

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
September 6, 2017

Q. Question put forward by Mr. Panda:

(Alberta Enterprise Corporation – Job Creation)

I just want to know where those 2,500 jobs are, in which sector and company by company and by region. (Page PA-465)

A. There have been more than 1,250 direct jobs created. These jobs are all in the technology sector. Approximately 59 per cent of these jobs are in Calgary, 20 per cent in Edmonton, one per cent are combined between Edmonton and Calgary and 20 per cent are outside Calgary/Edmonton.

In addition to the 1,250 direct jobs, there are an estimated 1,600 indirect jobs generated.¹ Indirect jobs are generated in other companies through the purchase of goods and services from technology companies, including but not limited to accounting, legal, regulatory, manufacturing, etc. There is currently no data on the sector or regional location of these indirect jobs.

Alberta Enterprise reports on aggregate jobs created. Unless the information is publicly available or the companies have given permission to disclose the information, we are bound by confidentiality agreements which prohibit us from disclosing information linked to a specific company.

¹ Why Venture Capital is Essential to the Canadian Economy, The Impact of Venture Capital on the Canadian Economy, CVCA, p. 23.

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Q. Question put forward by Mr. McIver:

(Data Retention)

I know we heard in the House here recently that, for example, the department for tourism has stopped keeping a lot of the data they used to keep. How does that square with the importance of keeping data as far as controlling your numbers goes? I would be interested in hearing how that squares with the importance of keeping data when at least one ministry has said out loud several times that they're keeping less. (Page PA-478)

Statistics Canada was approached to develop a visitor spending economic impact model for Alberta.

Motivations for choosing the Statistics Canada model included its expertise in economic impact models, previous experience in building tourism related economic impact models for Canadian Heritage and Parks Canada, transparency of the model and assumptions (which were minimal), in-house use of the model once developed, as well as cost considerations.

The model can be used to determine the economic impact of tourism spending from a specific activity (eg., hunting) or the impact visitor spending in a region has on provincial gross domestic product (GDP). The decision to move to the Statistics Canada Visitor Spending Model means that there is a break in the economic impact data.

New economic impact results will be released late 2017 based on the Statistics Canada Visitor Spending Model (for the 2015 tourist statistics reference years).

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Q. Question put forward by Mr. McIver:

(Alberta Enterprise Corporation – Alberta Offices)

**On page 89 it talks about how AEC has five new and four expanded venture capital offices open in Alberta. How much money has been invested by those five new and four expanded venture capital offices in Alberta?
(Page PA-478)**

A. As of June 30, 2017, more than \$94 million had been invested into Alberta companies. Another \$296 million has been attracted in syndicate investments into Alberta companies for a total of \$390 million.

Many funds are still in their investment periods and/or are still able to make follow-on investments. The total dollars invested into Alberta companies is therefore expected to increase over the life of these funds.

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Q. Question put forward by Mr. Hunter:

(Minimum Wage)

On page 23, it is outlined that “employers continued to cut hours and jobs.” According to the National Bureau of Economic Research in Seattle the minimum wage increase from \$11 to \$13 caused hours of work to be reduced by 9 per cent. While wages increased, the average earnings decreased by \$125 per month. Are there any indicators that hours are being cut due to the minimum wage increases we have seen here in Alberta and that have been seen in Seattle? (Page PA-479)

A. The available data does not enable us to isolate the effects of the policy because multiple variables are at play, for example: economic conditions and seasonal factors can influence labour market outcomes. In fact, Alberta continues to have the highest employment rate in the country and the highest weekly earnings. Alberta consumer spending is up, as well. Retail sales in Alberta were at \$6.8 billion in May – higher than the pre-recession peak of \$6.7 billion in October 2014. Restaurant receipts reached a record high in June 2017, showing that Albertans spent \$766 million at restaurants and bars across the province.

Following is a summary of trends in hours worked by industry, age and enterprise size.

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Industry Trends:

- Overall average weekly hours for Alberta did not change between May 2016 and May 2017.
- Average weekly hours remained unchanged for Food Services and Drinking Places, but increased by 1.9 hours for Accommodation Services over the same period.
- In Retail Trade, average weekly hours decreased by 1.1 hours over the same period.

Table 1. Average Weekly Hours in Alberta, by Industry (for Employees Paid by the Hour Including Overtime)

Industry	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Retail Trade	26.9	27.4	27	27.3	26.9	26.3	26	26.3	26.6	25.4	26.6	26.5	25.8
Accommodation and Food Services	23.4	22.7	22.8	23.9	23	23.1	23.2	23.4	22.5	22.2	23.5	23	23.7
Accommodation Services	26.3	24.9	26.6	*	28.2	26.8	26.3	26	25.7	26.3	27.5	27.2	28.2
Food Services and Drinking Places	22.7	22.2	22	23	21.9	22.2	22.5	22.8	21.8	21.3	22.6	22	22.7
Alberta	31.1	31.5	31.4	31.7	31.5	31.3	31.2	30.3	30.6	30.1	31	30.6	31.1
<i>*Insufficient data</i>													
<i>Source: Statistics Canada, Survey of Employment, Payrolls and Hours</i>													
<i>Note: Excludes self-employed</i>													
<i>Note: Unadjusted for seasonality</i>													

Demographic Trends:

- Between May 2016 and May 2017, average weekly hours decreased by 0.2 hours for youth 15 – 24 years and increased by 0.7 hours for employees 55 years and older.
- Among youth, there were large fluctuations over the year without any distinct pattern. This may indicate that their hours were affected by a number of factors, including seasonality, educational commitments, and the state of the economy, and potentially by minimum wage increases.

Table 2. Average Weekly Hours in Alberta, by Age Group (for Employees Paid by the Hour Including Overtime)

Age group	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-17	Feb-17	Mar-17	Apr-17	May-17
15 to 24 years	30.8	31.9	33.5	33	30.1	29.3	28.2	29.2	27.4	28	27.6	28.2	30.6
55 years and over	36.1	36.1	36.3	36	36.5	36.1	36.3	36.5	36.1	36.2	36.4	36	36.8
15 years and over	37.3	37.6	37.8	37.9	37.7	37.1	37.1	37.3	37.1	37.4	37.2	37.3	37.9
<i>Note: Unadjusted for seasonality</i>													
<i>Source: Statistics Canada, Labour Force Survey</i>													
<i>Note: Based on usual hours worked at all jobs</i>													

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Enterprise Trends:

- From the final quarter of 2015 to the final quarter in 2016, enterprises of all sizes in the survey showed a decline in average weekly hours, with an average decline of 2.0 hours.
- Average weekly hours declined by 1.65 hours for small enterprises (0 to 99 employees); 1.65 hours for medium enterprises (100 to 499 employees); and 1.8 hours for large enterprises (more than 500 employees).
- Between the third and fourth quarters of 2015, some enterprise sizes increased weekly hours, while others reduced weekly hours.
- Between the third and fourth quarters of 2016, enterprises of almost all sizes decreased average weekly hours.

Table 3. Average Weekly Hours in Alberta, by Enterprise size (for Employees Paid by the Hour Including Overtime)

	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
0 to 4 employees	32.2	30.9	31.2	31.4	31.9	30.4	30.6	30.9	30.3
5 to 19 employees	30	28.9	29	29.4	29.2	28.1	27.8	27.4	27.5
20 to 49 employees	31.1	31.1	30.5	31	30.3	29.1	28.9	29.1	29.1
50 to 99 employees	31.9	30.4	30.7	31	32	29.6	30	30.5	29.9
100 to 299 employees	34.4	33.4	33.4	34	32.6	32.9	32.8	32.7	32.2
300 to 499 employees	32.2	34.7	34.1	34	34.9	32.8	32.5	33.4	33.1
500 and more employees	34.4	33.6	34.1	33.7	33.7	33.6	33.5	33.8	32.6
All sizes	32.9	32.1	32.3	32.3	32.2	31.4	31.3	31.5	30.9
<i>Note: Excludes self-employed</i>									
<i>Note: Unadjusted for seasonality</i>									
<i>Note: Data only quarterly</i>									

Q. Question put forward by Mr. McIver:

(Alberta Public Service (APS) Employee Engagement)

**Page 40 of the annual report indicates that the Public Service Commission “is responsible for ensuring that the public service has experienced competent, engaged and professional employees.” What does it mean to have engaged employees, and what does it mean to have only 62 per cent in the APS employment engagement index?
(Page PA-479)**

- A. For members of the APS to deliver the high quality, responsive services that Albertans deserve and expect, they need a work environment that is engaging and allows them to do their best every day. Engaged employees are the foundation of our success as a public service, which contributes to our success as a province.

The Employee Engagement Index was created in 2004, and has been adopted by nine provinces and the federal government. This index enables us to compare engagement results to other jurisdictions.

The Employee Engagement Index is composed of seven outcome statements where survey respondents choose on a scale of “strongly agree” to “strongly disagree” for each statement. The statements follow below.

- Overall, I am satisfied with my work as an APS employee.
- Overall, I feel valued as an APS employee.
- I am satisfied with my ministry/department.
- I am inspired to give my very best.
- I would recommend the APS as a great place to work.
- I would prefer to stay with the APS, even if offered a similar job elsewhere.
- I am proud to tell people I work for the APS.

The results we receive are the average percentage of employees who “agree” or “strongly agree” with each statement. Those percentages are then averaged to generate the overall index.

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In 2015-16, a biennial employee engagement survey schedule was adopted by the APS with the Employee Engagement Index target rates and results available every other year. The 62 per cent identified as the APS Employee Engagement Index was the 2016-17 target rate. Because the survey was last conducted in 2015-16, there are no results for 2016-17.

In early 2017, the APS created an engagement strategy, entitled Engage: Our Alberta Public Service People Strategy, to ensure public servants operate in an environment where they can bring their best to work, every day, on behalf of Albertans. The strategy was created in response to an internal employee survey showing the level of engagement was lower than we would like.

To better position public servants to deliver the programs and services Albertans rely on, Deputy Ministers have been assigned to lead initiatives focused on:

- improved communication between managers and employees;
- effective leadership and recognition; and
- learning, at all levels of the public service.

Each department in the APS has its own engagement plan that aligns with the APS-wide plan and will be reporting quarterly on their progress.

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Q. Question put forward by Mr. McIver:

(Alberta Public Service (APS) Employee Engagement)

Now that the 2016 Alberta Public Service engagement survey shows that 33 per cent of employees believe that essential service information does not flow effectively from senior leadership to staff – this was highest, ironically, in the Public Service Commission at 41 per cent, followed by Environment and Parks at 36 – why is the leadership not providing timely communications with the staff? (Page PA-479)

A. Ensuring information is provided to staff in a timely way, and that they perceive it to be distributed in this manner, is important to the APS. The results of our June 2017 employee engagement pulse survey show we have made gains in this area, with more employees agreeing essential information is flowing effectively from senior leadership to staff. We have worked to ensure information is flowing to staff from resources that resonate with them.

Marcia Nelson, the Deputy Minister of Executive Council, holds regular all-APS webinars with the public service to share information on APS programs and services. During the webinars, Ms. Nelson and other Deputy Minister panel guests take questions directly from APS members. She also communicates regularly with the public service via emails that highlight APS-wide initiatives and she shares public service success stories and innovative practices.

We also ensure information flows to employees through the Connector Now newsletter, which was refocused this year to share important information about APS programs and services, new initiatives, employee engagement activities and more.

Deputy Ministers and other senior leaders also communicate regularly with their staff and teams through emails, regular meetings and informal gatherings.

ENGAGE: Our Alberta Public Service People (APS) Strategy was developed with input from more than 5,000 APS employees and launched to all employees on January 24, 2017.

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Connect is one of the three priority areas within in the APS People Strategy and focuses on connecting through two-way communication, and supporting managers and senior leaders to be accessible by sharing their perspectives, encouraging questions, hearing ideas, discussing how decisions are made and helping to make sense of the big picture.

Practical applications are being implemented under each priority area (Connect, Lead and Learn) to increase confidence in senior leadership, improve the flow of information from senior leaders to employees, improve support for employees at work to provide a high level of service, and increase opportunities for career growth within the APS.

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Q. Question put forward by Mr. Panda:

(Alberta Innovates – Business Plan)

On November 1, 2016, four Alberta Innovates corporations were consolidated into one innovation powerhouse to save \$3 million according to page 16. After 10 months there is still no business plan for Alberta Innovates. When can we expect this business plan to be presented? (Page PA-479)

A. The 2017-18 Alberta Innovates Business Plan is currently with the Minister of Economic Development and Trade and is awaiting final approval. As soon as it is approved, Alberta Innovates will post the business plan on its website.

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Q. Question put forward by Mr. Panda:

(Unspent Capital Funding)

Alberta Transportation had a lapse in the capital budget of \$356 million. What happens to the unspent money? Does it just roll over into the department, or are they forced to give it back to Treasury Board and Finance? (Page PA-479)

A. Unspent capital funds may be administered in a number of ways.

- All money is held in the General Revenue Fund, not transferred to specific ministries. Unspent money was not actually “returned,” as it remains in the GRF. Instead, the ministry’s authority to spend the money lapses. If the lapse is forecast during the year, it could result in reduced borrowing.
- During the course of a fiscal year, Treasury Board Committee may agree to re-profile the funds to other fiscal years, depending on whether they are capital investment or capital grants.
- At the end of the fiscal year, if there is an unexpended balance in a capital investment vote, Treasury Board Committee may authorize that the funds be carried over to the following year (*Financial Administration Act*, Section 28.1).