



Legislative Assembly of Alberta

The 30th Legislature
Third Session

Standing Committee
on
Alberta's Economic Future

Ministry of Jobs, Economy and Innovation
Consideration of Main Estimates

Wednesday, March 9, 2022
9 a.m.

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The 30th Legislature
Third Session**

Standing Committee on Alberta's Economic Future

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Goehring, Nicole, Edmonton-Castle Downs (NDP), Deputy Chair
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Bilous, Deron, Edmonton-Beverly-Clareview (NDP)
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Sweet, Heather, Edmonton-Manning (NDP)
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* substitution for Nicole Goehring

Also in Attendance

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Gray, Christina, Edmonton-Mill Woods (NDP)
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Standing Committee on Alberta's Economic Future

Participant

Ministry of Jobs, Economy and Innovation
Hon. Doug Schweitzer, Minister

9 a.m.

Wednesday, March 9, 2022

[Mr. Neudorf in the chair]

Ministry of Jobs, Economy and Innovation
Consideration of Main Estimates

The Chair: Good morning, everyone. I would like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Jobs, Economy and Innovation for the fiscal year ending March 31, 2023.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are joining you at the table when we get to you. My name is Nathan Neudorf. I'm the MLA for Lethbridge-East and chair of this committee. We will start beginning to my right.

Mrs. Frey: Michaela Frey, Brooks-Medicine Hat.

Ms Rosin: Miranda Rosin, Banff-Kananaskis.

Mr. van Dijken: Good morning. Glenn van Dijken, Athabasca-Barrhead-Westlock.

Mr. Rowswell: Garth Rowswell, Vermilion-Lloydminster-Wainwright.

Ms Armstrong-Homeniuk: Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

Mr. Walker: Good morning. Jordan Walker, Sherwood Park.

Mr. Schweitzer: Doug Schweitzer, Minister of Jobs, Economy and Innovation. With me, we have my deputy minister, Kate White. We have ADMs Paul LeBane, Jennifer Jabs, Chris Shandro. We have our finance director, Sonya Johnston. We have Iris Dias, and we also have the deputy minister's chief of staff, Dennis Schultz. From my office we have Jonah Mozeson and Tricia Velthuisen.

Ms Renaud: Marie Renaud, St. Albert.

Mr. Bilous: Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

Ms Gray: Good morning. Christina Gray, MLA for Edmonton-Mill Woods.

Mr. Eggen: Good morning. My name is David Eggen. I'm the MLA for Edmonton-North West.

The Chair: Mr. Loewen, if you'd like to introduce yourself once we have your card. I'll come back to you.

Online, I would like members to introduce themselves remotely. When I call your name, please introduce yourself. Mrs. Aheer.

Mrs. Aheer: Good morning. Leela Sharon Aheer, Chestermere-Strathmore.

Mr. Loewen: Todd Loewen, MLA, Central Peace.

The Chair: Thank you very much.

I'd like to note the following substitution for the record: Mr. Eggen for Ms Goehring.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are being live streamed on

the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to have your camera on while speaking and your microphone muted when not speaking.

Remote participants who wish to be placed on the speakers list are asked to e-mail or send a message in the group chat to the committee clerk, and members in the room are asked to please signal the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

Speaking rotation and time limits. Hon. members, the standing orders set out the process for consideration of the main estimates. A total of six hours have been scheduled for consideration of the estimates for the Ministry of Jobs, Economy and Innovation. Standing Order 59.01(6) establishes the speaking rotation and speaking times.

In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus.

Individuals may only speak for up to 10 minutes at a time, but time may be combined between the minister and the member. After this, the rotation of speaking time will then follow the same rotation of the Official Opposition, independent members, and the government caucus, where the member and the minister may each speak once for a maximum of five minutes, or these times may be combined, making it a 10-minute block. If members have any questions regarding speaking times or the rotation, please feel free to send an e-mail or message to the committee clerk about the process.

With the concurrence of the committee, I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. If anybody opposes this, we will not have a break. So I will ask only one question: does anyone oppose having a break? Hearing none, we will make that happen.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area and are asked to please introduce themselves for the record prior to commenting.

Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to six hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn.

Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting clock for the first segment of the six allotted hours will continue to run.

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

The vote on the estimates and any amendments will occur in Committee of Supply on March 21, 2022. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between the member and the minister.

I would now invite the Minister of Jobs, Economy and Innovation to begin with your opening remarks. You have 10 minutes.

Mr. Schweitzer: Thank you so much, Chair, and thank you, everybody, for being here today. I actually am glad that we've got six hours to talk about this here today. I just appreciate the opposition for selecting our ministry for six hours. This is actually going to be a great opportunity to have a robust dialogue about the future of our province and all of the economic momentum that we have right now in almost every industry in Alberta.

I'm going to step back and take a look at this from the beginning. Now, I'm about 18 months into this role, you know, kind of quarterbacking the recovery plan for Alberta. I've kind of got to give a little bit of context for where we've been and where we're going and what we're seeing for the future of Alberta. When I was asked to take this job on by the Premier in August of 2020, it was at the height of uncertainty. We had a situation where we were at the height of the pandemic, in a sense, where we didn't know exactly what to expect, whether the vaccines would work, whether or not there would be therapeutics.

At the same time, our Premier asked us to start focusing on: what does the world look like, and what does Alberta look like coming out of this pandemic? I've got to say, you know, that foresight of the Premier to kind of start focusing on that before any other jurisdiction in Canada I think has helped lead the way for why Alberta now is well positioned and more diversified than ever and why we're leading the country in growth as well as job creation and we're starting to attract people back to Alberta. We started to see that in the third quarter of last year, where thousands of people are starting to return to this province because of the confidence they have in the future of Alberta.

To kind of give you some context as well, at that point in time, I mean, we had just experienced negative oil prices and a situation where we weren't quite sure what the global markets were going to look like. Were we heading into a global recession? What was the response going to be of the United States, Canada to the pandemic economically? There was just an immense amount of uncertainty, so we took a look at: how do we build on the traditional building blocks of Alberta? We know that we have an amazing energy industry, ag, forestry, kind of those conventional commodity-driven parts of our economy. But how do we build on this and diversify longer term for growth in Alberta? We took a look at this. We had many, many whiteboarding sessions. You know, sometimes you've got to trust and believe to make sure that you can do it. But you know what? We brought in some really smart people from so many different industries to give us advice on what that road map could look like for Alberta.

I'll use one example, the film and television industry. This is one that's been low-hanging fruit for Alberta for a decade for us to diversify our economy, build out the cultural space, and just capitalize on growth. We brought in, you know, the leading firms from, like, HBO, Disney, Netflix, Warner Brothers, and we asked them for advice on: how do you build this out in Alberta? The resounding feedback was that you have to have a competitive film and television tax credit. We listened to them, and we made sure that we removed the cap on the film and television tax credit per production. There's still a budget for it. You have to make sure you account for it.

That allowed us to attract the largest television production in Canadian history with HBO's *The Last of Us*. For those of you that

have lots of contacts in rural Alberta, this has been a big economic opportunity for so many rural communities in particular. We've seen the production shoots in Edmonton and Calgary, but on top of that, you know, we're talking about in Canmore. They did a huge part of their shoot already in the town of Canmore. We also saw – we had High River; you've got Fort Macleod – just tons of opportunities here to help small businesses, diversify our economy, and provide that opportunity for different career opportunities for young people.

As we take a look at “How do we grow the film and television industry?” – it can become a billion-dollar-a-year industry in Alberta – right now we have to build out our labour force to get that done. It's encouraging to see that, you know, Bow Valley College just built out further capacity for training. We're working with IATSE to build out further training schools and training opportunities as well here in Alberta as well as the fact that we have that cost-of-living advantage. So much of the film industry is concentrated in the Lower Mainland. We have a much more competitive kind of cost of living here in Alberta. I think this is an opportunity for us to repatriate some Albertans that have left to the Lower Mainland for the film and television industry but also to build this out longer term for people that are looking for different career opportunities.

The other one that we saw – you know, the industry has been just trying to get that attention of the mainstream media, trying to get the attention of industry and give confidence to younger Albertans – as well was the tech and innovation space. We saw back in 2017 that venture capital investment was below \$40 million in Alberta. Under the previous government we had year over year of lost jobs in the tech and innovation space. Now in Alberta for three years straight we have broken a record for venture capital investment. We started in 2017 with about \$37 million of venture capital; in 2018 went to \$100 million – that's our baseline – then in 2019, \$220 million; 2020, \$455 million; and then last year 560-plus million dollars of venture capital going into Alberta's technology and innovation space. If you take a look at the number of what they call series A companies – so there's a whole stage of early-stage, angel investing, and then you get into the whole series of series A, B, C, and then into private equity – the number of series A companies last year in Alberta that had financing was another record.

9:10

You can anticipate that as we get into, you know, the following year to two to three years out, we're going to start seeing investment in venture capital similar to what you're seeing in Vancouver and Toronto. They're earlier to the game, and their ability to get into the later stages of the financing, where they get much larger, is ahead of Alberta, but we're catching up rapidly. Alberta is now recognized as a place that you want to fly to, come to, invest in, and grow.

The reason why I mention that is that early on when I took on the job of the recovery plan, I chatted with some folks, some pension funds, and I asked them for advice, “What could Alberta do longer term?” Their initial thought was: “Well, do you have a time machine? Alberta is in trouble.” I responded back saying: “No. We're going to fix this, and we're going to get this done.”

Lo and behold, two years later you start talking to them again, and they're like: ah, I see what you're doing; we get the fact that you've got a runway now, short, mid-term. They still have questions about, you know: where do we have to get to by 2040, 2050? But Alberta has a runway right now to diversify. We have a runway right now to provide the resources to the world and make sure that Alberta has a strong path for the future.

The one thing I'll just highlight is that another thing that we are experiencing right now is the geopolitical dynamic internationally. This is another curveball that the entire world is dealing with right

now. We had the pandemic. You know, now we have geopolitical tension. We have a war in Ukraine between Russia and Ukraine. So right now, as well, this is highly disruptive, and we're seeing it in our commodity markets, everything from minerals to oil and gas, that everybody's aware of, agricultural products.

Alberta has an opportunity here to help supply the world to make sure that we can provide stability to our allies, making sure that we're there as a leader in this space. I hope that this committee can take some of the politics out of this and make sure that we're aligned as one voice in our Legislature, one voice in Alberta that's going to be there for the world to make sure that we can supply those goods to the world in this highly volatile environment of geopolitical tensions.

We're seeing already that this is putting pressure on the individual. We're seeing already that this is having inflationary pressures on top of the fact of the policies of the Bank of Canada and our federal government that led to some inflationary pressures in Canada, plus the policies in the United States that led to inflationary pressures as well.

But there's going to be further responsibility for all of us in democratic societies to take leadership on this and make sure that we send the right message to Russia, other countries that want to take, you know, those oil and gas revenues in particular and fund wars that that is not going to be acceptable. We have to make sure that we're firm with our allies, make sure that we position Alberta to be part of that solution longer term.

Now, as far as "Does anybody here have all of the answers as to where this is going to end?" I don't think anybody has all of the answers, but we're going to continue to respond, just like we did during the pandemic, in real time to challenges facing Alberta, challenges facing the future of our province.

The future of Alberta is a very bright future right now. We'll go through, I'm sure, every region of Alberta here during the six hours, but if you take a look at the fact that you've got Edmonton with 6.5 per cent unemployment, the fact that we haven't even seen the construction jobs come on from the potential from Dow, the Air Products facility – you've got a whole bunch of opportunities as well in the pharmaceutical space for the Edmonton region. Calgary is seeing a boom in the technology and innovation space. You've got clean tech. People are going to see with the investment and growth fund a number of announcements coming in the next three to four months that are going to continue to diversify Alberta's economy, things ranging from agricultural value-add, manufacturing, all the way through to additional manufacturing and diversified industries for Alberta.

Add on top of that Grande Prairie, which is growing robustly right now with the additional resources going into natural gas for the drilling capacity. You know, again we're anticipating a robust year for pricing at least when it comes to the agricultural sector. You've got Fort McMurray starting to hit its stride again with the additional focus on the oil sands. We've got central Alberta. We've got Drayton Valley starting to get busy again, central Alberta communities that are starting to see that increased activity. Then you've got southern Alberta as well. We're anticipating to make additional announcements here in the near term when it comes to the agricultural sector and the value-add.

So lots to get through here today. In our budget as well we're focusing on the clean hydrogen centre of excellence. We've got funding in here for artificial intelligence, quantum computing. We've got funding in here as well for the vaccine development to make sure that we have our health security taken care of in Alberta. Lots to go through here today about the future of our province.

I'll stop there, Chair, and I'm looking forward to our discussion. One more thing before we get into it. I won't be sharing time, just

to help get that off because I'm sure people are going to ask. They can have their 10 minutes; I'll take mine.

The Chair: Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you'll be able to see the timer for the speaking block both in the committee room and on the Microsoft Teams. The minister has answered that question about sharing time, so we will be proceeding with 10-minute blocks.

We will go over to you, Mr. Bilous.

Mr. Bilous: Thank you very much, Mr. Chair, Minister, and your department staff. Disappointing that you won't share time but not surprising. You know, I reviewed last year's estimates, and for the number of questions that I had asked, the answers that I got were few and far between with these 10-minute blocks, and obviously we'll accept that. I will thank your department for all the hard work that they do. I still have a great deal of respect for your staff and your department – well, that's all civil service, but of course JEI is near and dear to my heart.

My hope, Minister, is that, as I started off last year – you know, this isn't question period, this isn't theatre. I'm hoping to ask questions to get answers on behalf of Albertans that want to know what the ministry's priorities are, your targets, how you're going to evaluate your spending, and what those programs look like. I ask you, respectfully and politely, to share as many details as you can on these programs. I'm not here to score political points, and I know that many of our stakeholders province-wide are paying attention to estimates this morning because they have questions about this year's budget.

With that, I'll begin. I'd like to start actually talking about our downtowns both in Calgary and Edmonton. Revitalizing our downtowns will be key to growing and attracting companies in Alberta. Calgary had a record 33 per cent vacancy rate and that during what the government describes as a boom. Now, we understand that the government has allocated \$5 million for downtown revitalization. What will the \$5 million be spent on? Can we get a detailed breakdown of those dollars?

Now, Calgary, of course, has presented a downtown strategy, and I'm convinced or positive, Minister, that you and your team as well as other ministries have sat down with them, as has the Official Opposition. I know that Calgary was hoping the province would do more to help support that strategy. Calgary is investing \$255 million in its downtown after significant cuts that that municipality and others have seen. The \$5 million from the province amounts to about 2 per cent of the funding requested from the city. We know that the mayor of Calgary has asked the province to match the funding, and the Calgary Chamber of commerce CEO, Deborah Yedlin, was surprised by the downtown revitalization allocation, calling it, quote, absolutely inadequate. She's also quoted saying: I actually asked for the number to be repeated because I couldn't believe it was that small.

We'd like to know: what was the consultation between yourself, the chamber of commerce, and the mayor's offices and others? Calgary would say that there's quite a big gap between the expectations of what they would see and what's being delivered in the 2022 budget. Can you comment a little bit on the alignment between the GOA's work to revitalize downtown Calgary and the work of the cities and the chambers?

Based on, you know, hearing that from leaders in Calgary, I'm curious to know what the plan is to support the strategy made in Calgary. Is there a way to do more to support that strategy? Again, opening it up here beyond just dollars to see if there are either policy initiatives or shifts that could help support the city and the

downtown to revitalize. Again, if you can also provide some sort of breakdown between the projects that are going forward that you're funding and the timelines related to those.

I would imagine that your department has some targets as far as what they'd like to see for downtown revitalization as well as for Calgary unemployment. Of course, you're well aware, Minister, that Calgary's unemployment remains, I believe, the highest in the country as far as major cities at 8.5 per cent. I'm sure that this is a priority for you and your government, at least I hope so. Again, you know, what are the targets and projections going forward to lower that number? What do you expect the vacancy rates to be in Calgary's downtown by the end of this fiscal year, so the end of March '23? Do you have an estimate of the difference between vacancy rates in both major cities' downtowns between the funding that you're providing? Looking just at a bit of a comparator because we recognize that Calgary and Edmonton do have some differences between the two of them.

9:20

I'm also curious to hear, Minister, if you've worked further with your colleagues in Municipal Affairs and, of course, the mayors on how – you know, the support that you are giving, of course, they've indicated is inadequate, but what's the impact of that reduction in the funds? I appreciate that Municipal Affairs has its own budget and allocation, but again one of the advantages of JEL is that it's a ministry that really works with most other government ministries very, very closely on a number of projects. Yeah. I'm curious to know how that work is going forward.

Some estimates have said that the office vacancy rate is the highest level since the Great Depression. Obviously, there's going to be a significant amount of investment that's needed. The city, again, has committed \$100 million toward converting empty office space into residential and mixed-use space. That's based on what other jurisdictions have done to reduce their office vacancy rate. Curious to know how far that \$5 million will go. Now, again, I appreciate that the Premier, in question period, talked about how, you know, grants are not going to on their own revitalize downtown Calgary. That's not what we're proposing, but it's definitely going to need a concerted effort between the province and the city. Quite frankly, the federal government has a role to play as well.

We've been doing some of our own research on ways to support downtown Calgary. One idea that's been suggested is moving some of the postsecondaries into the core. Edmonton has done this quite a number of years ago, including student housing. Is this something that your government is considering? Is this part of, potentially, a plan to help revitalize Calgary's downtown?

Small businesses, obviously, have been hurt by this downturn and the hollowing out of Calgary's downtown core that is impacting other businesses because of less foot traffic. Small businesses are struggling to stay open, to renovate, or to relocate into the core. Curious to know what's being done to help those small businesses stay in the downtown as well as attract new businesses to Calgary's downtown. I appreciate, you know, that any type of initiative like a property tax rebate would be on the city of Calgary. However, the context of the fact that municipalities are going through a significant cut in this year's budget means that they have fewer tools at their disposal to be able to offer incentives for businesses.

Now, in the last election, Minister, the Premier was very vocal on the fact that the corporate tax cut would fill the office towers in downtown Calgary. Unfortunately, we saw companies like Husky lay off hundreds of staff and EnCana pick up and relocate. You know, with that, we've seen the number of head offices in Calgary have decreased from 117 to 102. The Shaw-Rogers deal is working its way through the regulatory process. A parliamentary House

committee recently recommended the deal should not proceed. One of the reasons: that certain conditions around the deal regarding job retention and investment could not be guaranteed. Has the government done any analysis on the impacts that this will have on downtown Calgary?

I know from our experience and people we've talked to, Minister, that most acquisitions do not end in new investment into the company that was just acquired. I've got my concerns with this potential takeover, the fact that we will be losing, if the deal proceeds, a Calgary-based business, a Calgary family business that's been in Alberta for a long time. The impact of having a central Canada company taking over one of our own will have impacts.

Now, Minister, you've indicated in the past that housing and other kinds of initiatives could be part of the work to revitalize our downtown. We're curious to know what work has been done and with your colleagues. Obviously, housing dollars are not in JEL, but again housing is a critical component to revitalization and to ensuring that there are people downtown to be spending money in businesses and local shops. I know that you've announced fairly recently a panel for Edmonton's downtown. I'm curious to know, Minister, what the timeline is for that. The panel in Calgary was supposed to release its report last September, so Edmontonians just have questions as far as what the timelines will be around that, again recognizing that these are complex issues. There is no silver bullet or magic wand to resolve them. But we're hoping to see some progress in Edmonton as well, as Edmonton's downtown has also struggled over the past couple of years.

The Chair: Thank you very much, Member.

Minister, for 10 minutes.

Mr. Schweitzer: Perfect. Thank you so much. Lots to cover here. First and foremost, when it comes to the downtown plan as it relates to the city of Calgary and also Edmonton – I'll deal with that first – we just struck an Edmonton metro region working group – so it's not just for downtown Edmonton; it's Edmonton metro region – to give us advice on: how do we tackle some of these emerging opportunities? We're anticipating labour pressure as it relates to many projects that are, you know, being announced from Dow Chemical to Air Products. We've made investments at the University of Alberta in vaccine development, artificial intelligence. We want to get the advice of community leaders here in the Edmonton metro region to give us their best advice as to: how do we make sure we capitalize on the growth prospects for the region? So that's the mandate there.

As far as the timeline we want to have their advice back to us by September, so that way we can go through it in a real way before the next budget here in Alberta to make sure that we have their advice and it can be reflected potentially in the next upcoming budget.

As far as the city of Calgary goes, we launched that group focused on the downtown – it has representatives from the chamber, it has representatives from housing, postsecondary institutions are on there – to give us advice on, you know: what should the role of the province be in helping making sure that we have a vibrant and flourishing downtown Calgary? We're working with them to finalize that report. We should have that done here in the next month or so, is our anticipation.

When it comes to timing, we launched it last year. We know it's an important issue. We also had an election last fall. The committee asked for a further extension to make sure that they gave us their best advice going forward on that. Depending on who was elected council, the direction of that city as it relates to their strategy for the downtown could have gone a couple of different ways. We wanted

to make sure that we had their best advice, you know, coming out of that election, now heading towards where we are right now.

As far as the overall downtown strategy as well I was disappointed, actually, to see the mayor's comment on the overall plan that we have for Calgary, and the reason why I say that is that city council in Calgary has muddied the waters as to the clarity as to: what is the future of the arena? What is the future of the arena in downtown Calgary? They had a deal. We had a new council elected, and shortly after that council was elected, all of a sudden the arena deal was paused, stopped, cancelled, however you want it characterized. I know they were starting to look into it again to get that arena deal back up. That is critical to the downtown. It's disingenuous for the mayor of Calgary to come asking for a cheque for \$100 million when they don't have their own house in order, when they don't have their own arena in order, which is a critical part to revitalization of the downtown of Calgary. So we'll start there.

On the second part of it, we look at what we have actually done as a province. There are certain things a province can do to help foster, you know, vibrant communities, vibrant downtowns, vibrant Alberta. When you look at what we've actually done to invest, we invested in the refurbishment of a historic courthouse in downtown Calgary. For those of you that aren't familiar with the courthouse, it's one of the most busiest. C-Train line is sitting right there. The courthouse is one of the oldest buildings in the downtown. It sat vacant for almost two decades. So as part of our initiative here to make sure that our Calgary Court of Appeal, which was losing its lease in the downtown, had a new home, we thought ahead and said: "Look, we have a vacant building. It's a historic building. This is an opportunity for us in one of the busiest areas of downtown, with a park surrounding it, to make sure that that space is utilized and becomes a hub in the downtown for lots of different activities." So we're investing in that.

On top of that, we talk about arts and culture. We made a historic investment in the Glenbow Museum, that was matched by, you know, private donations as well, and now we're seeing the Glenbow Museum go through a massive revitalization project, provincial funding going into that.

On top of that, one of the community centres in downtown Calgary was closed. One of the remaining ones for the community of the downtown is the Repsol centre. You would have seen in this budget a significant investment in the refurbishment of the Repsol centre to make sure it maintains its relevancy to the community and maintains the standards that people want from their community centres.

Those are just three examples of recent investments.

On top of that, we also have flood mitigation investments, hundreds of millions of dollars going into flood mitigation. Shovels should be in the ground on that, hopefully, this year. That should happen in the next little while. Hopefully, shovels are going to get into the ground on flood mitigation with SR 1, in particular.

9:30

Add on top of that the investments that we've made in the tech and innovation space, the accelerators, the artificial intelligence and quantum investments, the goals of Invest Alberta, the strategies that we've had to restore investor confidence in the province of Alberta. That's why we've been able to attract RBC's innovation hub to downtown. We've been able to get Mphasis and Infosys to bring thousands of jobs to downtown Calgary. We've been able to work with the attraction of mCloud to Calgary. So when you take a look at all the different investments that have been attracted because of the business environment that we're creating in Alberta, again, that is the role of a provincial government.

Now, has the city of Calgary created a problem for itself long term with its structure? It's a tale of two downtowns. You go east of 5th Street and you have a busy, bustling, pretty much fully leased space. You go west of 5th Street, that is where there are older buildings and there are a lot of vacancies in the west end of downtown. Now, when times were good, you had many pension funds, you had many people that went in there and relevered up those buildings. Now, our government is not in the business, like the NDP want us to be, of bailing out pension funds. Now, that's not what we do. But we do create the right environment here to get this done. So that's what we're going to be focusing on.

We're happy to work with the city of Calgary on exploring these opportunities. We can't wait to get a report in from our committee on what their advice is going to be. I would anticipate that there is likely going to be advice around exploration of, you know, potential postsecondary opportunities in the downtown, student housing for the downtown, other opportunities there to take advantage of space that could be easily converted into resources for postsecondary institutions. I think that those will be some of the recommendations that come in for us in the city.

As far as the resources, the \$5 million and \$5 million – again, this is on top of the other investments that I already mentioned – \$4 million of that goes to the city and a million of that goes to the downtown committees. I just want to get the formal name: Edmonton Downtown Business Association and a similar body for the city of Calgary as well. Again, we're going to continue to work with them to make sure that happens.

With respect to the Rogers and Shaw potential merger that is currently going through the regulatory process right now, we stay in regular communication with Rogers and Shaw to stay apprised as to how that is unfolding. There were some recent announcements at the federal level regarding Spectrum and how that could potentially unfold. I'm planning on going to Toronto here in the next little while and am anticipating being able to meet with Rogers as well to get an update on their plans for the Alberta marketplace.

They have announced 500 additional engineering jobs for the city of Calgary for an engineering hub. We take them at their word on that. That would be additional jobs into the city of Calgary, into their downtown. Again, we want to get an update from them and hold them accountable for the commitments that they've made. They've also announced, you know, billions of dollars towards Spectrum development and other higher quality services for Alberta, creating 1,000-plus jobs. We want to, again, get an update on that, make sure that that's material and real for Albertans, to make sure it's in their best interest.

As far as small businesses go, I mean, we could go through the small and medium enterprise relaunch grant, SMERG. We've also got the REP announcement that we did as well for businesses that put the REP program in place. We have tried to do everything possible to work with small businesses throughout the pandemic that were struggling. I must say that it's a huge credit to all of the small businesses that we met with throughout this thing. The number of calls that we did every single time a change would happen, the team, Jennifer Jabs in particular, our ADM, and the endless work that she did supporting our chamber, supporting our business groups, getting the word out as to how to work with us, you know, trying to work with our elected official colleagues, troubleshooting everything from food courts to everything else, getting clarity on the ground to support those small businesses.

But I've got to say that it's amazing to see Alberta moving quickly right now to get back to normal, get those businesses back up and on their feet again in our downtowns. I was in the downtown of Calgary last week, had lunch, and the restaurant was packed. The only seating available was at the bar. So, again, it's encouraging to see the

beginning of people coming back into our downtown cores. It's going to be exciting when we get our government of Alberta employees back into the downtown of Edmonton. Obviously, we have a higher concentration of government employees in Edmonton. I think that's going to help get people more comfortable coming downtown, getting that foot traffic back up, and helping our small businesses. That's another piece of the overall strategy. I'm just going to double-check here to see if I have covered everything else.

As far as the expected vacancy rates it appears as though in Calgary they have peaked and are starting to come down. We're starting to see people take up space. Obviously, with the pandemic it compounded a challenge. We already had a high vacancy rate and lots of inventory in Calgary going into the pandemic. But this isn't just an issue for Alberta, Edmonton, or Calgary; this is an issue world-wide. As people look at, "What does the future of work look like?" you have so many different companies who are looking at, you know, hoteling options for their staff, not having permanent offices. They're looking at three days on, two days at home if you want to. They're looking at lots of flexible remote work options. So working through with industry, we've talked regularly with BOMA, NAIOP about strategies for: how do we make sure Alberta . . .

The Chair: Thank you, Minister.

Mr. Bilous.

Mr. Bilous: Thank you, Mr. Chair, and thank you, Minister. I appreciate your answers and responses. I think we could get further going back and forth, but that's a moot point.

I'm going to change direction, and I want to talk about a program that we've been quite vocal on, and of course that's supports for digital media and the video game and interactive digital media space. You know, Minister, it was encouraging to hear you talk with passion and enthusiasm about the film and TV tax credit and what that has done to help support the industry and really help Alberta be competitive. I appreciate that we've landed a couple of shows. I have more to say about *The Last of Us* being shot here because there's a full backstory to it, that I'll talk about in a moment.

The opportunity that exists for Alberta digital media, gaming companies is significant, but the window is closing, and it's closing fast. I'm sure that you are aware that there are number of companies that have been growing but not in Alberta. They've been hiring but not in Alberta, and it's because Alberta is not competitive, not compared to the provinces of B.C., Ontario, and Quebec, that offer generous tax credits for their highest cost driver, which, of course, is labour, and Alberta doesn't have one.

You know, I appreciate one of the challenges, I think, of the last couple of years is it seems as though politics has gotten in the way of good policy, where if the NDP says it's black, the UCP says it's white; and if the UCP says it's white, the NDP says it's black. I've said this years ago when I was in your role, that policies, whether the investor tax credit or the digital media tax credit, are not New Democrat policies. They're not NDP ideas. They're not UCP ideas. They do not belong to a political party. They come from industry, and industry has been very vocal on what will help support them so that we can keep those jobs here in Alberta. I know that's what everybody in this room wants. We have real opportunity, but the window is closing.

You know, Minister, I know that you're aware that video gaming was the fastest growing sector or one of the fastest growing sectors in recent years globally, now, in part due to the pandemic. A report from the Entertainment Software Association of Canada suggests that it was 35 per cent over two years in Canada. I think we can agree that this would fit well with several objectives laid out in the

business plan such as 2.2. Last November you indicated in a *Calgary Herald* article that there may be support for the video game sector in the budget, possibly having a second stream for the innovation employment grant. We've also heard from several stakeholders that there was consideration of adding support for the sector in the budget, having the impression that it would've been in the recent sector and in this current budget, but it's not in here.

We've anecdotally heard from several companies that, as I've mentioned, shifted their growth plans and either expanded or located elsewhere, hiring outside of Alberta and not needing office space in our downtowns. Now, it's concerning that only 4 per cent of video game jobs are in the province while we are home to 11 per cent of the population. We see a similar picture with the expansion of video game companies, and the report by the Entertainment Software Association of Canada indicates that we're underperforming the Canadian average in terms of growth.

So I was hoping, Minister, that you could elaborate if there were considerations around bringing back some support for the video game sector, and when was the decision made not to proceed, and why? Is there an opportunity in your existing budget for some kind of support? In the context of this conversation, Minister, I'm not even asking to bring back the original IDMTC. Call it whatever you want. Brand it yours. At the end of the day, industry doesn't care. Industry is just looking for supports so that they can grow here in Alberta.

I've got to give a shout-out to our companies that are in Alberta, that have stayed in Alberta despite the fact that they went out years ago to their investors to say: here's our growth plan. I mean, we've heard from the CEO of Beamdog, Trent Oster, who talked about growing at an incredible rate, and as soon as the tax credit was pulled, they tapped the brakes on it. They have been growing, Minister. I think they've added about 40 positions over the past two years. How many of those were in Alberta? None. They're all elsewhere. And the point that we're trying to make here is that it's levelling the playing field that would result in investment and jobs and taxes. There is an economic value to doing this. This is not a handout; this is levelling the playing field.

9:40

I'm curious to know if the department performed any analysis on the potential effects of what would be the difference in employment, investment, or the number of video game companies if the government was to introduce some support tax credit program for the industry.

Now, there are linkages between gaming companies and the film industry, and they're becoming increasingly important. Here's the backstory to *The Last of Us*. I appreciate that you're over the moon talking about that series. That series is the tail end of a whole dynasty, and it started with a video game. That's what it's based on. Now, imagine if we could provide supports to build the next *The Last of Us* video game here in Alberta and have all of the knock-on effect. So whether it's from spinoffs to TV, you know, whether it's animation or action figures or whatever, the opportunity is significant.

I appreciate and I'm thrilled that we have the TV series here. The point is that with the right programs in place, we could actually be developing those here in Alberta. I know that we have incredible gaming companies here that are producing incredible games, but it's despite the barriers and obstacles that they're facing. They're not getting the support that they need.

Now, key objective 1.1 in the business plan is to monitor the competitiveness of Alberta's tax system, and key objective 1.3 is to lead the government's fiscal strategy and maintain a competitive corporate tax environment, making Alberta an investment

destination, ensuring economic diversification, growth, and long-term success.

Digital media and others advocated for the government to reintroduce a digital media tax credit in some form. It doesn't have to be ours. Alberta is going to lose companies to neighbouring provinces that have the more competitive credit, so the question from a couple of our stakeholders is: why is the government opposed to some kind of support for this industry? Again, not even the NDP tax credit, even though it's not, but that's the language that we've heard. Industry is really struggling with what the difference is between the film and television sector and the interactive digital media sector and why previously you and your colleagues have called it a boutique tax credit. Then suddenly the television and film was not a boutique tax credit and it was okay, but now the interactive digital media is still boutique and it's not okay? There's a double standard that the industry is curious about.

Now, Minister, I'm sure you're well aware, but I'm going to read some of the comments from some of Alberta's top video game companies when they saw this budget being presented. Gary McKay, who's a studio manager for BioWare said: as a studio with deep roots in Alberta we're disappointed that the government missed this opportunity to adopt policies that further advance the interactive digital media sector in Alberta; BioWare Edmonton is a group of unbelievably talented people who push the envelope of innovation every day, but further investment in the province only gets harder without policies designed to foster our industry's growth, especially as other provinces eagerly step up to promote development of the IDM sector; Alberta should recognize the importance of a healthy IDM industry to its broader goal of advancing its tech and innovation sector.

With that, the province of Saskatchewan has one of the most robust digital media tax credits available in Canada, and you know why? Because they realize they have so much growth to do and they are so far behind other jurisdictions, but they've jumped ahead of Quebec and B.C. and Ontario in their tax credit in the hopes of luring companies.

I can tell you, Minister, and I'm sure you've heard this as well, that our companies have knocks on their doors all the time from other provinces, other ministers saying: come to our province; we understand that this is an incredible industry that is worth trillions globally, and we want to get in on this space.

Nick Facey, who is a senior program manager at Unity, said: Unity is a global leader in real-time 3D development; we build advanced technology solutions for clients across industries, from games to energy, manufacturing, automotive, retail, and everything in between; these solutions are created using the same highly sought after tech skills found in today's video game industry; the Alberta advantage was a driving factor for us to open a state-of-the-art office in Calgary, designed and constructed by local designers and contractors, to attract world-class talent, but the difference in competitive policy has prevented this office from scaling like Montreal and Vancouver in creating jobs.

The Chair: Minister.

Mr. Schweitzer: I appreciate it. I think that this might perhaps require some context to figure out exactly where we are today as it builds out our innovation and technology space. I appreciate the member's passion for this industry, and I know that he had passion for it, you know, when he served as a minister as well, but I do think that he is looking at it through a little bit of a yesterday's lens, to be frank. The reason why: I'll give some context for that and where we're going to go as a province.

When you look back at where venture capital investment was in Alberta during their time in office, in 2017 we only attracted \$37 million of venture capital. If you look at the job performance in the tech sector 2016-2017, we lost tech-sector jobs in Alberta. Right smack dab in the middle of their term they were losing jobs, so my expectation would be that they were scrambling, trying to figure it out. The economy wasn't going well, you know, their time in office wasn't going well at that point in time, and they were looking for opportunities to grow out the tech and innovation space here in Alberta. They got there late, and they started bringing in some stuff at the last minute.

Now, when it comes to the innovation space as a whole in Alberta now, when it comes to artificial intelligence, Edmonton is going to be on par with the other two hubs in Canada. We've got quantum technology and cybersecurity technology development happening at the University of Calgary. We've got the ability now with the venture capital investments that are coming into Alberta. I mean, we're not even talking about 10 times, we're talking about 12 to 15 times in venture capital coming into Alberta than what was happening under the NDP. We have an immense amount of growth happening right now, also with our \$600 million work strategy and giving people the skills that they need for the future, including the artificial intelligence and quantum investments that I was referencing.

When you look at where Alberta is right now, we effectively have zero per cent unemployment in the technology space. It's a different story from when the NDP were in office. We effectively have zero per cent unemployment. We have thousands of positions that are unfilled right now in Alberta. When you take a look at the talent that we're able to generate and the job demand that we have, I don't want to be in a position right now where we're throwing gasoline on a fire, in a very hot labour market, in an industry where we're trying to continue to attract and bring in talent to Alberta.

Now, that being said, we want to make sure, as part of our technology strategy that's going to be released later this year – you're going to see the fact that we've identified digital media as an area for growth and an area where, as well, we've recognized that other provinces have put in place tax credits in digital media and that Alberta needs to make sure that we have the ability for our businesses to compete.

We're going to be working with industry and getting their advice, getting their direction. Now, here's an area that has changed significantly since the NDP were in office. I don't know if the member is fully aware of how this is developing world-wide, but Facebook has changed its name to Meta. Metaverse is a collision of the ability to buy and interact through social media with the video game industry. We have significant questions as to: how do you put in place a credit of this kind that wouldn't be abused by some of the biggest technology firms in the world? It's not just small video game companies that we're talking about here; we're talking about the major international tech giants. We're talking about the FAANG companies, that are looking at this space. They want to build out, and they're coming to play. This is web 3.0.

When I talk about web 3.0, one of the things as well that I don't hear much from the opposition ever about is when it comes to DeFi, deregulated finance, and the opportunity there is for Alberta to lead in this space. We're talking about the DeFi space right now. We're going to be creating our regulatory sandbox. We referenced, you know, cryptocurrencies in our throne speech. There's an opportunity for Alberta as well in this space to continue to grow. I didn't hear the NDP ever – ever – talk about this area of opportunity in Canada. When Ethereum was being chased out of Canada, literally chased out of Canada, during their time in office, where was the NDP to say, "Hey, come to Alberta. We want to work with you"? They didn't. Now, Ethereum is worth I think it's 3X RBC, started by Canadians,

and our country chased them out. They weren't there to diversify Alberta. We are right now working strategically in areas where we have opportunities for growth, opportunities to build out our environment here, and we're going to get that done.

When you take a look at the United States, there are cities like Miami and New York – you've got Wyoming; you've got Arizona – that are trying to embrace diversification overall in a deregulated finance space. Alberta has an opportunity to lead in this, not only when it comes to the data side of it. We've got Amazon Web Services, the largest investment ever when it comes to that space in Alberta history. We have the ability to lead on the data side. But, on top of that, when it comes to the tax, the regulatory piece, we're putting out that signal right now that Alberta wants to lead. We want to diversify our economy, and there are ways you can do this in web 3.0 that make sense.

9:50

We're going to be there when it comes to digital media. We're going to engage with them to make sure that this works for Alberta, works for where our labour market is right now as well to make sure, again, that we don't put that gasoline on the fire for Alberta.

I just want to take the opportunity as well, while we're on the topic of the metaverse and everything else that goes along with it, to say that there are opportunities here for us to make sure we fully understand this. If you talk to kids these days and you look at the games that they're playing, Roblox is just this amazing game. By the way, a Robux, I think, is worth more than a ruble right now. Again, it's online, it's digital, and it's 3D. There are transactions where kids can buy digital T-shirts on there. Again, it's transactions. It's fin tech in combination with this, but it's big players internationally.

We want to make sure that we position Alberta right now with our labour constraints. Who would have thought a year and a half ago that labour pressures were going to be the biggest thing that could hold back growth in Alberta? But it's true, and we've seen this happen in pretty much every industry, from manufacturing to logistics to even out in the oil field service industry. Labour is one of the biggest constraints.

So, again, we have pressure on our labour in the tech and innovation space. That's why we as well put in place our reform on immigration, having the fast-track stream in the immigration area, to make sure that Alberta is attracting talent here to our province to fulfill the demand overall.

The other thing I want to highlight as well is to provide a big thank you to the Innovation Capital Working Group and all of their recommendations that they provided for us to build out the tech and innovation space in Alberta. You think about the additional \$175 million that went into the Alberta Enterprise Corporation to make sure that we can bring in venture capital, the recommendation to make sure that we have the technology and innovation side of it, one of the accelerators. We made this significant investment in accelerators in Alberta, the fast-track stream.

We look at what the advice was from the Innovation Capital Working Group and what they wanted us to do. We had Joe Doucet at the University of Alberta and Adam Legge from the Business Council of Alberta giving the government advice. Every single piece of that report has effectively been implemented at this point in time.

Now, when it comes to – I'm glad that the politics of this has actually been taken down, and I don't accept the assertion that there's politics in this at all. This is really, truly about: how do we all cheerlead diversification of Alberta? How do we find opportunities to grow out and find new ways to build Alberta for the future and make sure that our kids know that they have a future in Alberta?

I think this is the one area that I'm most proud of when it comes to the recovery plan and the message that we're able now to communicate to Albertans, that kids now have a future in Alberta. They were wondering for a long time if they had a future in this province. I mean, we had former NDP ministers saying: go to B.C. to get a job. We had young people that were not sure if Alberta had a future for them, but now they're seeing diversification, tangible diversification, happening right here at home in our province, from the film and television industry to the technology and innovation space. We've got ag processing value-add projects coming on in Alberta.

Every single industry is just proud to see this happening. We're starting to see people come and move to Alberta. We're starting to see that confidence happening in our housing market as well for our province. Overall, it's amazing to see.

I want to highlight as well film and television. I appreciate the member bringing that up. Again, when we started the whole plan for the recovery plan, this was one of the first things that we identified as a growth opportunity for Alberta. Again, I don't know why the NDP didn't move on this file when they were in office; I really don't. They just did nothing for the film and television industry during their entire four years in office to grow out this industry for Alberta, diversify our economy.

Look at the thousands of jobs that have been created because of the changes that we made, high-quality projects. I mean, you've got HBO's *The Last of Us*. You've got *Fraggle Rock* and the Muppets that are happening in Alberta. Who would have thought that we'd have Apple's *Fraggle Rock* happening, the reboot? You've got Kate Beckinsale coming here for a big show. You've got Andrew Garfield, who was in the most recent Spider-Man movies, here doing *Under the Banner of Heaven*. That show looks absolutely amazing. You've got *Joe Pickett*. You've got *Billy the Kid*. All of these shows are world-class, and they're showing off Alberta as well to the world, from an opportunity to highlight our beautiful landscapes to the opportunity as well to make sure that we create high-paying, quality jobs for Albertans in diverse industries.

Alberta is very well positioned long term to make sure that we grow in so many different areas: technology, film and television. I'm sure we'll get into the investment and growth fund as well as it relates to diversification that's happening in our province, but it's amazing to see this happen right now in the province of Alberta.

I'll stop there. I think we're almost out of time.

The Chair: Mr. Bilous, for your last block of 10 in this section.

Mr. Bilous: Great. Thank you very much, and thank you, Minister. I'm going to clarify a couple of things that are factually incorrect that you stated. When we look at capital investment in Alberta, in 2018 it was \$62.3 billion. Capital investment last year under your government was \$54 billion, and your projected capital investment, from your own numbers, is \$56.7 billion. It is incorrect that there wasn't an influx of capital investment under our term. In fact, in 2018 Alberta led the country in GDP and in growth.

The other thing I just want to clarify, Minister. We do celebrate the fact that there is new investment coming and that the venture capital space is growing and that Alberta is up 23 per cent year over year, which is great. But the context that needs to be shared and the reality here, Minister, is that you've made bold claims that Alberta will become the number one destination in Canada. From the numbers I'm about to share, the government of Alberta needs to do much more if they actually want Alberta to be a leader.

Canada, first of all, for venture capital investment, the country, is up 222 per cent year over year at \$14.2 billion. Ontario is up 270 per cent year over year at \$7.4 billion. British Columbia is \$2.9

billion, up 224 per cent. Quebec is \$2.8 billion, up 180 per cent. Alberta is at \$561 million, which is up 23 per cent. But, as you can see, \$561 million versus Ontario's \$7.4 billion: there's quite a bit of catching up that needs to be done.

You know, I want to also just iterate the fact that companies and industry have been sounding the alarm bells on the talent shortage for years. This is happening world-wide, globally, as more companies are moving into the space where they need programmers and computer engineers. There is fierce competition, so things like the interactive digital media tax credit are needed for companies to help attract that labour.

The other piece of this, Minister – and I talked about it last year, but I really wish you, through the chair, would have been much more vocal with your colleagues around the table advocating for dollars for our postsecondary institutions. The fact that last year's budget completely ravaged our postsecondaries means that there are fewer students going through and that there are fewer graduates, which means the talent pipeline is actually shrinking. That is not attractive for companies. You know, we have had some success with attracting companies.

I love when you bring up Infosys. That was a project that started under the previous government working with Calgary Economic Development five years ago, six years ago, probably now seven years ago, you know. Entities like Invest Alberta had nothing to do with them coming there. In fact, even AWS conversations with them indicate that they came for talent, but the challenge is that without robust investments in our talent pipeline, Alberta will fall further behind.

Now, I appreciate that in this budget there are dollars for 7,000 spaces to be created. That is a positive step. Unfortunately, we're still in a position of playing catch-up whereas under the NDP we had committed and started to fund 3,000 new tech spaces. That was over three years ago. Had that program not been cancelled, there would have been grads today coming from those new spaces, and we would be closer to catching up with other jurisdictions. Instead of that cancelled program, which then stalled, now we have a new introduction of new spaces, which will start, hopefully, this fall, but we will not see the fruits of that labour for years to come.

10:00

Again, you know, you had mentioned being late to the game. I mean, this couldn't be a more clear example of being late to the game. Our postsecondaries are absolutely critical, and what I can't understand, through you, Mr. Chair – I appreciate the passion that you have, Minister, for this space, and I know that you're a champion. My question and what I can't get my head around is how your colleagues don't understand the role of the postsecondaries as economic drivers and how critical they are to deliver your government's outcomes of jobs, growing companies, and attracting investment. They're all part of the same ecosystem, and I'm confident that you know that. The frustration is that you haven't been able to convince your cabinet colleagues that investments in our postsecondaries are just that. They're investments, and this answer of, "We need to get in line with the rest of the country" sounds like we're aiming for mediocrity as opposed to leading the country.

I mean, again, the same year that a Nobel prize was won at the U of A, the response from government was to give them a \$75 million cut. Well done; let's reward you by gutting your institution, making it more difficult to have other Nobel prize winners. Again, I appreciate that postsecondary is a separate line item, but there are, obviously, shared outcomes, and the importance of our postsecondaries in helping you, Minister, and your department to achieve their goals is absolutely critical.

You know, there's good news that we're seeing in this space. I was hoping that Kristina Williams would be here today as the CEO of Alberta Enterprise Corporation so that I could ask some questions. I appreciate that venture capital is up. I think it's important for her to be able to talk to Albertans and explain that investments that are made in AEC, like the new investment that your government committed last year, take years to deploy, where AEC's announcement of new funds is likely from an investment that was made many years ago. In fact, I recall sitting down with her, talking about: the investment cycle with Alberta Enterprise Corporation is about 10 years.

You know, one question I have, Minister – and I appreciate that she's not here, but hopefully you and your team can answer it. How much of last year's \$175 million commitment has been deployed? How many jobs in Alberta have been created with the new investment funds from Alberta Enterprise Corporation?

How many Alberta companies were chosen by the different venture funds outside of the accelerate fund? I'm well aware that the accelerate fund is Alberta businesses only. For those at home who may not know this, AEC's fund-to-fund model is a fantastic model, but one of the challenges that can exist is that those funds are then invested in companies globally, and the only requirement is that there is a single person, single office, which, again, is not necessarily a physical office but a single person, employed by the fund in Alberta. With this increase in venture capital investment, again, a 23 per cent increase year over year, how much of that has gone into Alberta businesses? How many Alberta businesses are seeing the benefits of that increase in venture capital?

I'd like to know – again, I was going to ask Ms Williams if she could just walk the committee through the timeline from a government announcement of new funding to the time it takes for AEC to go out to the VC world and get partners to set up a new fund and then from the time that that's announced to when they actually start deploying capital. If there's a bit of a timeline there for folks to understand.

I'll just ask the chair how I'm doing for time.

The Chair: Just under a minute.

Mr. Bilous: Okay. Wonderful.

You know, just to forecast other topics that we'll be talking about today: obviously, tourism; we're going to talk about agriculture; we'll talk about our trade offices and exports, the investment and growth strategy fund. We'll talk about procurement, the innovation employment grant, a number of questions around your business plan, and then, of course, your pharmaceutical and life sciences as topics that we will dive further into in the remaining just under five hours that we get to spend together today.

I'll leave my comments there, Mr. Chair.

The Chair: Thank you, MLA Bilous.

Minister, for your last 10 minutes of this section.

Mr. Schweitzer: Perfect. Again it's striking: seven years as an elected official and can't tell the difference between estimates and Public Accounts. Here we are again in Alberta having to explain that to the members opposite, that this isn't Public Accounts; this is estimates. You know, we represent and put forward our budget, and we have to explain and answer the questions as it relates to that. But, again, there's Public Accounts if you want to get into the weeds as to the steps that various Crown corporations are taking in Alberta, the department is doing. That's the place and time to go into that.

That being said, as it relates to the steps that Alberta Enterprise Corporation is doing, if you take a look at outcome 2 as it relates to what we're trying to attract, it shows from 2020-21 all the way to

2024-25 what our forecast is for how the Alberta Enterprise Corporation is going to leverage its investment as a fund of funds into venture capital funds that have a presence here in Alberta to attract further venture capital investment into our province. With that comes job growth. You can take a look as well at Start Alberta – it has a website as well – a partnership that AEC is involved in, that tracks metrics on various companies that are disclosing their activities as far as investment environment as well as job opportunities. So I refer the member to that.

As far as the overall strategy to make sure that we continue to attract venture capital into Alberta, one of the things that we're looking at and we're actually starting to see is that success breeds more success in Alberta. You're starting to see more and more angel investors. You're starting to see more and more family funds that – and for those of you that don't know what a family fund is, typically it's a family that has done well in life. You know, they could have anywhere from \$20 million to \$100 million or more of capital as a family, and they often do angel investing or early-stage investing. Historically in Alberta they would be more comfortable investing in the traditional economic drivers of our province like the oil and gas industry, oil field service, agriculture, but you're starting to see, with the success of venture capital investment in Alberta and more and more familiarity with this fast-growing industry, that sophistication level grow.

One of the areas that we're looking at and encouraging AEC and their board to develop out a strategy on is that earlier stage seed capital and earlier stage investment in Alberta. Right now we're doing exceptionally well when it comes to series A financings. Further, we're looking at: how do we make sure that AEC can work with those early-stage investors in Alberta to have that sophistication level for the early-stage investment overall in our province? They are doing excellent work. You're probably going to see some more investments there, partnering with this growing and developing ecosystem in the province of Alberta.

As it relates to the overall narrative that you had around the Nobel prize winner, I think you might need to check the news from time to time. We actually made a historic investment in that exact institute with that exact Nobel prize winner, where they sang the praises of this government's investment in that exact area. Sorry to be a little bit over the top there, but, my goodness, read the news. Read the news. We invested \$50 million to enhance vaccine capacity development in the province of Alberta. What does that Nobel prize winner do? Develop vaccines. Dr. Houghton is a virologist. This is the exact area. We identified this as part of our recovery plan, as an area for diversification in Alberta.

We have a building block in our province. We have a Nobel prize winner. We have a leading institute at the University of Alberta and the Li Ka Shing Institute of Virology, going back to the Stelmach years, when they invested into this institute. We doubled down on that. We put additional resources into that research because it can create jobs in our province. It can provide health security in Canada. On top of that, we put in place \$261 million – sorry, \$26.1 million; I got my decimal point wrong – to back three companies and organizations in Alberta. You have API, Northern RNA, and Entos to help build out this ecosystem in Alberta. Now the ball is in the federal government's court. We've got \$2.2 billion, Minister Champagne and his team, and the people at various offices at the federal level. We've put this proposal out there. We're calling on them to fund these viable projects to help build out national health security in Canada.

10:10

There's a big role for our postsecondary institutions to play there, and we have funded that; we've provided those research dollars.

There's a reason why University of Alberta ranks number six in Canada when it comes to research funding. The University of Calgary ranks number five in Canada when it comes to research funding because we are continuing to invest in research capacity in Alberta. Artificial intelligence, quantum technologies, vaccine developments, small-molecule development: those investments are continuing in Alberta, and hopefully the NDP start actually presenting the real facts to people instead of trying to spin this the way that they continually have been on this file.

Now, when it comes to creating further capacity, we want to applaud the University of Alberta for their efforts to bring their costs per student down to where they have right now. They were an outlier when it came to spending, and they've done the hard work of making sure that they get their administrative costs down to a long-term viable presence. I want to applaud the team there at the University of Alberta for the restructuring that they've done, still being able to provide first-class service to their students and provide those first-class research capabilities as well in Alberta. That's amazing work that they've done there.

Now is the time as we look at: what does the future of Alberta look like? What does the future of our economy look like? Right now we're dealing with labour pressure that we wouldn't have even anticipated a year and a half ago. When you look at where we were a year and a half ago in Alberta and where the economy was a year and a half ago, not very many people were predicting labour shortages as being the big issue North America wide but also in Alberta. Here we are. We have a challenge that we have to face. We have to make sure that the job opportunities align with people's skill sets, also for young Albertans. We have to make sure that in everything, from vets to the technology innovation space, we have those skill sets right there for Albertans. That is a key part of our overall strategy and why we are investing to create those 7,000 additional spaces for our postsecondary institutions in Alberta.

Now, we're looking to those postsecondary institutions to be creative. How do they come up with the right proposal, compete, bring forward those ideas for how they can best serve the labour pressures and needs in Alberta? Again, this is where the market is going. This is an encouraging thing. Competition always brings out the best, and we're looking forward to that in Alberta, seeing those proposals coming in from our postsecondary institutions in Alberta for how they can help us make the most of the investment that we're making here, the 600-plus million dollars that we're putting into this workplace strategy, 170-plus million that's going in our postsecondaries to help build out this strategy.

One thing as well that I want to highlight – again, I just take issue with the member's assertion that we somehow slighted a Nobel prize winner when all we've done is work hand in hand with them in building out the pharmaceutical and vaccine space and capacity for the province of Alberta, going back over a year and a half in developing out our vaccine, pharmaceutical, and life sciences strategy for our province. The reason why I say that, I think – maybe it's just a different approach that we've taken.

What we did when we started to build out our pharmaceutical and life sciences strategy in Alberta is that we brought all the players around the table, and we said: "Look, right now is Alberta a global player in this space? No, we're not." However, the city of Edmonton, in particular the University of Alberta, has the building blocks, and they're now recognized as an emerging pharmaceuticals and life sciences hub internationally. But we said: "Look, we only have so many government resources in Alberta. How best do we capitalize on the University of Alberta's expertise? How best do we capitalize on the growing opportunities when it came to API, Entos, Northern RNA?" We asked for their best proposals. We had 17 proposals come in, and we went through them as quickly as we

could, dealing with – you know, at that point in time who would have thought health security was going to become the number one issue facing our country?

Again, that also, you know, kind of fosters another consideration when it comes to ESG, whether or not security should be factored in more and more into ESG, health security, national security, other parts that should go into an ESG strategy.

We've got a minute left, but I'm just going to share a little bit about the outcomes of that discussion. The community came together and said: look, we get it. Individuals that weren't working together started working together. They started coming up with a plan that fit within the priorities of the government as well as fit within the priorities for them as businesses and individuals doing research, and I've got to say that right now Alberta is very well positioned to capitalize on growth prospects in pharmaceuticals and life sciences. Entos just entered into a long-term partnership, you know, with an American partner that's going to help them grow and capitalize on the investment opportunities here in Alberta. That is encouraging. That's just the beginning of where we think that this can go long term in Alberta.

On top of that, you have the life sciences space that's growing robustly, particularly in the city of Calgary. You know, from our procurement that we did, from developing out masks early on, you've got many companies in the city of Calgary as well in partnership with platforms like Thin Air Labs and others that are looking at how do they leverage artificial intelligence to help solve the challenges of the day as it relates to – oh, I'm out of time, I think.

The Chair: Thank you, Minister.

We will now move to the independent members' 20-minute block of time. I won't ask you to combine. You've been clear on that. MLA Loewen.

Mr. Loewen: Okay. Thank you very much, and thank you, Minister and the minister's staff, for being here today. I appreciate the work that you do, and I understand that this is important work this department does. Obviously, Jobs, Economy and Innovation is important. I will ask one last time to go back and forth.

Mr. Schweitzer: No.

Mr. Loewen: The minister has declined that. That's unfortunate. I will ask that you undertake any unanswered questions, though. I guess one of the reasons why it would have been better to go back and forth is then I possibly wouldn't have had to ask every question or make every comment, but, Minister, that's your choice.

I'm going to start with Invest Alberta. I know Invest Alberta has important work to do. I don't want to be here disparaging the work that they do. I'm sure they do great work, and I'm sure there are many great people involved with that organization. Of course, you just mentioned here a few minutes ago that there's limited money with government to spend, and of course we need the best results we can get for that money. Of course, what we're here to do today is to ask questions of government on government spending so that the taxpayers have an idea where this money is going and to make sure that it's going the best way it can.

Now, if we look on page 144, Invest Alberta, 3.4, it says that its job, just to paraphrase it a bit, promotes investment in Alberta, provides services to support investment opportunities. We all know that promoting Alberta is good. We need to do that. It's obviously an important part of our economy, and we need and desire more investment in Alberta. What I haven't seen, really – and I looked on the Invest Alberta website – is a plan for Invest Alberta and what

they plan to do and how they plan to achieve success. Another thing that I haven't seen is: how is success being measured? When I'm talking about "measured," what I would love to see is what investment has specifically come from Invest Alberta so that we have an idea of return on investment.

I want to get into a little more details here. On November 27, 2021, at the Fairmont Chateau Lake Louise Invest Alberta hosted an invite-only meeting of the Calgary airport Banff rail working group, where the project proponents, one of them a former Invest Alberta board member, made their pitch for why the government of Alberta should give them \$30 million a year for the next 50 years. I guess my question is: how much time and money is Invest Alberta spending lobbying the Alberta government for taxpayer money from the government, not money from outside investment, to go to corporations like this? Again, I'm not here to disparage the Calgary airport Banff rail working group. I'm sure that's a great group and they're doing great work for themselves, but that is the question. Is Invest Alberta – is that part of Invest Alberta's mandate, to lobby the Alberta government for money for an organization like that?

Next question. Why does Invest Alberta have a three-year sponsorship of Alpine Canada? Now, again, Alpine Canada may be a great organization and everything, but I would like to know how much that sponsorship cost taxpayers and then, of course, how that improves investment into Alberta specifically. What else does Invest Alberta sponsor and for what amount of money? Obviously, if they're sponsoring Alpine Canada, there may be other organizations that they're sponsoring.

Again for Invest Alberta. How much did Invest Alberta spend on hosting-related expenses during COVID-19, you know, between March 2020 and March 2022? I'd be interested in having those figures, too, how much they spent on hosting-related expenses.

Also, how much international investment has Invest Alberta attracted to the province? Similar to the previous question, has there been a review of how much money investment has actually come in because of Invest Alberta? I'm not sure if there has been a cost-benefit analysis, but I haven't been able to find anything on that.

Now, I'm guessing there's probably been some travelling with Invest Alberta staff. How much is the staff of Invest Alberta spending on travel and accommodations, and where have they travelled to? Then, of course, how much investment has resulted from those travels?

10:20

Now, the government passed Bill 33, the Alberta Investment Attraction Act. Albertans were told by the minister that Invest Alberta Corporation would require \$6 million annually from the province over the next three years for its operation. Now, we see in 2021 a budget of \$2.4 million, then a jump to \$25.25 million in 2021-2022, and then that drops to \$20 million for 2022-2023. I just wanted to know what happened, I guess. You know, Albertans were told \$2 million a year for three years, and now we're \$20 million a year for the next foreseeable future. What did Albertans get in return for this huge increase in Invest Alberta's budget?

Another thing that would be interesting to find out is: how much compensation are the board members and the CEO receiving? Is it still seven board members? I'm not sure about that. Again, I'm sure there are good people working there doing great work and everything, but I think Albertans need to know the compensation that's being paid.

Another thing that concerns have been expressed about is that this, you know, in some regard has been a landing place for some of the Premier's staff and government staff after they leave the Premier's office. In fact, one of the Premier's staff gained notoriety for \$45,000 worth of travel expenses and ended up with Invest

Alberta, from what I understand. That's a concern I think that Alberta taxpayers have, too.

Now I'll move on. You have both Invest Alberta and Alberta Innovates, and I'm wondering if you can kind of give a breakdown, just an idea of the differences between the two and the work that each organization does compared to the other one.

Now I'll move on here to jobs, obviously, the name of your ministry. The first word is "jobs." Last year, in 2021, Edmonton and Calgary were number one and number two in unemployment in Canada for large cities. I appreciate your positivity on the jobs progress and everything, but being number two on the chart of high unemployment is not a good indicator of success as far as creating jobs. I think that in January Calgary was the second-highest among 34 metro areas surveyed. I think we've seen that the jobs in Alberta during the pandemic have suffered the most across Canada, and I don't know that the recovery has been that great. I know that we see a lot of comparing things to what prepandemic job numbers were, but things I don't think were incredibly good prepandemic either. So comparing, you know, the present to the past: it wasn't that great, and I'm not sure if that's a good comparison there.

I'll go on to a few other things. I see I have a little bit more time left. On page 73 in the business plan under revenue there's a line item there, other revenue. What is included in other revenue? Also on page 73, business plan, under revenue there's a line item, premiums, fees and licences. Why does it only show up in the 2021 budget? I'll just go back to that, too. I would like to find out why it only showed up once and not again. We will go to – also on page 73 under revenue there's investment income. What investments are included in those figures?

Again on page 73 of the business plan under expenses under the line item economic recovery and development there's a decrease so significantly as an expense. I'll just – why did it decrease so significantly? Also on page 73 under expenses under the line item Alberta Enterprise Corporation. Why are we spending so much more on this budget compared to in the past? There has been a bit of an increase in the last two years. I shouldn't say that it doubled but probably a 50 or 60 per cent increase.

Then also on page 73 under expenses under the line item Invest Alberta Corporation there's another – why are we spending so much more in this budget? Again, from 2021 actual to 2022-23 there has been a substantial increase there, and that's, of course, this Invest Alberta Corporation that I've already brought up. I'll leave those questions with you, Minister, if you could again agree to undertake the answers to those.

The Chair: Thank you.

We will move to the minister for 10 minutes of response, and then we will be taking a five-minute break before going to the government side.

Mr. Schweitzer: Perfect. We'll start with the discussion around the jobs. I mean, the member knows – we ran on the same team in the last election campaign, making sure that we could get Alberta back on track. When you take a look at what we inherited, Alberta was in a recession, effectively, when we were sworn in. If you look at the numbers, Alberta's GDP contracted in that year leading up to the election, and we had a lot of work to do, and a pandemic hit. You know, obviously, that had a massive impact on the world economy and impact on the Canadian economy and Alberta, in particular when it came to the commodity prices, from negative oil prices to everything else. Alberta was particularly hard hit.

When I took this job on in the summer of 2020, you know, that was one of the biggest challenges. What is the plan for Alberta in light of the fact that there's so much uncertainty at that point in

time? The fact that Alberta recovered every single job that was lost in the time that we have, I think, is a point of pride that I take, the fact that that many jobs have been recovered in the time period that we had. When we started this process, it was uncertain as to what the road map looked like, and here we are today. Here we are today as well with a balanced budget. We also have Alberta forecasted to lead the country in growth this year and next.

Then another curveball comes our way with geopolitical ramifications in the last month. Now you've got a war between Russia and Ukraine, the invasion of Ukraine. Again, Alberta is here to help the world with its issues, and we are very well positioned to help service the world. Again, we've been advocating to get our energy resources to market for a long time, and I think the world is seeing the value of national security when it comes to energy. Alberta has a big part to play in that.

You take a look at where Alberta is forecasted to get to by the end of this year. Again, we're going to see that unemployment rate continue to drop across Alberta. The fact that the restrictions are off in Alberta – I know you've been a big proponent to get restrictions off in Alberta. You're starting to see jobs return to the hospitality industry. You're starting to see jobs return to the tourism industry. We need to get the federal government onboard with removing some of these final COVID-related restrictions that, I would say, right now, I think, are a bit redundant and have served their purpose but no longer serve a purpose right now, many of them. I think that we have to get travel going again because that's going to help a lot of small businesses in Alberta get back going.

I think we look at the fact that we've already recovered all the jobs that were lost – Canada lost 200,000 jobs in January; Alberta gained 7,000. You have the headwinds of the diversification, that I mentioned in previous rounds, plus the strength of the commodity markets right now for Alberta businesses, kind of that foundational part of our economy. So if you look at where the opportunities are for Alberta plus you have the low tax environment, the affordability of Alberta versus other jurisdictions from a housing perspective and other areas, I do think you're going to continue to see those unemployment numbers continue to drop, jobs continue to be created, and I think by the end of this year Alberta's going to be in a position where many people right now that are feeling – still many people feel anxious. I think by the end of this year many of them are going to start to see those thousands of additional jobs and the benefit of all the policies that have been put in place for the last three years really come to fruition in the economy for Alberta.

As it relates to the distinction between Alberta Innovates versus Invest Alberta, Alberta Innovates – think of it as kind of that R and D, research and development, arm for Alberta. They do everything from agricultural research, they have the CAAIN initiative, and I actually think that this is one that is completely – we need to raise the profile. We're going to do what we can this year to help raise the profile of it with our minister of agriculture. The fact that we've got hundreds of millions of dollars going into partnerships, federal government, private sector in agricultural research so they do everything from that to – our clean hydrogen centre of excellence is going to be in Alberta Innovates. They do work on bitumen beyond combustion to carbon capture, developing out different pieces, historically, in the oil sands. They really are that research and development arm for Alberta versus Invest Alberta is there as the business development arm for the province.

It's there to attract investment into our province and help make sure that that comes to fruition. We're selling the Alberta narrative, whether it comes to the petrochemical industry or the technology and innovation space. I know that they're going to make now a push as well into film and television, making sure that we attract those investments in. When people want to come to Alberta, making sure that that they're point of contact.

10:30

Now, some of your questions that you asked, I think I would refer them to Public Accounts because I do think that that's more the proper place for some of the questions as it relates to Invest Alberta, but I will get into some of the details here as well. Invest Alberta: obviously a Crown corporation, so an arm's-length process. We have seven board members there. All that is publicly available. What the board members are paid: publicly available. I just refer you to all that information that's already out there in the public domain. They run an independent hiring process. They go through that. The current CEO, Rick Christiaanse, went through a process, was hired last fall. He and the team are doing amazing work. Obviously, they have their own processes. They have the Auditor General that reviews expenses there. They go through the process of making determinations in consultation with their board as to, you know, what has that best return on investment as it relates to sponsorships or events.

I know that the one in particular that you referenced, the event that they held in Lake Louise, on that one there I believe they had 40 investors at the table at that event looking at making material investments in the province of Alberta or they have made material investments and are looking at going further. I can speak to that briefly with a little bit of knowledge, but I do think a lot of those questions would probably be properly referred to Public Accounts.

As it relates to advocacy, obviously, Invest Alberta is there as a conduit for gathering intel for prospective investments as they need to work with different government departments. They are there as a concierge service to help make sure that they can find the right path. Do we need to talk to Municipal Affairs about, you know, municipal issues? Do we need to talk to JEI about making sure that we have the right training programs in Alberta? Or is it a conversation with Transportation, for example, on Banff rail? Banff rail, that project, my understanding – it's not my department, but I believe that that project now sits with Transportation. If you have questions on that further, I'd probably point you in that place.

As it relates to Invest Alberta's budget, that first year you saw, with the \$6 million, was their start-up year, so they were just getting going. They didn't have a full year to spend \$20 million. That was the beginning years. They were just starting the process of hiring their first CEO and first staff. You go forward here, what we found – and you'll see that last year we had \$25 million and that this year we budgeted \$20 million.

Initially we put all the international offices under Invest Alberta, but what we found is that that makes sense for some of the offices for where they're located. We want them focused on investment attraction and some trade pieces as well, but there's also advocacy for government. Last year you would have seen an announcement where we had James Rajotte, who is our representative in Washington, DC. We also announced offices for Denver, Chicago, and Seattle as well. We are looking at a bit of a restructure there to make sure that the advocacy piece doesn't distract Invest Alberta from its core mandate. The budget adjustment there is primarily to help adjust for some of that piece.

There are still going to be Invest Alberta kind of arms out there. This week they announced a partnership with the Houston chamber. They did one in New York with I think it's called Maple. There's a bunch of stuff that they're doing out there in kind of the prospecting business, relationship investment attraction piece internationally, but there is that other arm that is pure advocacy for kind of government pieces. We're also looking at, you know, attracting talent to Alberta, attracting students to our postsecondaries, so a bit beyond the scope of a pure Invest Alberta piece. That's why we did a bit of a realignment on that one.

As it relates to the revenue items that come into Alberta, a lot of this is primarily from the heritage funds. You've got about \$48 million coming from the Alberta heritage foundation, \$36.5 million coming in from the Alberta heritage science and engineering foundation. There is also \$3 million coming in from Advanced Ed for scholarships, \$2.3 million from Health. When you take a look at the overall, the vast majority of that is more of an accounting exercise for: how do we move money from the funds that we have and into kind of expenditures for that year?

As far as the other revenue that comes in, it relates to Crown corporations. Travel Alberta would normally do events, conferences. Sometimes they would do partnerships with private-sector or other organizations, and revenue would potentially come in from those events. A little bit lower in COVID environment, haven't been as many events on there. Alberta Innovates, as well, does partnerships. They do partnerships with the federal government. They do partnerships with the private sector. We also have, you know, InnoTech and other pieces of that organization, so sometimes with that comes in revenue as well for that Crown corporation. That's, generally speaking, how those line items come into place.

As it relates to Alberta Enterprise Corporation's increase in its budget, that's primarily to allow them to hire a few more staff to deal with the increased mandate that we provided them. We doubled, effectively, the amount of funds that they're managing, and they're bringing on internal finance expertise as well as some other people there to help them manage that process.

I think I almost got to everything, with six seconds left.

The Chair: Excellent. Thank you.

Members, we will now take a five-minute break. There is fresh coffee for those, and we will come back with the government members' 20-minute block.

Thank you.

[The committee adjourned from 10:35 a.m. to 10:41 a.m.]

The Chair: Thank you, members.

We will begin with the 20-minute block time with the minister, starting with MLA Frey.

Mrs. Frey: Thank you very much, Minister, for being here today, and I want to just start by thanking your department and your incredible ministry staff, who have been so helpful not only for me but I know for many members at this table. We don't often get a chance to publicly thank the staff who make it possible, but I think it's also really important for elected officials to do that, so I'm going to start with that.

Minister, I like to say that you're the Minister of Good News because it just seems like you're always coming out and telling us something absolutely fantastic. I have to say that the dose of positivity that you provide every day – it seems like every day; sometimes more than once a day – is definitely what I need in my timeline on social media, in the House, and otherwise.

I'll start with what's likely on many, many Albertans' minds right now as we, hopefully – thank goodness; let's hope – begin to put the COVID-19 pandemic in the rear-view mirror, and that's economic recovery. It's truly a crucial component of our province's path forward towards healing from the pandemic, both healing our economy and also the province's collective memory. I think we've all went through a lot in the past couple of years.

I'm very pleased to see that outcome 1, as listed on page 71 of the ministry's business plan, affirms the commitment from JEI to ensuring that Alberta's economic recovery is a high priority as we head into 2022-2023. As you know and as Albertans know, your job is to attract jobs, embolden our economy, and increase innovation

within our province as well, and we know that as conservatives we believe that the best role for the government is in a limited capacity, setting the conditions for success. I'm very happy that despite the pandemic our government has reversed the trend of the NDP. We saw record investment leaving, we saw people fleeing Alberta to go to places with lower tax jurisdictions, and I'm very glad to see that we are reversing that trend of damage and leading the country in economic growth.

Minister, I'm wondering if you could start by elaborating on the ways in which your ministry is going about ensuring continued recovery and growth. Then I'm wondering if you could speak to any specific sectors of the economy which continue to show or are anticipated to show growth in this upcoming year.

Also, I'm wondering if you could elaborate on how your ministry is pursuing diversification of our economy, because I know that's something that's very important to many Albertans.

I am also wondering if you could talk about the major investments that are coming up, if there's anything you could maybe give us a little bit of information on, and how your department and our government have set those conditions. I think it's really important for Albertans to know just how much work is being done to make sure that we are setting the conditions for growth.

Then I'm going to go to my second set of questions, just because we're on block time here. This is on page 27 of the fiscal plan, for those who would like a reference. We can see that the unemployment rate in the province is decreasing, which I know is welcome news for many of us, and with the employment rate expected to grow by 4.1 per cent – that's the employment rate, not the unemployment rate – and an average of 2.5 per cent over the following three years, it looks like Alberta is well on its way to recovery. Like I was saying earlier, Alberta, we know, is the economic engine of Canada. While there are many people in this province who are still struggling to find work, I see a lot of hope on the horizon, and I know that your ministry is a huge part of that. Minister, can you speak more about these metrics and how the budget helps to contribute to this positive news for Alberta?

With that being said, I am going to share some of my time with my government colleague the MLA for Sherwood Park.

Mr. Walker: Thank you so much, MLA Frey. Through the chair, Minister, hello. Thanks for being here, and also thank you to your staff for all you guys do. We are absolutely booming, as the minister points out again and again. I think I heard once or twice: 130,000 jobs created in the last year. It's amazing, and I would say through you, Chair, locally my area of Strathcona county is feeling this. We're absolutely on fire. The three refineries, including one which I share with MLA Armstrong-Homeniuk, are all deploying capital. They are feeling encouraged by the incredible environment that, in large part, JEI has helped foster. The Industrial Heartland as well. Big investments, including from Japanese trading houses like Itochu and, I believe, Mitsubishi, with a \$1.2 billion investment with Petronas, I believe, in the blue and green ammonium fields and natural gas. It's just absolutely amazing, the work you guys are doing. I'm fully, strongly supportive, especially of Invest Alberta, the Crown corp investment arm. I was really enjoying the dialogue you were having with some of the other MLAs on that. It's been a great success, I think.

I'll also be speaking – my questions to the minister are around economic recovery. We are leading in Canada again, and thank you to JEI for that. Your messaging on that has been really great and persuasive. I'll start on page 8 of the fiscal plan, Minister. It outlines the state of Alberta's economic recovery and some of the reasons that make this province such a great place to live and work such as the highest average weekly earnings among provinces, low home

prices, and the lowest overall taxes in all of Canada. In that same vein, there have also been many economic projections from major banks and think tanks that show Alberta will lead the country in economic growth this year. My first question, Minister, is: can you talk about these projections and why the business plan outlines a path for success to help these projections become a reality?

Then moving on to page 73 of the business plan, it indicates under the expenses section for your ministry that approximately \$316 million is estimated for economic recovery and development in 2022-2023. That said, I think it's quite clear the reason for previously high numbers in this line, and hopefully these estimates stay relatively stable as we begin to heal from the COVID-19 pandemic, as my colleague previously said. A couple of questions here, Minister. Although the pandemic appears to be lessening in its impact, can you speak to some of the challenges that you continue to see in Alberta's economic sectors? Also, what are some of the ways that JEI intends to overcome these challenges?

Then, for me, just a few more lines of questioning. Line 2.2 on page 145 of the estimates document, Minister, shows an estimate of \$32.95 million being put toward industry and regional development. I know we've heard talk about the Edmonton area as well as Calgary, and you mentioned southern Alberta. Based on these documents this seems to be a significant hike in the expenditure from the \$9.05 million forecast for 2021-2022. What exactly is the money being put toward, and how might it aid Alberta's economic recovery? As well, is there any money earmarked specifically for Edmonton and Calgary's downtowns? I'd like to hear you flesh that out even more. There's been a great discussion so far.

You know what, Chair? I think I'll stop there and then cede the rest of this block time to my colleague MLA Armstrong-Homeniuk.

Ms Armstrong-Homeniuk: Thank you, Chair, through you, to the minister. First of all, I want to say good morning. I agree with my colleagues in saying that it's great to have the good news daily from you. It's like a breath of fresh air every day. We like to hear from you and all the good work you do. Thank you. Also, I'd like to commend your staff and all the hard work that they do, especially here in Alberta and particularly for my constituency of Fort Saskatchewan-Vegreville. Alberta Innovates, a great employer and great for the hemp in my area; all the work in the Heartland that you've done plus all the small businesses you have supported during the pandemic – they do appreciate it – and, you know, the great conversations you and I have had supporting particularly women and small businesses. So thank you again.

On page 71 of the business plan it mentions that your ministry is committing about \$45 million over three years towards the investment and growth fund. Now, I know this is a huge initiative aimed at kick-starting Alberta's economy, so I'm hoping you can provide a bit more clarity on some of the projects included within its purview. First, can you describe what the fund is and how it's being used, and could you give us some idea of the value of the fund, which will attract investment here in Alberta?

10:50

Another question. Part of Alberta's and Canada's economic recovery hinges on Alberta's place in the global economy. I see on page 71 of the fiscal plan some statistics pertaining to economic growth on a global scale which indicate a bit of a worrisome trend. Of course, there are many factors that are outside of this government's control here; however, they still have an important role to steer the ship through the storm despite the global challenges that lay ahead. First of all, does your ministry anticipate some of these global trends such as consumer patterns and tighter global fiscal conditions impacting Alberta's economy? What strategies has

your ministry been implementing to deal with the general rise in inflation being seen across the world?

Now I'll cede the rest of my time to MLA Rowswell.

Mr. Rowswell: Okay. We've got about 16 seconds left there. I'll give you advance warning: I'm going to be wanting to talk about hydrogen when we come to that point. I won't burden you with any more questions at this point.

The Chair: With that, Minister, you have your 10 minutes to respond.

Mr. Schweitzer: Perfect. I really appreciate the opportunity to answer all these questions, and I'll do my best to get through this in 10 minutes here. I'll start with the investment and growth fund and the strategy there. I mean, this is a piece that we saw in the state of Texas. The state of Texas had traditional drivers of its economy decades ago similar to Alberta. They had energy, ag, you know, they had ranching and all the different parts that we have in the traditional Texas economy. But they made a concerted effort, similar to us, where they had low taxes, but they also put in place a few different programs that were deal-closing when they were competing with other jurisdictions.

We noticed that there are so many jurisdictions around the world that rely on incentives, and we've taken a different approach. We want to make sure that we have that macro environment. We want to make sure that we have the low tax environment; we reduced the corporate tax rate down to 8 per cent. But we found that certain companies kept coming to us saying: "Well, what are you going to put on the table? What are you going to put on the table?" And we found that we actually didn't have to do a huge amount; it's just more that they wanted to know that we wanted them. They wanted to know that Alberta wanted their business here in our province, and they wanted some skin in the game so they could go back to their investment committees and say: "Yep. This province wants us in Alberta." We found that with the investment growth fund – and we've announced one of the deals publicly.

We already have four or five that have gone through the process. The first one was Pure Leaf, which was a vertical farm. It could have gone anywhere in western Canada. It came to Alberta. We used that as a deal-closing piece.

We found that of the intake of the deals that have come in – this is the thing that we find really encouraging – the majority of them have actually been value-added agriculture or manufacturing. This is the really encouraging part: when we tell the narrative of diversification in Alberta, businesses are seeing that opportunity. They're seeing Alberta as a place that has a logistics advantage.

When you look at the Lower Mainland of Vancouver, with the high cost of real estate and effectively zero per cent capacity to grow out warehousing, and logistics opportunities are kind of at max growth capacity, what we're seeing are opportunities to leverage the port of Vancouver as well as the port of Prince Rupert, with hubs primarily centred around Edmonton and Calgary, to become logistics hubs that also facilitate manufacturing, that facilitate agricultural value-adds, because they can take it from Alberta and get to everywhere in western Canada. We're seeing that happen, and this is allowing us to capitalize on that. You'll see likely a series of announcements this spring that'll highlight some of these ones that we've worked on with the investment growth fund and with Invest Alberta.

On your point around inflation, I mean, you would have seen just this week the Premier's announcement around, you know, gas taxes as well as the rebate on electricity. We're also monitoring the geopolitical landscape of the world, and this is a challenge the world

is facing. We've had many challenges over the last two or three years from the pandemic, and now we have the geopolitical tension and the war in Ukraine that's happening right now. That's driving up minerals, as you saw, and it's driving up prices of a whole bunch of goods. We're going to have to continue to monitor this.

The one thing that Alberta is well positioned on is that we have the resources the world needs. We have the resources right now in our province. They were constrained from getting some of them to market, as we all know, when it comes to the oil and gas industry. We've been fighting hard to get those resources to market. With that, though, come high prices, and the way our royalties are structured and we're – you know, hopefully, the weather cooperates this year and we get a robust crop in Alberta as well. We're anticipating fairly high prices for our agricultural community as well. So it's more dealing with this in real time, the way that we've dealt with the pandemic in real time. Hopefully, this is short term in nature, this conflict. Hopefully, this does come to a resolution, but we'll continue to monitor it and be there to support Albertans throughout this and support our partners and be there with those goods as well.

When it comes to women and small businesses as well, just yesterday we announced a partnership with three colleges in Alberta for a million dollars to get women in STEM. We also did a challenge grant where we encourage, you know, people to come to us with their ideas, their proposals for: how do we help women in the recovery? And the proposals we received back were about three times what we initially expected. We're going to fund more of them because they're high-quality proposals that have come in.

Also, look for – we're going to be announcing this here shortly – a microloan process. Women entrepreneurs that are starting businesses quite often struggle to attract that first loan from financial institutions. Sometimes they don't have the collateral or the security there, and as a result, there is a gap for women entrepreneurs. So we're going to try and fix that. You'll see some details on that in the near term, kind of a micro-lending strategy that doesn't have the burdensome kind of security requirements of collateral as well as loan guarantees, things like that, that historically come with conventional loans to help women entrepreneurs.

As it relates to investments, I'm going to go to my colleague here, kind of the hydrogen and petrochemical centres that you have there. I mean, talk about job creation that's going to be coming here. This is the one thing – a part of our Edmonton metro region strategy is: how do we manage the thousands of jobs that are going to be created once these projects get those shovels in the ground? Once you get the petrochemical facility going, the Dow Chemical one, once you get the Air Products facility, labour constraint is going to be one of our big, big challenges in Alberta, and that's going to help overall.

When you talk about the – historically, when I came to Alberta in the mid-2000s, as I lived here a bit as a kid, it was that magnet, it was that opportunity. We had the cost of living. You could get ahead faster. And you're just starting to see the beginning of that run in Alberta. You talk to people that have gone through this in the early 2000s, people that went through other cycles in Alberta. We're at the beginning of a very exciting part of our decade. I think from now until the end of this decade you'll see the growth opportunities for our province. Also, it gives us a window and a runway to set up long-term success as well. So there's that piece that goes into it.

Your referencing and questions around some of the spending lines in the budget and the fluctuation: a lot of that was business supports. The SMERG program that we put, the small and medium enterprise relaunch grant, and other business supports that we put out there were the difference, primarily, that we had there for the different line items. Again, it's an area where, hopefully, we are

truly moving forward and out of this pandemic and into a true endemic. That's what we're anticipating.

Again, you're right. We have the highest wages still. We've got an affordable cost of living. I think that's why, again, halfway through last year you started to hear stories about people moving to Alberta. I started to hear, "Oh, my neighbour just came here from Toronto" or "My neighbour came here from, you know, the Okanagan." You started to see those starting to happen, and we're glad to see that that is proving out in the data as well, where that trend had been down, starting primarily in 2015 and been kind of a long run there, but now we're starting to see that trend reverse and people coming back and migrating to Alberta from within Canada. Also, the federal government's looking at bringing in over a million immigrants to Canada. We want to make sure we welcome as many as possible here to Alberta, including – I'm sure we're going to, hopefully, be putting out the red carpet to some of our Ukrainian friends that are going to need that as well.

Also, I just want to thank Jackie for all your work with our ACAUR group as well.

Moving on as well to my colleague from Brooks-Medicine Hat, we continue to see the unemployment rate drop in Alberta, and, again, this was one of those challenges when we first came in. You know, talk about risk-reward. When the Premier asked me to take this on, I was enjoying my time in Justice, and he asked me to take on this new challenge. At that point we were in the teens for unemployment, and now it's down to kind of the low 7 per cent range for Alberta. We anticipate that as this year goes on, as you see the tourism industry, the hospitality industry, further investment come into our province, that'll drop into the 6 per cent range here pretty quickly. We have a pretty robust plan, given the forecast, to get that unemployment rate down to the 5 per cent range. Again, that's a pretty healthy economy once your unemployment rate is in the 5 per cent category, and that's where we think we're going to likely get to over the next year or so, to get that unemployment rate down into that range, which is encouraging.

As far as the opportunities for us, I mean, I've highlighted a few already, but when it comes to diversification, and particularly for your region of the province, the investment and growth fund is actually proving to be a pretty valuable tool. We have some deals that we're hopefully going to get to the goal line, that I think will be material, that could have a pretty significant impact on your community and region overall. Again, they'll be in kind of diversified industries that historically we haven't necessarily had in Alberta, and hopefully they'll have the ability to create hundreds if not thousands of jobs for people in the southeastern part of Alberta.

On top of that as well, we're seeing, you know, the film and television industry, when we looked at this opportunity. I've actually been blown away by how much of that activity happens in rural Alberta, how much of that activity happens in our smaller communities. If you watched *Ghostbusters* recently, you had everything from Drumheller to Fort Macleod; they were highly profiled in that movie. We're anticipating, you know, *Billy the Kid*, the same. *The Last of Us*, obviously, is out there in pretty much every community around.

11:00

The thing that really struck me when we did a couple of town halls in central Alberta as well is the point of pride that had for the community, in the sense that people wanted to shoot a movie in their hometown. It was a point of pride. It was community building, particularly when we've had a pretty tough couple of years with the pandemic and particularly a lot of frustration in our rural communities. I do want to kind of highlight and I'm really excited

to see what the prospects are here long term for rural Alberta from a diversification standpoint, career opportunities, and also supporting small businesses in our province.

Again, I just want to highlight as well that when you look at diversification – I haven't even highlighted too much that's outside of my own ministry, but when you look at the work that's being done in the Energy department, you've got geothermal, you've got hydrogen, you've got all the investments that are going to petrochemicals.

Oh, I'm getting the wave.

The Chair: You had one second, but thank you very much. That concludes the government members' first block of questions.

Now we will move to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister. As mentioned, members are asked to advise the chair at the beginning of their rotation, but I think we've established that pattern, that it will be block time. We'll continue with official, independent, and then government in that order. Please remember that discussion should flow through the chair at all times. I have been very lenient on this, but we haven't had a problem. If you continue that, I won't have to.

MLA Bilous.

Mr. Bilous: Thank you, Mr. Chair. You know, I can hopefully ask if the minister has decided to have a change of heart and go back and forth or share the time. I doubt it, but I'll ask anyway.

Mr. Schweitzer: For our fourth budget we're going to keep going the way we're going.

Mr. Bilous: Okay. Well, hopefully, the minister will answer these questions this block, because it's shorter. I'm going to focus on supports for small business, key objective 1.4. During the pandemic it was probably highlighted to all of us how important small businesses are to our lives and communities. We all know that small businesses are the drivers of our economy and are 95 per cent contributors to our GDP. Many of them were hit extremely hard by the effects of the pandemic and needed the help of governments to survive and to be a part of our postpandemic life. Over the last two years it was clear that we would need to get the support programs right. They needed certainty around health regulations from government, and the province needed to set the conditions for their growth beyond support.

We're going to start with the latter, under objective 1.4 in the business plan, "Remove barriers and support growth for entrepreneurs and small businesses, including reducing red tape through digital transformation and improved service delivery." I understand that red tape reduction is a shared responsibility. I'm hoping, Minister, that you can outline what specific actions you're planning for our small businesses that you're currently undertaking or initiatives that you're driving. Can you provide any measurements on how effective they are estimated to be? In other words, if you have the savings per business, it would be great. The fiscal plan does not highlight any specifics, but that's why we go through estimates, so I'm hoping you can share more. Are these initiatives just the normal course of business due to the red tape reduction process, or is there something new in this current budget?

According to the fiscal plan your ministry overspent its contingency by over \$180 million. That's more than double what was estimated in the budget. Just wondering if there's a breakdown of what went to small businesses. Can you provide any estimates? How many businesses did survive due to the programming, and what was the debt load that businesses did not have to take on?

Similarly, if you have numbers around the jobs that were protected due to that program.

I expect that two of the programs you're going to highlight, Minister, are the SMERG and the COVID-19 restrictions exemption program grant. To that, I'd like to know the total uptake of the available funds and how much was unused on those two programs. Are there currently any outstanding claims in either of these programs that will be delivered through this current budget? What was the average time processing the claims, and what were the longest instances? If you can talk about why. Did your department estimate the effect on businesses of different wait times? How many of them closed or had to let employees go due to delays? If all the applications are processed and paid out, what was the date of the final one paid to small businesses?

This year your ministry has a \$155 million contingency. Is any of that earmarked for small businesses? Under which conditions would you provide additional support for small businesses from this contingency? Can you outline any kinds of conditions that your ministry has developed or will be using to make these decisions? If any of the funds are earmarked for small businesses – one of the questions: are they addressing challenges small businesses are facing post-COVID, like high debt loads, et cetera? We've heard concerns from businesses that the program took too much time to receive the money, there were delays, they weren't delivered in a timely manner. I'm curious if you're working with the department to assess how widespread the issues were, how the programs can work better for our small businesses. What were the lessons learned from that?

In the two out-years of the fiscal plan there's over \$121 million in contingency. In 2024 Jobs, Economy and Innovation would only be one of four ministries that is still allotted a contingency. Can you elaborate on what the contingency is for specifically and break it down into what kinds of initiatives the contingency is for? Are these just for emergency support or other kinds? Again, businesses are looking for certainty, and any details you can provide would be greatly appreciated.

Are there any criteria for those out-years that would indicate that there would be support for small businesses? Can you elaborate on the limits for the different rounds and programs that were set for this year? Have you done any analysis on those levels since, and what were your learnings? How will this affect potential small-business programming in the fiscal year? Do you have estimates on the debt levels for Alberta small businesses and how they developed since 2020?

Can you elaborate on how you expect further rising costs of living – obviously, inflation is going up – and potential supply chain issues could affect small businesses further? Is there anything in your contingency or in your budget that will help to mitigate that or potential supports for continued rising inflation outside of the gas rebate and electricity as well as any other supply chain challenges? And have you worked with the Minister of Finance on projections, how employment growth in small businesses may be affected by having support available?

The Chair: Minister to respond in five minutes.

Mr. Schweitzer: Perfect. I appreciate the series of questions, and I think I'll probably be able to provide clarity here in the outset. As it relates to the \$155 million that's identified in there under the line for operating expense, COVID-19 recovery plan, that is primarily for, you know, programs that we've identified through the recovery plan such as the investment we've made in accelerators for Alberta. That will help many small businesses that are on that fast-track growth trajectory, that need the business support that they need to grow their businesses. So we have the accelerators piece there.

We also have the last year of the three-year commitment of TIER for \$5 million that's going in there. We have \$22 million going into Travel Alberta for tourism, \$26 million for our vaccine development plan here in Alberta, the additional investment and growth fund of \$10 million as it relates to rural economic development. We also have the additional work that's going into a handful of sector strategies for \$2 million. We also have the innovation employment grant of \$74 million that's sitting in there, plus they've also allocated towards our ministry some of the cost of advertising and marketing various services that are coming from the recovery plan. Other government initiatives as well are there as part of the \$155 million of services.

As it relates to a handful of your questions, I think probably they would be better pointed towards Public Accounts as to the results of previous years' programs, how they ended, how many are in process.

I just want to say, first and foremost, thank you to the team for everything that they did in providing all those resources out to small businesses. They were not easy conversations to have with small businesses that went through an immense amount of uncertainty over the last two years. They stood up multiple times different rounds of business supports, different types of business supports, from tourism levy abatements to the REP support to the small and medium enterprise relaunch grant, and many other types of supports in other ministries where our department was largely the point of contact. It wasn't initially part of their job description, like many things weren't coming into the pandemic. The team tackled those challenges head-on and were there with businesses hand in hand and participated in many of those conversations in round-tables and town halls, where many times you're dealing with individuals where, you know, they were wondering what the future was going to be. They were very difficult and challenging, and the team met those challenges head-on and accomplished it.

I would refer you mainly to the Public Accounts process if you want to get the further details and breakdown of the who, what, where, when, why of how the SMERG program and other business supports were deployed overall.

As it relates to the red tape reduction process, a lot of the red tape that we've been focusing on reducing is in our Crown corporations. Alberta Innovates and many others have many applications that they ask small businesses in particular to fill out when they go through the grant processes and grant protocols. We're one of the leaders in our government when it comes to reducing redundancy and red tape, and a lot of that is focused in Alberta Innovates on grant applications, streamlining processes, making it simpler for people to come in and access necessary programs, particularly when you're a small business and you've got an idea and you're trying to get it off the ground. That is one area where you don't want to have to fill out, you know, similar forms five times. Hopefully, one time is sufficient. That's one area of focus that we had overall for that part of the overall strategy for red tape reduction.

11:10

As it relates to continuing to support small businesses, obviously, we want to move forward, and we believe that we're now truly into an endemic phase of the pandemic. Hopefully, that continues, and we don't get any more curve balls thrown our way, but again we've been there with businesses hand in hand. The team has been there with small businesses hand in hand.

Now it's really focused on recovery, and this comes down to the economic growth in Alberta. We're seeing as well the fact that Alberta is going to continue to lead the country in growth, job creation that's happening here, the 130,000 jobs last year. On top of that, you know, Albertans disproportionately own energy stock,

energy assets. Even before the most recent geopolitical turmoil around the world we were starting to see pretty robust pricing for energy stocks, and that creates further dividends for the people that have options in companies that are in the energy industry. They have been below water for a long time. All of a sudden they have value.

We're anticipating that with the growth of our energy industry, job creation, people moving here, the robustness in pretty much every part of Alberta's economy as we move forward, you're going to continue to see people that are going to continue to have more disposable income, which will help businesses, particularly now that the health restrictions have been removed. They're going to let those businesses run, people are going to have some disposable income, and that whole ripple effect for small businesses is going to continue

The Chair: Thank you very much.

Now, we have no independent with us at this time, so we will skip over that section and go back to government members for five minutes.

Mr. Rowswell: Thank you for coming today. You know, when I first decided to run and try to be a politician, one of my main issues was pushing back on what I called the war on fossil fuels. I've made it a bit of an effort here to get up to speed on all the different sources of energy that we're dealing with and figure out where the weaknesses and strengths of them are, and are we headed down the right path? With that in mind, that's where I'm going to lead to in this question. I'll give you a bit of an understanding of how I feel about, as I understand, hydrogen and then how some of the things that are related to your part of the ministry is how you relate to that.

Like, typically, you know, where we get our hydrogen from is natural gas, and that's the steam reform of natural gas. You're stripping hydrogen off natural gas, and then we use the carbon dioxide, and we sequester it, and that's why we can call it clean. That's why we do it. Another option is electrolysis out of water, and we don't do that, I don't think. If we do, I'm just not aware of it. I'm not sure what all that costs, but that's kind of where that's at.

Now, as I understand it, we're the second-cheapest place in the world to produce hydrogen, and there is a demand for hydrogen around the world. So, so good. You know, if there's a market there, away we go. We use it right now for making fertilizer and in our bitumen processes. There might be other things that I'm just simply not aware of that we use it for, but the market, I think – I have talked to some of the people that have announced hydrogen plants in the province, and they said: look, we're mainly in the industrial side, and we're thinking about export, turning it into anhydrous ammonia and exporting that. That's what I understand is happening with that thing.

Now, I understand that the other areas where it can potentially be used are in heating, electricity, and transport. This is where I'm concerned about a bit of a problem. Like, the heating: our furnaces can't handle straight hydrogen, so the best we can do is do a mix, right? And then electricity: the affordability of hydrogen, because you're putting it through all those processes, is about six to seven times the cost of natural gas, so there's an affordability issue relative to hydrogen that I'm a bit concerned about. Then the transport: our engines can't handle it. We don't have infrastructure to fill up vehicles. So that's big, transformational change, and I don't know where all the money is going to come from. Those are kind of areas that – you know, those are the weaknesses that I see.

Given that, based on outcome 1, key objective 1.1, page 71 of your ministry's business plan, it seems you're approaching Alberta's economy with a clear emphasis on diversification. This is

part of it, and it's the clean hydrogen centre of excellence. Can you please give an overview of the program and what the intent is behind it? What are the environmental factors that the clean hydrogen centre of excellence is intending to address? What are some of the outcomes you hope the hydrogen centre for excellence can help achieve in the hydrogen economy?

Also, on page 141 the plan outlined some of the key pillars of Alberta's hydrogen road map, and I just want you to talk about the hydrogen road map and outline some of the key issues it intends to tackle. What is the potential of hydrogen in the Alberta economy? You know, are we mainly export, or are we into some more transformative-type stuff there? Has there been any significant investments in the sector? I know of some, but you may have more. What more is the government doing to promote the hydrogen economy in Alberta and overcome what I consider the affordability and functional weaknesses that are inherent within hydrogen?

I am all for diversifying the economy and everything, but it has to have a net benefit. My concern is that I'm seeing just increased costs within the sector. Yours is kind of the clean hydrogen part of all this, so I don't know if you can answer all those questions. I'd just like to know how they're going to tackle some of these issues that I have relative to hydrogen.

The Chair: The minister.

Mr. Schweitzer: Perfect. I really appreciate your thoughtful comments and questions as they relate to Alberta's hydrogen strategy as well as the opportunities for our province.

To start first and foremost with your question on affordability, I think that is a question that we are going to have to continue to monitor as it relates to people who want to go through the energy transformation. There has been a big focus internationally on the ESG narrative as it relates to, you know, climate change, other challenges that we have globally, and what do the long-term needs need to be for energy? I think that some of the thinking around that, particularly with the geopolitical issues that we've seen unfold over the last few months, and some of the time frames that have been outlined in those initiatives are being re-examined right now beyond our government and being re-examined internationally. You've got many different parts of the world that are looking at security as becoming more and more of an important part of it and affordability. I mean, Albertans – I know that you're getting the e-mails and I'm getting the e-mails from people about affordability of power, the price at the pump, and everything else and the pressures that come with it. I do think that as we move forward with many of these initiatives that have worthy end goals for where they want to get to for having a vibrant, clean environment long term, we do have to make sure we are aware of affordability and also national security issues that come along with them.

I just wanted to acknowledge that piece up front. Our Premier is very keen, very aware of that. He's been advocating for common-sense resource development for a long time and our government has, and I know you have as well, so I just wanted to acknowledge that up front.

As it relates to the hydrogen centre of excellence, Alberta Innovates is going to be the home for the hydrogen centre of excellence. I mentioned earlier on that that's kind of our research and development arm of Alberta. It's a Crown corporation focused on research and development. Most of the physical assets that we have in our province that would facilitate that research and development are housed there. Hydrogen could blow up, so you have to have it in a safe environment where they can conduct experiments safely, everything from pipelines to other pieces that go in there, what's the right blend. Alberta Innovates is the right

home to help us collaborate here. We're looking to, with our investment here, leverage that investment with federal funds, private-sector funds. Alberta Innovates is very good at doing that. We think we can probably get a 2 to 1, 3 to 1 investment coming in on top of our investment for that hydrogen centre of excellence.

They're also going to be working with key players. CP right now is looking at hydrogen locomotives. They're doing an immense amount of work trying to see how they can make that viable for their operations as many companies have made net zero commitments. CP is looking at that. We also have an immense amount of research that's happening in Alberta on long-haul trucking. Again, the goal of our hydrogen centre of excellence is to be able to position Alberta to continue to be at the forefront of opportunities, and hydrogen has an immense amount of momentum around it. I would say that a year ago, a year and a half ago it was still being talked about more conceptually whereas now you're starting to see companies like Air Products and others. There have been numerous announcements around hydrogen in Alberta.

11:20

I think that this is an area we're going to continue to be a leader in. As it relates to all forms of energy, Alberta has a reputation for being innovative. We have the engineers here. We have the postsecondary institutions. We have kind of just the institutional knowledge of how to be creative in all forms of energy from, you know, bitumen beyond combustion, the oil sands, horizontal fracking, all the different things that we've done and innovated in Alberta. This is that next innovation and the next area.

Some of this would be for consumption in Alberta. There are some new developments that are happening on the residential side that are looking at: how do they blend in hydrogen from a home heating standpoint? How do you do that safely? They're looking at how much can go into pipe from a conventional pipe perspective for, again, home heating and other applications. The city of Edmonton has a strategy as it relates to busing and other opportunities. So there is going to be a domestic use.

But to your point, you accurately also point out that there is an export opportunity here for Alberta. Some of it – you know, ammonia. There are ways that we can capitalize on this, but we are going to have to continue to advocate for access to tidewater, again, for another resource in Canada.

Some of the feedback that we've had from industry is that – we've been down this road with LNG. We had so many projects that could have gone ahead in Canada, but the regulatory process held us back. I think when it comes to hydrogen, hopefully, we can continue to have a collaborative partner in our federal government to develop out hydrogen opportunities. There are a few pieces that are going to be in the federal budget coming up that are going to be key to the development of hydrogen resources in Canada. Hopefully, they have heard Alberta's interests in that respect.

I think I'm out of time.

The Chair: MLA Bilous.

Mr. Bilous: Thank you. I could talk for this block about Alberta Innovates or ask some questions around Innovates. I'll just start off by giving the team over at Alberta Innovates a shout-out. You know, Laura Kilcrease has been an incredible leader in her role at Innovates, and the team over there does absolutely fantastic work. And I will, Minister, give you a shout-out. As I've always said in the Chamber, I'm happy to do so when credit is due. Happy to hear you saying that Alberta Innovates is working on reducing red tape. I have heard, as probably have you, from a number of businesses that have said that the granting process, the application process, the

time it takes has been cumbersome for some companies as well as those asking for more transparency, to know why they didn't qualify for the grant and what they need to do. So that's great to hear. Alberta Innovates obviously plays a very critical role.

Now, the last three budgets have been decreased slightly. I appreciate this budget is some stability, but I'm wondering. There's not an increase in operational dollars. Can you outline how Alberta Innovates will be part of the new initiatives your department is undertaking such as the Alberta technology and innovation strategy? The \$73 million over three years mentioned on page 12 of the fiscal plan: how much of that will come through Alberta Innovates, and how much of that will be reallocated from other priorities? If you can comment on which ones.

The way I understand it – you mentioned this – there are some outstanding sector strategies. Can you outline to what extent that will implement new initiatives or shift existing programming at Alberta Innovates?

Your department has that \$155 million contingency. Under what circumstances would that contingency support Alberta Innovates, and what are the most likely initiatives that could be supported?

On page 149 in the estimates it indicates that Alberta Innovates was roughly \$4 million over budget. Was that out of contingency? And if you have an idea of what the additional \$4 million was spent on.

The budget does not indicate many changes for Alberta Innovates. Are you expecting any changes in programming or the way Innovates is organized in the upcoming fiscal year?

Again, a few years back Alberta Innovates began to review all of their programs. Are there any that are currently under review? Are there any new initiatives, to your knowledge, in this year's budget? If you could elaborate on them, including any description, targets, outcomes, which market and sector they'll serve, how the program will be deployed, admin cost associated with the program metrics for evaluation, and feedback processes for improvements.

Yeah. This last block of questions I would have loved to have asked Ms Kilcrease directly, but hopefully you have those answers at your fingertips, Minister.

The business plan on page 73 suggests that there might be further reductions for Alberta Innovates in the next two years. What are you expecting to cut, and have you done an impact analysis on what potentially would be cut? How much of the \$160 million budget, which is line 2.4 of JEI estimates on page 145, will go toward accelerators? I know you mentioned that to my previous question. Last year's budget committed \$10 million each year for three years, but I know, Minister, that you announced new funding. Do you have a breakdown of the dollars spent along with a detailed account of the programs that Alberta Innovates will roll out?

If you could, as well, include the targets for each program, we'd love to see what metrics Alberta Innovates is using, how many companies they forecast to support, and how much of their budget is allocated for direct grants, including microvouchers. How much is forecast for support for small businesses, including mentorship and guidance? As well, I'm curious to know if you have the numbers on what the current number of FTEs are at Alberta Innovates. All of that, again, recognizing the incredible work that Alberta Innovates does and acknowledging that funding microvouchers grants are a portion of the value that they offer companies. Another great value is, of course, the mentors and business advisers in the communities around the province. Quite frankly, the Alberta Innovates team for many rural and smaller communities are the lifeblood for small businesses as far as how to navigate, how to get off the ground, and supports that are needed.

Any other comments that you could make about Alberta Innovates in this upcoming budget would be greatly appreciated.

The Chair: Minister.

Mr. Schweitzer: Perfect. I appreciate your passion for Alberta Innovates. I share that passion. They have an amazing team over there. Laura Kilcrease as the president of that organization is doing an amazing job, and I know you had a big part in helping bring her here to Alberta, so I appreciate that. She's done amazing work at that Crown corporation.

Overall, when you take a look at it, probably the easiest way to explain it is actually in the expense vote line 2.4 as you look at the various years here. If you look at last year, which is at \$170 million and change, this year at \$160 million – you see? I think you're following me. The main adjustments year over year – when you take a look at the three-year commitment that we made with TIER, we're in the third year of that commitment. That brings it down \$15 million year over year from the year before because it has the three-year commitment, and the last year was the smallest year. That would be \$15 million down based on that three-year plan. Then you have to adjust it up \$10 million for the hydrogen strategy. The first year of the hydrogen strategy is \$10 million going in. Then for the accelerators the first year was the heavy loaded year for the expense for accelerators. This year, compared to last year, it's \$5 million lower. If you kind of look at your debit and credit, it comes out to that number. That's \$10 million lower based off of those three programs, the key programs, to explain the year over year.

When you look at the out-years for Alberta Innovates and some of the programming, effectively you have a runway for these projects. Typically it's a three-year runway, and as those projects fall off, the budget forecast drops. I would anticipate, like we've seen this year as new initiatives come forward and as you look at those out-years, those adjustments may change going forward. But for now there's nothing in the hopper that would indicate where those are going to be, so we forecasted based off of what we have right there for those out-years. Again, their focus is on that.

You asked a question around the \$155 million contingency funding. I highlighted this in our earlier discussion. A lot of them do touch on Alberta Innovates. From accelerators to the TIER funding they do have a role. The funding for vaccine development, the \$26 million, is outside of Alberta Innovates because that would go directly to our companies and the not-for-profit. That being said, Alberta Innovates has been a key part of the whole ecosystem as it relates to pharmaceuticals, health sciences, life sciences. They've been a key collaborator and partner and, as you know with them, they don't like to always take all the credit. They like to help facilitate, and they've been a key part of that facilitation of research dollars coming in, opportunities for vaccine development, being a key strategic partner, and looking at the funding that we gave to the University of Alberta and other parts: a key part of that overall piece as well.

As far as the recovery plan goes, they have a huge role to play, obviously, with the hydrogen centre of excellence. In my last round I went into great detail about the hydrogen centre of excellence and the opportunities there. Again, this is another one of those jewels I don't think Albertans know enough about, the resources in Alberta Innovates to help us develop out the R and D piece to safely develop hydrogen because it does have a big application. It has a big future globally, a multitrillion-dollar opportunity, and Alberta is well positioned to continue to be at the forefront of research and development to do it safely. Obviously, hydrogen is very combustible, and we have to make sure we can do it safely. Alberta Innovates is a big part of that longer term.

11:30

When you talk about diversification, the bitumen beyond combustion – I know you probably have read some of the reports

on bitumen beyond combustion coming out – is a big opportunity for Alberta, and Alberta Innovates is leading the charge. You talk about, you know, the big focus right now on national security. You've got China with its belt and road strategy in Africa. You've got a whole bunch of changing geopolitical dynamics, and resource security is going to become more and more a focus, I believe, longer term, at least for democracies like Canada and our NATO allies. Bitumen beyond combustion has a huge potential to help solve a lot of those global demands and global needs for minerals. The work that Alberta Innovates is doing there, I think, is key.

Their agricultural piece as well, you know, how they built this CAIN strategy under the radar effectively and that we effectively have a supercluster in Alberta for R and D in tandem with the research dollars in the agricultural department: they have a big role to play there. As Alberta, I think, has a – we've focused so much historically, like, going back multiple decades, on energy and everything else. Other provinces, like Saskatchewan and Manitoba, that didn't quite have the resources we have but have the bounty of agricultural opportunities, equivalent to Alberta, had focused more on those areas. There is a big opportunity for us to go up the curve with Olds College, the research development there, Alberta Innovates, all of these different pieces, to accelerate the technology as well as the value-add pieces that go into it, and Alberta Innovates is going to be at the centre of a lot of that work.

I think I'm almost out of time before I jump into other topics.

The Chair: Just a few seconds left, but we will begin, Ms Rosin, for your block of five minutes.

Ms Rosin: Okay. Well, thank you, Minister, for being here today and for all of your staff and department staff as well as for all that you've done over the past three years, really, to set Alberta's economy and labour market up for success as we emerge from the COVID-19 pandemic. I think it will come as absolutely no surprise that I want to talk a little bit about tourism today given that I represent the most beautiful place on planet Earth, beautiful Banff-Kananaskis.

Interestingly, and I know you're quite well aware, tourism is really our lifeblood in Canmore and Banff. In areas like Banff actually over 90 per cent of our GDP is relying solely on tourism. So we're pretty much a one-horse economy, and when tourism evaporates and visitation evaporates, times get tough. It's been a really tough couple of years for my communities, as you're well aware, between the hoteliers and the restaurants and the conference centres – we've really been through a lot – and retail shops as well. I just want to talk about where we're going to go from there or from here, I suppose.

Outcome 1 in your business plan states that your ministry does consider tourism to be an imperative component of our overall provincial economic recovery plan, which I know has been a narrative that we've stayed true to since early 2019, and it's even more true now, I believe, that we've had such a tough couple of years in the industry. If you look at the full data, there was \$8.2 billion in total visitor expenditures in Alberta, with 34.7 million in-person visits in 2019, but obviously with the onset of the pandemic those numbers changed drastically.

I think what's interesting is that in my communities we saw similar if not increased visitation, but those visitors were all from in province as opposed to out of province and international. Of course, the international and out-of-province visitors are really our money makers and those who spend their money. It should come as no surprise that the average Calgarian doesn't always have the most interest in buying a Banff T-shirt when it's just 45 minutes down the road.

Even looking at some of the Travel Alberta data from years past, we can see that we saw an almost 80 per cent reduction in flights to Alberta, a 76 per cent reduction in museum visits, a 27 per cent reduction in hospitality employment, over a 40 per cent reduction in hotel stays, which I think would be even larger in markets such as the ones I represent, where we oftentimes saw hotel occupancy hovering around 2 per cent over the past year and hotel rates that would be lower than Calgary and Edmonton because we were so desperate to welcome anyone we could get to our communities. So a really tough couple of years, but I'm so grateful that we are making this a priority as we move forward, and I know everyone in my community is as well.

I suppose one of my questions – I'll just get some of them out here because I know I've only got one minute and 54 seconds left. I just want to ask how many jobs we expect to create in the tourism sector. Obviously, we have a lofty goal of still doubling that sector, which has a longer way to go than it was when we first embarked on this journey given all that we've been through. As we get there, how many jobs can we expect to see directly in the tourism and hospitality sector? Is there a benchmark we'd like to achieve? I'm also wondering, looking at key objective 1.3, what kinds of programs Travel Alberta is implementing to bring more visitors to Alberta.

I also, I suppose, would note that we do see \$60 million of expenditures allocated towards Travel Alberta and that we have actually increased Travel Alberta's budget quite significantly. I know that in years past we began the transition away from a destination-marketing organization to a destination management organization, which, I believe, makes us the first in all of Canada to do so and is tremendously exciting for the industry. I'm also wondering what metrics you will be using to measure the success of this new management organization such as where the people we're attracting are coming from, who they are, what they're doing, what they're buying, essentially just what metrics we're going to be using to track that tourism growth and recovery.

I'm also wondering if we can talk about the reasons for that large budget increase to Travel Alberta. I do imagine a large part of that will be focused around recovery and that transition to a management organization as opposed to a strict marketing organization. I'm wondering if you can elaborate on the reasons for that large budget increase, how that has the potential to positively impact our tourism industry in Alberta, and, yeah, how this level of funding will allow Travel Alberta to not only get us to our target of doubling tourism but also just recover to prepandemic levels.

I've got three seconds left.

The Chair: The minister to respond.

Mr. Schweitzer: Perfect. Thank you so much for this. I know that nothing gets people fired up in the Legislature more than talking about God's country and which constituency is more beautiful, but I do think that you definitely would be top two, if not the number one, in Alberta with what you've got. She's lobbying hard for number one.

When it comes to our overall planning – and I was hoping earlier, when we started our planning for the recovery plan, that our emergence from the pandemic would have been much faster. We were hopeful last year that we were going to get into an endemic. Obviously, that wasn't the case. You know, here we are again, and we're hopeful now that we are truly in an endemic and that the travel restrictions federally are going to be removed shortly, hopefully. That'll help start the beginning of international tourism back in a robust way into Canada and into Alberta, and a lot of that concentration comes into your constituency, where the busiest

national park is located in Canada. I understand the importance to your region of the province in particular on this one.

The challenge that we had is that initially we had a very, you know, ambitious goal of doubling tourism revenue coming into Alberta, and in the last year, particularly as the pandemic carried on longer, our project bootstrap plan that we asked Travel Alberta to develop is much more now focused on the near term. Instead of getting to growth from strength, it's kind of more: how do we get and recover from where we have been? This is probably one of the areas of our economy that has had the longest and most sustained impact over the last two years in particular. Our goal now is to really focus short term on re-establishing routes. Another thing beyond your constituency but from an Alberta lens: the number of direct flights to the Edmonton International Airport has dropped off significantly. The number of international flights coming into Alberta as a whole dropped off significantly. That has business impacts, but it also has tourism impacts. People don't like to go in between to fly somewhere; they want to fly direct.

We've increased Travel Alberta's budget by \$22 million – and that's part of that contingency fund for COVID recovery – up to \$59 million overall to help expediate the recovery of the tourism industry. It's focused on a couple of different areas. One in particular is on marketing for routes. It actually takes lead time to re-establish and establish routes, so re-establishing that demand for routes and travel is key. They're partnering with, you know, the airports, they're partnering with airlines on: how do we get those routes re-established and do the marketing? A good chunk of the budget is focused there.

Another part of the budget is focused on partnerships. Indigenous Tourism Alberta is establishing partnerships there and looking at establishing better product on the ground as well so that when people come here, it's an amazing experience and it's an amazing world-class experience. They're collaborating with small businesses and local communities on enhancing the experience of visitors when they come to Alberta.

Now, the good news as well is that our plan now – and I saw some notes. Travel Alberta is doing town halls across Alberta right now. I saw some recent reports that they think that we can probably get back to kind of where we were prepandemic in a couple of years, but it will take a couple of years in order to get there. We're looking at 2024 or '25, in that zone, to get to kind of more recovery from where we can be, and that's where that project bootstrap strategy really comes into place, making sure that they have the resources necessary to get that part done.

11:40

But, again, we have lots of building blocks here that give us the reason to be optimistic that we can get that done. Historically, before the pandemic, we had about 68,000 people working in the tourism industry in Alberta. You know, as we work towards that recovery, we want to get those jobs by that target of getting tourism to where it was. We're not there yet. It's going to take us a couple of years to get those job numbers up to where they need to be, and, again, that's an area where I think there's some low-hanging fruit for us if we kind of work at it and we advocate and we get our marketing campaigns out there. Travel Alberta, I think, has the best marketing in Canada. Some of their marketing campaigns are amazing. Many other departments could probably learn from Travel Alberta as to how to market and sell a province because of the beauty that's here. They do an amazing job, and we're actually starting that collaboration. We said: hey, you guys should probably talk to Travel Alberta because they do a pretty good job at marketing and selling what Alberta is all about.

The other thing to kind of look at and build on as well is that in the middle of this pandemic we've had two low-cost carriers headquartered in Alberta – you've got Lynx Air; you've got Flair – not only start or grow. You've got Lynx and you've got Flair. You had WestJet just with the Sunwing acquisition. Airlines are starting to get into the mode of: okay; what does the postpandemic world look like? We're very well positioned. WestJet is private equity backed. Lynx is private equity backed. To give context as to why that's important, they don't have some legacy debt that other national carriers would have, so they can be more aggressive growing going forward. That's encouraging. We're going to try and work with them and work with Travel Alberta to make sure we get those routes re-established and established as quickly as possible. There are lots of reasons to be optimistic that that's going to happen in the next little while.

The Chair: Excellent. Back to the Official Opposition. Mr. Bilous.

Mr. Bilous: Thank you, Mr. Chair. I'll talk about two different things. I just have a quick couple of questions on the Alberta advantage immigration program, so under the strategic plan, and then I'll jump over to intellectual property. Now, I appreciate that this program is housed in another ministry, and I know the AAIP was around 6,250. I'm just curious, Minister, if you can highlight the role that your department is playing in this, especially as it relates to, you know, the talent shortage for technology companies and specialized talent. We've heard examples of companies that haven't been able to find labour that has the right skills in Alberta or even in Canada and having to go outside. I'm curious to know if you have a number of earmarked positions from this program that will directly support our technology companies.

Jumping over to IP, if I recall correctly, in September 2020 you guaranteed Alberta to be the fastest jurisdiction to implement an IP strategy, which would fit well with outcomes 2.2 and 2.4 in your business plan. Now, the way I understand it, Ontario did start to implement an IP strategy and recently announced it. I know that groups like CCI have talked to you about an IP strategy. I'm hoping to understand where Alberta is currently at with that.

Now, we've seen in Advanced Ed, in the Alberta 2030 strategy, that there's a commitment to implement an intellectual property framework for Alberta. I'm curious to know what extent your ministry is involved in that. I truly hope that JEI is involved in that and that that doesn't just live in Advanced Ed. No offence to the folks in Advanced Ed, but, again, your ministry has the business lens which is absolutely critical to this. If you can just talk a little bit about what you're doing to work with them on this. Is there any funding that's going to be coming from your ministry? You know, of course, IP is critical in our postsecondaries, but it can also be developed outside of our postsecondaries, which is why a strategy, I think, is absolutely necessary.

Now, since the announcement to modernize our IP policies, time has passed, and it's my understanding that the McKinsey review for the Alberta 2030 strategy was parallel. I'm just curious if your ministry is still working with McKinsey or following up with them, if you received any feedback or advice from them on this. I'm just curious when we'll see updates or the final strategy on this. Again, from government, Alberta 2030, we understand that a central IP agency is being considered. I don't know if you can elaborate on that and if that's going to be attached to JEI or if that's going to be attached to Advanced Ed.

Have you done any estimates under business plan performance measure 3(a) as well for innovation outside of our postsecondaries and what the effect of an IP framework will look like? I spoke really quickly this time. You know, just on that, I appreciate it is a

challenge to an extent with our postsecondaries that we tried to do some work on it. It's a little complicated or more complicated than just a university saying: we're changing our IP strategy; it involves faculty, and votes have to take place. But I do want to iterate for the record that I think much more can be done to make Alberta more competitive. We look at jurisdictions like Waterloo, where their postsecondary is taking zero IP, and recognize that taking a pound of flesh off the front end is a disincentive.

I've talked to researchers who have said that there's no incentive for them to do it while they're attached to our postsecondaries. This isn't a slight on our postsecondaries; it's that there's room for growth and improvement. I think – and I've communicated this to past university presidents and current ones – that the benefit will come back 10-fold if they don't take it off the front end. You know, especially Albertans are extremely generous philanthropists and will make donations and support the institutions that support them to commercialize their ideas. I'm really just hoping you can put some context on this and let us know the work that you're doing, because I think getting IP right is critical, and having a strategy moving forward will also send a signal to the world and to researchers that we want you to commercialize here at home.

The Chair: Fifteen seconds. I don't know what to do with this, Minister.

Mr. Schweitzer: One thing I forgot to answer in the last round that we had: it's 589 FTEs for Alberta Innovates. I missed that on the last one.

When it comes to the Alberta advantage immigration stream that we're setting up, a lot of that is managed through Labour. That being said, a lot of that was developed in collaboration. When we looked at our workforce strategy overall for Alberta, a lot of that collaboration happened with Advanced Ed, Labour, our department, the Ministry of Finance as well.

We've looked at a market analysis, looking at where the gaps were in our workforce. How do we streamline this in Alberta to make sure that, you know, when we have labour force issues, particularly as you've identified the technology and innovation space, we can help fill and streamline that process as fast as humanly possible? Alberta's allocation is 6,250 overall for the province. But, that being said, we're not specifically earmarking a designated amount for this. It's going to be market driven, and as applications come in, the streamline process is available, and those applications can be processed. It's on the companies to identify those opportunities and people that we want to partner with to bring into Alberta. Again, we looked at that through kind of a marketing/business intelligence lens overall to make sure it's all informed crossministry.

Regarding your point around the IP strategy on this one here, right now it is a part of the 2030 strategy for Advanced Education. There is funding for this as well, and Advanced Education is running point, in effect, because a lot of this is being driven through our postsecondary institutions on IP. I've heard as well similar feedback that you've had from institutions like Waterloo and some leading institutions in the United States that it really does come back to the institution, to philanthropy. You know, with companies that spin out that become worth a significant amount, the founders are typically very inclined to donate back to their communities and build their communities and want to foster the next generation in research and development.

We're working right now with our postsecondary institutions, who have committed to, you know, fostering a new and revised IP strategy. In collaboration with that, we've also funded a commercial research collaboration across ministries: us, Advanced Ed. We also

have people like Dr. Houghton on there giving us advice for funding of research. We do have excellent research institutions in Alberta, and I do think that they punch above their weight in many respects. You've got the University of Alberta, the University of Calgary, in particular, that are number 5 and number 6 nationally when it comes to research dollars coming in.

Again, when you look at it from an Alberta lens, I think that historically for research dollars – I'm talking, like, decades ago. What I want to talk about with this observation is that Alberta had it pretty good. We were running surpluses, we were paying off debt as a province, and we didn't really look at: how do we align some of our research dollars to get the most out of Ottawa? How do we get the most out of those federal partnerships and leverage the Alberta commitment for research and development?

11:50

That's an area with, you know, people like Laura Kilcrease at Alberta Innovates, in particular. Over the last couple of years this commercial research focus of the team that we have is really looking at: how do we position Alberta for success, to leverage our dollars that we're committing, to make sure that we can attract partnerships with the private sector, partnerships with the federal government, to really get the best possible return for taxpayers but the best possible outcomes as well for the types of research projects that are being funded in Alberta?

The last point on this, kind of going back to – you made me reflect on the press conference, when we talked about the IP strategy at the outset, in the fall of 2020. We covered a range of topics that day. But I remember it was early on when I took on this job. I think I took it on in August, and we had that press conference. The Minister of Service Alberta was there and the Minister of Advanced Education. Part of the tone as well was that we wanted to instill confidence in the industry that we had their back. The tech sector, in particular: I saw that, you know, there was a lot of work that our government had to do to make sure that they knew that we had their back, that we wanted them to be successful in Alberta, that we wanted them to grow in Alberta.

Some of the message that we sent there was also a signal to outside of the province that Alberta was coming to play, that we want venture capital to come here, that we want investment to come here, that diversification is a key part of our long-term strategy. We could see that the building blocks were there in this space, and we wanted to make sure that they knew that they had a champion in our ministry to help them get to those long-term goals. We had the Innovation Capital Working Group report. We pulled together many of the industry leaders right around that announcement. It really was part of a broader strategy to instill confidence into the industry that we wanted them to be successful in Alberta.

The Chair: Thank you very much.

We'll go to the government side for the last block of time before the break. Ms Armstrong-Homeniuk.

Ms Armstrong-Homeniuk: Through you, Chair, to the minister, first of all, you talked about the ridings and how we're in competition with each other for who has the best riding in the province. I have to say that I think I'm in competition for first place here. I just wanted to highlight to you that in my particular riding we have, of course, the pysanka, the world's largest Easter egg. Just so you know, as a little side note here, we have about 9,000 visitors a year that come to that, and for a small town, that's very impactful for the economy. There's a lot of excitement around it. They have a marketplace there every week. It's a great attraction for the area.

Also, I have the largest kubasa in the province, at Mundare. You know, there again is another great attraction. Of course, I have Andrew, with the largest mallard duck. I have Fort Saskatchewan, with the precinct out there, the old fort. My riding is very close to Edmonton, and it's a great getaway for a weekend. I just had to give a little plug. And with the price of gas now, why would you want to go to Banff when you can go to Vegreville?

Minister, Alberta's economic recovery obviously plays a huge role in the lives of all Albertans. Looking through the government estimates document, line 2.3 on page 145 states an increase of over \$100,000 in expenditure for technology and innovation as part of Alberta's economic recovery and development. Programs like this are important to the economic diversification of Alberta. I know industries such as quantum computing and artificial intelligence are growing industries, and it is important that the government make investment to help grow these sectors.

Minister, can you outline what projects and programs this investment is being put towards and how they might benefit Alberta's long-term economic recovery? Also, could you please elaborate on how increased expenditure in technology and innovation might improve the lives of everyday Albertans? What benefits might an expansion of the technology and innovation sectors have on Alberta's global economic position? Are you able to talk more about the Alberta technology and innovation strategy, that's referenced in key objective 3.1 on page 72 of the business plan? What sort of outcomes would you like to see out of this?

Also, I see on page 3 of the capital plan details that your ministry has budgeted \$1 million for the installation of the pressure reaction tower system at InnoTech Alberta. InnoTech works to help accelerate commercial development in Alberta by providing access to world-class researchers and facilities to help Alberta in its innovation strategies. InnoTech has several facilities around the province and also in my constituency, in Vegreville. I'm even more curious as to some of the work that they do. What exactly is the pressure reaction tower system, and how might it benefit Alberta's economic future? What value does InnoTech Alberta bring to Alberta's economy?

I'll cede the rest of my time to MLA van Dijken.

Mr. van Dijken: The minister can take it home.

The Chair: All right. Minister, please proceed.

Mr. Schweitzer: I appreciate it. It sounds like we're going to have a competition as to which constituency is number one on the list. The Easter egg, though, in your constituency: I think it is, like, a rite of passage for any politician coming through to get their picture with that Easter egg, and it's amazing to see that 9,000 visitors every year come to see it.

With respect to your questions around the technology strategy, you know, there are a whole bunch of parts of it that go all the way from small businesses all the way through to the highest end research and development that goes into artificial intelligence and quantum technologies. One of the things that we launched as part of the recovery plan was our digital economy strategy. Particularly with the pandemic, it really accelerated online commerce. It already had an immense amount of momentum – Amazon Web Services, the Amazons and things like that of the world – for home delivery of goods, but that being said, many of our small businesses didn't feel confident in that space in particular. They knew that it was important to their long-term businesses, but maybe they had a cousin that put together their website and then they didn't think about it for five years, and all of a sudden, in order to be able to continue to service their customers, they knew that they had to compete online.

With Business Link we put \$10 million into that last year as well as in partnership with the federal government. This year they just announced an additional \$3 million there. We have our digital service squad as well as ShopHERE here so that small businesses can participate and get the supports that they need in order to be more and more online for financial transactions and marketing of their businesses to customers. We've already helped a thousand-plus small businesses, and we hope to help around 5,000 small businesses across Alberta with that program.

Part of the tech strategy: right now people like to use buzzwords in the tech space, but they would see that we're in kind of web 2.0 right now and that there's going to be this new web 3.0, that's currently being developed out. Some of that is the metaverse, but some of that also has impact from quantum technologies. Quantum technologies allow far more efficient and faster data processing across Alberta and internationally. It will help with, basically, the consuming of power for data centres. Data centres consume an immense amount of power right now, but with some of the quantum technologies, it interacts for switches and does it far more efficiently, using less power.

People talk about 5G technology. Quantum technology kind of takes your smartphone to that next level as well. There are a whole bunch of parts there. I'm not going to do it justice – I'm a lawyer, not a quantum technologist – but the folks that do the stuff are cutting edge. We have some leading researchers in Canada, particularly at the University of Calgary, in quantum technology. That's one of the reasons why Mphasis decided to come to Alberta with their significant investment and are also bringing around a thousand-plus jobs to Alberta. A lot of that is for the partnership in the quantum technology space and the talent that we're going to be generating in Alberta.

The other part of it is around artificial intelligence. This just allows computer systems to get smarter and smarter as they get and consume more and more data. That is an area where the University of Alberta is one of the leading institutions in the world. We also have AMII in Alberta as well, which is helping collaborate with researchers, training, skills development, providing services to partners as well. This is where a lot of our energy companies have invested immensely in artificial intelligence to help them become more efficient. It's an area where pretty much every industry in Alberta is investing in artificial intelligence, and we want to make sure that Alberta, in particular in the city of Edmonton, the U of A, is at that world-class level. It'll be one of the three centres in Canada that's funded at this capacity level. We need the federal government's resources as well, talking about leveraging federal money, as well as an opportunity here to leverage more federal money to come in to build that out.

The last piece that I'll highlight – and we'll probably run out of time – is around accelerators. With these fast-growing companies, they can go from five employees one year to 50 the next, to 200 the next, and then to 500 . . .

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this first portion of consideration of the ministry's estimates has concluded. I would like to remind committee members that we are scheduled to meet next this afternoon, March 9, 2022, at 3:30 p.m. to continue our consideration of the estimates of the Ministry of Jobs, Economy and Innovation.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 12 p.m.]

