



Legislative Assembly of Alberta

The 30th Legislature  
Second Session

Standing Committee  
on  
Public Accounts

Economic Development, Trade and Tourism  
Alberta Enterprise Corporation  
Alberta Innovates

Tuesday, July 7, 2020  
8 a.m.

Transcript No. 30-2-9



## **Standing Committee on Public Accounts**

### **Participants**

Ministry of Economic Development, Trade and Tourism

Jamie Curran, Assistant Deputy Minister, Trade and Investment Attraction

Michele Evans, Assistant Deputy Minister, Economic Development

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

Jeanette Stead, Executive Director, Finance and Administration

Kate White, Deputy Minister

Alberta Enterprise Corporation

Kristina Williams, President and Chief Executive Officer

Alberta Innovates

Maureen Lomas, Vice-president, Finance



8 a.m.

Tuesday, July 7, 2020

[Ms Phillips in the chair]

**The Chair:** All right. We have 8 o'clock. Good morning, everyone. I'd like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Shannon Phillips. I'm the MLA for Lethbridge-West and chair of this committee. Normally, we would go around the table for everyone to introduce themselves. What we're going to do this morning is go around the table first, and then I'll put it out to the folks who are video conferencing and teleconferencing because I'm not sure if I have an updated list on that. Let's do that part first, and then we will move on to our legislative committee business.

Please.

**Mr. Roth:** Good morning. Aaron Roth, committee clerk.

**Dr. Massolin:** Good morning. Philip Massolin, clerk of committees and research services.

**Mr. Schmidt:** Marlin Schmidt, Edmonton-Gold Bar.

**Ms Evans:** Michele Evans, ADM for economic development.

**Mr. Curran:** Jamie Curran, ADM for trade and investment attraction.

**Ms White:** Kate White, DM, Economic Development, Trade and Tourism.

**Ms Johnston:** Sonya Johnston, ADM, EDTT.

**Ms Stead:** Jeanette Stead, SFO, EDTT.

**Ms Rosin:** Miranda Rosin, MLA, Banff-Kananaskis.

**Mr. Reid:** Roger Reid, MLA for Livingstone-Macleod.

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

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

**Mr. Gotfried:** Richard Gotfried, MLA for Calgary-Fish Creek and deputy chair.

**The Chair:** I'll just open it up to members video conferencing first to introduce themselves for the record, please.

**Mr. Stephan:** Jason Stephan, Red Deer-South.

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

**Mr. Bilous:** Deron Bilous, Edmonton-Beverly-Clareview.

**The Chair:** Okay.

Any members teleconferencing this morning?

**Mr. Guthrie:** Hi. Peter Guthrie.

**The Chair:** We are joined by the office of the Auditor General via video conference. We have the Auditor General staff: Doug Wylie, who's the Auditor General, of course, and Rob Driesen, who's the Assistant AG.

I'd just like to note for the record that Mr. Schmidt, the Member for Edmonton-Gold Bar, is a substitution for Member Hoffman this morning.

We will now move on to the business at hand. As they introduced themselves, we do have officials from the Ministry of Economic Development, Trade and Tourism.

Before we turn to our business at hand, let's just go over some of the committee's housekeeping. Based on the recommendations from the chief medical officer regarding physical distancing we are advised to leave an appropriate distance between ourselves and others. Certainly, we do have people visiting us with video conference and teleconference today, so ensure your microphones are muted until it's time to speak. Once you unmute your microphone, please give a couple of seconds, just one or two, so that *Hansard* can let your audio come up. For members and guests present in the room, *Hansard* operates your microphones for you. Members on video conference, you can also turn off your camera, if you like, between the times that you are speaking.

If there is a point of order – this is another piece that we have sort of run into as we've been doing the virtual meetings – just bust in. Don't wait for the chair. We do have a chat in the Skype for Business channel and certainly a member speaking order and that kind of thing. You can follow along with how much time you have left in that chat box, but it's best to just be heard if there's a point of order.

As usual, if you wish to abstain from a recorded vote, please send Aaron Roth, committee clerk, a private instant message, e-mail, or text. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV, and our audio- and video stream transcript of meetings can be accessed via the Legislative Assembly website.

One other item of housekeeping. Any cups or bottles that you bring in, the Leg. Assembly staff has asked that you take them out with you due to the recommendations from the chief medical officer. Bus your own table at this café, please.

Are there any changes or additions to our agenda this morning?

Seeing none, would a member like to move that the agenda for the July 7, 2020, meeting of the Standing Committee on Public Accounts be approved as distributed?

**Mr. Reid:** So moved.

**The Chair:** Moved by Mr. Reid. Is there any discussion on this motion? Members, please unmute your microphones. All in favour? Okay. Any opposed? Members on the phone? Thank you. That motion is carried. Please re-mute.

Now we'll move on to our approval of minutes from our last meeting. Would a member like to move that if we do not have any errors and omissions, the minutes of the June 30 meeting of the Standing Committee on Public Accounts be approved as distributed? I have a motion from Mr. Rowswell. Is there any discussion on this motion? Seeing none, please unmute. All in favour? Any opposed? Thank you. That motion is carried.

We will now welcome our guests from the Ministry of Economic Development, Trade and Tourism, who have already introduced themselves. They are here to address the office of the Auditor General's standing recommendations and the ministry's annual report from 2018-19. Officials from the ministry, your remarks are 10 minutes to lead off, and your time starts when you start speaking.

**Ms White:** Thank you, Ms Chair. I am pleased to be here today to represent Alberta economic development and trade. As mentioned earlier, I'm joined by Sonya Johnston, ADM, policy and strategy; Michele Evans, ADM, tourism and economic development; Jamie Curran, ADM, trade and investment attraction; Jeannette Stead, SFO, Economic Development, Trade and Tourism; Maureen Lomas – where'd you go, Maureen? – vice-president, finance,

Alberta Innovates. We were expecting to have Kristina Williams, CEO of Alberta Enterprise Corporation, on video, but I understand she has not yet joined us.

I will provide an overview of the ministry along with some achievements from the 2018-19 fiscal year. Ministry overview. Economic development and trade was established in October 2015. The ministry leads government's economic diversification efforts, creates jobs, supports trade and market access, and ensures competitiveness. Although the ministry organization has since been updated, we will be referring to the state of the ministry as it was in 2018-19. For example, the responsibility for tourism did not transfer to the ministry until the 2019-20 fiscal year, so it is not addressed in the business plan and annual report before you today.

During the 2018-19 fiscal year the department consisted of four divisions: economic development, trade and investment attraction, science and innovation, and strategic policy and corporate services. The ministry included 12 international offices as well as two investment and trade promotion services. The department also included centralized corporate services for communications and human resources and four ministry agencies: Alberta Innovates, Alberta Research and Innovation Advisory Committee, Alberta Enterprise Corporation, and Northern Alberta Development Council.

In 2018-19 the consolidated ministry expense budget was \$331 million compared to actual expenses of \$300 million. EDT's work focused on supporting business and private-sector job creation, enhancing access to capital for small and medium-sized enterprises, co-ordinating and leveraging research and innovation and commercialization of Alberta ideas, facilitating export development and investment attraction, enhancing Alberta's national and international presence, and participating in negotiations on domestic and international trade agreements. The 2018-19 fiscal year was a busy one for the ministry. The capital investment tax credit was in place to encourage investment supporting economic growth, while the Alberta investor tax credit was intended to help provide entrepreneurs with access to capital funds to innovate and expand.

Effort was spent enhancing access to markets for Alberta's products and services. Through our 12 international offices we offered information about trade and investment opportunities, market intelligence, and business contacts in interested companies. These actions have shown positive results, and in 2018-19 our international offices helped broker 393 business wins worth \$5.3 billion.

These highlights are only a small sampling of the ministry's efforts.

I'd now like to turn to the ministry's 2018-19 business plan and provide a more in-depth look at the work done by EDT. During the 2018-19 fiscal year EDT set out to diversify the economy through implementation of focused strategies, ensure jobs are supported through the fostering of opportunities for businesses, and stimulate growth in key sectors and markets. The ministry worked diligently to develop and implement strategies that would help achieve these goals.

#### **8:10**

Outcome 1 related to key strategies 1.1 and 1.3. One of our key roles is to make Alberta's economy diverse, resilient, and competitive. Outcome 1 on the business plan aimed to diversify the provincial economy through the implementation of sector strategies. To help achieve this outcome, EDT focused on the development of nine sector strategies and strategic action plans to help reduce the effects of the traditional boom and bust cycle. EDT took the lead in the areas of clean technology,

industrial and advanced manufacturing, and technology in digital media and supported in the development of sector strategies in areas of traditional strength like energy, forestry, and agriculture.

By mixing areas of success with the merging industries, we created a portfolio of growth opportunities for Alberta. As a department we worked with Alberta Energy to support a partial upgrade program and petrochemical diversification program. As a result of this work Canada Kuwait Petrochemical Corporation, or CKPC, sanctioned a \$4.5 billion investment in Sturgeon county. EDT also worked with crossministry partners, postsecondary institutions, and Alberta Innovates to develop and implement the Alberta research and innovation framework to support an accountable and effective research innovation system. Through the Alberta bio future program, a joint project with Alberta Innovates, a \$24 million investment provided funding for 78 bio-industrial innovation projects in Alberta. We also worked with our colleagues in labour and Advanced Education to establish the Talent Advisory Council on Technology to develop a talent retention strategy for our tech industry.

Relating to key strategies 1.2 and 1.6, as you know, international trade is a key driver of growth in Alberta. To promote tidewater access for our oil and gas industry, EDT established the Alberta Market Access Task Force. To guide future trade, investment, and advocacy programs, EDT developed a series of international market playbooks, focusing on existing priority markets like the U.S. and priority sectors such as energy and agriculture. The department provided leadership, supporting international missions, trade shows, and events throughout fiscal year 2018-19. We delivered programming and logistical support for a number of Premier- and minister-led missions to strategic markets. These trips strengthened relationships and advocated for Alberta's economy, opened new markets for Alberta businesses, and led to the formalized agreements and relationships that opened opportunities for trade and international investment.

EDT also participated in key trade shows and events to help expose Alberta businesses to international markets. The ministry is also responsible for hosting foreign dignitaries and government representatives when they come to Alberta. These visits support trade and investment opportunities between foreign jurisdictions and Alberta. In 2018-19 the department helped organize visits from the ambassadors of Germany and of France and the high commissioner of India. We also hosted delegations from Ukraine, Kenya, Malaysia, and the African Development Bank. In an effort to expand our province's international advocacy efforts, EDT also formalized contracts with investment representatives in Silicon Valley and in the United Arab Emirates.

Relating to key strategy 1.4, in 2018-19 EDT made strides to strengthen Alberta's position as a competitive research and innovation hub. We provided \$11.9 million in funding to the research capacity program, helping postsecondary institutes acquire the equipment and infrastructure they need to compete in world-class research. We also leveraged federal funds to maximize the impact on the provincial economy. For example, EDT collaborated with Natural Resources Canada, or NRCan, Alberta Innovates, and Emissions Reduction Alberta, which led to approximately \$50 million of investments under the federal clean growth program.

Relating to key strategy 1.5, EDT also dedicated funding and resources to support the previous government's climate leadership plan. Working in partnership with Alberta Innovates, this work led to \$83.2 million in funding for 78 projects in Alberta's clean technology sector.

Relating to outcome 2, key strategies 2.1, 2.2, and 2.3, outcome 2 of our business plan focused on trade and investment opportunities to stimulate job creation. EDT delivered the

interactive digital media tax credit, which provided a refundable 25 per cent credit on eligible salaries to companies that develop interactive digital media products in Alberta. The department also helped build economic resiliency in the province, particularly among Alberta's small businesses, which employed more than 538,000 people in 2018. More than 800 business clients enrolled in the small-business steward pilot, receiving support and resources to help reach their business goals.

The department also partnered with Business Link, an organization that offers low- or no-cost coaching and mentoring for small business. In 2018-19 Business Link hosted 489 events that reached more than 16,000 people. EDT also partnered with Futurpreneur and the rural Alberta business centres to ensure that small-business owners receive the necessary supports they need to succeed.

Relating to key strategy 2.4 one of EDT's key functions is to facilitate relationships with international partners as well as with federal, provincial, and private stakeholders. In 2018-19 more than \$5.3 billion in investment from 393 business wins came into the province in part because of EDT's advocacy efforts and expertise in relationship building; 171 of these business wins came from the important Asia Pacific market, with an additional 82 wins from the U.S. These wins touched all sectors of the economy from aerospace and clean tech to arts and manufacturing.

**The Chair:** Thank you. That concludes our first 10 minutes opening.

I just want to note a couple of things for the record. The official that the deputy referred to at the beginning has joined us by video conference. That's the first thing.

Also, we are joined by Member Dach by video conference as well. I'll just open it up in case there were any others that I have missed that have joined us in the intervening period.

**Mr. Gotfried:** Member Toor apparently is on the phone.

**The Chair:** Member Toor is on the phone?

**Mr. Gotfried:** Yes.

**The Chair:** Okay. Very good.

We will now proceed to the Auditor General's opening comments for five minutes. Mr. Wylie or Mr. Driesen, your time starts when you begin.

**Mr. Wylie:** Well, thank you, Chair, and good morning, everyone. I'll just give a brief overview of the work we've done within the ministry. My office has three recommendations outstanding within the ministry's Crown corporations. In 2018 we recommended that Alberta Innovates improve user access controls and segregation of incompatible duties in the corporation's financial reporting systems. We found that some financial personnel had ongoing unlimited access to the financial reporting system while others had the ability to initiate, approve, and record financial transactions on their own; hence, inadequate segregation of duties. Alberta Innovates has indicated that they've implemented our recommendation, and we're currently following that up as we finalize the financial statement audits.

In 2018-19 we issued a separate report on Travel Alberta's management of risks of using cloud computing. Our audit focused on processes related to risk management of cloud computing and the monitoring of its cloud service providers. We made two recommendations. First, we recommended that risk management processes be developed as Travel Alberta did not have a process to assess, monitor, report, and document risks associated with its use

of cloud computing. In addition, we recommended the development of contract management processes as Travel Alberta did not identify and incorporate certain requirements in the contracts with its cloud service providers. It also didn't have a process to measure and regularly monitor the performance in compliance with the terms of the contracts with its service providers. Now, we understand that Travel Alberta is finalizing its implementation plan for these two recommendations, and as is customary, we will do follow-up work and will report the results publicly when that is completed.

Thank you, Chair.

**The Chair:** Thank you.

We will now proceed to our rotations, questioning from the Official Opposition side and the government side. Just a reminder for participants here that we have an ordinary two-hour meeting rotation happening today, so our first rotation is 15 minutes, and it begins with the Official Opposition.

I believe we are beginning with Member Bilous, and it is 15 minutes. Your time starts when you begin speaking.

**Mr. Bilous:** Thank you very much, Chair, and I'll just confirm that, in fact, you folks in the room can hear me. Excellent.

I want to thank all the officials in the room from the ministry of economic development and trade and the Auditor General's office for your presentations.

I'll take a brief moment here to congratulate Deputy Minister White on her appointment and her return to Alberta. I believe that this is her first appearance at this committee in a deputy minister's role. Welcome. It's also nice to see some familiar faces from the department.

**8:20**

I'd like to begin with a few questions about the ministry's energy diversification initiative and some of the details found on page 24 of the annual report. One of the signature initiatives, which Ms White touched on, was the petrochemical diversification program. The report notes that the investment made by the Canada Kuwait Petrochemical Corporation was \$4.5 billion. Now, this follows on a number of investments like Inter Pipeline's \$3.5 billion facility in the Industrial Heartland. To begin, can the deputy minister share with the committee the major investments made under this program and how much was put forward in terms of royalty credits and how much investment was leveraged?

**Ms White:** Thank you very much for the question. Again, thank you very much for your congratulations earlier; very much appreciated.

As you know, EDTT developed, launched, and implemented initiatives in 2018-19 that support growth and investment in Alberta's oil and gas economy in the future. The petrochemicals and midstream regulatory road maps are a planning tool. That was not the question that you asked.

The CKPC, as you mentioned, was approved in 2016 to receive up to \$300 million in royalty credits under the first round of PDP. This follows Inter Pipeline's final investment decision on a \$3.5 billion facility that was announced in December of 2018 to just add a couple more exact projects to the \$4.5 billion propane dehydrogenation and polypropylene facility in Sturgeon county.

**Mr. Bilous:** Thank you. Do you also have an estimated number of jobs that were created from at least those two projects as they move forward?

**Ms White:** I'd like to refer that question to Michele Evans.

**Ms Evans:** Thanks for the question. CKPC's dehydrogenator, as an example: that \$4.5 billion investment would be expected to have peak construction jobs of about 3,000 and 200 permanent jobs. The IPL petrochemical complex: my apologies; I don't actually have the number of jobs, but it was very similar to the CKPC one, which was, again, in and around that 3,000 jobs with about 200, 300 permanent jobs.

**Mr. Bilous:** Okay. Thank you. So absolutely significant.

Do you folks have an estimated impact on the Alberta GDP when these two facilities are up and running? I mean, I'm sure that that was part of the decision to approve the royalty credits.

**Ms Evans:** Certainly, we did look at a number of factors in evaluating the programs. Petrochemicals contribute a significant component. It's a critical value-add. I don't actually have the GDP contribution numbers with us in our notes today, but there was a variety of factors that were considered in evaluating those, not just the number of jobs created but also the economic activity, again recognizing that there was a significant amount of additional economic spinoff that happened beyond just the facility themselves. These facilities create a significant pull in terms of other manufacturing capacity, other supplies and services throughout the region where they go in. So it's a really critical component of us value-adding our natural gas resources.

**Mr. Bilous:** Thank you very much.

Madam Chair, if I can just ask: am I allowed to ask the department, because I know that they worked with the Ministry of Energy on this, to return to a document to this committee that may have the fleshed out GDP numbers? Is that possible?

**Ms Evans:** We can certainly provide some follow-up on that.

**Mr. Bilous:** Okay. I'm just making sure that that's in order within this committee. Thank you for that.

I apologize if I'm lagging a little bit.

**The Chair:** You're fine from this end unless something is happening for you. Yeah.

**Mr. Bilous:** Okay. Thank you, Ms Evans. I appreciate that the investment under the program was substantial. You know, I don't know if the ministry can comment on other larger investments that have taken place in Alberta, obviously from that 2018-19 year, or commitments of larger projects. You know, obviously, we touched on Inter Pipeline's \$3.5 billion project, but I'm looking to see if the department can comment on other large-scale projects that were attracted to the province in that year either through the larger PDP program or other programs.

**Ms White:** Thank you again for the question. I'll just maybe quickly talk about some of the other wins that EDT had. During 2018-19 the ministry recorded more than 18 foreign direct investment wins for an estimated \$5.3 billion in total investment. We talked about the Kuwait Petrochemical investment. We can also talk about the U.S.-based Amazon committing to open a \$120 million fulfillment centre in Leduc, expected to employ more than 600 permanent full-time staff. I understand they're staffing that right now. BASF Canada Agricultural Solutions relocated its Canadian head office from Ontario to Calgary. BASF is headquartered in Germany. Pembina Pipeline Corporation along with Petrochemical Industries Company of Kuwait, PIC, announced the construction of – again, we talked about this earlier – a \$4.5 billion integrated petrochemical facility. China-based CST

Group announced the reopening of the Grande Cache coal mine and invested more than \$600 million and 100 jobs. MTT Recycling Technologies Inc. of Israel announced the phase 1 construction of Canada's first large-scale catalyst recycling plant in Leduc, to name a few.

**Mr. Bilous:** Great. Thank you, deputy minister.

I'd like to change gears briefly here and ask a few questions about some of the signature tax credits that the ministry developed in 2018-19. Deputy Minister White, can you talk to the committee a little bit about the capital investment tax credit program: what it was designed to do, how much tax credits were awarded, how much did it leverage, if you have the number of jobs that were created from this investment, and what the return on investment was for the province of Alberta?

**Ms White:** Thank you again for the question. In 2018-19 the capital investment tax credit program, CITC, awarded credits to 21 projects in impactful priority sectors such as agriculture and food production and our energy and chemical manufacturing. These credits contributed \$985 million in investment to the province. In May 2019 all government programs were reviewed to ensure they align with current priorities. This included CITC. The CITC promoted investment in more capital-intensive industries, leading to diversification and creation of sustainable jobs across the province. The program provided a 10 per cent tax credit, with a \$5 million tax credit cap. The CITC had 21 successful applications, as I mentioned, in 2018-19, and since the launch in 2017-18 the CITC leveraged more than \$2.2 billion of investments.

In terms of your final question on jobs I will defer to Michele Evans.

**Ms Evans:** Thanks for that question. Roughly in those first four intakes between 2018-19 we saw about 12,000 jobs created, 2,900 of those were direct jobs, and 9,100 were indirect jobs.

**Mr. Bilous:** Excellent. Thank you very much for those responses.

We'll continue on. I mean, I recognize that there were a number of tax credits developed by the ministry of EDT, so moving on to the investor tax credit, again, if you could just touch briefly for the benefit of members on what it was designed to do, the type of businesses it was designed to support, how much it leveraged, its return on investment, and as well, you know, the number of companies it supported, what its leverage ratio was, and really, you know, flesh out what it was designed to do as far as supporting businesses in their growth.

**Ms White:** Thank you again for the question. The Alberta investor tax credit encouraged Alberta-based investment in businesses involved in the following areas: tourism; research, development, and commercialization of proprietary technology, products, or processes; development of interactive digital media and gaming products; and postproduction visual effects and digital animation. EDTT anticipated that companies participating in the program would have faster revenue and employment growth than companies that did not participate.

**8:30**

In 2018-19 the program issued \$15.6 million in tax credits, which contributed \$72.5 million in investments raised, serving major sectors such as the professional, scientific, and technical service sector, information and cultural industries, and general manufacturing. It is estimated that on average over \$1 million is invested into each company that received tax credits.

Government took a deliberate approach to review all programs, as I mentioned earlier. By 2018-19 the program had issued more than 1,850 tax credit certificates for investments, totalling \$166 million, in seven venture capital corporations in more than 150 Alberta-based small and medium-sized enterprises. On average, over \$1 million was invested into each company, as I said, that received the tax credits. In 2018-19 the tax credits issued to individuals were \$15.46 million, as I mentioned earlier, compared to a \$15.84 million budget.

Michele, did you want to supplement that?

**Ms Evans:** Yeah. I'll just supplement a little bit around the purpose and intent of these tax credits and highlight a couple of other features. Really, the intent of these investments through the tax credit was to help create high-value employment opportunities by allowing our start-ups and scale-up technology enterprises to scale and grow. One of the things that we have heard and seen is that having that access to capital in those early growth phases is actually very critical in terms of the ability of these companies to grow and scale.

One of the other features that was introduced in 2018-19 on the tax credit was a diversity and inclusion supplement, and one of the key features there was a 30 per cent tax credit for the individual or corporate tax investors. There was an additional 5 per cent tax credit for those SMEs that had boards that were comprised of other underrepresented individuals such as immigrants or women. Again, that was a very key feature that was a bit unique in terms of the tax credit features.

**Mr. Bilous:** Great. Thank you very much.

Madam Chair, how much time do I have in this first block?

**The Chair:** One minute and a bit.

**Mr. Bilous:** Wonderful. I'll just set up this question for the future. I see that Kristina Williams is on the call, the CEO for the Alberta Enterprise Corporation, and I'd like to talk to her to get her to comment on the role that the Alberta Enterprise Corporation played in the development and design of these tax credits as far as how it helped Kristina and AEC to attract investors to the province, which, of course, AEC – we'll flesh out some more of the details on the numbers. But if you wanted to start, Kristina, please.

**Ms Williams:** Well, thank you very much for having me, first of all. I hope everybody can hear me and see me. Very nice to see you again also, Deron. In terms of the tax credit clearly that would help some of the co-investment that some of our funds would do in technology companies in Alberta, so either individuals trying to invest together with our venture capital funds and/or individuals investing into the venture capital funds that we have invested in. So that is a very nice integration between the two programs.

**Mr. Bilous:** Excellent. Thank you. I'll have further questions a little later on, when it comes back to me, on the \$75 million that was injected into the Alberta Enterprise Corporation, to get a bit of an update for the committee as far as the return on investments that the province has seen with those dollars, how many private-sector dollars have been leveraged, and the types of companies and jobs that AEC has invested in.

**Ms Williams:** I could answer that.

**The Chair:** Okay. Well, there are 10 seconds, so I think what we'll do is – it sounds like Member Bilous is ceding that time. [A timer sounded] Well, it's beeped now.

We will now move over to the second rotation, the government side, 15 minutes to begin.

Member Reid to lead off.

**Mr. Reid:** Thank you, Chair, and thank you for joining us from the ministry today. I appreciate your time and look forward to your answers. I'm going to be focusing on the private sector and self-employed, two areas that are of great importance to me and my communities in Livingstone-Macleod. I'll start with the annual report and refer to page 15. Your performance indicator 2(a) speaks about private-sector employment data. According to the table on page 15 private-sector employment in 2018 was still far below the private-sector employment in 2014. I'm wondering if the department can explain this decline and why it's such a slow recovery.

**Ms White:** Thank you very much for the question. The decline in overall private-sector employment was driven over that time period primarily by declines in oil and gas extraction, construction, and the manufacturing sectors, all related to oil price declines partly though not wholly explained by a slowdown of, again, as I said, industrial activity related to the commodity price. Certainly, market access over that time period was a big issue for Alberta at the same time.

Again, if we're going back – the chart goes from 2014 – we also had some slow growth in emerging markets. The U.S. Federal Reserve decision to increase interest rates in 2015 and uncertainty in world-wide financial markets that impacted world-wide growth and hit certain industrial sectors in the U.S. particularly hard: again a primary driver for oil-demand growth. The 2016 Fort McMurray wildfires also negatively impacted Alberta's overall economic growth, GDP more than employment – and this graph is on employment – though they contributed to growth, including in employment, during the rebuild. So there was a down and then and up effect from the fires.

Alberta has seen some of the strongest, believe it or not, private-sector employment growth, 1.3 per cent in 2018, third behind only Nova Scotia and P.E.I., two provinces not normally known for their stellar employment growth. Again, that put Alberta third amongst the provinces.

**Mr. Reid:** Thank you very much for those responses.

Certainly, some of your responses lead into my second question, in regard to the impact of external factors on our economy. We know that external factors are critical to economic health in Alberta. Factors like this include the state of the U.S. economy, as you mentioned, and, as we know in current days, the energy market prices and how they impact us. I'm curious about internal factors that contribute to private-sector employment here in Alberta and what those may be.

**Ms White:** Thank you again for the question. Absolutely, internal factors contribute to employment levels in the private sector, particularly around competitiveness. Tax rates, business cycles, firm productivity, regulation, consumer spending levels, and many other internal factors contribute to employment growth in any given jurisdiction. Again, these factors are relatively unique by jurisdiction. EDT does undertake to measure our competitiveness and during this time period did look at our competitiveness overall and found particular strength in the area of entrepreneurship and challenges in some other areas in terms of competitiveness. It is something the department monitors.

**Mr. Reid:** Thank you very much.

Now I want to reflect on some policies that were present during the period we're looking at. I'm wondering if the department can explain

what role, if any, policies like the royalty review, the carbon tax, and the increase to personal and corporate income tax had on private-sector employment in terms of its decline from 2014 to 2017.

**Ms White:** Okay. Thank you again for the question. EDT does not undertake to measure, from a macroeconomic standpoint, those performance metrics. However, certainly there were a number of programs that EDT did undertake to counter the effects of the decline in oil prices, lack of market access, and other issues that contributed to the economic decline. The programs that were in place and active included the CARES program, the petrochemical development program that we talked about earlier, export development programs, investment attraction, a recapitalized Alberta Enterprise Corporation, that we mentioned, and the tax credits that were also mentioned earlier. But this department does not undertake macroeconomic-factor analysis. We tended to undertake microeconomic analysis of individual programs, so unfortunately I don't have an exact breakdown for you of the macroeconomic impacts that you've just asked for.

8:40

**Mr. Reid:** Thank you.

I want to shift over to self-employees, self-employment in Alberta. Again, in the annual report, page 16, you state that "an increase in self-employed individuals is an indicator of the health of the entrepreneurial ecosystem, and is associated with increases in income, employment growth, and the economic diversification of a jurisdiction." The first question is: can the department elaborate on the connection between self-employment and increased incomes and employment growth in the province?

**Ms White:** Thank you again for the question. Jurisdictions that are able to provide opportunities and the right conditions for people to start their own businesses see benefits to overall incomes and levels of employment as people find a myriad of ways to contribute economic value outside of established businesses, filling in the gaps that the invisible hand is famous for. Entrepreneurship is a critical component of a healthy economy as self-employed individuals capitalize on opportunities that established businesses are not able to, whether due to fast-changing technology, structural issues, or for other reasons. Self-employment is prevalent in many of the highest paying industries in the economy in Alberta, including professional, scientific, and technical services and in construction.

**Mr. Reid:** Continuing along those lines, my understanding is that self-employed Albertans are not included in the private-sector employment on page 15. Can you confirm that for me?

**Ms White:** Thank you again. Absolutely correct. Self-employed Albertans are not included in this figure. The breakout happened over pages 15 and 16.

**Mr. Reid:** Thank you.

Just in terms of looking through the data, at first glance it appears that the private-sector employment and self-employment data itself looks like people let go from the private sector often become self-employed. Is it in any way correct to say that unemployed workers become self-employed by necessity as well as opportunity? Would that be your understanding?

**Ms White:** Thank you again for the question. You know, obviously, people choose to become self-employed for a variety of reasons, usually and hopefully to be their own boss or because of the nature of job and industry which may require self-employment, but absolutely some folks do turn to self-employment out of necessity. That has

various results, sometimes more success and sometimes a return to more traditional forms of private-sector employment.

**Mr. Reid:** All right. Thank you. I appreciate your responses today. I'd like to cede my time now to Member Gotfried.

**Mr. Gotfried:** Thank you, and thank you to our guests today for joining us as well. I'd like to turn our attention to some of our export markets and export market opportunities. On page 17 of the annual report there are two tables of information stating the value of Alberta's exports, including exports outside of the United States. The first table shows that the value of our exports has not yet reached the heights of 2014, and I wonder if the department can explain the decline in export value from 2014 to 2016 and its relatively slow recovery through 2017-2018.

**Ms White:** Thank you again for the question. The value of oil and gas exports is the most significant factor in the decline in Alberta's exports from 2014 to 2018. With 87.8 per cent of Alberta's exports going to the U.S. in this period, by far the major factors affecting Alberta's overall export values are in the price of and demand for oil and gas in the U.S. The slow recovery in 2017 and '18, again, is related largely to factors affecting the oil and gas market.

**Mr. Gotfried:** Okay. So obviously this is a combination of the value and the volume of the exports. Just on that same line, how do the foreign currency exchange rates factor into value of our exports stated in those performance indicators? Obviously, we've had some volatility through that period in terms of the value of the Canadian dollar versus the U.S. dollar.

**Ms White:** Thank you for that question, and absolutely you're correct. Foreign currencies and particularly, in this case, the exchange rate between the Canada and U.S. dollars plays a major role in the value of our exports. Because our oil and gas commodities and some others are priced in U.S. dollars, as we see an appreciation of the Canadian dollar as compared to the U.S. dollar, we see fewer dollars repatriated to Canada as a result of the same U.S. dollar price, so a huge impact from exchange rates as many Finance ministers have felt in Alberta over the years also.

**Mr. Gotfried:** Maybe you could comment not only on the oil and gas exports but some of our other commodities in terms of the larger volumes that are exported, particularly to the U.S. markets, and the impact that has on our export volumes as well.

**Ms White:** The impact on exports in non U.S.-priced commodities or in any other manufactured good also absolutely has an impact. It's a slower transition mechanism, but what happens is that as the Canadian dollar declines, essentially, the price of our goods and services becomes cheaper, therefore raising demand internationally, and we should see an increase in exports based on the price advantage that results from a change in the currency.

**Mr. Gotfried:** It's a little different than our oil and gas revenues in many cases. Thank you.

The annual report also states that the "Alberta international goods exports increased 16.0 per cent in 2018, driven mainly by increased crude oil exports to the U.S." Was the increase in the value of the crude exports noted? Were they the major driver of increased exports in 2017-2018, focusing specifically on the oil and gas exports during that period?

**Ms White:** Okay. Thank you again. Alberta's oil and gas exports were \$70.2 billion in 2017, increasing 16.4 per cent to \$84 billion in 2018, so certainly a big portion. The increase of \$13.8 billion in

the oil and gas exports area between '17 and '18 accounts for more than 80 per cent, to answer your question directly, of Alberta's export increase total of \$17.2 billion between 2017 and '18, leaving \$3.4 billion for the other sectors.

**Mr. Gottfried:** Given those numbers, pretty significant numbers, can the department explain the importance of the oil and gas sector to Alberta's economy in terms of overall exports and maybe even comment on how that impacts the national exports as well?

**Ms White:** Thank you again for the question. I must comment that I'm very comfortable in this zone, being an economist. Thank you.

Oil and gas has accounted for an average of 70.7 per cent of Alberta's exports between 2014 and 2019. Even after the drop in oil prices, oil and gas accounted for 68.3 per cent of Alberta's exports between 2016 and 2019. With Alberta's \$80.4 billion in oil and gas exports in 2019 accounting for one-quarter of Alberta's \$334.2 billion GDP, with additional impacts coming from investment and direct consumption as well as impacts on government spending, certainly more than 25 per cent of this economy is related to the oil and gas sector.

We can add up in various ways, through input/output models, that anywhere between directly 25 to 55 per cent of Alberta's economy can be related to this sector. Again, the \$84 billion compared to \$334.2 billion in GDP does not include all the spinoff effects, as I had just mentioned, and it's certainly very hard to get too many degrees of separation from the oil and gas sector in this province.

**Mr. Gottfried:** All right. Again, it just highlights the importance of the sector.

One of the statistics – and maybe you can reflect on that for 2018-2019. I know that in the past, if you took the oil and gas sector out of Alberta's economy, the GDP that was still reflected by the other sectors still put us as a larger economy than the British Columbia economy in terms of GDP on those levels. Do those numbers still continue to bear out? It's often a comment on diversification. We'll continue that in the next round.

Thank you.

**The Chair:** I'm sure we'll get to it.

We now move to the Official Opposition side for a 10-minute rotation. I believe it is Member Bilous who is leading us off.

8:50

**Mr. Bilous:** Yes. Thank you very much, Madam Chair. I'd like to actually, you know, thank the previous members for their questions in the fact that they are highlighting the extreme need for diversification and the role of government in supporting that diversification because the majority of our exports are our Canadian and Alberta energy, which are critical. But, at the same time, clearly the deputy minister has highlighted the challenges that Alberta faced, beginning in 2014 with the sharp decline in the price of oil.

Continuing on with diversification, in the period that we're examining, we were talking about the two different tax credits, the capital investment and the investor tax credits. I'd like, Deputy Minister, if you can comment on the interactive digital media tax credit. That was a new credit here in Alberta. If you could talk a little bit about the types of companies that it was supporting and how Alberta, prior to this, compared to other jurisdictions like British Columbia and Quebec for attracting and retaining those types of companies.

**Ms White:** Thank you for the question. The interactive digital media tax credit program, the IDMTC, was open for applications until January 31, 2019, and subsequently awarded conditional tax credit

approvals for 23 companies. Based on preliminary information found in the applications, the program had the potential to support over 600 jobs in the coming years. In March 2018 the IDMTC was launched to provide refundable, 25 per cent tax credits on eligible salary and wage expenditures to companies that develop interactive digital media products in Alberta. It also provided an additional 5 per cent tax credit to companies that hire people from underrepresented groups. The IDMTC was open for applications, as I mentioned, until January 31, 2019. Actual expenses in 2018-19 were \$6.2 million.

Michele, can you supplement that answer?

**Ms Evans:** Yeah. Certainly. Again, because the program only ran for the one-year period, it's very difficult to comment to any great extent in terms of the ability to significantly attract jobs, but we certainly know that with those companies we saw over 100 new hires into the province as a result of the very first year, with plans for expansion. Some of those expansions have continued despite the ending of the tax credit. Others have stopped. Again, it's very difficult to get any significant evaluation at this point in time.

**Mr. Bilous:** No. Fair enough. I appreciate the answers. I know, for example, the company Improbable moved from the U.K. into Alberta in part because of the tax credit. Subsequently, since then, the company has talked about hitting the brakes on any new hires and expansion because of the disappearance of the tax credit.

Now, when the ministry designed the tax credits, you know, many of them were targeted at firms that were not yet profitable, and the idea was to attract these companies, these start-ups, and provide them with some support to grow and scale up quickly. Can the ministry explain to members of the committee why firms that don't yet have profits benefit from a tax credit approach instead of a general decline in the corporate tax rate?

**Ms White:** Thank you for the question. One of the main reasons that these tax credits are able to help preprofit companies, I think you're referring to, is because they are refundable credits. If we think of the analogue on the personal side, several refundable credits around, say, for example, some of the child benefits, you see a refund regardless of whether you make a profit or not. So it's the refundable versus nonrefundable nature of the tax credits that can help preprofit companies.

**Ms Evans:** And then just maybe to supplement some of that, again, one of the significant costs in these start-ups is their labour cost. So the tax credits did create some opportunity for them to offset the costs of their labour through that refundable notion that the deputy has spoken to and, again, made us competitive with other jurisdictions that offered similar tax credits.

**Mr. Bilous:** Excellent. Thank you.

I'm going to move on to the community and regional economic support, or CARES, initiatives. It's discussed as a key strategy in the annual report. I'll reference page 58 for members. You know, I think we can all agree in the current economic context that regional economic development supports are critical to help Alberta pull through this difficult period, and I'd like to investigate the work that was done in 2018-19 through the CARES program. Could you briefly explain what the initiative does and the problem that it was trying to address?

**Ms White:** Thank you again for the question. The CARES program was designed to invest in projects that would enhance local economic conditions, increase leveraging of regional economic development resources, and increase local and regional capacity to sustain economic development. This leads to an improved local

business environment, regional collaboration, increased support for entrepreneurs and small and medium-sized enterprises, diversification within communities, and increased investments for high-value job creation. In 2018-19 CARES provided \$5.6 million in funding in support of 87 approved applications through its two intakes. The competitive program continues to help regions through the province pursue economic growth opportunities related to business and community development, economic planning, and capacity building, as I said. Regional impacts also grew as participation from rural areas increased by 50 per cent between the summer and fall intakes. The CARES intake saw a total of 117 applicants and 87 successful applications in 2018-19.

Michele, would you like to supplement?

**Ms Evans:** Yeah. Again, a number of these projects create sort of the stage for sustainable business climate. They are longer term in nature, and a substantial portion of them end up supporting municipalities, nonprofits, First Nations, Métis settlements. Again, collaboration was a key feature of these. They did leverage 50 per cent – they had to have 50 per cent of their own dollars in order to support these projects. So there were not just government dollars going in but the organizations' themselves.

Again, a number of these kinds of supports and programs included things like diversification studies. The Alberta Industrial Heartland, as an example, used some of the CARES funding in the 2018-19 period to conduct a diversification study to see what other kinds of activities and opportunities they could create in their region. Again, that's just one example, but there are many, many examples of communities that have been able turn these kinds of support programs into other economic development opportunities.

**Mr. Bilous:** Great. Thank you. Just to summarize and to clarify the understanding of this program, really, would you agree that it can be characterized as a small amount of money dollarswise, yet the impact was really to lay the groundwork, whether it was for business cases, et cetera, to then regions, municipalities to work together with other orders of government in order to attract investment and create the infrastructure that would be needed? Really, this was the pre – you know, on the front end, a small amount of money but for studies that were critical in order for these communities to then have a business case to move forward to other orders of government and the private sector to attract investment. Would you agree with that characterization?

**Ms White:** Yeah. Thank you for that. Absolutely, that was the purpose intended in the program and what we're attempting to describe. Thank you.

**Mr. Bilous:** Great. Thank you.

I'm going to switch gears. I'd like to start off by, first of all, just giving a shout-out to all of Alberta's international offices. We have incredible civil servants that work very, very hard on behalf of our province to support our companies going global and also to attract investment back to the province. Just to clarify a comment, Deputy Minister, that you made earlier, I believe you had stated that our international offices helped broker 393 business transactions that resulted in \$5.3 billion in investment.

**Ms White:** Thank you again. Yes. That was the comment from my opening comments. I don't know if you wanted me to elaborate further on those wins?

**Mr. Bilous:** I will in a follow-up question. Sorry to interrupt, Deputy Minister. I just wanted to, again, restate for all members and the public and Albertans that \$5.3 billion of investment is

significant. Again, that's a testament to the incredible work that our international offices do.

9:00

**The Chair:** Thank you.

We will now move to the government side for the third rotation, leading off with Mr. Gotfried.

**Mr. Gotfried:** Great. Thank you. Again to the department, continuing a little bit on the export market line of questioning here, performance indicator 3(b) shows how reliant we are in Alberta on the American economy and our trade with the United States. Can the department share the ranking of our largest non-American trading partner so we might understand who we're trading with, what we're trading, and how we're transporting our largest export products outside of the U.S.?

**Ms White:** Thank you again for the question. As you indicated, yes, performance indicator 3(b) shows how reliant we are in Alberta on the American economy. Again, the majority of our top non-U.S. export markets are in Asia, as I mentioned off the top, with 4 of the top 5 being in Asia. In 2018 Alberta exported \$5.1 billion worth of goods to China, making it the second-ranked country in terms of Alberta's exports. In 2018 the top three product categories exported from Alberta to China were food and agriculture, \$2.7 billion; chemicals at \$775 million; and wood products at \$724 million. The product category with the highest one-year growth was food and agriculture.

In 2018 Alberta exported nearly \$2 billion worth of goods to Japan, making it the third-ranked country in terms of Alberta's exports. This was an increase of 11.4 per cent over our exports to Japan in the previous year. In 2018 our top three product categories exported from Alberta to Japan were again food and agriculture at \$1.3 billion; wood products at \$294 million; and metal, stone, or glass at \$227 million. Japan is the second-largest destination for Alberta lumber and Alberta's long-standing Asian market partner in this sector. Japan has virtually no domestic oil or natural gas reserves and remains the world's largest liquefied natural gas importer.

On to Mexico. In 2018 Alberta exported \$1.2 billion worth of goods to Mexico, making it the fourth-ranked country in terms of Alberta's exports. Under the previous NAFTA, Mexico has been one of Alberta's fastest growing export markets and has risen to become one of the province's top-ranked trading partners. Alberta and Mexico share a common interest, as you know, in areas such as energy, agriculture, the Canada-U.S.-Mexico trade agreement, and opportunities being next to the U.S. In 2018 the top three product categories exported from Alberta to Mexico were once again food and agriculture at \$553 million, minerals at \$375 million, plastics and rubber at \$212 million.

**Mr. Gotfried:** Ms. White, it sounds like you've got some good stats here. Would you mind providing those to me in writing so we can move on to some other questions?

**Ms White:** Absolutely.

**Mr. Gotfried:** That would be awesome.

In 2018-2019 Alberta lost air cargo services operated by Cathay Pacific and Air China respectively from both Calgary and Edmonton. Did the ministry under the previous government embark on any postmortem review to determine why those services were cancelled or what might have been done by the department or other government departments to mitigate the risk of flight cancellation and export capacity and really take a look at the impact of inaction

and disengagement by the minister and government of that time at the loss of these vital services with respect to economic opportunity, growth, and diversification?

**Ms Evans:** Certainly, I can have a preliminary component on that. We did have, as you noted, a number of our ex-cargo flights cancelled for Cathay Pacific, as a significant example. We did over the period of time in 2018-19 have an agreement with the Edmonton International Airport to continue to try to grow and expand our capacity for growing our cargo flights. We didn't do a direct assessment of the reasons behind the Cathay Pacific choices, but certainly there were a number of factors and features. We weren't seeing a number of air cargo transitions over to Asia at that point in time. There wasn't adequate cargo that was being used to navigate those flights. There were a number of other features and factors that contributed to the loss of that flight. But, again, that's something we continue to work on and try to address, having the appropriate flights and air access services for Alberta's goods and services.

**Mr. Gotfried:** Thank you.

It's my understanding with previous contacts I had at Cathay Pacific, having spent 17 years there, that there was no contact from the Alberta government for the four-year period that they did fly into Alberta. That was one of my concerns raised during that period, that if we rely on third parties and not only support them but work with them in that regard, then we expose ourselves to huge risk and loss of economic opportunities, certainly like that.

Thank you for your questions.

I'd like to cede my further time on to MLA Barnes.

**Mr. Barnes:** Thank you, and thanks to everyone for being here today, the work you do for Albertans. I would like to go to page 20 of the annual report. It outlines the three trading blocs that Alberta is focused on, those being the Americas, Asia Pacific, and Europe through to Africa. There our international offices, combined with Alberta-based staff, advance Alberta and Albertans' priorities. Can I first of all please ask the department to explain how it measures success when it comes to these international trade offices?

**Ms White:** Thank you very much for the question. Alberta-based and international-based staff together led Alberta businesses on international missions, supported business-to-business relationships in the pursuit of securing trade and attracting foreign investments to Alberta. Alberta international office performance is reported by trading bloc, with work carried out by the AIOs and the department in collaboration. The trading blocs are comprised of three geographic branches based in Alberta, 12 international offices previously mentioned, and two investment attraction and trade promotion service contractors.

Overall, EDTT has achieved approximately 400 trade, investment, and advocacy wins in 2018-19 fiscal year across all of these trading blocs. In EDT's 2018-19 annual report the trading bloc results were reported, as you can see, as follows: 179 wins in the Asia Pacific; 70 in Europe, Middle East, India and Africa; 144 in the Americas, for a total of 393 wins. Again in the annual report the verified dollar value of the wins reported on trade were \$62 million; greenfield foreign direct investment, \$4.6 billion, brownfield foreign direct investment, \$630 million; and \$6 million related to signed agreements.

**Mr. Barnes:** Okay. Thank you. Thank you for that. Just to clarify, you mentioned wins. I was unsure what you meant by a win, but then you had some good information on money related to those wins. Are all of your categories of wins related to some investment that provides Albertans jobs or wealth or investment strategy?

**Ms White:** Jamie, do you want to take that?

**Mr. Curran:** Yeah. Sure. When we define wins, we have trade wins, which is the export side of it. You have investment wins where you're bringing foreign direct investment in. You have political advocacy wins. If you look at the chart, there's political advocacy from our Washington, DC, office. Then, of course, we have the signed agreement wins, and then the final part is those when there are announcements, like future announcements that'll be coming. Those wins are all categorized and measured, and they're part of the win as part of a directive in the department on how we measure our success.

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

When it comes to diversification, when it comes to the Alberta economy, are any of those wins – are there any other matrixes or measurements that you have that specifically focus down on wins for diversification in Alberta?

**Ms White:** Thank you again for the question. As you know, diversification consists of two different aspects, market diversification and product diversification. Market diversification efforts generally focus more on supporting companies and accessing new markets that they might not have been engaged in previously such as Asia, as I mentioned earlier, one of our largest trading blocs, while product diversification places an emphasis on diversifying the export mix in already established markets.

Jamie, do you want to build on that?

**Mr. Curran:** Yeah. I suppose that how we would – we actively work with our small and medium-sized enterprises and look at their export interests and what products they have to offer. If there are new products, we try to advance those products into the markets. Also, our international offices are a critical part of market diversification because they're trying to develop those markets for our small and medium-sized businesses.

9:10

**The Chair:** Thank you.

We'll now move to the Official Opposition for the fourth rotation. To lead off – 10 minutes, please.

**Mr. Bilous:** Great. Thank you, Madam Chair. I want to continue on. When we talk about, you know, growth in trade and our exports, I think that's really valuable. Now, just to comment on the previous line of questioning, my understanding is that air cargo and cargo flights and the amount of cargo that Alberta was exporting increased over the period of 2015 to 2019, so if I can ask the ministry to supply those details to the committee on how much our cargo grew in that period of time, that would be greatly appreciated.

Now, I think that part of the reason that cargo did in fact grow between 2015-2019 was a program that was developed called the Alberta export expansion program. I'm hoping that I could ask the department to just explain briefly what that program was, if you have the statistics on the number of companies it supported, the amount of trade deals that they were able to secure because of that program, or the number of markets that Alberta companies were able to diversify into.

**Ms White:** Thank you again for the question. The Alberta export expansion program is based on a recognition that Alberta's businesses require programs that are responsive to their changing needs. Using feedback provided from the business community and as part of the larger government program review, this program was redesigned. The redesign addressed some key factors such as

simplifying the application process and program criteria to enhance client experience, permitting applicants to bring international buyers into Alberta, increasing maximum funding from \$20,000 to \$25,000, and extending eligibility to not-for-profits.

To back up a little bit and answer your question more directly, the program is designed to facilitate connections in Alberta businesses in international markets. It leverages the international offices and relationships with international development organizations to attract investment and grow exports. The AEEP provides comprehensive, easy-to-use business, economic, and innovation-related information to support business development and attract investment.

In 2018-19 152 separate companies accessed AEEP, with 46.8 per cent of applications having some connection to trade missions organized by the government of Alberta. The most popular country for travel for applicants is totally related to our major market, the United States, accounting for 43.6 per cent of trips supported by AEEP, followed by China with 11.3 per cent. Germany, Singapore, and UAE are tied for third, with each country appearing in 6.3 per cent of applications.

As I mentioned earlier, the program was redesigned in 2018-19 to improve it in many ways and make it more streamlined.

The government saw that every dollar invested in AEEP spent has led to companies attracting new export sales of \$65.51, based on self-reported figures provided on 207 projects between October 2016 and March 2018.

**Mr. Bilous:** Deputy Minister, you're saying that for every dollar in, it was leveraged to \$65? So \$1 in led to \$65 worth of trade deals or investments?

**Ms White:** Thank you again. Yes, that's correct.

**Mr. Bilous:** Okay. That's quite incredible, a leverage ratio of 65.

In addition to the Alberta export expansion program, of course, the 2018-19 period was when Alberta expanded its boots on the ground, and Connection Silicon Valley was awarded a contract to have Alberta boots in San Francisco on a three-year contract as well as boots on the ground for the United Arab Emirates. I'm wondering if the department can comment on any of either the wins or the value – I guess, what was the logic behind, you know, having boots on the ground in the United Arab Emirates and in San Francisco?

**Mr. Curran:** Thank you for the question. The logic, of course, is that there's great opportunity in Silicon Valley from the tech-sector perspective. Having boots on the ground there, relationships on the ground helps enable, certainly, our Alberta-based businesses to get exposure to that tech sector and the capital and opportunities that are in those markets.

With respect to the United Arab Emirates, of course, we felt that since it's such a large market, there are critical levers there that we need to have access to, from agriculture to other energy opportunities.

The total value of contracts for these were a total of \$1.5 million over a three-year period. The contracts are performance based. We continue to see regular reports from the representatives to outline their activities in supporting our Alberta-based businesses and bringing investment into the province.

**Mr. Bilous:** Excellent. Thank you.

The last comment I'll make: I know that a little bit later this morning my colleague will be asking specifically about agricultural exports, but when we look at the amount of trade and exports that grew from the period of 2015 to 2018, it's my understanding that between 2015 and 2018 Alberta increased trade with its second-

largest trading partner by 25 per cent. That's China. Can you confirm that number? If not in the moment – I appreciate that that might be a little granular – if you could respond in writing to the committee with how much trade increased between 2015 and 2018.

**Ms White:** Happy to come back with the 2015 to 2018. I can tell you right now that the growth in 2017-18 in China was actually 32 per cent.

**Mr. Bilous:** Thank you. I appreciate that.

I'm going to change gears. I appreciate that Kristina Williams is on the line or here. If we jump to page 52 of the annual report, this is the work being done by the Alberta Enterprise Corporation. During the previous government AEC was recapitalized by \$75 million, which I believe was the first time that AEC received an injection of new capital since its inception in 2008. So I'm just curious if Ms Williams can tell the committee about the return on investment of dollars invested, including the ratio of AEC dollars with private-sector dollars, and maybe highlight, you know, a success story from Alberta here.

**Ms Williams:** Absolutely. Yeah. Thank you for the question. Yes, you are correct. There was the first recapitalization of AEC since our original \$100 million. The injection, as you know, would be \$75 million.

If we looked at the results for the year in question, we've had more than \$494 million invested into 42 Alberta tech companies. In the year that we're talking about, it was actually \$88 million that went into Alberta technology companies from our funds and their partners. That can be compared to capital called for that year, which was \$17 million. So we actually had a ratio: of every dollar that AEC invested, it resulted in \$5 coming into Alberta technology companies during this particular year. On average it's normally 1 to 4, but this year it was 1 to 5.

**Mr. Bilous:** Excellent. Thank you very much. I appreciate that.

I have, I think, two minutes remaining. Is there any way, Ms Williams, that you can comment just in our last couple of minutes on some of the companies? I guess, AEC now has existed since 2008. How is that entity leveraging dollars in order to invest back here but also to attract those critical, you know, large-scale investment funds here into the province?

**Ms Williams:** Yeah. Absolutely. I was remiss about answering your previous question, also, about success stories. I mean, one example and a great example is the company called Decisive Farming that's based out of Irricana. It does precision agritech, which clearly relates to some of our foundational industries in the province and moving it into the technology side. This was a company that was funded originally by our angel co-investment fund, accelerate fund, and then one of our other funds that's based in eastern Canada. That also has many strategic investors in it, including Caterpillar and others. Cisco, for example, invested subsequently in that company, and then grew it. Today I'm happy to announce that it was actually acquired by Telus.

9:20

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

We will move on to the government side for 10 minutes. Just to correct the record, we're in the third rotation. Please.

**Mr. Barnes:** Okay. Thank you. I want to go back to trading blocs for a second, please. We talked about the Asia trading bloc, the European, and through to Africa and the America trading blocs. Although trade with America is by far and away the largest, I was

pleased to hear and thought I understood that second, third, and fourth were China, Japan, and Mexico. I appreciated that. But when you broke down what comprises the trade in Japan and China, I didn't hear anything about oil and gas or LNG. Of course, one of your comments was that Japan is the largest importer in the world of LNG. So back to the idea of wins and political advocacy, has our Asia office – do we have any wins for political advocacy when it comes to Alberta someday supplying the LNG to Japan and China and catching up to America in terms of level of export?

**Ms White:** Thank you for the question.

Michele.

**Ms Evans:** Just at a very high-level one of the things that Canada is working on collectively is increasing our ability or establishing our ability to export LNG off of the coast of B.C. Within this period one of the things that we worked very closely with was trying to establish LNG Canada, which is major export potential, off of the coast, so working very closely with the Department of Energy, all those sorts of things in terms of enabling the awareness of the export potential for LNG in Canada as well as working through our Japan office and others, establishing the relationships with those businesses that are importers so that they can understand the Canadian market, understand the benefit of the access to LNG in the Canadian market.

Certainly, one of the key features of exporting LNG off the coast of Canada is a shorter time to the Asian markets. It's much faster in terms of delivering LNG. So, again, critical infrastructure that needs to be built on the coasts so that we can export the LNG and the natural gas that we have very abundant in our province.

**Mr. Barnes:** Okay. Thank you for that. That sounds like good work.

Just want a last question on Africa. I see that's being handled through the Europe office. What's our focus on Africa? What are our opportunities there? What are the partnerships we can develop?

Thank you.

**Ms White:** Thank you again for the question. In terms of your previous question, we did have a couple of MOUs signed directly in Japan in terms of advocacy wins. So there were two there. In terms of all of Africa being handled through that bloc, the Alberta New Delhi office was focused on India as a whole, while the Alberta U.K. office was largely targeted at serving the U.K. market.

Jamie, can you add to the Africa question?

**Mr. Curran:** I'll maybe build on Africa. There is an international playbook that we have around Africa. It's predominantly around trade and the opportunities there that might link to agriculture and, you know, selling our services, our expertise, those type of things, in addition to the commodity. It is not as targeted as the other jurisdictions, but we do have an African playbook.

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

I'll cede the rest of this time to Member Rosin, please.

**Ms Rosin:** Perfect. Thank you, Mr. Barnes.

Well, thanks, everyone. I'll get right into things. I know we're getting close to the end of the meeting. On page 18 of your annual report there's a table for nonresidential capital investment. Since 2014 the decline over that quite almost clear four-year period of 2014-2018 is quite serious, and I believe that if we look at that, actually, capital investment over those four years is down approximately 60 per cent of what it was in 2014. I'm wondering if

you can explain this steep decline in commercial capital investment in Alberta since 2014?

**Ms White:** Thank you again very much for the question. As you know, a variety of factors determine the amount of capital investment invested by private companies and governments in any given year. Capital investment was at an all-time high in 2014 with steep declines limited to the years of 2015-16 and a relatively stable level since. The most significant declines, again, occurred in the province's oil and gas sector, in part a response to decline in oil prices and continued market access issues; 2014 signalled the beginning of the oil price crash in Alberta. I was still here then. Oil prices declined from \$106 a barrel in June 2014 to \$26 a barrel by February 2015.

As expected, total nonresidential capital investment in Alberta per capita declined from a high in 2014, as mentioned previously, primarily due to the corresponding drop in energy infrastructure capital investment. Particularly in the energy sector, what you often see is capital investment funded by cash, so when cash reserves and cash flows decline, you see a large decline in capital investment. Certainly, we felt it in Alberta. Though other factors do absolutely influence investment levels, the primary cause that you see for this decline and then steadying off was around that oil price decline that I just described.

**Ms Rosin:** Okay. Thank you.

I mean, obviously understanding there are significant and severe external factors that affected that decline in capital investment, I'm just wondering if you can comment on any internal factors in Alberta that your department has identified such as government policy that may have had an effect on this decline.

**Ms White:** Again, thank you for that question. Government programs were put in place in 2018-19 and some were already in place designed to stem the decline in capital investment and shore it up and start to see some increases. The programs that were in place at the time that we mentioned earlier: the capital investment tax credit, the Alberta investor tax credit, the interactive digital media tax credit, and we mentioned also the petrochemical diversification program. These did play a role in encouraging investment interest in growing sectors in Alberta, including technology and cultural industries, food, wood product and chemical manufacturing, tourism, and petrochemicals.

Additionally, other factors that I mentioned earlier affect competitiveness. Overall tax rates, overall business climate environment, ability to attract skilled labour are all factors that go into that capital investment decision.

**Ms Rosin:** Thank you.

That actually kind of leads me into my next question as you mentioned the Alberta investor tax credit program. On page 42 of your annual report is the performance measure for this investor tax credit program. It states that its purpose is to leverage investment at the start-up phase and in the expansion phase of business start-ups, which is as you just sort of briefly mentioned there. I'm wondering if you can then explain in detail why investment rates dropped from 2017-18 to 2018-19 if this program was in effect.

**Ms White:** Thank you for the question. In 2018-19 there was less than a full expenditure, as you've noted, of the annual tax credit budget. Possible factors accounting for the variance between the target and the actuals are that there was some pent-up demand in that first year. The program was launched in the fall of 2018 but didn't issue any tax credits in the first year, so the longer eligibility time frame and a large retroactive period in that first year meant

that there was a larger intake time period. We think that is one of the reasons that we saw the decline between those two years.

**Ms Rosin:** Okay. Then my final questions will be in relation to the interactive digital media tax credit. Earlier you had stated, or maybe it was Michele Evans that stated, that there was an additional 5 per cent tax credit that was accessible for companies who chose to put women or underrepresented groups on their boards. I'm wondering: of those 23 companies who accessed this tax credit, how many of those accessed the additional 5 per cent?

**Ms Evans:** I actually don't have that with me.

**Ms White:** We will undertake to reply in writing to your question. Our apologies for not having that at our fingertips.

**Ms Rosin:** Okay. I assume you would not have the estimated dollar figure either, then, of how many accessed that. Okay.

I will ask then – and you may know an answer to this one – of however many it may have been that accessed that additional 5 per cent, I'm wondering if you can comment if there was any real benefit to the taxpayer on that additional 5 per cent for putting women and underrepresented groups on the boards. Further, I'm wondering if you can comment as to whether any of the businesses who accessed that additional 5 per cent for putting women and underrepresented groups on their boards moved here specifically for that policy or if they were going to come here regardless and just took extra advantage of the taxpayer dollar to access that extra 5 per cent.

9:30

**Ms Evans:** What I can comment on that – again, it's very difficult to know the rationale for those. [A timer sounded] But the interactive . . .

**The Chair:** Okay.

**Ms Evans:** Oh, I'll stop.

**The Chair:** Yeah. Well, I'm sure we'll get to it.

We have our final rotation now, our fourth rotation for the Official Opposition, and it is 10 minutes. Please proceed.

**Mr. Bilous:** Thank you very much, Chair. I will be sharing my time with Member Dach. I'll lead off, and then I'll throw it over to him.

I want to switch gears and talk a little bit about Alberta Innovates. In 2018-19 the government of Alberta invested roughly \$278 million in Alberta Innovates. A question I'm about to lead to – I'm just going to ask for a little bit of leeway in my preamble. I realize that Public Accounts asks about the past, but my initial comment is to provide context. I understand that in Budget '19 there were significant cuts to Innovates as part of an alternative economic development strategy. Now, I don't want to ask about those cuts and the decision-making process because, of course, the committee is backward-looking. But there was a \$76 million reduction and 125 layoffs. So let me ask this carefully. To the department and Alberta Innovates: can you tell me . . .

**Mr. Gottfried:** Point of order.

**The Chair:** Yeah. Sorry; we have a point of order here.

**Mr. Gottfried:** Madam Chair, I think that this is reaching into the future and speculation on changes that have transpired since that annual report, so I would ask the member to consider reframing that. And I'd ask the chair to rule on that accordingly.

Thank you.

**The Chair:** Sure. I think I'm going to ask the member to refer to either the 2018-19 annual report or the Auditor General's outstanding recommendations. Those are the parameters of our conversation this morning.

**Mr. Bilous:** I appreciate that. To respond, as the deputy House leader for the Official Opposition, this is not a point of order. This is why I initially started with: provide me some leeway to provide context. Members can look back in *Hansard* in past Public Accounts Committee meetings where members are given leeway if they are coming to their point asking about the past, which is exactly what I'm doing. So I am asking to continue to ask my question.

**The Chair:** Sure. Please proceed as long as the question gets to – the time is yours, and the questions are yours. We'll wait for the question, whether or not we think it's a good idea. How about that?

**Mr. Bilous:** Perfect. Thank you.

To Alberta Innovates and the department: can you tell the committee about programs or initiatives that were begun in the 2018-19 or were ongoing in 2018-19 that are no longer going? Were they scaled back? Were they cut? I ask because we're talking about programs that were ongoing through 2018-19 that are included in the annual report of Alberta Innovates, and I'm curious to know what the impact was of those programs which may no longer be going but that were ongoing during this year.

**Ms White:** Thank you very much for the question. I'm going to ask my colleague Maureen from Alberta Innovates to address your question.

**Ms Lomas:** Thank you for the question. There were a number of programs that were reaching their maturity, particularly in the health and research area, the collaborative research and innovation opportunities as well as some areas around trainees and researchers within the universities. Those were items that were coming down. On the flip side, in that year there was the significant boost to the climate leadership programs and then as well some changes within the applied research funding part of our organization.

**Mr. Bilous:** Excellent. Okay. Thank you.

Madam Chair, how much time is remaining?

**The Chair:** Seven minutes.

**Mr. Bilous:** Oh. Excellent. Okay.

Are you able to comment, still with Alberta Innovates, on some of the signature successes and programs from the 2018-19 year?

**Ms Lomas:** Sure. I think that in terms of signature successes a number of our entrepreneurial investment programs, including the regional innovation networks, vouchers for small businesses, and the programs that include our technology development advisers and executive business advisers that support small businesses, are certainly always our success stories.

**Mr. Bilous:** Okay. Sorry. Does someone else want to supplement? I can't see.

**Ms Lomas:** Do you have any further questions on those?

**Mr. Bilous:** I do, but I'm sure they would cause a point of order.

I'm going to now share my time with Member Dach. I know he has some questions regarding agriculture and exports.

**Mr. Dach:** Thank you, Chair. I'll continue on that line, push it back to market and product diversification, as the deputy minister alluded to earlier. Now, it's projected that by 2050 there will be an estimated 9.7 billion people on this planet, requiring about 70 per cent more food than the world produces at the moment. Of course, that leads to great opportunities for Alberta Agriculture; Economic Development, Trade and Tourism, of course, will play a leading role. Hopefully, in 2018-2019 we made some good progress toward serving those new markets and diversifying products.

I'm wondering, though, if we could find a breakdown for the agricultural components of, say, the investor tax credit and the research and development and export development out of the numbers that we heard generally or globally talked about to show what the agricultural components of those programs were. If need be, you can respond in writing.

**Ms Evans:** Certainly, one of the elements of the capital investment tax credit program did include value-added food development. I don't have the specific breakdown, but we can follow up with some allocation around what components were value-added food or agriculture related within those tax credit programs.

**Mr. Dach:** All right. Now, as far as market development is concerned, in 2018-2019 I know that there were efforts made within EDTT to identify and track new areas for market development in the agricultural end of the world. Are those ongoing, or have some of them been dropped?

**Mr. Curran:** With respect to 2018-19 there was certainly a strong agriculture and forestry playbook that was led by the Agriculture and Forestry department but supported through our international networks in supporting those market diversification needs or export needs for our businesses here locally. Examples would include, you know, Alberta honey and canola sold in Japan Costcos. In India we signed MOUs for the pork industry. Certainly, Ag and Forestry is the lead for that, and we support that role through our international network in a significant way.

**Mr. Dach:** All right. Sounds good.

Now I'll move over to product mix and developing new products in response to identifying those new markets. My understanding is that in collaboration with the search for new markets, of course, we will try to identify new products that fit those markets. That involves quite often research and development and science-led investigation. I'm just wondering if the new trend towards so-called farmer-led research is in any way impeding the development of the product mixes that we need to serve those new markets by eliminating a lot of the scientific minds from particularly the agriculture ministry and economic development and trade. There's been quite a bit of downsizing since '17-18, has there not?

**Mr. Gotfried:** Point of order, Madam Chair.

**The Chair:** Please, go ahead.

**Mr. Gotfried:** Again, I think we're speculating into time periods and reports that are not those to be addressed at this meeting, which are the annual report and the Auditor General's report as well.

**The Chair:** Yeah. Member Dach, I think I need you to rephrase that question, please.

**Mr. Dach:** Thank you, Chair. No. My goal was to determine the focus in 2018-19 on the role of the department to establish products that fit our new markets. I'm wondering if indeed we still have the capacity now to do those things that we did in 2018-19.

Perhaps one could ask the department to outline the types of new products that we look to develop to meet new markets such as the pulses as well as the proteins that are found within the components of pulses, as an example.

9:40

**The Chair:** I think the way that this question is – I'm going to just kind of realign the conversation – how were those particular products or efforts by the department addressed in 2018-19?

**Mr. Dach:** That's what I'm trying to say.

**Ms White:** Thank you very much for the question. As we indicated earlier, the department's primary role is actually to assist agriculture, in this case, through our international office network and through our export development and trade services. In terms of the detailed level product development work, that is best addressed to the department responsible for agriculture, Ag and Forestry today. Again, our role in all of this is to facilitate those conversations back and forth. You've indicated that there is often a need for a new type of product in a new type of market. Again, our role in that will be to ensure that our partners in Ag and Forestry have access to every possible service and connection on the ground where we're looking to expand.

**Mr. Bilous:** Okay. I will jump back in, if it's all right with Mr. Dach, and take the remaining time.

With this, I just want to talk about AMII, or the Alberta institute of intelligence at the U of A there. If you could comment on the work that the ministry did to support artificial intelligence as a key driver of economic diversification and growth in high tech right here in Alberta.

**The Chair:** Thank you.

We'll now go to our final 10-minute rotation with the government caucus, please.

**Ms Rosin:** Okay. I'm going to pick up right where I left off and just finish that last vein of questioning. We were on the digital media tax credit. As I was kind of saying and as you guys are well aware, there was that additional 5 per cent that was accessible to companies who chose to appoint women or underrepresented groups to their boards of directors. I think you guys were going to give me in writing at some point after this committee today the number of companies and the dollar amount that was given out in that program, but I did want to go back to my final question on that vein of thought, which was if you could elaborate on the benefit to the taxpayer of having that additional 5 per cent tax credit available for companies who chose to put women and underrepresented groups on their boards. I'm wondering if you could talk about whether any businesses moved to Alberta specifically for that policy or whether the department ended up just giving out an additional 5 per cent tax credit to companies who were already here or already intended on moving here, whether those companies were basically able to take advantage of an extra 5 per cent from the taxpayer.

**Ms Evans:** Certainly, what I can advise in particular on the interactive digital media tax credit – one of the things that the sector brought to the government at the time the program was being developed was that the sector itself was very dominated by males. So one of the things the sector itself, the businesses, asked for to increase the diversity of their own companies was to have this supplement to encourage more women and others to pursue these types of careers in terms of technology and development. Again, I can't speak to whether companies moved here for that or not, but I

can advise that that was a feature that was asked for by the private sector, that government responded to in that instance.

One of the other things that we know in Alberta is that while we do have a good representation of women on boards, there's always an opportunity to improve and increase that. Again, we'll get those numbers for you in terms of the use of that, but that's the extent that I can comment on that at this point.

**Ms Rosin:** Okay. I'll just follow up with, I guess, more of an opinion question. So you've mentioned that the private companies were asking for this as a way to incentivize more women or underrepresented groups to run for those board positions, but, I mean, I doubt the women were running so they could help the company get more money back. If anything, it's probably the company saying: you know, we'll appoint people if we get extra money back. I doubt that that program was incentivizing the underrepresented groups to run. If anything, it's just incentivizing companies to make a decision that they probably could have made without that tax credit. I mean, could companies not be incentivized to employ the right person for the right job without taxpayer money involved?

**Ms White:** Thank you for the question. Certainly, companies are motivated by a profit-maximizing motivation. That's what they're trying to do. They're trying to make money. In order to answer your question, I do think that companies are incented to hire the best person for the job. We've also seen studies that show that increasing diversity actually increases economic value, which is part of the theory behind the design. Again, as Michele stated earlier, in this sector it was looked for as a potential to increase the overall economic value, but I certainly can't disagree with the comment that on any given hiring decision you're looking to find the top talent for the position.

**Ms Rosin:** I actually would agree that diversity on boards increases economic activity. I absolutely agree. I'm just not sure on the approach.

I guess one follow-up, and this can be followed up in writing. I'm just curious if there are any numbers – and maybe this actually isn't even reported. I'm curious if in writing you could provide after this if there was an increase of women or underrepresented groups on boards since this policy was put into effect or if essentially the same companies who already had these boards in place were now just accessing more funds from the taxpayer. I presume that's a question that's more for writing.

I will pass my time to Mr. Rowswell.

**Mr. Rowswell:** Thank you. We've talked a little bit about CARES before, brought up by Member Bilous. I'm just wondering. Like, \$5.6 million was used in '18-19 in the CARES program. What was the annual budget? Was that an overexpenditure? Was it underapplied to?

**Ms White:** Thank you very much for the question. The annual budget for CARES was not a fixed amount, and the allocation normally depends on pressures and priorities faced within EDT and the GOA writ large. For the 2018-19 fiscal year the CARES budget was set at \$6 million, so it was a slight underexpenditure of almost \$400,000.

**Mr. Rowswell:** That's pretty close.

How do you measure success on that one, the CARES program? Like, I've talked to regional economic development groups, and, you know, I just wonder sometimes if they're just having meetings. How do you measure success on it?

**Ms White:** Again, thank you very much for the question. As we mentioned earlier, CARES is a competitive program, and projects that align to most of the program objectives are the most successful in gaining the funding. Now, in terms of success the success on the program is measured from information provided from the recipients. Applications fell within the three minister-assigned priority sectors: tourism, innovation and investment attraction, or general economic development projects. CARES provided funding for projects that were foundational to creating conditions that support economic development and growth. As was mentioned earlier, sometimes the product may be a study, for example, so the direct economic benefit is not measured from the study down the road. You can see, in theory, if the study produced investment; hard to say if the ultimate long-term economic impact is related back to the initial study.

The performance metric, to reiterate, that was chosen was based on feedback from the recipients about whether the program was effective in achieving the goals that were stated in the competitive application.

**Mr. Rowswell:** Okay. That's interesting. Okay. Thank you.

On page 48 of the annual report it states the number of businesses to receive funding of supports through the Alberta export expansion package. The package helps companies travel to secure business. Does the department know the value for money Albertans are getting for funding international travel for businesses and associations?

**Ms White:** Again, thank you very much. Applicants were surveyed and reported that the AEEP funding contributed to \$45.4 million in export sales and approximately 300 new employment opportunities, to answer the question in the most direct way possible.

9:50

**Mr. Rowswell:** Yeah. How would you decide which companies are granted travel fees? Like, I imagine that you'd have a number of applications. Was there some parameter that you'd use?

**Ms White:** Again, thank you. Applications are screened for eligibility and then reviewed by the internal government committee, the AEEP review committee, which also has an acronym, ARC, comprised of subject matter experts within the department based on program criteria. Basically, the committee reviews with folks that really know what's going on and makes the selection that way.

**Mr. Rowswell:** Okay. Fair enough. Can you explain the gap between actual companies using the program and the target in '18-19?

**Ms White:** Again, thank you for the question. The actual numbers that you see on the AEEP reflect only the export support fund whereas the targets included numbers associated with the discontinued export readiness microvoucher program for seminars and events. That's kind of the budget discrepancy there.

Did you want to supplement that at all, Michele?

**Ms Evans:** No. I think that's . . .

**Mr. Rowswell:** Okay. On page 45 of the annual report there are charts for opened and won opportunities by region and by sector. I didn't calculate the percentage, but we appear to do really well all over the world, especially in the United States and Mexico. I'm confused as to why we struggle within Canada itself given our low taxes and other positives. Can the department explain the challenges in Canada?

**Ms White:** Jamie, I'm going to look to you for that one.

**Mr. Curran:** Yeah. Certainly, in Canada there are different drivers for investment, but if you look at the graph, you'll see that one talks about by region and the other one talks about by sector. Predominantly, those opportunities that were identified, we believe, were around opportunities for intergovernmental engagement in working with other provinces and our federal counterparts, and the wins that support that are those conversations we have typically with the intergovernmental . . . [A timer sounded] Sorry.

**The Chair:** Okay. Very good.

We now have the three-minute rotation. The Official Opposition will read questions into the record for the department to follow up in writing if they can. There are three minutes for this. Your time begins when you start speaking.

**Mr. Bilous:** Thank you. I'll start off by just thanking the deputy minister and the department for appearing before Public Accounts and answering our questions and agreeing to provide answers in writing, including the questions I'm about to pose. Again, thank you very much for the incredible work that you do.

Invest Alberta is an entity that, of course, was stood up years ago within the department. I'm curious if in the 2018-19 year the department can supply the list of companies in that window that moved to Alberta or set up shop or committed to invest in Alberta in that area, so the size of investments, the number of companies. Of course, Deputy Minister, you referenced Amazon, but if you can talk about some of the other companies, maybe like RocketSpace and others, that came into the province in part because of the great work done at the ministry.

As well, jumping back to AMII, if the ministry can provide some of the work that's been done, how the ministry has gone about supporting the artificial intelligence machine learning and tech sectors. Does the ministry have a sense of how big artificial intelligence will be in terms of the economy moving forward that they would have used in their 2018-19 projections as well as how Alberta was positioning itself back then to be a significant player in the economic space?

The other thing I want to touch on from a previous question is if the ministry can work with the Department of Advanced Education to find out the number of women in programs in technology, programming, and computer science at the universities and use that to look at why that diversity tax credit was a piece of it – I believe that there's a disparity between the number of women in postsecondaries and the number that get hired after postsecondaries – and if the tax credit was in fact used to help narrow that gap and reduce those barriers that women and others face in getting into the tech space, so looking at the number of women hired into those positions because of the tax credits and the support that they gave but recognizing that they were very, very new and that part of the challenge of any new program is uptake.

As well, I'd like to draw your attention to page 32 of the annual report, which focuses on the sponsored research revenue attracted by Alberta's comprehensive academic and research universities. I see that over the past few years there was a relatively significant uptick in research investment. In the last reporting period it was \$69 million above the target. I'd first like to ask about why attracting these dollars is important. What does it mean for our innovation ecosystem? What does it mean for future commercialization opportunities? What work did the department of EDT do with

Advanced Education in order to enhance, to reposition our universities? We know that they are world-class and world-renowned, but what was the outcome looking at projections? Obviously, the ministry would have done some economic impact assessments, and if they can supply that to the committee, it would be greatly appreciated.

**The Chair:** Thank you.

Government caucus side, you have three minutes.

**Mr. Gotfried:** Okay. Thank you. We're referencing page 45 of the annual report. Can the department explain the challenges in winning opportunities in the extractive industries? It appears that our track record in this regard is not overly encouraging. Also, relative to page 45 can the department explain our success in the government sector and provide details on what exactly that means as a sector to Albertans?

I'll pass on to MLA Rosin.

**Ms Rosin:** Perfect. On page 14 of the annual report the performance indicator states the number of start-ups licensing university technology per million population. I'm wondering if you can explain the indicator in a little bit more detail. It looks like in 2016, with Alberta's population of about 4 million people, we had 36 start-ups licensing university technology. I'm wondering if that is a correct interpretation. You can see that the rate nearly doubles from 2012 to 2016, and I'm wondering whether you can comment on whether this is a low number to the department or how we compare with other provinces. Can the department speak to the barriers start-ups face when licensing university technology, and does the department measure economic activity related to start-ups licensing university technology?

I'll do one more, I guess. Going back to the Alberta investor tax credit program, at the bottom of page 42 it states, "Venture Capital Corporations did not come online as expected." I'm wondering if you can just comment as to why that happened and if you can provide any job numbers that resulted from this program.

**The Chair:** All right. Thank you.

I would like to thank officials from the Ministry of Economic Development, Trade and Tourism for attending today. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk.

Under other business the committee has received written responses to questions that we asked of the Ministry of Infrastructure at our June 2 meeting. These were posted to our internal website, and as per usual practice they will be posted to the public website for the committee. Are there any other items for discussion under other business?

Seeing none, the date of our next meeting will be with Labour and Immigration on July 14, starting at 8 a.m.

I will now call for a motion to adjourn. Would a member move that the meeting be adjourned?

**Mr. Dach:** Dach.

**The Chair:** Dach. We have a motion on the floor. All in favour? All right. Any opposed? That motion is carried. Thank you very much.

[The committee adjourned at 9:59 a.m.]









