

Economic Development and Trade
Written Responses to Questions Raised at the Public Accounts Committee
May 30, 2017

Question 1: How many private sector jobs have been created to date via the Alberta investor tax credit?

Response:

- As of June 19 2017, 54 Eligible Business Corporations and one Venture Capital Corporation have been approved into the program. Tax credits have not been issued to date. Currently, registered companies are raising equity and finalizing that stage of the program, and it is expected that more will be approved in the coming months. Credits will be distributed once companies have secured investment.
- It is estimated that 2,200 to 4,400 jobs and \$300 million in investments will be supported through the program over three years.

Question 2: Why hasn't Alberta Innovates posted its 2017 business plan to its website?

Response:

- The 2016-19 business plans of the four former Alberta Innovates (AI) corporations have been posted on AI's website.
- The 2017 Transitional Business Plan has not yet been posted as it is still being finalized. When it is complete, the business plan will be posted on the AI website.

Question 3: What was the total cost to the Ministry, for the 2015-16 fiscal year, of the job-creation incentive plan prior to the program being re-profiled into the new jobs plan?

Response:

- None

Question 4: There are numerous Ministry programs and projects that include desired outcomes. Why are there are no related performance measures?

Response:

- The 2015-16 Annual Report reflects the first five months of the ministry's achievements since its creation on October 22, 2015. Many department programs were still new or under-development at the time the report was published; as such, performance measures were not yet available.
- The ministry's 2015-18 Business Plan did not include performance measures and indicators. Measures and indicators were subsequently identified and included in the 2015-16 Annual Report.

- Additional performance measures were developed and included in the ministry's 2016-19 and 2017-20 Business Plans and, as the ministry matures, additional performance measures are being developed.

Question 5: What is the combined cost of Alberta's ten international offices?

Response:

- Alberta has twelve international offices, of which ten are co-located with Global Affairs Canada in Canadian embassies/high commissions/consulates, and two are stand-alone offices.

	2016-17 Budget	2017-18 Budget
Economic Development & Trade	\$ 9,565,000	\$ 9,539,000
Infrastructure	\$ 3,147,000	\$ 2,210,216
Agriculture	\$ 229,000	\$ 272,000
Education	\$ 244,000	\$ 151,000
Total – Government of Alberta	\$13,185,000	\$12,172,896

Question 6: How does the Ministry work with the Department of Labour in terms of providing advice about policy changes they make affecting your outcomes? Do they take your advice, and amend their policies, if you tell them changes will negatively affect Alberta's economic development and diversification opportunities?

Response:

- The ministries of EDT and Labour work closely together on economic development policies and program alignment. The Ministry of Labour works to ensure that there is strong alignment within their programming and the desired outcomes for growth, diversification and investment. The Ministry of Labour also has other important mandate items to meet including worker safety, retraining and numerous others, which contribute to economic development by ensuring Alberta's workforce is safe and healthy, and is preparing Alberta for current and future economic needs.

Question 7: How does the Ministry work with the Department of Parks and Environment in terms of providing advice about policy changes they make affecting your outcomes? Do they take your advice, and amend their policies, if you tell them changes will negatively affect Alberta's economic development opportunities?

Response:

- The ministries of EDT and Environment and Parks are in active discussions around how to balance the economic and environmental goals of the province. With regards to new project developments, the departments work closely to determine whether the benefit of the project is significant enough to justify exceptions or modifications to requirements and to what extent the proponent has acted to mitigate any environmental impacts. These discussions are active and ongoing.

Question 8: There are a number of measures which indicate that Alberta's economy was diversified significantly between 1985 and 2015. Specifically, a reduction in the Oil & Gas sector as a proportion of the total GDP from 34% to 25%. Based on your work in this Ministry, would you agree with that statement?

Response:

- According to data from Statistics Canada, Alberta's economy expanded from over \$59 billion in value added production in 1986, to over \$300 billion in 2016. Over this time, the direct contribution of the oil and gas sector declined from 23 per cent to 16 per cent. However, Albertans know the international price of oil has a strong impact on our economy. The last two years, have shown just how intertwined our oil and gas sector is with the rest of our economy. As a result, families have struggled and Albertans are worried about their jobs. That is why this government took action to create jobs and diversify the economy and our markets.

Question 9: Are you of the opinion that credit downgrades are not overly impactful to our provinces' long term economic health and sustainability, and your ability to achieve desired outcomes?

Response:

- The incremental cost of the recent downgrades over time is not likely to impact the province's long term health or Alberta's ability to achieve our desired outcomes. However, others, including credit rating agencies, have called for massive and reckless cuts which would put our recovery at risk. That is the wrong choice. Instead, we have invested in badly needed roads, hospitals and schools, putting Albertans back to work. We did not made a bad situation worse by firing thousands of teachers and nurses. The economy is starting to turn a corner and we are seeing signs of recovery. Our plan is working, and in their Provincial economic Forecast in March of 2017, TD Economics said: "The recently tabled fiscal year 2017-18 Budget was stimulative in nature, with the government continuing its commitment to investing in health care, education and social services. As such, Alberta is expected to move from the worst performing provincial economy in 2016, to the best in 2017 and 2018, with economic activity expanding by more than 2 per cent."

Question 10: What are your specific plans for increasing trade with and foreign investment from China? And, what are your specific plans for increasing access for Alberta businesses into the Chinese market?

Response:

- Expanding our market access and strengthening partnerships around the world is a core goal of the Government of Alberta. Our partners in Asia figure prominently in Alberta's international interests.
- China remains a valued trade and investment partner, and provides the best opportunity for Alberta to expand and diversify its global trade.

- The Government of Alberta uses its three international offices in China (Beijing, Shanghai and Guangzhou) to increase trade and foreign investment. Some of their key roles include:
 - helping to diversify the economy and continue to open markets for Alberta's goods and services with the goal of creating jobs and ensuring long-term prosperity for our province;
 - connecting clients to key economic actors, and decision-makers to Alberta;
 - providing more in-depth support to priority relationships and initiatives than federal staff are often able to offer, given their need to serve Canadian clients widely;
 - supporting the Alberta Government and industry stakeholders' international market development; and
 - providing in-depth market intelligence.

- A large number of incoming visits from Chinese government and business leaders are being planned as a follow up to Premier Notley and Minister Bilous' missions to China. These visits are building mutually beneficial trade and investment opportunities with our partners.

- Economic Development and Trade is also leveraging memorandums of understanding and other agreements with Chinese partners to strengthen relationships and advance mutual interests through a joint commitment. For example, Premier Notley signed a sister province relationship with the province of Guangdong in April 2017 to increase access to China's most prosperous and innovative province.

- Trade initiatives focus on helping Alberta's small- and medium-sized companies enter and expand in the Chinese market as a means to diversify and strengthen the Alberta economy and cultivate long-term, sustainable growth. These initiatives are tailored towards the following outcomes: promote Alberta as a choice destination to work, live and do business; demonstrate that Alberta is committed to maintaining a high environmental standard; continue to improve environmental performance and identify potential opportunities for Alberta-based businesses in foreign markets.

- Key strategies include leveraging our Alberta International Offices, and providing funding to support Alberta small and medium sized enterprises through the Alberta Export Expansion Package.

- The department will continue to participate in a variety of events, such as the Global Petroleum Show, and trade missions.

- In addition, Economic Development and Trade has a dedicated investment attraction unit that delivers a centralized and coordinated approach to attracting new external investment and increasing expansion and investment from enterprises already operating in Alberta. The unit also creates a single point of entry for external investors and internal stakeholders and provides expert service and coordinated strategic account management.

Question 11: What are you doing with respect to working with U.S. trade partners at the Federal and State levels to mitigate risks with our number one trading partner?

Response:

- Alberta is standing up for Albertans and Albertan industry. We are working closely with the federal government to defend Albertans interests and get fair deals for Alberta, just like we did with the Canadian Free Trade Agreement. Some of Alberta's actions to date include:
- Premier Notley was the first premier on the ground in Washington. She has also undertaken missions to the U.S. to directly make the case for trade with the Governors of some of Alberta's closest trading partners within the U.S. (Texas, Montana and Wyoming). The Premier also met with federal legislators from key border states and trading partners (Montana, North Dakota, Colorado and Michigan) to highlight the importance of Canada-U.S. trade.
- Premier Notley spoke at the CERAWeek energy conference in Houston, Texas to encourage investment in Alberta, and also met with Texas Governor Greg Abbott in Austin.
- The Honourable Oneil Carlier, Minister of Agriculture and Forestry, undertook a mission to Louisiana in January 2017 to meet with state agricultural and rural leaders, and press the case for continued agricultural trade between Alberta and the U.S.
- The Honourable Margaret McCuaig-Boyd, Minister of Energy, undertook a mission to Texas to attend CERA Week in March 2017.
- The Honourable Deron Bilous, Minister of Economic Development and Trade, undertook investment attraction missions to California in April and June 2017, in coordination with officials from Calgary Economic Development and the City of Edmonton.
- Alberta MLAs and Ministers are scheduled to attend a number of meetings in the coming months (in North Dakota, Iowa, Oregon and Washington State) to meet with legislators from northern and western states, and impress upon these legislators the importance of trade to the American economy.
- Gitane De Silva, Alberta's Senior Representative to the United States, has discussed trade with the Governors of Illinois, Colorado, Idaho, Montana, South Dakota and North Dakota, and continues to engage on the ground in key trading regions, including Ohio, Pennsylvania and Minnesota.
- All of these completed and planned efforts are coordinated with a broader federal-provincial effort to engage in the U.S., particularly where Alberta is best positioned to speak on trade issues.
- In an effort to engage with Alberta industry, a series of four roundtable sessions were held with industry leaders from the oil and gas, agri-food, forestry and manufacturing sectors in February 2017.. Another series of industry roundtables is proposed for the fall.

- To further Alberta's U.S. dialogue with industry, a U.S. Relations Working Group has been established to meet regularly, share intelligence and coordinate actions.

Question 12. You're aware of what could be characterized as a flight of international capital from the energy sector, by current count having exceeded \$30 billion since 2015. How are you specifically measuring the inflow and outflow of foreign direct investment, which, of course, should be a key mandate of your department's international outreach, and how do you perceive the impact on our economic sustainability, job creation, and long-term economic success of this apparent outflow?

Response:

- Alberta is working to attract investments that create jobs, growth, access to global trade and value chains, and long-term prosperity for Albertans.
- Economic Development and Trade has a dedicated Invest Alberta team that delivers a centralized and coordinated approach to attracting new investment and increasing expansion and investment from enterprises already operating in Alberta. They provide a single point of entry for investors and stakeholders and provide expert service and coordinated strategic account management.
- The Invest Alberta team is working with Statistics Canada, to measure the outbound and inbound investments for Alberta.
- As mentioned earlier, this government is working to attract investment to the province. As part of the Alberta Jobs Plan, the Capital Investment Tax Credit (CITC) and Alberta Investor Tax Credit (AITC) will provide Alberta's entrepreneurs greater access to the capital they need to drive innovation, diversify our economy and create new jobs.
- By encouraging investment in capital projects and new products and services, the tax credits will offer increased opportunities for more economic activity, diversification and employment growth.
- The criteria for both tax credits were developed through consultation with business and investment leaders across Alberta and are designed to encourage economic diversification.
- Tax credits like the CITC and AITC already exist in many other Canadian provinces and have been strongly endorsed by local business leaders, chambers of commerce and multinational corporations.
- Introducing these measures at a time when businesses are facing challenges will make Alberta more competitive in attracting and retaining investments, while creating jobs.