

Memorandum

From: Christopher McPherson
Deputy Minister
Jobs, Economy and Trade

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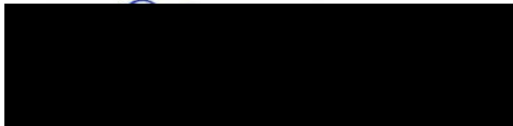
To: Warren Huffman
Committee Clerk
Legislative Assembly

Date: March 28, 2025

Phone: 780-643-1725

Subject: Public Accounts Committee – February 25, 2025 Follow-Up Responses

Further to questions raised at the February 25, 2025, Public Accounts Committee meeting related to Jobs, Economy and Trade's 2023/2024 Annual Report, I am pleased to provide the enclosed additional information for distribution to committee members.



Christopher McPherson

Attachment: February 25, 2025 Follow-Up Responses

Jobs, Economy and Trade
Written Responses to Questions Raised at the Standing Committee on Public
Accounts
Alberta Hansard (Transcript No. 31-1-18)
February 25, 2025

PA-259 and PA-264

Mr. Ellingson

I'll pivot to some of the ones that you are directly responsible for, the four investment and growth fund investments noted on page 37. I have a couple of clarifying questions for those. On page 15 it notes that these four projects are expected to unlock \$95.5 million in capital expenditures, but then on page 37 it says that it's expected to unlock \$421 million in capital expenditures. I'm wondering which of these two is correct.

...And on page 40 why does the table not include the cap ex for the years that have already passed? There are three years in that table where it says "N/A," and I'm just curious why they were left blank.

Answer:

- The \$95.5 million in capital expenditures refers to the four projects announced in fiscal year 2023/2024 while the \$421 million refers to nine projects supported by the Investment and Growth Fund since the program inception in Fall 2021 to the end of the 2023/2024 fiscal year.
- Performance Measure 1b: Cumulative value of capital investment in Alberta committed to by recipients of the Investment and Growth Fund program, was new in 2023/2024. The data was not reported in previous years.

PA-259

Mr. Ellingson

I see the details of the four projects and that only one of the four projects shows the capital spend of \$30 million, from Fortinet. I'm wondering what the capital spend is expected from the other three that are specifically identified in the report.

Answer:

- The capital spend from the other three projects are as follows:
 - Structural Truss Systems Ltd. - \$28.5 million
 - S3 Group - \$7 million
 - English Bay Chocolate Factory - \$30 million

PA-259

Mr. Ellingson

I also noted, Mr. Chair, to the Deputy Minister, with the four projects it notes, nearly 1,000 permanent jobs are expected, but in the details provided of the four projects when I add up those numbers for permanent jobs, I come up to a number less than 200. Again, I'll ask about the inconsistency and which number is correct.

Answer:

- The nearly 1,000 permanent jobs represents the number of permanent jobs since inception of the program in Fall 2021.
- The total number of permanent jobs in relation to the four projects announced in 2023/2024 is 291.

PA-259

Mr. Ellingson

What was the allocation for each project? We know the overall allocation. Do we know the allocation for each individual project from the IGF?

Answer:

- The allocation for each project announced under the Investment and Growth Fund since inception in 2021 is as follows:
 - Fortinet - \$3.3 million
 - Structural Truss Systems Ltd. - \$1.0 million
 - S3 Group - \$1.3 million
 - English Bay Chocolate Factory - \$2.1 million
 - Applexus Technologies - \$1.4 million
 - Siwin Foods - \$2.9 million
 - Southland Trailers - \$2.1 million
 - CGC Inc. - \$3.7 million
 - GoodLeaf Community Farms - \$2.7 million

Ms. Renaud

On page 30 the ministry discusses supporting inclusion. The ministry notes a \$5.4 million investment spent on inclusive child care coaching and capacity-building supports. Based on this, just after this \$5.4 million investment, how many new inclusive spots were created? And how does the ministry decide who gets an inclusive designation? So how many new spaces for a \$5 million investment were created? So how many of the existing spaces that were not inclusive are inclusive now? ...this is an important investment, of course, so we just want to know: what was the improvement? Maybe the ministry could think about that and get back to us, table something if you can find something. So how many spaces exist now for kids with disabilities that didn't exist before, after a \$5.4 million investment?

Answer:

- As discussed at length during the hearing, Alberta does not designate spaces for children with disabilities.
- The intent of the Inclusive Child Care (ICC) program is to assist child care programs and educators to build their capacity to include children who have extra support needs, increase families' access to inclusive child care, and prevent the exclusion or removal of children from child care programs.
- The ICC program works to create inclusion within existing spaces across the province.
- Details on the ICC program can be found online at www.alberta.ca/child-care-supports-for-inclusion.

Mr. Ellingson

Page 15 in supporting 33 international trade missions, that Minister Jones led two of those missions, one to the U.A.E. and one to Japan. You've spoken about the U.A.E. mission already. Page 38 gives us some information about the industries targeted and the number of companies that participated in the two missions led by the minister. What did the ministry spend on these 33 missions, particularly the two missions led by the minister?

Answer:

- The overall budget for the 33 international trade missions in 2023/2024 was \$1 million dollars.
- The cost for the Minister-led mission to the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) 2023 was \$159,000, comprised of:
 - trade show space and events to promote Alberta companies (\$96,000);
 - expenses for the four-member ministerial delegation (\$40,000); and
 - expenses for two staff including ground transportation for the delegation and to support Alberta companies (\$23,000).
- The cost for the Minister-led Japan technology and innovation mission was \$36,000, comprised of:
 - trade show space to promote Alberta companies: \$5,000;
 - expenses for the two-member ministerial delegation: \$17,000; and
 - expenses for two staff to support Alberta companies: \$14,000.

PA-262

Mr. Ellingson

Yeah. I don't consider continued participation in a mission a rate of success. I guess what I would ask: is that company generating employment for Albertans? I would consider that a measure of success for a mission. I hope that maybe it's possible to table any information that is available for that.

Answer:

- At the conclusion of the mission, companies complete a post-mission report. Questions on the post-mission report include client satisfaction, business-to-business meetings and overall feedback.
- The department does not ask companies to report on the number of jobs created as a result of their participation in a single international trade mission, as job creation cannot be attributed to one factor and it can take months or years to establish a trade relationship.

Ms. Renaud

On page 14 I note a \$10 million commitment in grant funding to the aviation sector and \$6.5 million in grants, I think, spoken for, so maybe there's a little adjustment. According to the report the skills grant was meant to support highly skilled jobs in aviation and aerospace. I note that on page 20 the ministry highlights challenges the aviation industry is having filling positions. Would the ministry please table a list of the grant recipients? Next: what's the overall targeted job creation number for this particular investment? Next: how many of those highly skilled jobs in aviation and aerospace will be accessible for disabled Albertans? As we know, very skilled and educated Albertans, many of them disabled, require DEI initiatives to secure work. Any plans for that in this particular area? And then, finally, which 10 regional airports received a portion of the \$1.1 million improvement grant? How were they chosen, and were any of the funds directed on improving accessibility?

Answer:

- The Aviation Skills Grant is a transparent program. A full list of recipients is available at www.alberta.ca/aviation-skills-grant.
- Aviation Skills Grants are expected to support over 2,000 employees in gaining new in-demand skills.
- Program outcome reporting includes an employee survey for those trainees that finished training courses. The survey allows the trainee the option to identify themselves as a person with a disability. Trainee survey results will be available Fall 2025.
- To support the sector's talent attraction and diversity goals, the department issued a \$5 million Alberta at Work grant to Elevate Aviation, a not-for-profit training provider with a focus on attracting and training underrepresented Albertans to the sector, to prepare more Albertans for high-demand jobs, including aircraft maintenance, ground crew, drone operations and air traffic control.
- A total of 13 regional airports with currently scheduled or historical intra--provincial commercial passenger flights were invited to apply for this one-time grant. A total of 10 applications were received.
- A review panel met to discuss each application and ensure grant requirements were met, including no overlap with other provincial funding. All 10 applications received were awarded a portion of the \$1.1 million improvement grant, including:
 - City of Cold Lake
 - Fort McMurray Airport Authority
 - Grande Prairie Airport Commission
 - Town of High Level
 - City of Lethbridge
 - City of Lloydminster
 - City of Medicine Hat

- Peace River Regional Airport Association Limited
 - Red Deer Regional Airport Authority
 - Woodlands County (Whitecourt)
- None of the projects specifically targeted accessibility, but accessibility could have been considered as part of the overall project.

Mr. Ellingson

In reviewing the REDAs, what were the challenges to success noted that led to the decision to defund the REDAs?

Answer:

- Regional economic development alliance organizations are just some of the many players across Alberta advancing regional economic development whose actions support economic and job growth.
- Only approximately 53 per cent of the province's municipalities choose to participate in one or more of the existing nine regional economic development alliance organizations.
- While these nine organizations have received operational funding from government, there are presently many other grassroots economic development collaborations who operate like regional economic development alliance organizations in Alberta that have never received direct operational funding from government.
- To help make the best use of limited public funds, the department is shifting to competitive, project-based economic development initiatives. By ensuring a more equitable funding approach, government will be able to recognize all organizations who support regional economic development across all corners of Alberta.
- As these grassroots organizations serve their paying members, it is important that they garner regional buy-in to have long-term success. This regional commitment is generally reflected in their membership revenues, and in turn reflected in the impact and efficacy of these organizations. The Government of Alberta can provide funding and support, but no amount of provincial investment can replace the confidence and engagement of the communities these organizations serve.
- In addition to this transitional funding, an independent consultant was offered to the nine regional economic development alliance organizations to assist in adapting their business models for greater stability and operational sustainability.
- Alberta's government is providing all economic development organizations with access to tools and resources through a hub-and-spoke approach that will support all nine regional economic development alliance organizations' activities to benefit their members. This model maximizes the availability of provincial resources and supports for all economic development organizations across Alberta.
- Using a hub-and-spoke approach, the department is providing valuable tools and resources to target economic growth and continued prosperity across the province. A list of resources provided at www.alberta.ca/economic-development-resources. This base, or hub, of supports can enhance the work of economic development organizations.

PA-264

Mr. Ellingson

On page 14, the AEEP program supported 295 grants. Are those companies reporting back on employment outcomes? Will you know whether or not they're going to generate any employment for Albertans from those grants?

Answer:

- According to Alberta Export Expansion Program guidelines, successful applicants must submit a post-mission export outcomes report one year after participating in their identified trade event, as part of their signed grant agreement obligations.
- In the post-mission export outcomes report, companies are required to provide details on sales totals, the number of follow-up meetings, and the number of clients gained due to their participation in the mission. Additionally, companies are asked to share success stories, feedback on the Alberta Export Expansion Program, and suggestions for further export expansion support.
- Companies are not required to report on the number of jobs created as a result of their participation in a single international trade mission, as job creation cannot be attributed to one factor.

Mr. Schmidt

According to the Alberta grants database Western Standard received \$54,669.58 from the Alberta jobs now program. Can the department provide details on how that money was spent?

Secondly, the Western Standard was the only media company to receive grants from the program, and it's well known that it's a friend of the UCP government. Did the Premier, the minister, or any political staff direct the department to dole out this grant to its friends?

Finally, the Western Standard was recently running an advertisement that said: "Tell Danielle! Let's join the USA! AmericaFund.ca." Is it the policy of this department to subsidize platforms that support Alberta separatism?

Answer:

- The Alberta Jobs Now Program provided private businesses and non-profit organizations with funding to help get thousands of Albertans back to work post-pandemic. Employers applied for Jobs Now funding to offset the cost of hiring and training Albertans in new or vacant positions. Alberta Jobs Now supported the province's recovery by helping businesses re-open or grow their workforce, and by giving Albertans an opportunity to gain the skills they needed for the job market.
- The Alberta Jobs Now Program included three intakes:
 - Intake 1: May 20, 2021, to July 23, 2021
 - Intake 2: November 10, 2021, to December 17, 2021
 - Intake 3: June 3, 2022, to June 30, 2022
- Western Standard New Media Corp. applied to the Alberta Jobs Now Program once in intake 1, three times in intake 2 and once in intake 3.
- A review of all eligible employers determined that 13 other approved organizations were also media corporations.
- Western Standard New Media Corp. applied for Alberta Jobs Now Program grant funding under the same process as these other media corporations as determined by the program and was found to meet all eligibility criteria. Alberta Jobs Now Program Advisors independently made decisions about program eligibility based on Program Guidelines and recommended applications for funding, which were further reviewed and approved by Program Managers.
- Western Standard New Media Corp. was awarded \$89,798.88 by the Alberta Jobs Now Program to support 13 new hires in nine positions.
- Employers had the option to use the grant funding to subsidize costs associated with wages, training or both. At completion, it was indicated that all funding issued to Western Standard New Media Corp. was used for wages for the new hires.

PA-264

Mr. Rowsell

On page 19 of the 2023-2024 annual report I wanted to highlight the northern Alberta development bursary program, a program which encourages students to train for a wide range of in-demand jobs across northern Alberta to help fill job vacancies in our rural and mid-sized communities. In the 2023-24 reporting period there were 669 applicants to the NADB program across northern Alberta. With \$2.35 million in bursaries approved, could the deputy minister please explain to this committee how these numbers compared to year-over-year expectations for the ministry and how the ministry measures success in terms of this program?

Answer:

- In 2023/2024, the department provided base funding of \$500,000 to the Northern Alberta Development Bursary program and an additional \$573,500 in 2023/2024 to address this increase in high quality applications.
- Since April 2024, 1,152 students have applied for the program, reflecting a 72 per cent increase from the 669 applications received in 2023/2024.
- Success is measured by ensuring there is a pool of high-quality applicants, by tracking completion of post-secondary studies, and by tracking the fulfillment of the Return of Service agreements.

PA-264

Mr. Rowsell

Page 19 of the annual report that the northern Alberta development bursary program has a return of service component as a condition of support and that the return of service rate across all bursary programs in the '23-24 reporting period was 75.3 per cent. Could the deputy minister please explain to the committee what exactly the return of service component entails for students entering the northern Alberta job market and how this return of service is encouraging strong investment in our northern Alberta communities?

Answer:

- The Northern Alberta Development Bursary program offers return of service bursaries, where for each year of funding received, the student agrees to live and work in northern Alberta for one year in return.
- A Return of Service commitment for the program helps ensure that high-demand positions are filled by encouraging even more young professionals to remain in or return to northern Alberta after they have graduated.
- These highly skilled professionals are critical to bolstering economic growth and further diversifying Alberta's northern economy in sectors such as health care and education.

Mr. Rowswell

On page 41 of the annual report under performance indicator 1(d) there is a breakdown of the value of Alberta's export products. It shows a decrease of about 14 per cent, which is a result of a hard-hit energy sector, largely due to lower oil prices. I note that this hasn't stopped growth in other areas of exports such as motor vehicles at 36.1 per cent and industrial machinery, equipment, and parts at 33.9 per cent. Can the deputy minister explain the factors behind the decline in the price of oil and some of the barriers in the energy sector in relation to the increase in exports I mentioned before? Can the deputy minister expand on the factors that led to the success in areas related to motor vehicles and industrial machinery, equipment, and parts?

Answer:

- The decline in worldwide oil prices in 2023 was driven by a few factors, including increasing US production as well as increased production from other non-Organization of the Petroleum Exporting Countries (OPEC) nations and weakened world demand due to interest rate hikes by key central banks, slower than expected economic growth from China, and high inflation rates.
- In response to the limited crude oil demand, the OPEC plus, which is made up of other oil-producing countries and individual member countries, announced additional oil production cuts to limit supply in the market and support oil prices.
- The overall industry showed great resilience, with its gross domestic product increasing by 3.5 per cent or \$55.7 billion, employment by roughly two per cent to 150,000, and the total value of crude oil production and equivalent by 2.6 per cent to 222 million cubic metres (approximately 3.8 million bpd) in 2023. Looking at export volumes and not prices, the total volume of crude exports, by far the largest driver of Alberta's energy exports, increased by 3.4 per cent to 195 million cubic meters (approximately 3.4 million bpd).
- In 2023/2024, Alberta was pipeline constrained to a significant degree, which was alleviated in May 2024 when the Trans Mountain expansion started up, which was the main barrier to maximizing the province's production and pricing in that year.
- In 2023, Alberta's manufacturing GDP grew to \$25.3 billion. This represents a 1.3 per cent increase over the previous year and over 7.5 per cent of Alberta's total GDP. In 2024, the manufacturing industry employed over 154,000 Albertans, 6.9 per cent higher than in 2023.

- Increased exports of motor vehicles, industrial machinery, equipment, and parts were driven almost entirely by higher demand from the United States. Alberta has developed significant expertise in producing industrial and specialized machinery, largely due to demand from the oil sands sector. This expertise is now being leveraged to expand Alberta's client base and export capabilities internationally.
- One of the ways the department helps companies to expand is through the Alberta Export Expansion Program. The program provides funding to export-ready small and medium-sized businesses and non-profits to travel to global markets to promote their products, make business connections and enter into new partnerships and contracts.
- The department has not analyzed the specific reasons for the trends with respect to these particular products, however, Alberta's expertise derived from serving major industrial projects in the province does enable companies to serve international markets.

Mr. Rowswell

Indigenous employment training partnership program, which is outlined on page 45 of the annual report. This incredible program plays a crucial role in supporting Indigenous-led training and employment, helping participants secure long-term employment and experience tangible career growth. Among the participants that completed the program, 67 per cent of them found employment. This is an incredibly positive sign. Given that roughly two-thirds of all participants end up finding jobs after completing the program, can the deputy minister please expand on the key aspects that have shaped this program's success?

Answer:

- The Indigenous Employment Training program funds Indigenous-led training and work experience projects to help unemployed or underemployed Indigenous people gain the necessary training, skills and experience to be successful in the workplace and maintain long-term employment.
- In 2023/2024, the department provided funding for 36 Indigenous-led Employment and Training Partnership projects with 165 Indigenous partners, supporting 1,008 participants in a cross-section of occupations, including: heavy equipment operators, personal care services, water and wastewater operators, and security guards. Projects are developed in partnership with government, industry, First Nations communities, Treaty councils and Indigenous organizations to create projects to fill identified labour force needs. Partners include Rupertsland Institute, Metis Settlements and Indigenous employers.
- The department contracts with third party training and employment services providers, which are awarded based on evaluation criteria demonstrating employer interest in hiring from the program and/or input into training curriculum.
- Programs not only provide work experience placement, but also employability skills, job search and retention skills for all participants, which will benefit them for the remainder of their work life.
- These program elements ensure participants are equipped to manage their current and future career and employment transitions successfully.
- To increase participant success, agencies remain connected with participants placed in employment or who are still job searching, up to three months after the program period has ended.
- This provides unemployed participants with ongoing job search leads as well as provides employers and their new program participant hires with additional job retention support if needed.
- Training for Work programs have demonstrated effectiveness in getting Albertans back to work, increasing individual income post program and reducing reliance on government income support.