access to markets by visiting our international offices and working with the governments of those countries. I mean, that would then fall under my own office's budget line item. As well, looking at our international offices, market access is one of the priorities that our international offices have. Whether it's Ron in Asia or any of our other acting managers, it will be one of their priorities.

**Mr. Panda:** I get that. I appreciate that, Minister.

I also heard from the Energy minister during that estimates review, and she mentioned that during her consultation process with other stakeholders about the royalty review they're getting ideas about diversification related to the energy sector. It could be upgrading, more refining, or producing petrochemicals in the province. These ideas will be given to Economic Development and Trade: that's what she said. She said that your department will develop that into a policy. Minister, I need to ask you: does Economic Development and Trade direct policy that will be implemented government-wide, particularly by Alberta Energy?

**Mr. Bilous:** That's a great question. We are taking the lead, and the development of this ministry is really to take the lead when it comes to economic development, diversification. As was asked earlier, we will – and I do – work closely with the ministers of Energy, Agriculture and Forestry, and Tourism. I can tell you that decisions that we'll make through this ministry will be in concert with my colleagues. You know, quite frankly, many of the decisions will be cabinet-wide decisions to ensure that, again, we're always meeting the mandate and priorities of our government and that we're moving forward cohesively.

**Mr. Panda:** Yeah. I understand this is a very important ministry for your government, but, you know, people are wondering if you have a superministry status like Treasury Board and Finance or Executive Council.

**11:10**

**The Chair:** Thank you, Member, for the question. You've run out of time, unfortunately.

Next in the rotation is Mr. Gotfried. Are you picking up the questions?

**Mr. Gotfried:** I will start with a question, and then I'll turn it over to my colleague.

**The Chair:** Excellent. Will you be going back and forth?

**Mr. Gotfried:** Yes, please.

**The Chair:** Excellent. Thank you. Please go ahead.

**Mr. Gotfried:** Thank you, Mr. Chairman. Mr. Minister, first, I want to clarify that I'll be singing my own song this time, not joining any other choruses, so we'll proceed accordingly with that. For the record my favourite song is *Born to Be Wild*, so we'll just keep that on the record here as well.

I also just wanted to comment on that statement that we absolutely do not hold this government responsible for the price of oil. That is obviously something beyond any of our controls but which we wish we had more control over. But Albertans will hold you responsible for any exacerbation of the problems related to that.

With respect to energy investment and trade opportunities, Minister, with specific interest and reference to TPP, Chinese and other Asian investors, can you tell me who will be responsible for identifying and engaging target stakeholders? If it is your department, what specifically will you be undertaking to maximize investment attraction, and how will you measure success?

**Mr. Bilous:** Okay. Those are all really great questions. Again, I'll start backwards, or start with the last comment, and work my way back through. We're in the process of developing our performance measures, so that's part of it. Again, as I've responded earlier, those will be out with the budget for 2016-17.

As far as my ministry's role, whether it's TPP or international trade agreements, we do and are taking the lead on all of them. Again, as I mentioned earlier, we want to act in Alberta's best interests and look at leveraging successes that we already have, so when we talk about attracting new dollars, the focus will be on our existing sectors like agriculture and forestry and also tourism and then within energy as well.

You know, the term "diversification" does mean looking at sectors outside of energy, but it also looks at ways of adding value either up or down the chain within the energy sector. Conversations with industry as far as opportunities to do that are something that the Energy minister has embarked on, and I'm in the middle of having ongoing conversations with industry, again, to look at ways the government of Alberta can support the private sector, to identify barriers to success, whether that's through market access, whether that's through access to capital, and then ways that we can support industry to enhance that. Essentially, this ministry really is looking at providing supports but being, again, that first entry point for business and industry.

**Mr. Gotfried:** Okay. Your fellow Minister of Energy did make six references to essentially turning a lot of the responsibility for specifically identifying and engaging stakeholders over to your ministry, so I hope that the collaboration there is such that it will maximize that opportunity.

I'd like to turn it over to my colleague MLA Drysdale for some further questions, with your permission.

**Mr. Drysdale:** Thank you, and thank you, Minister, for the opportunity and to your staff. I know first-hand that you've got some great people, pretty qualified, and I know that you're taking advantage of them already. I'm happy to see that this ministry was established as well and your reference to a one-stop shop because I know it's been this in the past, and it still is today. You know, I kind of want to hear your thoughts on this issue of co-ordinating everything because you've got different departments and IIR and industry groups and even other provinces. It's gone on in the past, especially in forestry, where B.C. and some industry groups go over and two weeks later we follow with a different department. You know, there could be a lot of co-ordinating done there. I don't know if that's kind of the idea of what your department is. You know, it works whether it's in agriculture, where you get Alberta Beef Producers or ACC. I know that Agriculture has done a lot of work in China and Asia developing markets, but that's not always co-ordinated with IIR and now your department.

I'm just interested to hear your thoughts on if you think you can co-ordinate that or how you're going to do that. It won't be easy.

**Mr. Bilous:** No. That's a great question. I agree with you that individual ministries have done and continue to do incredible work. I believe that part of the reason that this ministry was created was really not just the one-stop shop for business and industry but also for us to take the lead on co-ordinating, whether it's international trade missions or the work that's being done with specific sectors like Agriculture and Forestry and the Ministry of Energy. That is something that is a priority of ours.

Part of it is at the officials' level. My deputy minister is in constant conversation with the deputy ministers of Agriculture and Forestry, of Energy, of Culture and Tourism to look at co-ordinating these efforts. I appreciate that maybe there were some challenges in doing that, whether it's between IIR and Agriculture or other ministries, but part of our purpose is to do that, to maximize the value of these trips and also to make sure that it's co-ordinated.

**Mr. Drysdale:** Yeah, that's a big job. I know that for industry it opens a lot more doors if they go with the government's senior positions. You know, it's a big job to try and co-ordinate, but hopefully you'll work at it. That's good, with extra value added in forestry as well. The thing is that you go over there and find these new markets. It's been done in the past, but then the challenge is being able to deliver to those markets. We've had sales before that we haven't been able to deliver on, and then that kind of sours us in the international markets.

You know, it's not going to help now with the federal government's new policy about no tankers on the west coast. That's important for Alberta, to get access to the west coast, to get to that Asian market. I don't know now. That pretty near eliminates it. I'm not sure if you've heard of it, but it might be worth checking out a group called G7G. It might be a funny way of doing things, and you'll have to make the decision, but . . .

**Mr. Bilous:** Sorry. Did you say G7G?

**Mr. Drysdale:** Yeah. I know that your Energy minister has talked with them. It's a way around. They go to Valdez in Alaska and Alaska to Northwest Territories. Every aboriginal group has signed on, supported it. Canada might say no to access on the west coast, but they can't dictate what happens on the American west coast. It's actually two or three days closer to Asia from Valdez than it is even from Prince Rupert. You know, just some of your thoughts on how, once you develop these markets, you're actually going to get the products there.

**Mr. Bilous:** That's a very good question. You're absolutely right that that, I'm sure, was one of the challenges of the past and will likely continue to be a challenge. So it's not just, you know, increasing trade opportunities with different markets and different countries; it's also being able to get our product there. Again, I mean, this is what makes me go back to our climate change review panel but, as well, look at working with the federal government. I'm optimistic but interested, as we have a new federal government, to see partnerships that we can create but, again, different opportunities to get the product to market. You know, I agree with you that there is much work to be done also working with our partners provincially and through our territories.

I appreciate your comments about G7G. It's something that I'll definitely look into.

**Mr. Drysdale:** Good. I was, like you, optimistic about the new federal government, but then the first thing they did was come out and cancel all tankers on the west coast.

You know, I've asked this question in the House and just wanted to highlight it again. NADC, Northern Alberta Development

Council: it's been kind of left in limbo there for six or seven months. It's done a lot of great work, and northern Alberta has lots of potential for economic development. I know it might not be fair for you to answer this, but I think it would fit a lot better in your new department than in aboriginal affairs, and I'd just like to hear your thoughts on that. You know, if you're going to end it and be done with it, do it quickly – don't let them die a slow death – or else support them, one or the other.

**11:20**

**Mr. Bilous:** No. I appreciate your comments and even your question in the House on that. I do recognize the value that they bring. I don't disagree that it may make more sense to move it over, so we're having conversations right now with Aboriginal Relations about moving NADC over to my ministry and then, as well, going through and looking at: moving forward, does it make sense to . . .

**The Chair:** Thank you, Minister. You have unfortunately run out of time.

Seeing no members from the Liberals or Alberta Party here, I guess we'll go to the government caucus. Mr. Coolahan.

**Mr. Coolahan:** Thank you, Chair.

**The Chair:** Did you want to go back and forth with the minister?

**Mr. Coolahan:** Yes, please, if it pleases the minister.

**Mr. Bilous:** Absolutely.

**Mr. Coolahan:** We didn't quite get through our last question there, but I think it was answered, and MLA Panda got around to that question as well. I think I'll just move on from that.

Chair, how much time do I have?

**The Chair:** You have 10 minutes.

**Mr. Coolahan:** Prior to being elected, I was a business representative in the utility industry, and I worked closely with workers and with businesses alike. I'm happy to see that the government is stepping up programs such as the job-creation incentive program and the summer temporary employment program, the STEP. These are great business programs, and they help hire new and skilled workers and support growth in small-scale industries. With that said, what is the government doing to reach out to entrepreneurs and small businesses who are finding it difficult to get capital investment and funding support to advance their business projects in this economic downturn?

**Mr. Bilous:** Okay. Well, that's a great question. Thank you for that. There are a couple of different initiatives that we're doing to reach out to small and medium-sized enterprises. First of all, we're trying to consolidate all the information in one spot. You can imagine the enormity of the task of creating a one-stop shop, especially when it comes to web presence. Again, whether it's new entrepreneurs, budding entrepreneurs, those who have experience but want to move their business from a small to a medium-sized enterprise or move it to the point where they can export, I think it's very important that there is one place for them to gather that information. The feedback that I am getting is that in the past they didn't know exactly where to go.

The other thing that's significant is the government or my ministry working with the private sector on creating that ecosystem where there are the mentorship opportunities, where there is, again, one place, whether it's all the funding opportunities or sharing that

knowledge with our entrepreneurs to help them move to the next level. As for specific initiatives: again, the STEP program, as you outlined, is open to small businesses; the microvouchers program, that we've put an additional \$5 million in, will help with new and budding entrepreneurs; and then, of course, increasing ATB's lending limit. A few weeks ago I visited a new business here in Edmonton, that ATB has been supporting for a little while – they've just opened up shop – called the Prairie Noodle Shop. They were quite excited that ATB has increased capacity to lend because, again, one of the biggest barriers for small to medium-sized enterprises is that access to capital.

**Mr. Coolahan:** Thank you.

You know, there's been a lot of talk about businesses fleeing Alberta, which I don't necessarily agree with. How is the government preventing entrepreneurs from taking their ideas to other provinces in Canada?

**Mr. Bilous:** Good question. Part of that, again, is looking at supports for small to medium-sized enterprises. As I've mentioned to other members, the fact is that Alberta is still one of the lowest taxed jurisdictions in the country, so we are an incredible place to start and grow a business. As well, the fact that we have created this ministry, quite honestly, is a huge indicator to the business community that this is a priority of our government and that we're looking at ways to support them.

Again, the increase to the microvoucher and voucher programs is something that small and medium-sized enterprises are quite excited about. You know, when I was down in Calgary with the Premier, announcing the \$50 million increase to Alberta Enterprise Corporation, the room was absolutely packed with different entrepreneurs, venture capitalists, who said quite frankly that had the Alberta Enterprise Corporation not existed, they never would have gotten their ideas off the ground and turned into innovative products or technology solutions.

Again, I'm quite excited that we've moved the innovation arm from Advanced Education. I want to say that, obviously, we value research and development within our postsecondaries and within Advanced Education, and those will still be funded through Advanced Education. But in our ministry we're looking at supporting industry and entrepreneurs in taking those ideas and commercializing them, turning them into business opportunities, which will create jobs and further diversify the economy.

**Mr. Coolahan:** Thank you, Mr. Bilous.

Can you just tell me how the government is specifically supporting rural entrepreneurs? Is there anything specific for them?

**Mr. Bilous:** There is, and part of it is the \$10 million of new funding, that's going to start in 2016-17, that's devoted to community economic development initiatives to augment regional economic development and growth in the province. Again, we are continuing to provide funding for our rural Alberta business centres programs in Camrose, Cold Lake, Hanna, and Rocky Mountain House. The program provides timely, one-on-one advice and information services to rural entrepreneurs and small businesses to assist them in making informed business decisions.

The other thing I would add is, again, the fact that our goal – and this may take some time – is to have that one-stop shop web presence so that if entrepreneurs, regardless of where they live in the province of Alberta, can access the Internet, then they'll be able to find information and supports for whatever their idea is or wherever they are in the process, whether they're a small enterprise or a medium-sized or larger corporation.

We do have several regional economic development staff located across the province, so it's not just forcing entrepreneurs to go online. They can talk face to face with folks if they want. And we're going to continue to fund regional economic development alliances across the province, which facilitates collaborative economic development planning in our regional municipalities.

**Mr. Coolahan:** Thank you, Mr. Bilous.  
MLA Fitzpatrick will carry on.

**Ms Fitzpatrick:** All right. Through the chair to the minister, I have to say that it's really great to see a tabled budget that has a potential to support families and create jobs. I'm interested to know about the internal trade agreement that came into effect some 20 years ago. You've already spoken a little bit about it. The New West Partnership trade agreement is the most comprehensive trade agreement of its kind in Canada. Are there any specific accomplishments that Alberta achieved this year in the partnership with our neighbours in British Columbia and Saskatchewan?

**Mr. Bilous:** All right. I'm just looking for specific examples. I can tell you that the New West Partnership is probably one of the most comprehensive trade partnership agreements that does exist, which has benefited Alberta. The New West Partnership eliminates barriers to trade, investment, and labour mobility and applies to all sectors of the economy. The procurement complaint process enables Alberta, B.C., and Saskatchewan suppliers to bring forward a complaint concerning a procurement undertaken by the New West Partnership public entity. This is not what you asked at all, so I'm just going to stop there and move on.

**11:30**

Business registrants in one province can seamlessly register in other provinces at the same time as their original incorporation. In the past you had a business that would have to incorporate in Alberta. If they wanted to move to Saskatchewan, they'd have to then go register and incorporate there. Because of the New West Partnership, they register once, and all residency requirements between the three provinces are removed.

Open procurement policies with low thresholds help to ensure the best value for our tax dollars. It also creates more opportunities for small to medium-sized enterprises to bid on public contracts, which, again, is important, and we've heard in the past that that's been a challenge and a barrier. There are collaborative initiatives such as the joint purchase of fleet vehicles, and that continues to yield benefits and save taxpayer dollars. The labour mobility provisions allow certified workers to practise their occupation in all three provinces.

**The Chair:** Thank you, Minister. We've run out of time, unfortunately.

Now we turn back to the Official Opposition. Mr. Panda, you're resuming the questions, yes?

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

**The Chair:** Will you be going back and forth with the minister?

**Mr. Panda:** Yes.

**The Chair:** Thank you. You have 10 minutes.

**Mr. Panda:** Yeah. Minister, on setting policy across government departments, as implied by the Energy minister in the estimates review, do you have superministry status like Treasury Board and Finance or Executive Council?

**Mr. Bilous:** Superministry status? I don't know if I've ever heard of that before. I don't know. Does that mean the Minister of Finance gets a cape and a set of tights?

Our ministry is taking the lead on co-ordinating crossministerially when it comes to economic development, diversification, and increasing trade. I wouldn't describe the ministry as being a superministry, but it is within my ministry's purview to co-ordinate with Agriculture, Energy, and Tourism to ensure that, again, we're working together, whether it's about trade, removing barriers, increasing access to markets.

**Mr. Panda:** What tools do you have to implement crossministry policy in other departments?

**Mr. Bilous:** Well, you know, I think, first of all, that if there are any ideas or suggestions, I would take them to cabinet or through cabinet committees, as any other minister would. The intention or one of the intentions in the creation of this ministry was that we do take the lead on that, so that's why the Minister of Energy had said: well, you know, I'll defer to Economic Development and Trade. It's not that her role has lessened at all when it comes to energy policy or looking at working and networking with business and industry. If anything, it's very beneficial to me because she'll share with me which companies and industry leaders she's met with. Again, it's a matter of sharing that information to have a more co-ordinated approach so that it's not happening piecemeal.

The Member for Grande Prairie-Wapiti, I believe it was, had asked me earlier and commented about how at times different initiatives that had taken place with different, specific ministries weren't necessarily co-ordinated. I think that that maybe was one of the challenges of the previous IIR ministry. Again, the fact that the intergovernmental side of IIR has gone to the Premier, which makes the most sense – she is the lead on negotiating intergovernmental relations. What that means is that it frees up my ministry to be able to focus on being the lead and co-ordinating with other ministries.

**Mr. Panda:** Sure. But when it comes to implementing policies, won't those departments resent your interference?

**Mr. Bilous:** Sorry. I'm not following. The interference? I guess I'm just trying to get my head around your question. Are you asking if, let's say, there's a policy that I'd like to implement and the Minister of Energy is opposed to it?

**Mr. Panda:** We're talking about across government departments.

**Mr. Bilous:** Right. Well, the process for cabinet decisions is really one of robust and fulsome debate. We operate more on a consensus-based model of decision-making. That will continue as well, but quite honestly the goals of my Ministry of Economic Development and Trade do align with the goals of the Ministry of Energy and also of Agriculture and Forestry. All of cabinet is quite excited by the fact that we have a ministry focused on enhancing the development of our economy and improving our economic conditions.

**Mr. Panda:** Thank you.

Now, regional economic development boards: I want to talk about that. Let's take a look at line 4, page 76 of the estimates. I'm trying to find the funding for the regional economic development boards. Is that in line 4.4, entrepreneurship and regional development?

**Mr. Bilous:** My staff are just looking right now at the specific line that it falls under. I believe I'm getting indications from my ministry staff that, yes, the REDAs do fall under 4.4.

**Mr. Panda:** Okay. Now, I understand that for some areas of the province there are no regional economic development boards while in others, like in Edmonton, there is an overlap and possibly competing interests. Is that correct?

**Mr. Bilous:** That there's a competing interest between the regional economic development boards and the city of Edmonton?

**Mr. Panda:** In some areas they don't have regional economic development boards, but in areas like Edmonton you have the Edmonton Economic Development Corporation, Alberta's Industrial Heartland Association, the Leduc-Nisku Economic Development Association, Alberta international region. Do you provide funding for all of them?

**Mr. Bilous:** I'll get the ministry to look at that, but I just want to comment on the fact that there are these different boards. First of all, part of my job in this ministry is to look at supports that are available throughout the province to ensure that there are methods and ways for entrepreneurs or budding entrepreneurs, business, and industry to provide feedback to us but also to leverage supports. I will be looking at where our existing ones are and if we need to provide supports to areas of the province that don't have them.

I want to tell you that one of the initiatives I was quite excited about when I wore my old hat as Minister of Municipal Affairs was the fact that the new MGA, which will be tabled in 2016, is moving to a more collaborative approach between different municipalities. The impact that that has on what we're talking about is in looking at ways to make regions more competitive as opposed to just individual municipalities, trying to attract business and industry which will support a variety of municipalities. The heartland is a great example, where you have a number of municipalities that have come together and decided to put aside a significant amount of land in a corridor where they can attract collectively industrial opportunities, which serves the purpose of everyone within the heartland region, rather than just competing with each other individually.

You know, part of my job is to look at ways to support the different regions within Alberta, but at the end of the day, my ministry doesn't decide where a new investment or a new business opens up.

**Mr. Panda:** Okay. Thank you, Minister.

I want to refer to line 4.2, secretariat support. What secretariat is that, and what kind of support do they provide?

**Mr. Bilous:** I am going to get my deputy minister to respond to that.

**Mr. Panda:** Okay.

**Mr. Krips:** Thank you very much, Member. That was the secretariat support to the now dissolved Alberta Economic Development Authority. That's what that particular line is referring to.

**Mr. Panda:** Okay. What's the real difference between the Alberta Economic Development Authority and the Premier's Advisory Committee on the Economy? Just a name change and a rebranding?

11:40

**Mr. Bilous:** No. I'll give my comments, and then I'll get my deputy minister to augment them. The Premier's Advisory Council on the

Economy is really pulling together different representatives of industry, of academia, of labour, not just looking at different sectors but also looking at the different players involved in the different sectors to come together to provide some advice and feedback to the Premier.

The previous economic advisory council: I'll just get my deputy to respond to that. Do you want to just talk about their mandate and what they did?

**Mr. Krips:** Certainly. Thanks, Minister. Thanks, Member and Chair. The previous authority itself had a lot more robust staff behind it, a lot more of a secretariat response, where they would be tabling reports. The Premier's Advisory Council on the Economy is much more for the Premier and ministers to seek the advice of the business community and to do so on a regular basis but without any tabling of reports. Basically, the group they've assembled has expertise in energy, utilities, health care, academia, unions, culture, business, and not-for-profit and is a far broader representation than the former Economic Development Authority, whose membership was larger. There's a much better representation of Alberta as a whole in the Premier's Advisory Council on the Economy.

**Mr. Panda:** Okay. Thank you.

Now I want to refer to line 4.1, page 76 of the estimates, program delivery support. Last year you spent less than half of your allocation, and this year you're down about \$2.5 million.

**The Chair:** Member, your time is up, unfortunately. Thank you.

Now we turn to the third party. Mr. Gotfried.

**Mr. Gotfried:** Thank you, Mr. Chairman.

**The Chair:** Will you be going back and forth with the minister, sir?

**Mr. Gotfried:** We will, sir. Thank you. Thank you, Mr. Minister. We'll proceed this time without any musical accompaniment.

A couple of questions with respect to some of the issues that were raised by some of the other members. We have fairly robust economic development groups both in Calgary, Calgary Economic Development and the regional group there, and I'm assuming there's also a regional gathering here in Edmonton as well. Having worked at Calgary Economic Development myself for a couple of years, I know there was occasional frustration with a long-planned mission and then finding out a minister is going three weeks before or three weeks after, et cetera. I'd like to hear, you know, in terms of your engagement with those organizations and the other regional ones that were spoken of here, how we can ensure that Alberta is robustly represented in really building that Alberta brand not only across the geographical areas but also across the sectors, which you've talked about as well, which I think is very important.

**Mr. Bilous:** That's a great question. You know, quite frankly, I've had conversations with both the Edmonton and Calgary boards, and I do think that they provide an extreme value. You know what? I take your suggestion to heart in that they need to be aware of trips that we have planned, not as trade partners but potentially coming with us on a trade mission, and also to be aware of what the government of Alberta is doing and, again, the focus of our trades or the fact that we have missions coming up.

I can tell you that one of my roles is to begin and to continue ongoing conversations with the different partners, different organizations that represent industry and business. Like I said, I think it's a great idea to have conversations with them on planned trips to see, again, how we can support them or if they have feedback for us.

**Mr. Gotfried:** Great, Minister. Yeah, I think it's most important not to have that conflict when you're doubling up on efforts or undermining each other in many cases as well. I'm glad to hear that as well as your reference to some of the bilateral trade organizations, which I've had quite a bit of involvement with myself. There are some great people and some great bridges that have been built already, and I hope you'll take advantage of those.

One of my other questions. Being a Calgary MLA, I know that there is a small economic development and trade office in Calgary, which has not always been, I guess, elevated to the status that we in Calgary would hope it to have. Can you comment on what the status of that office is and whether it's going to be enhanced, strengthened, or relegated still to small branch office status?

**Mr. Bilous:** First, before I turn this over to my deputy, who has more information, I do want to acknowledge and recognize, obviously, the importance that the city of Calgary plays as far as economic development within the province of Alberta, and it is absolutely a priority for our government. Now, as you mentioned, we do have an office there, and I'll get Jason to comment at least on the role that they played up until now, which is before my time, but as well to outline the importance that we are placing on our presence in Calgary.

**Mr. Gotfried:** You have some great staff there. I have to say that.

**Mr. Krips:** Thank you very much, Minister, Member. You're absolutely right, Member, that we have some excellent staff. I was actually down visiting with them. I think it was shy of just over two weeks ago. I did a tour, had some really good engagement in terms of what they're working on. They're very excited to actually be part of this new ministry. You can sense and feel the excitement in them. They are actually actively, a number of them, working on some trade missions as we speak, with a number of companies from the energy sector, from the service sector. We're going to make sure that we as a whole, as a ministry, leverage their skill sets, their expertise very well and, back to the minister's comments earlier, under his leadership and direction make sure that we're working with Calgary Economic Development and others, which we've had some really good conversations with.

You know, we're going to make sure that the province as a whole is covered with the right expertise and that we are doing the support mechanisms to the companies. I can tell you first-hand, after talking with our Calgary staff a couple of weeks ago, that they are very excited about being a part of the new ministry, and they're doing some great work with our sector down there.

**Mr. Bilous:** The last little comment I want to make, Mr. Gotfried, is that I think part of, again, the purpose of having this one-stop shop is to be able to co-ordinate with all of the different advisory panels, economic groups, the chambers so that really we are all on the same page moving forward. I think that's one of the advantages of having this ministry.

**Mr. Gotfried:** I would say that with the Calgary office I guess I would encourage you to increase its robustness in some respects. I think that companies need to learn to come up the highway a little bit more often but vice versa as well. So thank you.

Just moving on in a slightly different vein, one thing we haven't specifically had a chance to talk about – and it's sort of a bit of minutiae – is some of the opportunities around air cargo, which are fairly new opportunities in both Calgary and Edmonton, specifically with the Asia Pacific market. I was in the airline business myself, and one of my former employers is flying into Calgary on a cargo basis, so I have a little bit of background on that.

I'd like your comments on some of the opportunities that we are able to leverage with respect to air cargo, number one, but also on your role in trying to assist the Calgary and Edmonton airports in attracting passenger services in the future.

**Mr. Bilous:** Absolutely. I'm glad you've asked that. I have had some really exciting conversations with Minister Eggen on exactly this. Of course, you're well aware of the announcements that Air China has made. As well, I've had conversations already with Mayor Iveson, Mayor Nenshi, and the Edmonton Regional Airports Authority as far as looking at expanding our opportunities. Quite honestly, you know, I don't want to pre-empt myself, but I think that we do have really exciting opportunities to increase trade, especially with China, with these new flights and recognize that we need to work with and support the airports, the airport authorities, the two different cities, and then, obviously, our partners internationally.

**Mr. Gotfried:** That's great to hear. I mean, I know that both those services are using us as a transit/incremental revenue stop, but any more we can do to show them that we are really generating that incremental revenue gives us a much greater standing and, I think, portends opportunities in the passenger side as well, which I hope you'll continue to pursue.

We talked a little about some of the bilateral trade organizations, of which there are many, some effective, some not so effective. Can you maybe identify some of those ones that you've identified – and probably your staff is more familiar – with respect to those that are strong entities to work with to enhance trade, specifically to some of the areas that are mentioned in your sort of higher trade destination or export destination markets?

**Mr. Bilous:** Yes. For this I will defer to, first, my deputy.

**Mr. Krips:** Perfect. Thanks, Minister. Thanks, MLA Gotfried. We are a part of PNWER, Pacific Northwest economic trade agreement – and I don't have that name quite right – and certainly we're actively looking at whether that's a vehicle that provides benefit to Albertans. There are a number of other CSG offices, Council of State Governments: west, east, central. We have been in the past, through the former international and intergovernmental relations, a part of those mechanisms as well. We also have the trinational accord, which is an agriculture-based organization, with Canada, Mexico, and the United States.

**Mr. Gotfried:** How about more specifically in the Asia Pacific region? And some of these are not governmental. They're nongovernmental bilateral trade associations. That may be more specific.

**Mr. Krips:** Right. For example, I know that we have worked closely with the Canada Wood association, that's done a number of missions and has some presence in Japan, Canada Wood Japan, and a few others. So we actively, continually look at the right balance to be a part of these organizations and make sure that we are getting value for dollars. We are in that process right now.

*11:50*

**Mr. Gotfried:** Okay. I guess I would encourage you. I mean, there are some others – you know, the Canada China Chamber of Commerce, Hong Kong-Canada Business Association, and those other ones – some, again, more effective than others but some good bridges there and opportunities, I would suggest, as well.

Minister, just to change course here a little bit, I just wanted to ask you to what extent this government may institute, defend, or

support trade policies that may impact union workers and jobs in Alberta.

**Mr. Bilous:** Okay. I'm not quite sure I understand where you're going with this. I mean, obviously, any trade agreement that we're looking at: we want to ensure that it's going to be in the best interests of Alberta and Albertans. You know, when we talk about the northwest partnership, that agreement has incredible mobility for labour, which has actually opened up doors and removed barriers for certified folks from one province to the next, so I do see the benefit of that.

**Mr. Gotfried:** Okay. That's probably good news because maybe one day we'll need more workers again.

Could you also please describe how you plan to build on or address the strengths and weaknesses of Invest-Tech, which I understand was formerly the Alberta deal generator program, and maybe update us on the plans for 2015-16 and beyond?

**Mr. Bilous:** I would love to ask one of my staff to provide you with that.

**Mr. Gotfried:** Good. Thank you, Minister.

**The Chair:** You will not be able to, unfortunately. We're out of time.

**Mr. Gotfried:** Oh, there we go. Saved by the bell, Minister.

**The Chair:** Just a little bit sooner.

I don't see any members of the Alberta Liberal Party or independents here, so the next rotation will be Ms Fitzpatrick. Thank you very much. You have seven minutes and 49 seconds. Would you like to go back and forth?

**Ms Fitzpatrick:** Okay. Back and forth.

**The Chair:** Yes. Thank you. Go ahead.

**Ms Fitzpatrick:** Thank you very much, Chair. Alberta is taking a strong step to guarantee access to international markets and playing its part to improve environmental standards. In my eyes, that's pretty obvious. We need to have a clean environment and strong, vibrant business, obviously. I'm happy to see that the tabled budget caters to both ends. I'm excited to hear about our government's representation in the upcoming UN Climate Change Conference. On that same note, how is this new ministry going to support international trade negotiations?

**Mr. Bilous:** Great question. I think, first and foremost, that through our international offices, that act as centres in the various countries that we're in, we'll be taking the lead on that. I can tell you that, you know, there's been a lot of discussion in recent months about removing – no, that's internal barriers. I'm looking for international.

As you've mentioned, Alberta is a trade-focused province, and we support the responsible growth for trade opportunities for export sectors. We participate in Canada's international trade agreements, and I can tell you that in the recent discussions of the TPP we did have one of our Alberta representatives present, although I'd have to clarify that. But the TPP was negotiated only country to country, so provincial representatives were in a different room, would get briefed, but weren't actually at the negotiating table, so to speak.

Our ministry works with other government departments, Alberta industry, and stakeholder groups to identify priorities in each negotiation as well as any sensitivities that need to be addressed.

Again, this speaks to earlier questions as far as this ministry co-ordinating with my colleagues, whether it's Agriculture and Forestry, Energy, et cetera.

Also, one of our goals is to ensure that federal government negotiators are aware of our interests through correspondence, in-person meetings, and, obviously, attendance at negotiating sessions. As you can imagine, because our federal counterparts have just recently been sworn in, I'm giving them a little time to get their feet on the ground before we look at setting up meetings with them.

**Ms Fitzpatrick:** Okay. Can you tell us about any recent negotiations?

**Mr. Bilous:** Yes, I can. I mean, as you are probably aware, the TPP negotiations concluded on October 5 of this year. Again, as I mentioned earlier, it's a wide-ranging agreement that we need to review in detail before coming out with a position on that and looking at the overall consequences for Albertans, which, again, is my primary focus.

The conclusion of the Canada-EU comprehensive economic trade agreement negotiations, or CETA, was announced in August of 2014, and a negotiated text of the agreement was released in September of last year. It is expected that CETA will be ratified and come into force sometime next year or in 2017.

We participated in negotiating sessions for both of the agreements and had meetings with the federal government, other departments, and stakeholders throughout the negotiation process. Obviously, our role is to continue to work with the federal government, especially on negotiations and trade agreements that are happening at a federal level, but with the specific focus of bringing the Alberta lens to the trade agreements.

**Ms Fitzpatrick:** How do you think the recently concluded trade negotiations affect specifically our provincial policies and the right to regulate public interest?

**Mr. Bilous:** First of all, my ministry, obviously, is focused on Alberta. Now, you know, when we're looking at your question, the right to regulate in the public interest, the province can take whatever measures it decides appropriate in public policy areas such as measures related to First Nations, health, education, other social services without being limited by trade agreement provisions, which I think is very important. Primary obligations in a trade agreement are to not discriminate against foreign goods, services, or service suppliers as well as foreign investments and investors. Alberta's existing laws and regulations are already consistent with these obligations. All parties to the trade agreements are subject to the same obligations and are able to provide the level of public service that they feel is appropriate.

Alberta measures related to health, education, other social services as well as our environment and labour measures have never been the subject of complaints under international trade agreements or questioned by any of our trading partners.

**Ms Fitzpatrick:** Okay. I'm going to pass it over to MLA Coolahan.

**Mr. Coolahan:** Sure. Thank you. Minister Bilous, in March 2015 the Auditor General's report repeated its recommendation from October of 2008, the international office performance recommendation. The Auditor General's office said that the ministry should "improve the processes management uses to evaluate the performance of each international office." As such, is the government considering the report? What steps has the government of Alberta taken to manage the performance of the international offices?

**Mr. Bilous:** That's a great question. I'm glad that you asked that, to be honest. You know, our ministry is taking the AG's report very seriously and has been working with the office of the Auditor General to effectively improve our systems and processes to ensure that we meet that mandate. The AG's recommendation for performance measurement and monitoring of international offices is actually quite complex, and there are several different layers to it, but we continue to work towards fully and completely implementing the recommendations. We've taken significant steps already to improve performance measurement and monitoring, and these include creating a client service charter and implementing a client service management system. That's in part also to provide focus to our international offices as far as what services we as the government of Alberta expect them to deliver but also to provide them with more focus so that they can meet the objectives of our ministry and of our government.

We're going to be in a position to invite the office of the Auditor General back for a follow-up audit in the winter of 2016 and

subsequently report the completion of the recommendation likely in the spring of 2017.

**The Chair:** Thank you, Minister.

Unfortunately, I apologize for the interruption, but I must advise the committee that the time allotted for this business has now concluded.

I want to thank the minister and his staff for a very productive meeting and also take the time to remind you that any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

I would remind committee members that we are scheduled to meet tomorrow at 9 a.m. to consider the estimates of Advanced Education.

Thank you, everyone. This meeting is now adjourned.

[The committee adjourned at 12 p.m.]









