



Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on
Alberta's Economic Future

Ministry of Economic Development and Trade
Consideration of Main Estimates

Monday, April 10, 2017
7 p.m.

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The 29th Legislature
Third Session**

Standing Committee on Alberta's Economic Future

Sucha, Graham, Calgary-Shaw (ND), Chair
van Dijken, Glenn, Barrhead-Morinville-Westlock (W), Deputy Chair

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Coolahan, Craig, Calgary-Klein (ND)
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Also in Attendance

Panda, Prasad, Calgary-Foothills (W)

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|------------------------|--|
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Standing Committee on Alberta's Economic Future

Participants

Ministry of Economic Development and Trade

Hon. Deron Bilous, Minister

John Brown, Assistant Deputy Minister, Science and Innovation

7 p.m.

Monday, April 10, 2017

[Mr. Sucha in the chair]

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

The Chair: Good evening. I'd like to call the meeting to order and welcome everyone. Before we start, I would like to recognize that this meeting is commencing on official land of Treaty 6. The committee has under consideration the estimates for the Ministry of Economic Development and Trade for the fiscal year ending March 31, 2018.

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

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

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

Mr. Schneider: Dave Schneider, Little Bow.

Mr. Orr: Ron Orr, Lacombe-Ponoka.

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

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

Mr. Bilous: Deron Bilous, MLA, Edmonton-Beverly-Clareview, Minister of Economic Development and Trade. On my left is Sonya Johnston, my assistant deputy minister for strategic policy and corporate services. To my right is Jason Krips, my deputy minister. To his right is Emily-Anne Paul, my chief of staff.

Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

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

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

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

Mr. Dach: Lorne Dach, Edmonton-McClung.

Mrs. Schreiner: Good evening. Kim Schreiner, MLA for Red Deer-North.

Ms Fitzpatrick: Good evening. Maria Fitzpatrick, MLA, Lethbridge-East.

Mr. Piquette: Hi. Colin Piquette, MLA for Athabasca-Sturgeon-Redwater.

The Chair: Excellent. Thank you.

Please note that the microphones are operated by *Hansard*, and the committee proceedings are being audio and video live streamed. Please set all your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. Before we proceed with the consideration of main estimates for the Ministry of Economic Development and Trade, I would like to review briefly the standing

orders that govern the speaking rotations. As provided for in Standing Order 59.01(6), the rotations are as follows. The minister or the member of Executive Council acting on the minister's behalf may make opening remarks that do not 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 members of any other party represented in the Assembly or any independent members and the minister may speak. For the following 20 minutes private members of the government caucus and the minister may speak. For the time remaining, we will follow the same rotation as just outlined to the extent possible; however, 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 rotations are limited to 10 minutes at any one time. The minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of up to five minutes, once again the minister and a member may combine their speaking times for a maximum total of 10 minutes. Discussion should flow through the chair at all times regardless of whether or not speaking times are being combined. Members are asked to advise in advance, before they begin speaking, if they wish to combine their time with the minister's. If members have any questions regarding speaking times or rotations, please feel free to send a note or speak directly to either the chair or the committee clerk about the process.

Three hours have been scheduled for consideration of the estimates for the Ministry of Economic Development and Trade. With the concurrence of the committee I will call a five-minute break near the midpoint; however, the three-hour clock will continue to run. Does anyone oppose having a break? I see none.

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

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if you are called upon, have access to a microphone in the gallery area. Ministry officials are reminded to introduce themselves prior to responding to any question. We will have pages available to make deliveries should any notes or other materials need to be passed between the gallery and the table. Members' staff may be present and seated along the committee room wall. Space permitting, Official Opposition caucus staff may sit at the table; however, members have priority seating at the table at all times.

If debate is exhausted prior to three hours, the ministry estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn. Otherwise, we will adjourn at 10 p.m.

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.

Again I will remind all meeting participants to address their questions and responses through the chair and not directly to each other.

The vote on estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 19, 2017.

If there are any amendments, an amendment to an estimate cannot seek to increase the amount of the estimate being considered, change the destination of a grant, or change the destination or purpose of a

subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on amendments is deferred until Committee of Supply convenes on April 19, 2017. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are being moved. Twenty copies of amendments, including the original, must be provided at the meeting for committee members and staff.

Now, with that being said, I will invite the Minister of Economic Development and Trade to begin with his opening remarks.

Mr. Bilous: Thank you, Mr. Chair, and good evening, everyone. I'm pleased to be here with my esteemed colleagues and committee members to discuss the budget for the coming year for Alberta Economic Development and Trade, and I want to again thank you all for joining us here on traditional Treaty 6 territory and Métis lands.

As you all know, our government launched the Alberta jobs plan last spring with a focus on diversifying the economy, supporting Alberta small and medium-sized businesses, encouraging investment and market diversification, strengthening education, and supporting families and communities. Over the past year my ministry has played a key role in implementing the plan. I'm pleased to say that our jobs plan is working. It's creating jobs for Albertans and helping us get back on our feet.

As we move into year 2 of the Alberta jobs plan, my ministry will continue to be a focal point of the plan. By continuing to focus on diversifying the economy, supporting Alberta's small and medium-sized businesses, and encouraging investment and market diversification, we expect to see an even better return on our investments this year. In year 2 we will continue to focus on diversifying the economy. Our overdependence on one commodity has left us at the mercy of the price of oil, and the last few years of the economic downturn have made that abundantly clear. Going forward, we will continue to support the programs and services that help our job creators, Alberta businesses, to create jobs, grow, and diversify our economy.

For example, last December government passed the Investing in a Diversified Alberta Economy Act, which allowed the establishment of the capital investment tax credit, or CITC, and the Alberta investor tax credit, AITC. Together these tax credits provide Alberta's entrepreneurs greater access to the capital they need to drive innovation, diversify our economy, and create new jobs. By encouraging investment in capital projects and new products and services, the tax credits offer increased opportunities for more economic activity, diversification, and employment growth. Tax credits like the CITC and AITC already exist in many Canadian provinces and have been strongly endorsed by local business leaders, chambers of commerce, and multinational corporations.

According to the department's economic modelling the CITC is expected to support approximately \$700 million worth of investment, 2,200 to 4,600 direct and indirect full-time equivalent jobs, and \$10 million to \$40 million worth of exports. We also expect that the AITC will create 2,200 to 4,400 jobs over the length of the program, and we project it will increase GDP by \$200 million to \$500 million over the period of the program.

The project includes agrifood processing capacity development, which is intended to support the expansion of the Sherring Business & Industrial Park, a \$360 million initiative undertaken by the city of Lethbridge. This expansion will help better support the continued growth and development of the agrifood cluster in the region and the recent Cavendish Farms investment. This expansion will also enable the increased utilization of available capacity at the city's water and waste-water facilities that have been designed with the

needs of food processors in mind. Introducing these measures now, when businesses are facing challenges, will make Alberta more competitive in attracting and retaining investments while creating much-needed jobs.

Government will also continue its investment in the community and regional economic support, or CARES, program. PeerSpark is a program that brings together like-minded women to explore strategic planning for growth in business operations. It includes intensive leadership development and business skills development in a facilitated peer group setting. The program will introduce entrepreneurs to new networks and resources such as innovation and technology, grant programs, trade commissioners, trade missions, and supplier diversity. AWE will run four cohorts for northern Alberta businesswomen, with programs starting this month, April 2017, in November of this year, and in April and November of 2018. The program encourages local and regional economic development capacity and strengthens local approaches to improve economic conditions.

7:10

To date government has announced a number of successful projects from the first intake that will benefit rural and northern communities. These include the county of Grande Prairie, that was successful in its application for approximately \$120,500 to support their growth and economic development strategy. Their strategy will include an analysis of the current drivers and inhibitors of growth within the county and neighbouring communities and identify actions to provide greater opportunity for the development of existing communities within the county. Alberta Women Entrepreneurs was successful in their application for approximately \$100,000 to run four cohorts of a PeerSpark program for northern Alberta businesswomen. The Economic Development Lethbridge society was successful in its application for \$1 million to support the agrifood processing development project. These investments are helping to ensure we continue to build a sustainable, resilient economy.

The second area of focus for my ministry is providing support for Alberta's small and medium-sized businesses, or SMEs. Small businesses are essential to our economy and in Alberta have a bigger economic impact per capita than small businesses anywhere in the country. More than 95 per cent of all businesses in Alberta are SMEs. They provide jobs so that hundreds of thousands of Albertans can earn a living for themselves and their families, and they inject about a hundred billion dollars a year into our hometowns and neighbourhoods.

Government supports Alberta businesses in a variety of ways. First, effective January 1 of this year we reduced the small-business tax by 33 per cent, from 3 to 2 per cent, to help support businesses and the economy during the current downturn. The tax reduction will mean a savings of \$185 million for small-business owners in 2017-2018. I will add that Alberta has the second-lowest small-business rate in the country.

In addition, under the Alberta jobs plan \$10 million has been allocated toward the two-year Alberta entrepreneurship incubator program. Incubators play a critical role in supporting small businesses, resulting in significant direct and indirect job creation. Business incubators and accelerators are a recognized approach to strengthening the local innovation ecosystem and the economy, creating good jobs in communities across Alberta. The AEI program is an investment in future technology and entrepreneurial capacity. It helps create conditions for additional job creation by leveraging the entrepreneurial spirit of high-calibre human resources in the province.

To date government has invested in several incubators to help areas of the province thrive, including the Apex incubator, which will receive more than \$342,000 over two years to increase entrepreneurial activity in southeastern Alberta, and the Community Futures incubator, that will receive \$400,000 over two years to support entrepreneurs and small businesses in northwestern Alberta.

In addition, in November 2016 we consolidated the four Alberta Innovates corporations into a single integrated interdisciplinary entity. The AI corporation is taking a more integrated and outcomes-focused approach to meeting the needs of innovators and researchers, whether they hail from academia, established sectors, or small business. This change provides Albertans with one organization to work with to meet their needs and aligns with government direction and focus on Alberta's strengths in environment, energy, food, fibre, bioindustry, and health.

In 2016-17 EDT provided Alberta Innovates with almost \$170 million in base funds, and AI invested approximately \$303 million in research and innovation. In 2017-18 EDT will provide an estimated \$176 million in base funds, and AI plans to invest approximately \$286 million in research and innovation. With these and other investments Alberta will continue to be the best place to start a business, build on innovation, and get a new idea off the ground.

Our third area of focus for this year is encouraging investment and market access. While our efforts in diversification and business supports will help ensure a strong economy for the future, we can and will do more to help Alberta businesses line up buyers for their products and services around the world. Alberta is a trade-focused province, and our government is taking action to open new markets for Alberta goods and services.

Alberta continues to support initiatives to reduce and eliminate barriers Alberta businesses may face in domestic and international markets. Enhanced market access improves opportunities for Alberta firms, supports good jobs for Albertans, and helps diversify our economy. We are working on this in a number of ways, including through leadership on the environment, showing respect for indigenous peoples, and working with other governments across Canada.

Diversifying our economy, broadening the province's client base, and expanding transportation infrastructure will also help get Alberta products to market. Alberta will continue to work with other provinces and the federal government to ensure that trade agreements allow the province to continue to act in the public interest with respect to labour, health, social services, and the environment while getting the best deal for Albertans.

Our international missions will also continue. These missions are essential to establishing relations with foreign governments and businesses that place a high value on government involvement in their trade and investment initiatives.

The Chair: Sorry to interrupt. Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Would you like the timer set for 20-minute intervals so that you're aware of the time?

Mr. Panda: Sure.

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

Mr. Panda: Yeah, if it is okay with him.

Mr. Bilous: Absolutely.

The Chair: All right. Please proceed.

Mr. Panda: Good evening, everyone. Thank you, Minister, and thank you to all your hard-working staff that make you look good every day. Welcome, everyone.

Minister, I'm going to start off with the Alberta Innovates Corporation because that's the largest line item in your budget estimates, almost \$176 million. On page 86 of the estimates line 4.5 talks about the grants for Alberta Innovates. These are up \$6.6 million over last year but down by \$10.28 million over two years. I would think that Alberta Innovates would like stable funding. Why the variation, and what cost savings were found additionally if you can quickly mention?

Mr. Bilous: Sure. Thank you for the question. Alberta Innovates: its increase from the '16-17 budget forecast to the '17-18 estimate is about a 4 per cent increase. That's due to a \$7.4 million increase in grant funding provided to AIC, the Alberta Innovates Corporation. In '16-17 the Alberta Innovates Corporation used its cash reserves to offset this \$7.4 million. So a \$1.2 million increase in grant funding for the biofutures, bioindustrial grants, but there was also a \$2 million savings resulting from the consolidation into one corporation.

Mr. Panda: Thank you.

Line 4.5: is there \$10 million in here to fund the Alberta carbon conversion technology centre, the Shepard Energy Centre in Calgary, or did that come out of last year's budget?

Mr. Bilous: No. That \$10 million came out of this year's budget. If I can just say that, again, this is a project where true collaboration existed between the province of Alberta, the government of Canada, but also COSIA. That's actually, Member, line 7.1, innovation and technology, under capital grants, which is on page 86. That was the \$10 million to help fund the carbon conversion technology centre, which, of course, is very, very exciting. This is a facility that is commercializing technology that's already been proven. There are a number of companies that are in there all competing for an Xprize.

We partnered not only with COSIA to help with the construction and operation of this facility but also as far as dealing out Xprize grants. I can give you one quick example that's very, very exciting. It's a company that is taking carbon and injecting it into concrete. What that does is increase the strength of the concrete by about 30 per cent. It's actually green in that it reduces the footprint, but it's also cheaper to produce the concrete. This facility will help companies prove or commercialize their technology, and it's based on the Shepard facility. This is a real-life project, not just, you know, lab testing a product's viability.

Mr. Panda: It's good information, but how does this project differ from a privately funded \$9 million plant in Squamish, B.C., that also captures about one tonne of carbon dioxide per day and turns it into calcium carbonate? Are you aware of that?

7:20

Mr. Bilous: Sure. This is not capturing carbon. This is taking carbon and turning it from a waste into a product that can be used. There are a number of companies that have qualified to be in this centre. It was actually the four quarter-finalists for the Xprize. What they are doing is finding new, innovative ways to use carbon. Essentially, this is cutting-edge technology. In fact, there's only one other facility that exists in North America that's doing this, and it's in the U.S. What they're doing is taking carbon off a coal-fired facility. We're taking carbon off a natural gas facility in Calgary.

Again, you know, I really want to stress that this is a project that is a true partnership. The government of Alberta put in \$10 million, the feds put in \$10 million, and COSIA has also put in money. This

is a real opportunity for Alberta to once again be at the cutting edge, using technology to take carbon and turn it into something useful.

Frankly, when I was making the announcement, I drew a comparison. When you look at Alberta and how we've been on the cutting edge, this is no different than the technology that we developed to use steam to extract bitumen, you know, that's mixed with sand – you're very familiar with this, being an engineer – and similar to the fact that fracking technology was developed here in Alberta. This really does place us at the forefront, and I'm quite excited that, again, Alberta and Albertans are using innovation to take a waste product and turn it into something valuable which can be commercialized.

The impact of this is not just in Alberta. Around the world there is carbon that is being emitted from different types of energy processes. We can develop solutions and uses for carbon here in Alberta that, frankly, will be in demand world-wide. So this is really cutting-edge technology and putting us once again at the forefront.

Mr. Panda: Thank you, Minister.

Now, somewhere in that \$176 million, I mean, there is an Alberta entrepreneur incubator program for \$10 million over two years. Minister, can you tell me where these business incubators are being placed all across Alberta?

Mr. Bilous: Yes. We're just looking for it, but I can speak to a couple. There's one down in Medicine Hat, that the Premier announced I think a couple of months ago. What we know is that businesses that have the support of incubators – in an incubator they're not only getting some assistance, some monitoring assistance, or a place to have and set up shop, but incubators and companies that go through incubators have a much higher success rate. In fact, they have a growth rate of I believe the number is about 25 per cent as opposed to companies that aren't in incubators. I think their average is about 5 per cent.

Mr. Panda: I get that, but where are those incubators going to be in Alberta, the different places? Can you identify the locations, please?

Mr. Bilous: Yeah. We have incubators that will be in Medicine Hat, Edmonton, Calgary, Red Deer, Lloydminster, and when I was up in Grande Prairie, I announced that incubator.

Mr. Panda: Thank you.

How much of line 4.5 is for incubators this year? We felt that that's being hidden somewhere, delivering this incubator program through Alberta Innovates and not through the department.

Mr. Bilous: Right. For '17-18 our estimation is \$5 million out of this year's budget.

Mr. Panda: Can you table in the House a list of all the programs that Alberta Innovates offers for Albertans?

Mr. Bilous: Well, that's a number of programs. I mean, I'm happy to speak to them. Alberta Innovates is one of the arms that we use to deliver programs, so Innovates does a number of things. I know you had started off, Member, by talking about the Alberta Innovates budget, which is significant. What I do want to highlight out of that is that, one, all of the research dollars or researchers for our universities and postsecondary institutions are funded out of Alberta Innovates. So a significant number of staff are paid for through Alberta Innovates. They don't necessarily work for Alberta Innovates, the researchers in our postsecondaries, but they are funded through Alberta Innovates. A lot of people don't know or

assume that Advanced Education funds these research positions. It's actually funded through Alberta Innovates.

I mean, there are a number of programs that we deliver from the sensory motor adaptive rehabilitation technologies, or SMART. Their members have been working together since 2009 at the university. It crosses over disciplines with engineering, medicine, rehabilitation, computing science . . .

Mr. Panda: So, Minister, there may be a long list. That's why I asked if you could table that later on. That would be helpful.

Mr. Bilous: I can, yes.

I can tell you that in July of '16 Alberta Innovates approved about \$13 million in funding for 61 projects by researchers and companies. The grants for the development of that example of new industrial by-products or technologies are using Alberta agriculture and forestry by-products or other biomass.

Mr. Panda: Yeah. Thank you. If I can get the list of those companies, that would be great.

On page 86, line 4.5, grants to Alberta Innovates Corporation, can you please detail the breakdown of this year's funding to the four branches of the Innovates corporation: Bio Solutions, Health Solutions, Energy and Environment Solutions, and Technology Futures?

Mr. Bilous: As my officials are just pulling that up, again, we consolidated the four Innovates corporations into one this year. So it's through Alberta Innovates and through their budget that they look at the breakdown of how the four original corporations were funded. Again, this year we're tabling funding of \$176 million to the different ones. I can tell you that \$71 million comes from the Alberta Heritage Foundation for Medical Research endowment fund and \$35 million from the Heritage Foundation for Science and Engineering Research endowment fund.

Keep in mind that Alberta Innovates also leverages dollars from the federal government as well as from industry, so on many of the projects they go out and, again, try to leverage and collaborate with business. I can tell you that the direction that we are taking Alberta Innovates is that we want to leverage our dollars as much as possible.

Mr. Panda: So out of that \$176 million, can you say how much is for Health, how much is for Bio, how much is for Energy and Environment, and how much is for Technology Futures?

Mr. Bilous: We can get you the breakdown. I'll call up my ADM for science and innovation to supplement my answer, but I just want to say while he's coming up to the microphone that Alberta invests more per capita in innovation than any other province across the country. One of my frustrations is that in the past Alberta has done a poor job of leveraging federal dollars. If you look at what the Alberta provincial government invests compared to the federal government, the province invests the majority of it, the federal government a tiny amount. You take a province like Ontario and it's inverted; the federal government funds their innovation system significantly while the province of Ontario puts in a much smaller amount. So one of the things that we're focused on is doing a much better job leveraging federal dollars.

I can tell you that there are a number of examples. I mean, the U of A and the U of C were just approved for – was it \$125 million over five or eight years? John may have that. But a significant amount of money that we are trying to leverage is – as you know, while the federal government announced in their budget the supercluster funding, which is \$800 million, they haven't given

specific details yet on how that's going to work, but I can tell you, Member, that the Minister of Advanced Education, the three university presidents, and I were down in Ottawa about a month ago, and we got in front of five federal cabinet ministers to talk about Alberta's innovation system.

So not just funding, but what we're also trying to do with Innovates is drive toward outcomes-based programming, as opposed to just: what are the dollars that go into it?

7:30

Mr. Panda: I appreciate that you're trying to leverage the maximum and you're trying to get the best outcome. I have some questions on that.

I think your staff wants to . . .

Mr. Bilous: Yeah. Please, John.

Mr. Brown: Thank you, Minister, Chair, and Member. For the nominal breakdown, Chair, of what would have been the previous four corporations in terms of how Innovates is planning this next business cycle I will let you know as follows. The previous Alberta Innovates: Health Solutions had a portfolio of work. That work that will continue in the new Innovates corporation will be around \$71 million. That's what they're planning. The former AITF, or Alberta Innovates: Technology Futures, programming: the planning around investments in those areas of endeavour is around \$65 million. The Energy and Environment Solutions programming will be around \$28 million, and the Bio Solutions programming will be around \$12 million. I think that adds up close to \$176 million and change.

Mr. Panda: Thank you.

Mr. Bilous: If I can just supplement real quick, Member, keep in mind that with the four AI corps in the past you had Technology Futures, which was separate from the other three. Tech Futures is really the commercialization arm of the corporation. The challenge before is that you had, you know, people – let's just say that someone comes up with a new widget that's in the agricultural sector. They might start off in ag, but when they're looking at commercializing their idea, they get sent over to Tech Futures.

Essentially, by having the one corporation, we are making it much more efficient. Again, you know, in the past we had four different CEOs for the four corporations, which was a significant amount of money. In fact, their salaries averaged about \$500,000. Now we have one CEO for Innovates. There are efficiencies within the system that we found by consolidating the four.

Mr. Panda: Thank you.

From the information your deputy minister just gave, Health Solutions will be the largest funded corporation out of the four branches. It's \$71 million. One of the expenses at Health Solutions is health research ethics harmonization. Last year this was half a million dollars, and this year it is supposed to be \$750,000. How many people work in that business unit, and how many full-time equivalents does Health Solutions employ to work on the ethics harmonization?

Mr. Bilous: I believe I'm going to have to get back to you on that specific question as far as how many.

Mr. Panda: Thank you. No problem. You can provide that information later on.

I also see that Brain Canada will be funded going forward, but Brain Canada's neurophotonics will not be. Why is that? Was this research being done at the Canadian Centre for Behavioural Neuroscience at the University of Lethbridge?

Mr. Bilous: Okay. That is another very good question. We will have to get back to you, Member, as far as that level of specificity.

Mr. Panda: No problem. Thank you, Minister.

Now let's talk about Alberta Innovates: Technology Futures because that's the second-highest funded program here. Page 52, Minister, of last year's AITF business plan called for \$37.88 million in grants from your government for this year. If that is correct, can you explain where the \$12.369 million is in other provincial funds that comes from the AITF budget?

Mr. Bilous: Do you have the line item for this year's budget?

Mr. Panda: Page 52 of last year's, but this year – I'm referring to your business plan, last year's business plan, page 52.

Mr. Bilous: Where is it in this year's business plan?

Mr. Panda: I'm asking you.

Mr. Bilous: Okay. I will bring John Brown up.

Mr. Panda: We couldn't access that on the website. That's why I'm asking: where is that this year?

Mr. Brown: Thank you, Minister, Chair, Member. Again, the information that Innovates is using to develop their current business plan reflects nominal budget allocations that would have come from the previous corporations as separate entities. They are working through a consolidation process, to which they are simply assigning resources that they feel are needed to achieve the outcomes they desire within areas of endeavour that the former corporations would have pursued. How the line item that you describe and the number – I apologize; I've forgotten the number. The actual grants number, that is lower than the number I just provided: I think that just might be an aspect of the tools that they are using in their planning and implementation. [A timer sounded]

Mr. Panda: Okay. Thank you.

Can we continue, Chair?

The Chair: Yeah. That's just your first 20 minutes.

Mr. Panda: Thank you.

Minister, you just mentioned that commercialization is the important part of this AITF, but can you also explain why commercialization of technology will be cut \$409,000 this year?

Mr. Bilous: Again, I mean, commercialization of technology is absolutely critical. Again, even in the commercialization space, in all aspects of the innovation continuum we try as much as possible to leverage every dollar that we put into it. Within commercializing technologies not only do we partner, again, with the federal government but also with industry.

Member, do you have the line item again, please?

Mr. Panda: It's page 52.

Mr. Bilous: Page 52?

Mr. Panda: It's still in the business plan.

Mr. Bilous: So you're looking at last year's again?

Mr. Panda: The business plan, yeah. From planned to actuals.

Mr. Bilous: But you're looking at the 2016-17 business plan?

Mr. Panda: Right. Yeah. You said commercialization is very important, but then you cut \$409,000 this year as compared to last year's plan.

Mr. Bilous: So you are looking at this year's business plan?

Mr. Panda: We're still looking at last year's, from planned to actuals.

Mr. Bilous: Okay. Member, I find it challenging to answer questions on last year's business plan when we have this year's business plan in front of us.

Mr. Panda: That is from planned to actuals. There is a variation. I'll submit a written question later on.

Mr. Bilous: Sure. But if it's from planned to actuals, then, you know, there are times, as we've even seen when we look at this year's budget, where what was budgeted versus what is actually spent: there is a variance.

Mr. Panda: No. My question was: if that is that important, why did you cut funding for that? That was my question, if commercialization is that important.

Mr. Bilous: It is, Member. I mean, I can talk about what possibly are the reasons, but with me not having last year's business plan in front of me, it's tough for me to answer a question.

Mr. Panda: Thank you. I'll send you a written question later on.

Minister, from this, how many private-sector jobs resulted from Technology Futures last year without government money going into them? I'm asking about private-sector jobs without government money.

Mr. Bilous: So if you're asking about – see, that could apply to our private incubators; that could apply to companies. I mean, companies like Cenovus, General Electric do fund commercialization without government dollars. I don't necessarily have access to their numbers. If the government of Alberta through Alberta Innovates isn't participating with them, there are a number of ways that companies can commercialize and get support for commercialization through private companies.

Mr. Panda: So you don't keep track of those?

Mr. Bilous: Well, I'm not privy to that information. That would be me asking General Electric: how many companies or ideas have they helped to commercialize?

Mr. Panda: Okay. Thank you.

On page 49 of the business plan – I'm talking again of the business plan – Technology Futures talks about cellulose nanocrystals, and I'm hearing good things about this R and D and how important the wood fibre industry will be to growing these crystals. Do you know how much money overall, across Alberta Innovates, will be going into cellulose nanocrystal research this year?

7:40

Mr. Bilous: CNC is actually a very exciting technology. In fact, I was at the Tech Futures facility several months ago looking at companies that have discovered new uses for CNC. I can tell you – actually, I don't know if I have an example or if my ADM has a quick example of some of the technology that's developed.

In fact, the one that I can think of is a business out of Calgary that used our facility to help develop a new technology using CNC that

actually provides a coating – she's in the process of commercializing this process – in hospitals on, you know, the instruments that they use for operations, the room itself. It cuts down on the microbacteria by a significant amount, which would of course reduce infections, which would of course save people going through the pain of having infections. Again, our health system: lots and lots of dollars.

Mr. Panda: I appreciate that, Minister. That's one example.

All the CNC research across the province: do you know how much money is going into that overall in Alberta, that CNC research?

Mr. Bilous: How much this year of AI's budget? I'll just say a couple of quick things. One, Alberta Innovates is now a consolidated entity working through developing their business plan and their specific budget items. I'll just make it clear that we do work with Innovates and then give a budget, but because they are arm's length, it would be inappropriate for me as a minister to tell them which projects to fund and to what amount. This is where, again, we through Alberta Innovates have the experts who know what supports are needed for individual companies as far as commercialization.

Mr. Panda: So you're providing them the budget, but they won't tell you where that money goes. That's what I'm asking.

Mr. Bilous: No, they do, Member, but they're in the process of designing their budget. The challenge with you using last year's business plan is that the four corporations were not consolidated into one, so the information you're using is last year's. I'm happy to respond and answer questions using this year's business plan. Alberta Innovates is in the process of their own budget in the consolidated budget. If you ask me specifically how much on one line item, they're in the process of working through their budget, so I don't have those numbers in front of me. But I can tell you and I believe – and my ministry staff can correct me if I'm wrong. No. Never mind that thought. Sorry.

Hopefully, that clarifies that.

Mr. Panda: Okay. Fair enough. Thank you.

Mr. Bilous: I can answer questions on this budget, but as they're consolidating . . .

Mr. Panda: Yeah. That's the point. I'm asking about this year's forecast, but you're saying that you don't have it yet.

Mr. Bilous: For Alberta Innovates.

Mr. Panda: Yeah. Fair enough.

Minister, let's now move on to Alberta Innovates: Energy and Environment Solutions. Again we had to refer to last year's – I mean, it's actually the 2016-19 business plan for Energy and Environment Solutions, page 28. They show an increase from \$5.644 million to \$15.494 million for this year from your department. If that is correct, then, Minister, it seems that you want the oil sands tailings ponds to stick around longer and forever. Is that correct?

Mr. Bilous: Member, once again you're using last year's, which, I appreciate, had a three-year projection. But last year the four corporations were four separate entities. They are consolidated now, so using last year's number on how much – even the projected amount is not the figure I have here at the table. I don't have last year's business plan. I'm here to deliberate on this year's business plan.

Mr. Panda: That has this year's plan included in that, 2016-19, which includes '17-18.

Mr. Bilous: Correct. Before they were consolidated, yes. I appreciate that, that they had to do a three-year budget. However, that was based on last year, when the four corporations were separate entities. They are now consolidated.

Mr. Panda: Okay. Minister, on page 86 energy and environment appear to be funded substantially less by the grant under line 4.5 in the estimates. Don't you consider energy and the environment Alberta's strength?

Mr. Bilous: Pardon me? Do I consider . . .

Mr. Panda: Don't you consider energy and the environment as Alberta's strength?

Mr. Bilous: Yes. Absolutely.

Mr. Panda: Based on the reduction in the grants . . .

Mr. Bilous: I mean, there are a number of strengths that Alberta has. Are you looking at this year's budget line, or are you looking at last year's again?

Mr. Panda: That is this year's budget estimate on page 86, line 4.5, grants to Alberta Innovates Corporation.

Mr. Bilous: On page 86 line 4.5 doesn't actually break down the innovation funding into the four previous corporations. It's one number of \$176,349,000.

Mr. Panda: Just now your ADM told us how much goes into energy and environment.

Mr. Bilous: Right. Sure. The money in Energy and Environment Solutions: I mean, let me just take a step back by saying that the dollar amounts that we are funding depend on the technologies, the companies. Sometimes – let's use Energy and Environment Solutions as an example – there are certain programs that we're able to leverage significantly either through the federal government or through the private sector. Looking at just the government of Alberta's funding, I don't think it's fair to say: well, you've only funded X amount; therefore, it can only be so important.

I mean, the reality is that Alberta is and will continue to lead not only the country but be a global leader when it comes to energy and the environment. One of the ways that we're doing that is through our climate leadership plan and working with industry to come up with solutions using innovation to drive down their greenhouse gas emissions, to increase their productivity, and to ensure that they are much more competitive. We know that the world needs an energy leader, and Alberta is that energy leader for the 21st century, so we are always looking at opportunities to partner with energy.

Again, the example that I gave a few minutes ago about the carbon conversion technology centre is a great example of us partnering with the energy sector. Again, this may be only a \$10 million investment, but I can tell you, Member, that what they are commercializing has the potential to be an industry worth billions if not trillions. That's coming from the energy sector themselves saying: if we can come up with useful ways to use carbon, this is going to have an impact on the world, and there will be a high demand for it. So they want to partner with us to develop those innovative solutions here in Alberta.

Mr. Panda: Thank you, Minister.

Now let's move on to Bio Solutions. With respect to bioindustrial innovation we are hearing that the demand exceeds the supply of one tonne per hour of processed hemp coming from the decortication facility at the Alberta Biomaterials Development Centre in Vegreville. Is there anything in this business line item to attract an industrial-scale decortication plant to the province? Is there anything anywhere else in the Bio Solutions budget to attract decortication of hemp or other fibres to Alberta?

Mr. Bilous: That's a great question. One of the things that we've just done and that the Minister of Municipal Affairs last week on my behalf just announced funding for through the CARES program was for Drayton Valley and area – I should say, of course, that Devon, Leduc county, communities like Warburg are all part of this initiative – to explore looking at opportunities for Alberta to play in hemp. What they're looking at are opportunities as far as products but also markets and looking at how we can explore opportunities for the full value chain, so instead of just picking one part of that value chain with hemp, looking at the whole continuum.

7:50

I can tell you that there are some exciting possibilities when it comes to hemp. I know that there were delegations from Europe that have come to Alberta. Some of these municipalities have gone on trade missions over to Europe. The one facility in Vegreville, that you're referencing, yes, is providing opportunities, so we are exploring. Again, I mean, Alberta Innovates does play a significant role in helping to identify opportunities for the province, but we've also included funding through the CARES program to look at, you know: how do we take this from an idea and really turn it into reality but on the whole spectrum of hemp?

Mr. Panda: In other words, you can't connect me with any line item in the budget related to the decortication of hemp or any other fibre.

Mr. Bilous: Member, there isn't a line item in this year's budget that has Bio Solutions as a specific line item.

Mr. Panda: Okay.

Mr. Bilous: Alberta Innovates, again, is assessing their priorities, their projects, and deciding on allocations for where they're going to go and for the projects specifically. You know, this points back to why we have a CEO in charge of Alberta Innovates, to look at: where are the opportunities, and then, again, how do we leverage our dollars?

Mr. Panda: Thank you, Minister.

By any chance can you say: how many new jobs did Bio Solutions create last year that were not funded by government? Do you keep track of them?

Mr. Bilous: Well, Bio Solutions is funded through the government, so what you're asking is: how many new jobs in the province were created in the biospace? Again, we would need every company in Alberta to send their data in to us as far as how many jobs were created, and I can tell you that, no, we don't ask companies for that or track them. Companies that we work with or that we cofund through Alberta Innovates: I mean, we're looking at providing them with support. I can give you examples of companies that have started with one that are up to hundreds. But in the private sector, for private companies that are engaged in biosolutions that aren't working through Innovates or with government: I don't track their numbers.

Mr. Panda: Thank you.

When you and the Premier talk about the number of jobs created, that means that they're all in the government, then?

Mr. Bilous: No.

Mr. Panda: Okay. Thank you.

Mr. Bilous: What I'm talking about when we talk about jobs is jobs where our programs have created the right conditions for companies or supported businesses. It's not government jobs. There needs to be a clear differentiation between hiring civil servants and the private-sector jobs. What we don't track is if a person goes out tomorrow and starts a business and has no support from government and, you know, grows from one to 10 unless there are contact points with the government.

You know, we look at and take the statistics as far as job growth. Let's talk about last month. The fact that Alberta . . .

Mr. Panda: That's not helping because on one hand you're saying that you're not tracking . . .

The Chair: Sorry, guys. Everyone through the chair, please.

Mr. Bilous: This is a very important note because 20,000 net new jobs in Alberta were created last month, which is significant. We know that, again, through the reduction of the small-business tax, through some of our programs providing support to businesses, it's working and helping them grow.

Mr. Panda: Mr. Chair, it's not helping me because they can't exactly say how many jobs are created in the private sector because they can't track, but they can take credit for the number of jobs created, so I'm a bit lost here.

Anyway, I'll move on. Now let's talk, Minister, about the community and regional economic support program, which from here on I'll call CARES.

Mr. Bilous: Perfect.

Mr. Panda: Minister, the CARES program is a program that you have set up to fund \$30 million over two years.

Mr. Bilous: Correct.

Mr. Panda: I'm finding it hard to find up to \$15 million in the line items of your estimates on page 86. Can you tell me what line item this money is hidden in?

Mr. Bilous: All right. Part of the reason for that, Member, is that \$10 million was reallocated from 2.3, entrepreneurship and regional development, to 2.1, program delivery support.

Mr. Panda: Okay. Thank you.

The Chair: Twenty minutes remaining.

Mr. Panda: Yeah.

Now, I understand that up to \$26.45 million of CARES will be allocated for communities, regions, municipalities, and other eligible organizations. Can you please give me some examples of these other eligible organizations that have been funded, that the program guidelines describe as being "incorporated non-profit organizations, associations or societies whose primary purpose is for economic development"?

Mr. Bilous: Sure. That's a great question, Member. The first intake for the CARES program ran from October 1 until November 30, 2016. There were 88 applications that were received; 63 were approved for funding. That totalled approximately \$4.83 million. The types of projects – I'm sure you've heard some of the announcements – were everything from training programs, business incubators, marketing initiatives, studies and plans to minor infrastructure projects.

Now, at the launch of the program funds were allocated outside the competitive process to a number of key initiatives and projects. We have rural Alberta business centres. There are four of them province-wide: one in Hanna, one in Camrose, one in Cold Lake, and one in Rocky Mountain House. They provide client-centred supports and services for businesses. We funded them. That was \$1.2 million.

The regional economic development alliances, or REDAs – there are 11 of them around the province – help to support economic development initiatives. Many municipalities participate in REDAs, and there are many council members that also sit on REDAs. What we did was increase their funding. It is \$100,000 a year that we fund for the 11 REDAs. Out of the CARES program we gave them an additional \$100,000. That's a total of \$2.2 million for those regional economic development alliances.

The regional municipality of Wood Buffalo. After the Fort McMurray fire, if you recall, we announced \$750,000 to support the Back to Business Resource Centre, which is providing support for those small businesses, especially, that were either displaced or, worse, burned down. They were reallocated. A lot of businesses lost their physical space, so this Back to Business Resource Centre provided, again, mentoring opportunities to help them secure funding, et cetera. That was \$750,000 that we allocated to them.

Mr. Panda: Thank you, Minister.

On this particular line item you referred to, most of the money is going for good reasons – I get that – but there are also concerns about wastage. What assurance can you give that CARES is not some kind of slush fund to funnel public dollars to favourite pet projects, nonprofit organizations, associations, or societies?

Mr. Bilous: The beauty of the CARES program is that these are all local economic development opportunities and projects. Municipalities or regions – some of them are alliances or business associations – come to the province to say: we want to partner with you, and we have an opportunity.

A great example that we talked about a little while ago was hemp. You had municipalities saying: "There is a real opportunity, we feel" – coming from them – "to explore hemp, hemp production. Where in that value chain can we participate?" But they need dollars to be able either to do a business plan, to do a business study, to do market analysis, so the funding from CARES is really meant to partner with them.

8:00

Now, I will say that the CARES funding is joint funding, so my ministry is not just turning over the dollars to a municipality. It's shared 50-50 between the entity or municipality and the government. This ensures accountability on both sides but provides them with extra funding. Frankly, they weren't able to explore the viability of these potential economic development projects until they had funding from CARES. They would have had to take it from somewhere in their own budgets, where some of these entities didn't have the budget.

Mr. Panda: Thank you, Minister.

The number of studies and projects being funded out of CARES so far sounds like you're creating employment for the management consultant industry, based on what you're saying. Is that true? You know, how many jobs have been created by CARES to date, if you keep track of that, other than the management consultants?

Mr. Bilous: The purpose of CARES is to provide municipalities or regions with the dollars that they need to be able to move forward on potential projects. I can tell you – and I believe that this is in the Alberta jobs plan – that for applications submitted by project type there were 19 under training. There was a number of business incubators; a number for marketing, a number of seven; minor infrastructure was about four; and studies and plans were about 47. The purpose of the CARES program isn't to . . .

Mr. Panda: It's not a slush fund, you'll say.

Mr. Bilous: Well, I think many municipalities would be offended by the fact that you're calling a fund that they've been asking for to move forward on exploring opportunities to create economic development or economic development opportunities – they need the funds to be able to develop a business plan.

For example, let's take, you know, the municipalities around hemp. First of all, they need to understand where can they participate, what the market demand is. Before the municipality can turn to either industry or even the province to say, "We want to partner with you," they need to have business plans and marketing studies done. This is the intention of CARES, for communities to move forward on . . .

Mr. Panda: Minister, how do we then ensure that we are getting value out of this program if we don't even know how many jobs they have created? Anyway, if you don't have that information . . .

Mr. Bilous: The purpose of CARES at the moment is, again, to provide for the municipalities by sharing the funding with them to explore opportunities. What this is doing is giving them the opportunity or at least taking the first step toward new economic development initiatives. We will obviously be working with them to keep track of how they grow that certain industry. But the dollars are there for them to take the first step. I would argue and I think municipalities around the province would argue that this is absolutely critical.

Mr. Panda: Thank you.

Let's now move on to the Alberta export expansion package.

Mr. Bilous: Sure.

Mr. Panda: Much has been made by press releases from your department about the Alberta export expansion package, but I do not see a separate line item here in your estimates on page 86. It's only about \$3 million annually. What line item is it, Minister? Can you point me to the line item?

Mr. Bilous: Sure. You're talking about line 3.3, investment attraction and export development, I believe. Pardon me; it's 3.1, program delivery support.

Mr. Panda: Program delivery support.

Mr. Bilous: Yeah. It's for export expansion. First of all, I'll start off by stating that in 2016 Alberta exported \$78.8 billion worth of goods globally. What we know, though, is that the majority of Alberta businesses only do business within the borders of Alberta. The challenge with that is that when you only have, you know, one

market, especially in the downturn because of the price of oil over the last couple of years, when the economy slows down, companies that don't have other markets are going to feel that slowdown even more.

Mr. Panda: I get that.

Mr. Bilous: What we're doing is providing an opportunity to help companies break into new markets, which is absolutely critical. I can talk at length about the largest trade mission in Alberta's history, that we led last November to China, which has been significant if you talk to the companies as far as . . .

Mr. Panda: Yeah. I think that's coming in my follow-up questions. Thank you.

Mr. Bilous: Wonderful. I look forward to that question.

Mr. Panda: Minister, can you tell me how many people applied for the export support fund, how many received it, and the total dollar amount that was spent last year on this program?

Mr. Bilous: Sure. The 102 export support fund grants approved totalled more than \$640,000 for 2016-17. I can tell you that on the trade mission in November companies received approximately \$40,000 toward their involvement in the mission, including a company called TC Scientific, whom we met with after the mission. They said:

We are very thankful for the financial support of the Alberta Export Expansion Package. The Export Support Fund provided encouragement for us to explore international markets. We participated in the [November trade mission] and established valuable partnerships with new clients, companies and potential investors.

The export support fund is one of the three buckets within the export expansion program.

Mr. Panda: Thank you.

As a result of the export support fund how many jobs were created in Alberta? Surely, you must know how many business deals were made as a result of this program. You just read their announcement. Then you should be able to give me this information.

Mr. Bilous: Well, keep in mind that business deals and business partnerships are often ongoing. For some companies what last November did was introduce them to potential business partners. There were a number of agreements that were signed while we were there on the mission, and there are others that are ongoing. Again, there are a number of companies that have talked about the opportunities that arose from participating in that trade mission. But, Member, you'll know that, especially when operating in Asia and specifically in China, it is all about relationships and relationship development and that those relationships need to be developed by being there in person and returning on an ongoing basis.

Mr. Panda: So, basically, we don't know as of now how many deals were made.

Mr. Bilous: Well, during the mission there were 20 commercial signings. That happened during the mission. But, again, that mission was in November, so companies are continuing to develop their partnerships in an ongoing manner. You know, I think it's two things. One, for all of the companies that participate in this program, we are going to be following up with them over the next five years

as far as deals that they're doing and business partnerships that they're developing.

Again, you know, these programs are designed to help companies grow. Looking at one point in time to say: "Okay. From this one were there five jobs? Were there 10 jobs? Were there 15 jobs?" – what we're doing is helping expose Alberta companies to the Chinese market. I'm a firm believer that this will have ongoing benefits not only to that one company but also to the province because the more companies that do partnerships with Alberta businesses, the more it's going to gain and draw attention to our province. That, coupled with things like the direct flight from Calgary to Beijing that was announced last June, will help continue to foster not only those business partnerships but also increase opportunities in the areas of tourism . . .

Mr. Panda: Minister, I get that, but I'm asking specific to the number of deals, the number of jobs, but unfortunately we're not getting that information.

Anyway, Minister, the next program as part of this \$3 million annual family pack of programs at this line number is the export readiness program. There does not appear to be much information about this program. Has anyone accessed this program over the last year, and did any new jobs result from it?

8:10

Mr. Bilous: There have been more than 25 export readiness events for Alberta small and medium-sized businesses, including events in Medicine Hat, Calgary, Edmonton, Camrose, and Lethbridge. Export readiness is two different things. They are not only events as in seminars or training seminars or workshops, but there are microvouchers available to companies that aren't ready to go into a new market but need some assistance, whether they're looking at a market analysis, wanting to ensure that they are not blindly looking at a map of the globe and pointing randomly to a country.

Mr. Panda: Can you tell me, Minister, how many jobs have resulted from the export readiness microvoucher program so far?

Mr. Bilous: What the microvoucher does is provide companies with a starting point so that they can identify which markets they should be going into.

Mr. Panda: But it would ultimately result in some jobs, will it not?

Mr. Bilous: Yes, it will. But at the moment these companies have just done their initial surveys or studies, so many of them, if not all of them, have not physically gone into the new market at the moment. What they are doing is preparing and ensuring that they're prepared so that when they go in, they've increased their chances and opportunities to succeed and to get other business partners or investments. I think, frankly, Member, by asking how many jobs, given the purpose of this program, you're missing the point of this program.

Mr. Panda: I'm not. I get the spirit of that. But not even once could you say how many jobs any of these programs created.

Anyway, now Alberta Innovates says it wants to help 120 companies with these microvouchers over three years. At a maximum of \$5,000 per voucher that works out to be \$600,000 over three years, or \$200,000 per year. If that is the correct amount, is that money coming out of line 4.5, grants to Alberta Innovates Corporation?

Mr. Bilous: All right. The enhanced voucher and SME support program was implemented in 2016 with the introduction of \$5 million in new funding, so it builds on the AI microvoucher, innovation

voucher, and is an integral part of our tech commercialization portfolio of programs and services. I can tell you that since the launch of the program it has enhanced supports for innovative SMEs.

Mr. Panda: Minister, I only have three minutes left. Can I collect that information later on through a submission, please?

Mr. Bilous: Sure.

Mr. Panda: Okay. Now let's talk about your favourite, AITC and CITC. Again the same questions here. We know that the AITC was \$90 million over two years, that it later changed to three years, and that it offers a 30 per cent tax credit to investors. Can you give us some information about how many applications you received in the fiscal year 2016-17 for AITC? Similarly for CITC, how many applications did you receive for that \$70 million you budgeted for two years? Out of the applications you received, how many of them have been accepted and been given tax credits from April 2016 to the end of the fiscal year, and what's the dollar amount of tax credits approved to date?

If you don't have all the information now, can you please table the names of the businesses that received the tax credits for both AITC and CITC? Again if at all someone can give me the information on how many jobs were created under these two programs, AITC and CITC, and at what locations, which sector, whether it is energy or manufacturing or tech, whether those are permanent or temporary jobs, if someone can throw light on that, that would be great.

Mr. Bilous: I'll start off by clarifying that the AITC and CITC windows opened in January of this year. The AITC, keep in mind, is ongoing. Again, Member, I'll get you as much information as I can, but because it's ongoing, it's going to change no matter which point in time you pick because the AITC is open for three years. The capital investment tax credit window had closed. Our department is going through and evaluating all the applications on the criteria, which are public. It's on the website. It's posted. Companies know how they're going to be evaluated, and the ministry is in the process of evaluating it.

What I can tell you is that there were – sorry, I'm just looking for my numbers real quick here. For the AITC as of March 31 of 2017 there were 126 eligible business corporations, two venture capital corporations. By sector 87 per cent were research, development, and commercialization of proprietary technology and products and processes.

Mr. Panda: Minister, I think there are only 30 seconds. Is it possible for your staff to provide that information later on?

Mr. Bilous: Yes, we will get this information. But I do need to say that we don't release the names of the companies that are receiving these funds. They're not posted.

The Chair: I hesitate to interrupt, but we'll now move forward to the PC caucus.

Mr. Gotfried, would you like to share your time with the minister?

Mr. Gotfried: Please, Mr. Chair.

The Chair: All right. Please proceed.

Mr. Gotfried: Great. Thank you, and thank you to the minister and his staff for being here to answer our difficult questions today. I'd like to start out – and don't all get too comfortable. I'll give you some kudos first. I wanted to give you thanks for accepting some

amendments to some previous legislation in the last session. Also, I appreciate the hard work you're doing with export development. As I've said before, I'll not fault you for going and investing well and investing hard for Albertans' benefit.

I have a few concerns here. I've heard a lot of requests from the Official Opposition about measuring. As we all know, if you can't measure, you can't manage, and that does concern me. Of course, there are some policy issues which I think make your job very difficult.

I'll move straight into some questions here. On key strategy 1.1 in your business plan it speaks about building competitiveness for Alberta and Alberta companies. Given that Alberta has no control over world commodity prices, making us essentially a price taker, particularly with commodities that we are major exporters of, how is introducing the carbon tax, which adds additional costs across multiple sectors, making Alberta more competitive on the world stage?

Mr. Bilous: Great. Well, first of all, thank you for your comments. Again, you know, happy to work with all parties in the House to strengthen our legislation, so I appreciate the amendments you brought forward last fall.

What I can tell you is that, you know, talking to industry we've learned that putting an economy-wide price on carbon is one way to help incentivize or look at ways for companies to reduce their greenhouse gases, to reduce their footprint. That's why, again, we're looking at, you know, partnering with companies on innovation to help them do that, which will make them reduce their costs and be more globally competitive. I can tell you that the climate leadership plan was one of the reasons, if not the reason, that stands out. The Prime Minister acknowledged that without Alberta's climate leadership plan both the Trans Mountain pipeline and the line 3 pipeline would not have been approved.

What we also know is that the federal government will be imposing on provinces and jurisdictions that don't come up with their own climate leadership. They will impose a made-in-Ottawa solution on that jurisdiction. We decided not to wait for Ottawa to tell us what to do in Alberta but to put a price on carbon and to take all of the dollars collected from the carbon levy and reinvest them back into the province.

Mr. Gotfried: Thank you, Minister. I understand some of your justification there, but we're facing a situation, obviously, particularly with our largest market and our largest competitor in the U.S., who does accept a lot of our commodities across the border. We also compete with them internationally, and we've heard from the U.S. thus far that they're not going to have that carbon tax.

Again referring to strategy 1.1, you've highlighted agriculture as an industry to focus on throughout that business plan, yet during public presentations we've actually heard in this committee, during discussions around diversifying agrifood and agribusiness, repeatedly that the carbon tax has a serious impact on competitiveness and sustainability of many of the agricultural sector businesses that we heard from. Given the fact that I will accept your justification of the carbon tax on one level, what specific initiatives is your ministry undertaking to reduce and mitigate the possible impact and damages that are being done by imposing that with respect to competitiveness against competing industries that do not have to incur that cost in a price-taking world?

8:20

Mr. Bilous: Right. There are a number of initiatives that we're exploring as far as, again, reallocation of the carbon levy, on how

to ensure that especially trade-exposed industries remain competitive within the province, but also for them to remain competitive internationally.

You know, we are looking at different opportunities. I work very closely with the Minister of Agriculture and Forestry to explore ways that we can support and increase opportunities for value-add, especially in agriculture. We know there's a growing demand, especially in our international markets. One of the things that we've seen, not only on this trade mission, is a significant increase in demand, especially in Asia, for our products, whether they are raw or processed. I mean, our canola sector: we sell both raw, crushed, and canola oil over to China.

Through the ACCO, the Alberta climate change office – pardon me; we have too many acronyms, frankly – we're looking at ways to ensure that those industries, especially those, like I said, that are trade exposed, have support to be able to remain competitive. One of the things that we're doing is rolling out programs not only that will help individual Albertans as far as residential but looking at programs that will help our industry drive down their costs. Again, when we look at the transition to renewables, yes, there is often an upfront cost, but the savings come when you look over the lifespan; your energy costs get reduced significantly.

Mr. Gotfried: Thank you, Minister. I understand where you're coming from with that. I guess I have two concerns. I'm a little short on specifics, and I'd like to see those come forward in time. The other side of it is that a lot of these industries and businesses are struggling right now. A lot of what you're talking about are long-term investments in reducing their footprint and their costs and efficiency, and my concern is that some may not survive that long. So I hope that you'll be long on specifics and short on rhetoric as we move forward.

Minister, your government is obviously no fan of thermal coal; however, metallurgical coal continues to have enormous economic potential for Alberta given that Alberta is the world's third-largest exporter of metallurgical coal. One of your private members passed a motion last session which could have a significant impact on metallurgical products along the eastern slopes of the Rocky Mountains. Can you clarify your ministry's position on supporting and expanding Alberta's ability to mine and export metallurgical coal?

Mr. Bilous: From the get-go, when we announced the phase-out of thermal coal by 2030, which, again, you know – I want for the record to clarify that 12 out of the 18 facilities were scheduled through federal regulations to shut down. Another piece of information which a lot of folks don't know is that under the previous federal government facilities were not eligible or able to convert to cogen or natural gas. We ended up working with the federal government to get them to overturn the previous regs so that facilities can continue to operate post 2030, which is significant. Again, one of the things that we've committed to is working with the coal-affected communities and their workers and the towns themselves, the municipalities, to come up with and identify opportunities for those communities. We've also been working with the companies, some of which are exploring opportunities to convert . . .

Mr. Gotfried: Minister, I'm going to stay on the metallurgical coal.

Mr. Bilous: To jump back to metallurgical, you know, we do not plan to phase out met coal. We understand that, obviously, you need metallurgical coal to make steel, and there is . . .

Mr. Gotfried: Wind turbines perhaps.

Mr. Bilous: . . . a demand for it internationally. We have not, you know, said that we are going to shut down these met facilities.

Mr. Gotfried: I hope not. Hopefully, there will be some job opportunities there.

Minister, eight metallurgical projects currently identified in Alberta have the potential to generate between \$10 billion and \$13 billion in government revenue over the life of those projects, with the potential to directly employ between 3,000 and 4,000 people. Can you highlight specific initiatives that your department has undertaken to assist these projects in getting off the ground which may actually create an opportunity for you to move some employment opportunities from thermal coal to metallurgical coal?

Mr. Bilous: Yeah. I'm just chatting with my deputy real quickly here. You know, the two tax credit programs – the investor tax credit, again, depending on the size of the company, if it's 100 or fewer FTEs, then it could potentially be a part of or apply for . . .

Mr. Gotfried: I think this is more in terms of approvals of these projects with respect to . . .

Mr. Bilous: Oh, I see. Sorry, Member. Sitting here, I can't comment on specific ones, but I can tell you that we do work with the Ministry of Energy very closely and looking at opportunities.

Mr. Gotfried: We've looked at a very detailed map of opportunities, which has got quite a number on there, and very few of them are actually active at this point in time, so I would appreciate some further details on what you're doing to try and accelerate those.

Mr. Bilous: Sure.

Mr. Gotfried: Getting down to some specifics, one of these projects is owned by a three-way partnership between a significant global coal investor and two massive international investment funds. This type of investment, to move jobs and opportunity in to replace some of the other thermal coal jobs in these areas: is this not the exact type of investment your ministry is supposed to be attracting and trying to foster to diversify our economy on the shoulders of a great resource we have, which is the metallurgical coal?

Mr. Bilous: Our department, again, works across government with other ministries to identify opportunities within all the different sectors. You know, is there potential opportunity with met? Yes. Absolutely.

I can tell you that Invest Alberta is a division that we stood up within my ministry's existing budget, existing department. Essentially, imagine a task force that is charged with looking at and working closely with our 12 international offices to identify opportunities to work with potential companies, potential investors. Really, I can tell you, Member, that one of the things companies and international investors are looking for is support, whether it's to navigate the regulation, taxation system, to look at again how the three orders of government all work together. So Invest Alberta essentially has – I mean, there are 12 FTEs, if you're wondering how many, again, within the department. They act as a concierge service to work with companies as we are promoting Alberta.

Mr. Gotfried: Thank you. I think that concierge service could be helpful although we're hearing that there are extended delays on some of these projects which are affecting an opportunity, I think, for you to move some of those FTEs from the thermal coal business

into new opportunities. It concerns me that we aren't taking advantage of those. We may lose not only these current investments that are waiting but future ones that will hear that this is not a fast and friendly way for them to navigate the regulatory environment, so I hope that you will do that through your concierge service.

Moving back to thermal coal, you have budget targets out to 2019-20. How many dollars between now and then will be allocated to workers who will soon be out of jobs? How is your government going to change direction with respect to employment opportunities in those jurisdictions most effectively? You have mentioned already that through the conversion from coal to natural gas some jobs will be taken, but that doesn't take care of the jobs actually in the mines which will no longer be required. I'm interested in what you're doing with those communities at this point in time.

Mr. Bilous: Sure. Great question. There are a couple of different things. Number one, you know, the first thing that we did on that front, we hired the best in the business, Terry Boston, to work with the companies to help facilitate agreements. Number one, we want to ensure that for the existing coal-fired electricity facilities there is an order as far as how long they're generating and operating for, that we're not going to have these companies suddenly pull off the grid and see power spikes.

We made a commitment to working with the communities and, again, through Terry Boston with the companies to ensure that they're honouring the contracts that they have with the workers, whether we're talking about pensions or payouts, that they are not just going to abandon the communities. What we've done and what we are in the process of doing is through our coal panel – it's a three-member expert coal panel that is going to the coal communities, engaging with workers, engaging with municipal leaders, community leaders to look at what the opportunities are.

8:30

Where I'm going with this – and I've been to most of the coal-affected communities to discuss economic development opportunities. One of the things that I've done is encourage these communities to look at the CARES program as one of the places to start as far as: let's explore what are some of the other economic development opportunities. I appreciate, you know, that transition is one, and we recognize that when you convert from coal to gas, it takes about a third of the labour that you need for coal, so this isn't a one-for-one job solution.

I can tell you that there are a number of economic development opportunities that have been identified, which, for me, is very, very exciting, where there will be an opportunity to do a little bit of either retraining or reprofiling of workers. We want to ensure that communities like Hanna continue to remain vibrant communities and recognize that there's a role for us to play.

Mr. Gotfried: Thank you, Minister. I think you have your work cut out for you there. I do hope that you have a robust strategy. It is not the responsibility of these companies that are converting to natural gas to have different jobs. They're not the ones shutting down the coal mines. I hope that you'll take the responsibility there.

I also have concerns with respect to other secondary impacts, real estate values and things like that, investment in those communities and other small businesses. I do hope that you'll be taking that into consideration. These are people's lives, their homes, their investments, and their future. These are serious things that I think we need to be on top of, and I hope you and your ministry will do so.

Minister, again referring to some Statistics Canada data, March 2017 to March 2016, the only industries which experienced growth

in terms of employment were government jobs, accommodation and food services, and agriculture. Tourism is Minister Miranda's responsibility, and agriculture is Minister Carlier's responsibility. So why is it that every industry you're supposed to support and assist has experienced a drop in employment over the last 12 months? We've seen 20,000 net new jobs, and I'd like to actually understand how you've leveraged those in areas other than those that are very obvious in tourism and agriculture, how you've influenced them.

Mr. Bilous: I'll start off by saying that, again, Economic Development and Trade works very closely with other ministries. We are the one ministry that really is economy-wide as far as all sectors. I can tell you that, you know, in March we know that our employment grew by 20,000 net new full-time jobs, and employment in the last seven out of eight months has gained about 39,000 jobs, since the low in July of 2016. We know that, again, a lot of these jobs are full-time positions. I can tell you that the private sector added 8,200 jobs in the month of March.

Mr. Gotfried: Can you tell me how many of those are classified as self-employed?

Mr. Bilous: I can look to see if I can get you that answer, as far as how many of . . .

Mr. Gotfried: Right. I'd be interested in that because sometimes, sadly, self-employed means semi-employed as people are struggling with their own businesses to try and make ends meet. I would be interested in that statistic and how that might impact the opportunities that are actually created.

Mr. Bilous: Sure. I'm happy to. But, again, keep in mind that the 20,000 net new are full-time jobs that were created last month.

Mr. Gotfried: Okay. But they could also be classified as self-employed. They could be working full time but only getting a part-time salary, part-time remuneration. Anyway, we'll leave that one for a statistical follow-up if possible, if we can.

Mr. Bilous: Sure. Yeah.

Mr. Gotfried: Again referring to Statistics Canada data, when comparing January 2017 to January 2016, the unemployment rate is up and the labour force participation rate remains stagnant despite an increase in population. What specific changes in policy or direction have you implemented to reverse these troubling trends? Again, the unemployment rate is up, and the labour force participation rate is stagnant.

Mr. Bilous: There are a couple of things. Number one, this is exactly why, again, we introduced the Alberta jobs plan. We've got a number of initiatives that we are implementing that will help create the right conditions and help support the private sector. You've heard me say this before: the government is not the job creator. It's the private sector that creates the jobs. We work with them to create those jobs.

Part of the reason and the challenge with the employment numbers: number one, we know that, you know, this two-year recession has had a significant impact on all sectors and all corners of the province. We also know that places like Edmonton were a little more sheltered in the first half of the downturn. Part of the reason is because of the number of projects that were in full swing as far as construction, so there was a little bit of a lag or a delay in, again, seeing the full impact of the sustained drop in the price of oil.

One of the other things that is interesting, Member, is that the number of Albertans that have stayed in the province, that are continuing to look for jobs, is fairly high. There are also a number of people moving into Alberta. Part of the reason, frankly, is that, again, you've got places like the Conference Board of Canada, you have different banks all forecasting that Alberta is set to grow this year. You know, conservative numbers are 2.4; other numbers, 2.8. We've landed in the middle. We're also poised to grow more than any other province.

The Chair: I hesitate to interrupt, but the allotted time for the third party has concluded.

We'll now take a brief break for five minutes, returning at 19 minutes before 9 o'clock.

[The committee adjourned from 8:36 p.m. to 8:41 p.m.]

The Chair: All right. I will call this meeting back to order.

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

Ms McPherson: Yup.

The Chair: All right. Please proceed, Member McPherson.

Ms McPherson: Thank you. Thank you all for being here tonight. I really appreciate it. The first question I have is about the Northern Alberta Development Council. I'm actually from the Grande Prairie area originally, so I was really excited to hear about this program. I have a few questions. First, can you tell me a bit about how much of the budget is allocated to supporting the work of the council?

Mr. Bilous: Great. The answer is that \$2.4 million is allotted to NADC through Economic Development and Trade. I can tell you that we know and recognize the value of the Northern Alberta Development Council to Alberta's economy, especially the people in the north and our communities. We've recently appointed, in the past six months, an MLA, our Deputy Speaker, to chair that committee.

Actually, at the moment we are looking at repopulating the NADC board, so I'll just give a little plug to potential northern community members who might be interested in serving. Really, NADC acts as a conduit between the north and also our government, not just my ministry but all of the ministries. It goes beyond just economic development to the areas of health, education. We know that they help advise us and that they bring together northern leaders, so I'm happy to say that that's the value of NADC and the budget that we're funding.

Ms McPherson: You said \$2.4 million?

Mr. Bilous: Uh-huh.

Ms McPherson: Okay. Thanks. I have reached out to a few people that I know to encourage them to apply, so hopefully you get some applications.

Mr. Bilous: Thank you.

Ms McPherson: Can you explain the budgetary decrease for their work this year? I'm looking at line 2.4 on page 86 of the estimates.

Mr. Bilous: Right. Great question. The decrease is about 1 per cent in the budget, and it's due to the reduction in employer contributions to MEPP, to the management employees pension plan.

Ms McPherson: Oh, okay. Thanks.

It's really good to see that regional economic development is a key priority for the ministry. We can see several of the initiatives that have been rolled out already. Looking at line item 2.3 on page 86 of the estimates, there's a fairly substantial decrease in the budget. Can you talk a little bit about that?

Mr. Bilous: Yes. The decrease that you're talking about on page 86 of the estimates is a \$10 million decrease, and that's because of an internal reorganization of the CARES program. [An electronic device sounded]

Ms McPherson: I hate it when that happens.

Thank you for that. As a follow-up to that, what are the outcomes and the goals for the initiative, and can you tell me which performance outcomes in the business plan this relates to?

Mr. Bilous: Yes. One of the outcomes of the business plan falls under key strategy 1.6. But I will tell you that, again, the CARES program encourages local regional economic development capacity and strengthens local approaches to improve economic conditions.

You know, one of the things that I really love about the CARES program is that it's open to all eligible organizations, including not-for-profits, municipalities, First Nations, Métis settlements, including northern and rural communities. Really what this is is a community's ability to identify opportunities and then tap the government of Alberta on the shoulder to say: we want to partner with you to explore these opportunities. This is a great example of us and government not reaching into communities to tell them what they should or shouldn't be doing. It's regional expertise, local expertise saying, "This is our capacity, these are our strengths, these are our natural resources that we have to work with," and helping to identify projects. I will give a plug to the CARES program because the second intake window opened as of April 1, until the end of May, and I encourage any of the organizations I've just identified to apply.

Again, for our government – and I've said this corner to corner in the province – it's that we really want to encourage regional collaboration. With the CARES program, yes, individual communities or municipalities can apply for funding, but my hope is that regions will look at what their strengths are, what their opportunities are. I mean, frankly, Alberta is competing on the world stage, and if we want to be global players, then we need to move past the needs or desires of one individual community and look regionally at: what do we need to do to make us more competitive? You know, there are projects that are looking at identifying if, say, transportation corridors need to be enhanced or if there are opportunities for municipalities or regions to participate.

I know there's been significant interest in looking at how regions can participate, especially as we expand opportunities within renewables and are looking at, again, as we transition from coal: where can municipalities and communities operate in that space, and are there economic development possibilities? So I think the CARES program is a unique program, that our government introduced, that has had an incredible amount of uptake. The other thing that communities and regions love about it is that they can apply more than once for different projects. So we're not limiting a community or a region where if they apply once, well – sorry – you can't apply again.

Member, what just crossed my mind to previous questions is that especially the coal communities are very excited to have the opportunity to have several different CARES applications where, again, they can look at a number of different potential economic development opportunities as opposed to where you pick one and

you're married to that one idea. I think the CARES program will really help us as the government of Alberta work with our local communities to identify those projects or potential projects. Frankly, a lot of communities that I've talked to have had the ideas in their back pocket for years, but because much of the funding is either preallocated or very tight, especially as we're all facing this economic downturn, this is some new dollars to help them move forward on making these ideas a reality.

Ms McPherson: Okay. Thank you very much.

Further to that, maybe we can expand a little bit about how funds are allocated to the program because it runs over more than one fiscal year.

Mr. Bilous: Yes. Okay. I believe in '17-18 there is \$14 million that is allocated to the CARES program. This program – let's see. It began in October of last year and is a two-year program – I'm looking at my table to give me the confirmation – with a number of intake windows.

8:50

Ms McPherson: Okay. Great. Thank you.

Maybe just one more question regarding that.

Mr. Bilous: Sure.

Ms McPherson: We've talked a little bit about diversification opportunities that are available. Is that something you could elaborate on, how the program is supporting economic diversification in the province?

Mr. Bilous: Yes. If I run out of examples, which I shouldn't because we have more than enough – as far as with CARES one of the examples is that through the CARES program we have two different regions that are exploring the opportunities within the hemp space. Earlier, when I was answering questions from the Official Opposition, we talked about the Drayton Valley area. The other community that received CARES funding to look at opportunities with hemp is actually in the Bonnyville-Cold Lake area.

You know, the CARES program, again, explores different opportunities. Some communities have looked toward the agricultural space or value-added ag; others have looked at diversification within, as I mentioned, renewables. There are some regions and municipalities that have inquired about the possibility or opportunity to create a municipal Crown corp. which could potentially compete in the renewables space.

You know, many communities and municipalities around the province recognize a couple of things: one, that the world is transitioning out of coal and off coal; also, recognizing that in Alberta there's incredible opportunity within the renewables space. Alberta receives more sunlight than any other province, and we also have significant capacity within wind. I know that there are other communities talking about geothermal and opportunities for our communities to participate in that.

I'll give you a few examples as far as CARES goes. The city of Red Deer is looking at and will use CARES funding to develop a downtown residential attraction study.

There are other communities. Let's see here. The town of Ponoka has an information kiosk program. It's three different interactive kiosks that will enable local businesses to provide information to community and visitors. This is a project, again, identified by the municipality of Ponoka, where they want to try to increase their exposure through these different kiosks that they believe will help encourage visitors and grow their tourism sector.

Tourism Red Deer is looking at a study to help provide opportunities for hotel-type accommodation as well as smaller accommodation and campgrounds through a study that will help central Alberta attract tourists.

In Smoky Lake they're looking at a two-year entrepreneurship development strategy assessment and delivery of business coaching and mentorship. As I mentioned earlier, businesses that have mentorship and those supports have a much higher success rate and do much better. In fact, when I travel the province – and you probably hear it as well, Member – businesses, when they're looking at growing, need access to two things. They need capital, which, again, through how we've increased ATB's ability to loan – we've partnered with the Business Development Bank of Canada – that's \$2.5 billion worth of available capital for Alberta's small and medium-sized businesses.

The second thing that they need is mentorship or expertise, so there are a number of communities around the province that are looking at setting up whether it's incubators or programs that will help experienced, successful entrepreneurs partner with start-ups. That provides them with a significant amount of cost savings but also, you know, for these experienced businesses to impart lessons learned and help their businesses get off the ground.

Now, I could list all of the other CARES programs, but we'd be here for a really long time. Again, the important thing with this is that these are projects identified by communities around the province. The successful projects, 63 of them, are from across the province. What we've done is that we've put in some standards or some basic qualifications for these projects, and then we've granted them. This isn't the government deciding that one project is better than another. We're looking at: if you meet the criteria, then they will be funded.

One of the main criteria is that the entity or organization provides matching funding. The government of Alberta is partnering with them. This isn't a community saying: you know, we've got this pie-in-the-sky project, but, no, we don't want to fund it; you fund it for us. Well, no. We're partnering with them so that they can move forward.

You know, I'm very confident that this is the start of what will lead to significant investments in these communities which will create jobs and help grow and diversify the economy. This is step one. This is a program that did not exist. Frankly, in the past previous governments have done very little as far as helping to spur diversification and also looking at leveraging our opportunities. Alberta has been very blessed as far as our energy resources, but the problem with very little attention being paid to other sectors in supporting local initiatives is that we've become overreliant on one resource, at one price, purchased by one buyer.

Ms McPherson: Thank you. It sounds like it'll do a lot to support the start-up community as well. That's an area that I had been active in for quite a while. It's really exciting, and I have been hearing positive things from people in that area.

Taking a look at line item 2.3 on page 86 of the estimates, it says that you've allocated \$6 million to entrepreneurship and regional development. I understand that you're involved in the community transitions from coal-fired electricity, and you were talking about that earlier. I expect that a lot of work has ties to regional economic development. Can you explain this estimate decrease and how you're supporting regional economies through the transition?

Mr. Bilous: Yes, I sure will. I'm just grabbing my notes. So you're talking about the decrease in the regional economic. The decrease of 62 per cent, or \$10 million, was an internal reallocation. That was CARES money that was moved to the program delivery

support line item. As well, there is a \$62,000 reduction in employer contributions to the management employees pension plan.

What I can tell you is that we did increase support for the work of the advisory panel on coal by \$650,000, so that's staff support from Economic Development and Trade to support the panel as they engage with coal communities around the province to provide them with support. Again, part of what we're doing when we engage with a community is looking at: what are their strengths, what are their assets, and what are the opportunities within their different communities? I can tell you that the meetings that I've had personally with these affected communities, with the municipal and community leadership, including the companies, have been very positive. In fact, these communities themselves have identified and said to me: we recognize that the world is moving off coal; we recognize that we are moving off coal.

I can tell you that where they are very grateful is that our government is going and engaging with them and identifying strategies proactively between now and when these coal-fired facilities phase out. Previous governments, both provincially and federally, had no plan on how to help them transition. Some may say, "Well, you know, we've accelerated this" – and, yes, we have – but the reality is that by 2030, if the previous government was still in power, there was no transition. There was no plan to help the communities move off it.

9:00

You know, communities have recognized that we need to move. If anything, they're excited about the new opportunities for their residents, for their workers and recognize that our government wants to partner with them. There are a number of very exciting potential initiatives in these communities, which today I can't speak of, but I can tell you that we're working very closely with them, as with the coal panel, and that we'll continue to engage with communities and then submit a report back to me and to cabinet on opportunities to help these communities transition.

Ms McPherson: Thank you.

I know we only have a couple of minutes left. I'll try and ask this question quite quickly. I'm going to move to the Alberta investor tax credit. I understand it's \$90 million that's been allocated. As one of the cosponsors, I should probably know that. I imagine that there are quite a number of companies, investors looking to invest in Alberta right now because of that. [Ms McPherson's speaking time expired] I will ask it later.

Thank you very much.

The Chair: I apologize for the interruption. We will now revert to the Wildrose caucus. Would you like to continue going back and forth with the minister?

Mr. Panda: How much time do I have?

The Chair: You get 10-minute intervals.

Mr. Panda: Okay. Minister, I only have 10 minutes. If we can go back and forth real quick.

Mr. Bilous: Only 10?

Mr. Panda: Yeah.

Mr. Bilous: Okay.

Mr. Panda: We'll keep it short, though.

Minister, during the last period, at the end, when we were talking about the AITC and CITC, you said that the recipients of that

funding will be secret, that you can't give the names of the companies.

Mr. Bilous: It's because of the competitiveness factor that we cannot release the names of companies, one, because that could put them in a position of jeopardizing their competitiveness, and two, the program is ongoing, so the ministry right now on the AITC is evaluating applications as they come in. Same with the capital investment tax credit.

Mr. Panda: So all those dollars won't go into the blue book, then, the money that you disbursed?

Mr. Bilous: The blue book?

Mr. Panda: Yeah.

Mr. Bilous: I'm being told the blue book is supply and services.

Mr. Panda: But these grants won't go into . . .

Mr. Bilous: Well, this isn't a grant. This is a tax credit.

Mr. Panda: Yeah, a tax credit.

Mr. Bilous: Right. The difference is that the company for the investor tax credit gets approved and then can go out and raise dollars through whatever they offer to their investors for equity, but the investor can get a 30 per cent tax credit investing in that company.

Mr. Panda: Then we will never know who got it. It could be anybody.

Mr. Bilous: Well, not anybody. There are criteria for companies. Again, I mean, I'm happy to go through the criteria, from the percentage of employees they have to have in Alberta. There have to be fewer than 100. They have to have the majority of their assets in Alberta. But what we are not doing is listing the companies.

Mr. Panda: No. I get that. But as a ministry you have the authority and the discretion. You know, respecting the transparency, can you not share that if we sign a nondisclosure agreement or something?

Mr. Bilous: What I can tell you is that the criteria for the AITC are posted, are public. Companies know. My ministry evaluates the companies, and when they meet the criteria, they then are eligible to go out and issue tax credits.

Mr. Panda: I get all that. But they won't be disclosed at all, you are saying, for the reasons you explained.

Mr. Bilous: Cynthia Farmer is my ADM responsible for this. She just will supplement.

Mr. Panda: Can you please send it by e-mail, if you don't mind, because I have only another seven minutes left. Thank you.

Mr. Bilous: Companies can, if they want to disclose – again, you may see some companies that in the process of trying to get investment will advertise that they can issue tax credits. But the government will not be disclosing which companies.

Mr. Panda: Thank you.

Minister, again, you know, my good friend the Member for Calgary-Fish Creek talked about the coal phase-out, and I also heard some comments here from the government members. I'm a bit confused. When the Member for Calgary-Fish Creek asked, you

said that you were not phasing out metallurgical coal, but then you also made a comment to the Member for Calgary-Mackay-Nose Hill that you're moving away from coal.

Mr. Bilous: Right.

Mr. Panda: So I'll be asking you a direct question here. Is your intention to phase out emissions or to phase out coal, particularly thermal coal? I mean, is your intention, you know, to not burn the coal here for electrical generation or to not even mine thermal coal at all? Particularly when the U.S.A. is ramping up their production and they're going to ship their coal through Alberta to the Prince Rupert port, it's rubbing salt on the injury because there are good-paying jobs there. How can you help to get those jobs back?

Mr. Bilous: What we are doing is ending coal-fired emissions by 2030. That's what I was referring to in the government MLA questions. Metallurgical coal can continue to be mined, and in fact . . .

Mr. Panda: Thermal coal?

Mr. Bilous: Well, metallurgical, but also thermal coal could continue to be mined. It's the burning of coal and coal-fired emissions that will be phased out by 2030.

Mr. Panda: Yeah. I got the answer. Thank you.

So thermal coal can continue to be mined and exported?

Mr. Bilous: Correct.

Mr. Panda: Okay. Thank you.

Minister, I've asked you many questions about this job creation and all, but specific to these mining-related issues, you know, there are going to still be regulatory processes. It could take so long to get some of those coal-mining projects approved. Recently I was told it could take anywhere between four and eight years to get any coal-mining project approved. That being the case, I'm now referring to oil sands mining. As you know, I used to work for Suncor Energy, and Suncor's CEO recently said that for the next 10 years there won't be any investments into mining or SAGD projects in the oil sands. That information is there if you need it. I can provide that to you. He made the public statement to his shareholders.

That being said, Minister, you also said that your intention is to support Alberta businesses in different ways, and you said that you'll remove barriers, that you'll work with job creators because you don't create jobs but you work with job creators. I appreciate that. So there is a list of projects, and you can see that these are all oil sands projects. I mean, these were already approved by regulators, but they are not going ahead with those projects. I can name any number of them. Even if you take Suncor alone, there is the Firebag expansion, there is the Fort Hills mine expansion, there is the Steepbank expansion, and there is MacKay River and the Lewis and Meadow Creek projects, but they're not going ahead. Each one of those projects has the potential of bringing 10,000 to 15,000 jobs. How can your government help to bring those jobs back? I know the chair's own sister works at Suncor, so there are many good-paying jobs there, which impact all of the families here. What can you do to get those projects back?

Mr. Bilous: Okay. First of all, you know, I appreciate you talking about Suncor specifically.

Mr. Panda: Because it's a bellwether company.

Mr. Bilous: Yeah. Absolutely.

Mr. Panda: And others take the lead from Suncor.

Mr. Bilous: I mean, there are a number of companies that are increasing their investments or from last year were increasing their proposed investments. Again, we've seen companies like CNRL increase their assets and their holdings. We've seen other companies that are continuing to invest in Alberta.

9:10

Now, I appreciate Suncor's decision. However, there are a couple of things we need to recognize. One, there has been a structural shift within the oil and gas market world-wide, but I can tell you that there are companies that are continuing to invest. We know that Alberta is home to the third-largest oil sands in the world and that there are incredible opportunities within our province.

Mr. Panda: Minister, with all due respect, please, I know that business. I worked there 28 years. Honestly, I'm telling you that those investments are consolidating other businesses. They are not developing the leases. What they are doing is that when CNRL acquires Shell, they are not creating any new jobs. They are actually acquiring producing companies, near-producing companies. That's not creating any new jobs. In fact, when they have two, three departments – common support services like procurement, engineering, accounting, finance – they consolidate and make them into one department, and they are laying off people further down. That's the fact. Is there anything you could do to bring those investments back?

Mr. Bilous: Well, I mean, we're looking at opportunities to participate, again, getting together and partnering with the federal government, looking at what we can do to address some of the abandoned/orphan wells that exist around the province. We know that that would help get out-of-work oil and gas workers back to work. Again, through the capital investment tax credit there are opportunities for companies to apply for that tax credit, which is a 10 per cent nonrefundable up to \$5 million, to help them to make investments now in our oil and gas sector. We're also looking at partnering with companies to find and use some dollars from the carbon levy for innovation . . .

The Chair: My apologies for interrupting. We will now proceed to the PC caucus. Would you like to continue going back and forth?

Mr. Gotfried: Yes, please. Thank you, Mr. Chair. Thank you, Minister. Minister, I'm just going to get some conversations, with my colleague from Calgary-Foothills, with regard to the coal markets and the early shutdown of coal. Sorry; am I going to get some extra time here?

Mr. Bilous: No, no. I'm still listening.

Mr. Gotfried: Okay. You're hiding behind your binder there or something.

Mr. Bilous: I'm trying to hand it off.

Mr. Gotfried: Okay. It was spoken to a bit earlier about diversification and some retraining in some of the areas like Hanna, Hinton, Forestburg, Grande Cache, Edson, Crowsnest Pass. Can you tell me how much money, specifically, has been allocated for some of the retraining and diversification in those communities to try and support them in the future?

Mr. Bilous: I believe, if I'm not mistaken, the retraining dollars are actually coming out of the Ministry of Labour, not out of Economic Development and Trade. What we've done: we haven't put either a minimum or a maximum amount yet on, let's say, financial support to help the communities. What we're doing is trying to identify what the opportunities are, not wanting to box ourselves in with a dollar amount but looking at what we can do.

Mr. Gotfried: I think, Minister, you've spoken quite a bit about your CARES program, which I think is a very good program. Having been in the economic development field myself and understanding some of the great people and work done through Economic Developers Alberta, that could be a very good tool to use. Is there any of the CARES money that's specifically allocated to those jurisdictions to help them specifically, not just amongst the pool that goes to everyone else but specifically to help those communities which are being challenged by government policy?

Mr. Bilous: Being challenged by the phase-out of coal?

Mr. Gotfried: That's government policy.

Mr. Bilous: Great question, Member. The long and short is that – and I've had communities ask me this. This goes back to the response: communities can apply to CARES for multiple projects. I made that very clear, in fact, when I was meeting with the municipality of Hanna, saying: you know, we are aware that you're one of the communities most affected by the phase-out of coal, which the department is acutely aware of . . .

Mr. Gotfried: Minister, I'm going to cut you off there because I think I heard your answer before. What I'm asking – and maybe it's something you can come back with on this – is: will you put some allocation of CARES dollars specifically to those affected communities?

Mr. Bilous: Well, I don't want to pre-emptively make a decision before we've received applications, but what I can tell you, Member, is that we've encouraged them to make applications.

Mr. Gotfried: I think that's it.

Another question. In speaking with some people in the coal industry, I understand that there are some export opportunities for thermal coal. Given that there are at least a few of the mines that have rail access that could allow us to export from those and that Alberta thermal coal is of some of the highest grade in the world and is, I understand, under demand in places like Japan given their transition to different fuel types, is there any plan to support thermal coal export from Alberta?

Mr. Bilous: We're looking at and working with companies that are exploring the opportunities. Part of the challenge – first of all, you're bang on that we have some of the highest quality coal in the world. One of the biggest challenges right now is the price of coal. Companies are finding it hard to make the economics work of shipping it, especially overseas all the way to Japan.

Mr. Gotfried: Okay. I hope you'll support that if that opportunity comes around.

Mr. Bilous: Can I just clarify real quick? I had said that the apprenticeship training came from Labour. It's actually coming from Advanced Education.

Mr. Gotfried: Okay. Thank you.

Minister, I'm just going to move quickly. I apologize for moving so fast here.

Mr. Bilous: That's okay.

Mr. Gotfried: In key strategy 1.1 in your business plan it references barriers to growth in strategic sectors. Could you identify what specific barriers to growth in strategic sectors you've identified and what initiatives you're undertaking to address those identified barriers?

Mr. Bilous: As my officials find it – I think, first and foremost, that one of the biggest barriers to growth, frankly, at least within the energy sector is the international price of oil, which is posing a challenge and is one of the barriers to growth. I'm just looking for others. Forgive me, Member.

Mr. Gotfried: I know you're going to say pipeline.

Mr. Bilous: Yes, of course. That's one of my favourite words. You know, manufacturing is a new sector of focus that we are focusing on. Again, incredible opportunities in manufacturing. Manufacturing, really, again, goes sector-wide. That could be manufacturing for oil and gas or others.

Mr. Gotfried: Minister, I hope that when you are looking at the manufacturing, you'll also look at the cost of inputs like electricity and the carbon tax and those other things that may affect our competitiveness in those emerging industries.

Minister, I'm going to shift gears here quickly. Again, sorry for the time constraints here. I want to talk a little bit about China. One of the barriers that we've discussed in various committees is that China still is not allowing imports of chilled Alberta beef. What are you specifically doing between your department and the federal government to try and overcome that barrier so that we can then move to high-value exports utilizing some of the air cargo capacity we have for high-value, high-quality, premium chilled beef?

Mr. Bilous: Thank you. Good question. One of the things is that on these trade missions, part of the reason why we've been going to China twice a year is because we recognize that we need to continue to get in front of Chinese officials who are the decision-makers. We're working collaboratively with the Canadian federal government as well as with our embassies. Ten out of our 12 Alberta offices are co-located in embassies, so we are in constant contact with them, looking at trying to drive, on the canola side, that decisions need to be scientifically based, based on fact but as well that we are trying to increase our market share. One of the things, working with the federal government, that they did was get the I believe it is . . .

Mr. Gotfried: It's specifically the chilled beef issue that I'm hoping you've got some . . .

Mr. Bilous: Yes. It's a combination of working with my provincial counterpart Ag and Forestry but also with the federal government both on international trade and also in the federal Ag department leveraging organizations like Canada Beef, that have presences in China. Frankly, it's about continuing to drive this forward. What I can tell you is that what's helping our case is that we have an increased middle class that is demanding quality food and so, again, getting in front of Chinese officials to remind them of the quality of the food that we have. We also have a direct Air China Cargo flight out of Edmonton, which will help us get our product to China.

Mr. Gotfried: Okay. On the tourism front from China obviously there are big opportunities there. We now have passenger services direct. I'm going to take a little bit of a different twist on this. I'll use the term "ecotourism," but I'm actually talking about economic tourism. We have, you know, a larger volume of Chinese tourists coming here. What are you doing with those tourists when they're here to ensure that they're not just here to look at mountains and do some sightseeing but also to see what opportunities exist here with postsecondary, with business investment, with real estate investment, and with broader investment opportunities?

9:20

Mr. Bilous: Right. Great question, Member. A number of things. We work closely with the Department of Culture and Tourism, and you're right about the flights. Tourism: we're trying to look at opportunities to partner with municipalities and regions to go beyond just the Calgary, Banff, and then off to British Columbia. Yes, we know the Rocky Mountains are a big draw, but we also know that we have incredible opportunity to grow our tourism in other parts of the province. Again, north of Grande Prairie an incredible museum opened up not too long ago.

We also recognize that every time, every opportunity we have to get people into Alberta, whether it's through postsecondary students – we work closely with our postsecondaries, looking at opportunities to grow our student exchanges. At the U of A the Chinese institute does an incredible job, but we need to do a much better job getting Canadian students to go do stints in China. What that does is build a relationship. Honestly, it has lifelong impact. So looking at business opportunities, business to business, even business-to-business partnerships.

Mr. Gotfried: Minister, I've got one other question related to that if you don't mind. My apologies for the interruption.

Mr. Bilous: Sure. It's okay.

Mr. Gotfried: I know that here in Edmonton you have a larger number of Chinese and Mandarin bilingual programs, and Calgary is struggling with that same issue. These are the students that will in the next generation become the traders possibly in the future through their language skills and cultural affinity. What are you doing with the education community to ensure that we have that early pipeline of people that will have that affinity and language skills?

Mr. Bilous: Yeah. Great question. That is a topic of conversation that I've had numerous times with the Minister of Education, looking at working with the school boards. Again, the school boards do determine the need of which languages, immersion schools, bilingual schools, that they want to set up. This is something that we encourage the different boards to look at pursuing and then, of course, opportunities for government to partner with that. I agree with you.

Mr. Gotfried: I would encourage you to encourage them, I guess, would be my instinct on that. Thank you, Minister.

Mr. Bilous: Fair enough.

The Chair: I apologize to interrupt.

We'll now move to government caucus members. Would you like to continue going back and forth with the minister?

Ms McPherson: Sure.

The Chair: Proceed.

Ms McPherson: I'll just finish up my question from before, and then I'll pass it off to my colleague. The Alberta investor tax credit: there's \$90 million allocated to it. I imagine that there are a number of investors looking to invest in Alberta right now. How do you see the program promoting economic diversification, and what kind of impact will that have in terms of more steady revenue for the province?

Mr. Bilous: Excellent question. I'll start off by saying that we've forecasted or expect investments supported by AITC will create between 2,200 to 4,400 jobs over the course of the program and that it's going to increase our GDP by \$200 million to \$500 million over the three years. AITC or a similar program has existed in British Columbia since 1985, and it has existed in other provinces.

The real value of the program: because we have been a leader in energy, especially oil and gas, for many decades, the bulk of Alberta investors invest in the oil and gas sector. What this credit does is encourage Albertans to invest in companies that are either in research and development or commercialization of new products or processes.

We have a significant opportunity to help our start-ups, to help our companies grow, and when it comes to – you know, if you look at we call it the continuum in innovation, really, it's from idea to becoming a multinational corporation. It starts with an idea sometimes coming out of research and development. Sometimes it's a market pull from companies, but most start-ups begin by investing their own money. Maybe they take out a loan; they look to friends and family. When they've exhausted that funding, they're still relatively new, and the challenge they have is that when they go to traditional banks, banks will say: what do you have to put up for collateral? These start-ups are often in the basement, in the garage. They don't have huge assets that they can put up, so they struggle to grow. We've met a lot of companies that if they just had access to a few more dollars, it could be the difference between hiring one more person or hiring the third person, which would help them hit the next level.

What this does is that it provides Albertans with the opportunity to invest in companies in their own backyard, and it means that as opposed to Albertans spending, whether it's their RRSPs, their tax-free savings account, investing in stock markets, which have traditional – I mean, if you look at the number of companies out of Alberta that are listed on the TSX, they're predominantly oil and gas companies, not that there's anything wrong with that. But what we want to see is an increase in the number of companies from other sectors also getting to that point, should they decide to go public, but growing. The investor tax credit provides them with the dollars they need to expand. As they expand, they hire more people, and their company continues to grow.

I can tell you that the AITC, this tax credit, has been celebrated by companies and business associations around the province. First of all, they've asked us to create this since our ministry was developed, but frankly they've been asking previous governments for decades to have a credit that will help other sectors like tourism, like digital media, like agrifoods be able to have access to this type of investment. What we're doing is derisking the investment by providing Albertans with a 30 per cent tax credit, which helps them make that investment in a company. We don't pick the companies as far as telling Albertans who they should or shouldn't invest in. There are obviously criteria for a company to qualify, and then the onus is on Albertans to decide which companies they want to invest in.

I think I've just given you the long answer of the investment tax credit. It's worked very, very well in other provinces. I can tell you that there have been a significant number of companies that have

applied for the investor tax credit. The program is new. I mean, again, we're now at the beginning of April, and, really, the window opened in January. We started accepting applications. I'm very excited at this opportunity and how this is going to truly help Albertans support Alberta businesses.

Ms McPherson: Thank you very much. I know that there were a few organizations around the province that already had a number of deals in the pipe waiting for the legislation to pass and to come into effect. Yeah. There are lots of excited people.

Thanks very much. I'm going to pass it off to my colleague.

Mr. Bilous: Sure.

Mr. Dach: Thank you, Chair, and thank you, Minister and staff. I'm one of those excited people. Really, really interested in your ministry and the fact that under this new government, economic diversification is being seen as for real this time by Albertans whereas it may have been deemed a catchphrase in previous eras. I think Albertans are really beginning to understand that this is an underpinning of an essential department that's going to lead to true economic renewal as we get out of this economic downturn and really lead to a renaissance in thinking in terms of Alberta's economic development, whether it's themes of regional collaboration that you've already talked about or interdepartmental co-operation, leading to a real emphasis on global thinking as a requirement throughout your ministry.

I want to shift gears here and talk a little bit about an element of your department and ministry that is really to the heart and soul of what you do, and that's to talk about trade and investment attraction. In the estimates, page 86, line item 3, we hear a lot about the government seeking and signing agreements and MOUs with other jurisdictions. Now, regarding page 86 of the estimates on line 3, can you tell me specifically about how the \$27.7 million dedicated to the trade and investment attraction program area supports these MOUs and agreements and what kinds of outcomes they provide for Alberta products? Really, it's the results that Albertans are really starting to look for now. They understand that this economic diversification emphasis is truly something that's going to happen.

Mr. Bilous: Yes. Forgive me. I was busy flipping through – you're asking about the international offices, or are you asking about oil and gas investments?

Mr. Dach: Basically, the trade and investment attraction program area and the \$27.7 million there shown on line 3 of page 86 in the estimates.

9:30

Mr. Bilous: Right. You know, part of what we're doing to attract that investment back here in Alberta is participating in trade missions. As I mentioned earlier, in November we participated in the largest trade mission that the province has seen with over 80 businesses and businesses associations participating with us. I can tell you that these companies and organizations were met by over 1,200 Chinese enterprises and dozens of Chinese officials. There are significant advantages to bringing companies with us. What's exciting about China is that you've got one of the fastest growing markets, one of the fastest growing countries where they are looking for opportunities for investment but also for partnerships, looking at investing in incredible companies, incredible jurisdictions.

One of the, you know, advantages to industry coming with us on trade missions is that, really, in a country like China government-to-government relationships are absolutely critical, so our presence,

being there, helps open up doors for companies. What it does is send a signal to Chinese investors and companies that Alberta is a great jurisdiction to do business with. It is safe. We have high-quality products. That's why we have whether it's MOUs or letters of intent or frameworks that are signed government to government. That provides that level of comfort for companies to do business and to invest.

I can tell you that in China alone we have three international offices. We have five in the greater China area. The majority of our offices are in Asia, but part of, you know, I would say, the secret of our success is that we have high-quality staff in our international offices. Our Alberta-Asia offices are led by – our senior Alberta representative is a gentleman named Ron Hoffmann. He helped facilitate Sinoenergy's signing of an agreement with an Alberta-based company to invest an additional \$500 million for the next two years for drilling wells . . .

The Chair: I apologize for the interruption.

We will now move back to the Wildrose caucus. Continue going back and forth?

Mr. Panda: Ten minutes?

The Chair: Ten minutes. Go ahead.

Mr. Panda: Thank you.

Minister, I'm switching here to the Northern Alberta Development Council, page 86, line 2.4. You seem to be holding the line here on the budget for that body, but recently I travelled to the northwest territories of Alberta – that's Mackenzie county – and I heard from stakeholders all along the Peace River valley from Fort Vermilion to Rycroft. Why was the NADC executive director moved to Edmonton when it should all be running out of Peace River, where it was before?

Mr. Bilous: Thanks for the question. First of all, the majority, actually all, of the members of NADC are members of northern communities, which we're very proud of. I believe that the person that you're talking about was living in northern Alberta but due to personal reasons had to move to Edmonton. That's the reason that she is here, but I can tell you that she still has and makes trips up into northern Alberta. Our head office for NADC is still located in Peace River.

Mr. Panda: Okay. Thank you, Minister.

Now I want to talk about the Alberta international offices. I concur with your comments that there are some high-quality people working in the overseas offices. I happened to meet with many of them recently. I actually wanted to debrief you. I'm still waiting for your appointment, whenever you can make it. Today I want to ask you about specifically the Beijing office. Despite having 10 staff, they seem to be underperforming a little bit and not meeting their targets. Can you comment on that, Minister?

Mr. Bilous: Well, I don't agree that the Beijing office is underperforming, but keep in mind that last year when we opened the Guangzhou office, we reallocated staff from the Beijing to Guangzhou. Again, part of the reason wasn't because of what's going on in Beijing. Beijing is very important because that's where all the senior officials are in China, so when we're talking about opening up new markets or them relaxing restrictions on some of our products, we need to be in Beijing. Guangzhou is really one of the economic engines of China. This province, the Guangdong province, is responsible for approximately one-fifth of China's GDP.

Mr. Panda: I get that.

Mr. Bilous: It's a huge market that we needed to be in.

Mr. Panda: Maybe because of the new office I hope they might catch up. Let's see.

Minister, given more sabre-rattling in Korea again and many targets not being met, are the Korea office resources a candidate for redeployment to any other higher growth, stable countries, say like India or any other country?

Mr. Bilous: Well, we have an office in India, as you know. I think you popped in the office, and they provided a little assistance for you as well.

India is a very important market, absolutely. I can tell you that so is Korea. Part of the reason Korea is so significant is that there was a period a year and a half ago where there was a restriction imposed on Alberta beef because of the BSE. The problem with that is that we lost about 14 per cent of our market share in Korea. Australia gobbled up our market share, and we were down to 1 per cent. We at our office have been working with Korean importers, Korean officials, supply chains, food chains, including working with Canada Beef and the federal government, to help promote Alberta beef in Korea. It is a market with a huge demand, so we're trying to increase our market share.

Mr. Panda: Thank you, Minister. We can always do better in some of these offices. The annual report indicates that the international offices managed to achieve 44 economic outcomes facilitated. What are the economic outcomes facilitated, and how many jobs does this translate to for Alberta that the international offices delivered? Do you think another performance result could be added to the annual report so that new jobs can be created in Alberta?

Mr. Bilous: I mean, our offices internationally over the past year and a half are trying to improve not only our tracking but also outcomes that are coming from companies that they serve. Part of the challenge in the past with our international offices is that they were trying to be everything to everyone as opposed to being focused, which, I can tell you, is part of what came out of recommendations. It was Ron Hoffmann that did that report. What we've done is try to focus our international offices. They are more outcomes driven but also looking at: where are the strengths, and where are the opportunities? In the past they engaged in services like translation. Frankly, in my mind, that's not a good use of our dollars. Companies can go elsewhere to get translation services.

Mr. Panda: But we are paying those companies when they get translation done. Through that Alberta export support I think we are paying those companies whereas our own offices don't have translated versions of their information. Is that correct?

Mr. Bilous: Well, no. Some of our information is translated in the offices. We are in the process of building materials to promote Alberta, investment in Alberta, opportunities for investment and partnership that will be in the respective languages.

Mr. Panda: But people look at our websites, and on our website there are no languages other than English. Is there an opportunity there to have foreign languages on our website?

Mr. Bilous: Yes. You know, good catch. I made the same comment when we developed this ministry. We are looking, Member, not only at ensuring the website has translations but, again, we're in the process of developing a business portal that will have the different

languages, also materials so that when we do engage in trade missions, we are showcasing Alberta in the respective languages.

9:40

Mr. Panda: Thank you, Minister.

With the Alberta staff scattered around the planet and working in foreign countries, there is occasion to run into foreign governments. Do Alberta international office staff enjoy the privilege of diplomatic immunity? Have the Alberta international offices or their staff ever been targets of a foreign intelligence operation? We know what Russia has been doing, and the U.S. is fighting with that. Has it happened to any of our staff?

Mr. Bilous: Well, I'll get my ADM to supplement, but to my knowledge, staff in offices that are cohoused in the Canadian embassy have to have a higher level of security clearance. To our knowledge, we have not been targeted. Again, 10 out of our 12 offices are co-located in embassies, so we work very closely with the federal government. Frankly, I think that's been a huge asset. I can tell you very quickly, by way of example, that there are other provinces, like British Columbia, that prefer to have their offices in isolation and choose not to be cohoused with the federal government. I think that's not an advantage. I think that's a disadvantage because we collaborate very closely with the federal government and, frankly, in a lot of countries the Canadian brand is known to that country much more so than a provincial brand.

Mr. Panda: So do they have the privilege of diplomatic immunity or not?

Mr. Bilous: I believe the ones in the Canadian embassies do. Yes.

Mr. Panda: Okay. Thank you.

Minister, now I'm switching to travel because I only have a few seconds.

Mr. Bilous: Sure.

Mr. Panda: Minister, MLA Westhead was able to go to Minneapolis and Milwaukee and Madison in three separate trips, and he spent about \$8,000. Our research found that another member went to Idaho, and one trip alone cost Alberta \$8,000. Did the department pay a sponsorship or something for the conference in Idaho, and why is it so high?

The Chair: I apologize for interrupting, but it is now time for the third party.

Mr. Gotfried: Thank you, Mr. Chair, and thank you to the minister again. I'll apologize in advance for probably trying to do some speed dating here.

Mr. Bilous: It's okay.

Mr. Gotfried: I just wanted to ask a few questions. We've had some conversation around China, India, South Korea, possibly some other larger markets like Indonesia. I'm going to be a little bit blunt with you here, but from my experience and looking at some trade statistics, Australia is eating our lunch in many of these markets. You mentioned that Australia gobbled up our market share very quickly when there was a beef issue in South Korea.

What have you and your department done to analyze our key competitors – and I would say that in many of the agricultural products specifically that's probably the U.S. and Australia – to see what they're doing? And what are we doing to combat what I would say is that fact that we're not actually hitting our full market

potential there, nor are we getting anywhere near our capacity share in what our potential is in those markets in some of the key products? What are you doing to ensure that we can leverage those and increase our export market potential?

Mr. Bilous: Sure. One of the things that we're doing, as I mentioned, is refocusing our international offices where we don't need to be everything to everyone. We need to pick, based on market data, as far as what the demand is. Where can Alberta be a supplier of either product or processes?

I can tell you that part of the reason Australia, well, gobbled our lunch is that there's a proximity from Australia to Asian markets. Until we had the Air China cargo flight, we didn't have direct routes to get some of our products over to China. We are looking at working with entities like Port Metro Vancouver when we go to the west and then ship it over by sea.

We're also working closely with the federal government. We are working much more closely with industry. Part of the other challenge is that industry was going on their own, trying to get a market share, and trying to look at breaking into these markets, which posed a challenge.

The other thing we're doing is really trying to expand our trade agreements. We know that these provide frameworks and opportunities to help reduce trade barriers, which reduces costs and increases opportunities for market expansion.

Mr. Gotfried: Thank you, Minister. One of the things I checked as well was just looking at some of the web portals for some of the Australian exports, and their web portals are far superior to what I see not just from Alberta but from Canada. Now, granted, those are national websites in many cases, but I would also suggest – I know that one of your objectives is to have better business portals. I would assume that that includes export portals?

Mr. Bilous: A hundred per cent.

Mr. Gotfried: I don't think we're up to snuff, in just doing a very quick cursory review of that, so I would encourage you to do that.

Minister, I'm going to shift to some of our concerns around flight of capital. We've seen, by some of my estimations, around \$32 billion of international capital move out of Alberta, thankfully replaced by investment from the likes of CNRL and Cenovus, but that's not bringing new international capital into the marketplace, which we definitely sorely need in this marketplace to develop the third-largest hydrocarbon deposits in the world. What are you doing specifically to either mitigate further loss of international capital or to attract new capital back to Alberta?

Mr. Bilous: Great question. So a number of things. When it comes to within our oil and gas sector, we've done things like modernized our royalty system, our royalty program, which now incentivizes companies not only in driving down costs, rewarding innovation but also ensuring that they are able to continue to make a profit as the production levels of a well decrease, which they've said to us is one of the ways that we're doing it.

The other thing is with the Alberta Enterprise Corporation. Over the past year and a half we've given them an additional \$75 million – first time since AEC was stood up – that is a fund-to-fund that then invests in Alberta companies. So this is attracting venture capital to be invested within our province.

We also have seen investment of oil and gas companies from Husky – I mean, they've increased their forecast barrels but also their investment in capital expenditures – and, obviously, we talked about CNRL, Cenovus, Baytex.

Mr. Gotfried: But, Minister, I'm asking specifically. Again, I did some math on it. It was just over \$32 billion of capital that has been moved out of this province in oil and gas investment. You know, when you take 80 per cent of – Canadians' investment is actually pushed out and diversified in other marketplaces, as we see through the big pension funds and whatnot. We need global capital here. You know, I hear what you're saying here about incentivizing the companies that are staying here. The trouble is that we're not attracting any new capital. So I'm hoping that we'll hear more about that in the near future.

Mr. Bilous: Okay. If I can just clarify, though, in 2016 Alberta had more capital investment than any other province across the country, so there is capital that is coming in. I do appreciate the fact of the downturn in the price of oil. That's part of the reason we created the capital investment tax credit. This is going to have a significant impact on companies investing. This is open to any company, no matter where they're located in the world. If they come to Alberta and set up shop . . .

Mr. Gotfried: Thank you, Minister. Obviously, there's an environment here where international capital is moving away. I'd like to see that come back.

A different flight. I'm going to talk about the flight of flights. We're lucky enough to have fairly reasonable air services, direct air service, which is, of course, a very, very important economic development both in tourism and also in other kinds of commerce. What are you doing during this downturn, with likely lower flight loads, in working with the Minister of Culture and Tourism to ensure we don't lose those flights that are also important to us both on the passenger and the cargo side? That to me is an economic development issue.

Mr. Bilous: I agree with you a hundred per cent. We work very closely with the Edmonton International Airport and Calgary International Airport. They participate on trade missions when we go overseas. We're looking at working with them and the federal government to open up opportunities for other direct flights.

The Minister of Culture and Tourism announced the direct flight from Mexico City to Calgary. That is a business flight, which is significant for us. Every other flight to Mexico has been to the coastline, to the resorts. Obviously, we are working and using our international offices to help promote the direct Hainan flight to Calgary. I can tell you that there is other potential interest with other Chinese jurisdictions, potentially securing direct flights into Alberta. For obvious reasons, I can't get into those details at the moment. But we are looking at increasing attention to tourism to fill the flights.

Again, right now with the dollar where it is as well as leveraging our Canadian reputation in a lot of countries, which as you know in Asia is very strong, to promote Alberta as a destination . . .

9:50

Mr. Gotfried: Thank you, Minister. That's a sound strategy. Obviously, if there are empty seats, we don't have the economic activity here we need to attract it in.

I have one last question on high-level strategy with respect to alignment or realignment of the priorities of the international offices you spoke a little bit about. Take us up to the 30,000-foot level here. What is your vision in terms of the international offices to refocus their attention and the effectiveness that they're going to bring in terms of actually generating export activity and creating jobs in Alberta?

Mr. Bilous: Sure. So one of the things that we're doing at the same time as realigning our international offices is that we've created the Alberta export expansion program. That program helps assess where a company is at to determine which stream they should start in. We are lending support to Alberta companies that are prepared to go into a market, not just companies that, you know, are . . .

Mr. Gotfried: Kicking tires.

Mr. Bilous: . . . kicking tires, throwing mud at the wall to see what sticks.

The other thing that our offices are doing is lining up high-quality meetings with the companies that are going. Again, the companies that are eligible, that are ready to break into a new market or looking for partnership, they are getting high-quality meetings teed up. So our offices on the ground are able to evaluate Chinese investors, Chinese companies, again, weed out the ones that aren't ready or aren't a good match. So that process has led – and I encourage you to talk to companies that came with us on our trade missions that talked about the high-level, quality meetings that we're having lined up.

The other thing that we're doing is having a strong presence by returning to China. The Agriculture and Forestry minister was in India. We know that we need to be there on the ground in addition to our offices, that we need minister-to-minister meetings that will set the stage for trade agreements that will open up doors, whether it's through MOUs or, like I said, through trade agreements. I've been encouraging and working with the federal government. They're in, right now, exploratory talks with China to explore the possibility of a free trade agreement, which we have been encouraging them to do. We recognize that a free trade agreement reducing tariffs and barriers for Alberta businesses would be significant in the country and in the region.

Mr. Gotfried: Minister, I'm going to just encourage you – I think I've just got a few last seconds – on your objective 1.5 about the one-stop shop business portals. I'm going to ask you to benchmark us against places like Australia and the U.S. to make sure that those portals are there, which are often a first stop for people considering export. They can then lead them to your export market expansion program. So I would hope that would be an opportunity that you would take a close look at.

Mr. Bilous: I appreciate the advice.

The Chair: All right. The final seven minutes will be allotted to the ND caucus.

Would you like to continue going back and forth?

Mr. Dach: Yes, I certainly would. Thank you, Chair.

The Chair: Please proceed.

Mr. Dach: I'd like to continue speaking about the topic that was just mentioned by the member from the PC caucus. Minister, over the past year you and a number of cabinet ministers have embarked on international trade missions, as you've mentioned. You've just indicated certain outcomes that you anticipated would result from them. I'm anticipating that we will also see some activity this year as well from cabinet ministers embarking on other international trade missions. I'm wondering, because Albertans, of course, would like to see what tangible results may be anticipated from these trips: can you outline how we're working to ensure that we're getting the most bang for our buck, so to speak, especially given our tough economic times? What kinds of tangible outcomes do you expect to

get from these missions? As you say, some things are already under way, MOUs and agreements of understanding. What will these initial steps, hopefully, ultimately result in that you can report to Albertans?

Mr. Bilous: That's a great question. You know, again, I go back to Asia, and I'll just tell a really quick anecdote. When I was chatting with one of the forestry CEOs at the AFPA conference last fall, he was asked, "Where is the next China?" insinuating that China's market has grown significantly and rapidly but that, potentially, companies that aren't already there have missed the boat. His response was: China is the next China.

I can tell you from being there that that country and its market are continuing to grow. I find it funny when people say that, you know, they went from 14 per cent growth rates and they've fallen flat. Well, actually, no. They're still at a 7 per cent growth rate. Frankly, if most other countries tried to grow at 7 per cent, their economy would be completely overheated, and it would actually not work well. In China the country is continuing to develop and develop rapidly.

There is a significant and very quickly rising middle class that is demanding high-quality food. This is one area where Alberta can fulfill that need. We know that we have the best beef in the world. We have some of the best grains. Ask Minister Ceci; he can talk about barley and the quality of beer that's produced here in the province. We know that there is a demand. What's significant is not only the demand for our products but also looking at Alberta as a potential supply chain, so not just looking at our raw products, looking at some of our processed products.

But in order to continue to open those doors and develop those partnerships, it all comes down, especially in Asia, to relationships, and the way to develop them is to be there on the ground on a regular basis, showing the interest. The reason is that almost every country in the world is trying to increase their trade with China. Everyone is competing, and if we don't have a strong presence in China and in Asia and we're not in front of them building those relationships, then we will potentially forgo trade opportunities. So we are there. We have incredible people on the ground.

What we see as far as, you know, future opportunities: again, working closely with the federal government to continue to reduce trade barriers, to continue to sign agreements on a government-to-government level. We will continue bringing companies with us on trade missions. Many of the companies have issued statements and talked publicly about the value of participating in trade missions, how that opens doors for them.

You know, for myself, I would love to see us continue to work toward a free trade agreement with a country like China, which would reduce significant trade barriers. It would give us competitive advantages. Again, in Alberta we know that we have a thriving forestry sector. There's a demand for our lumber and our

lumber products, for our agriculture sector. We know that tourism is another opportunity to continue to grow.

The other thing that's fascinating is that on the last mission in China the central government there has challenged every province in China to be able to develop Olympic athletes for the Winter Games in China. They are very interested and look to Alberta for opportunities to partner for training, for coaches, for potential Olympians.

The opportunities, I think, in Asia are endless, but we also recognize that we have strong partnerships in Mexico, in India, in Europe. There are significant opportunities with CETA now coming into force. That reduces about 99 per cent of our trade barriers between Canada and Europe and the European Union. The European Union is the largest integrated market in the world; again, significant opportunities for us to work with our companies to grow their market share.

Mr. Dach: Okay. Thank you.

A specific question now about the relationship with the Business Development Bank of Canada. Last year the government of Alberta signed a letter of intent with the Business Development Bank of Canada, and I was just wondering: what steps have been taken since then to provide support for economic diversification as described in your business outcomes, with particular reference to this letter of intent and the relationship anticipated with the Business Development Bank of Canada in the future?

Mr. Bilous: Great question. Yes. I was very honoured to sign a letter of intent – in fact, it was in March of 2016 – with the Business Development Bank of Canada. I can tell you that they've implemented a number of initiatives here in Alberta. First of all, that letter of intent with the province is the first letter that they've ever signed with a province or territory. So it shows their interest and willingness to invest in Alberta but also that they see opportunities to support our businesses and the impact that they're going to have on the Canadian economy.

In November of 2015 the BDC introduced a \$500 million oil and gas lending initiative. In May of 2016 they introduced a small-business loans program for the regional municipality of Wood Buffalo. They recognized that they needed support. So in addition to our government they're also supporting the small businesses.

The Chair: I apologize for the interruption, Minister, but I must advise the committee that the time allotted for the items of business has concluded.

I would like to remind all committee members that we are scheduled to meet in 11 hours, on April 11, 2017, at 9 a.m., for the consideration of the Ministry of Labour estimates.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]

