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February 26, 2018

Standing Committee on Resource Stewardship
3rd Floor, 9820 – 107 Street
Edmonton, AB T5K 1E7

Attention: Mr. Rod Loyola, Chair

Re: Review of the *Conflicts of Interest Act* – Invitation to make a written submission

Dear Mr. Loyola:

Further to your correspondence of February 2, 2018, please accept this letter on behalf of Alberta Innovates regarding the Standing Committee on Resource Stewardship's review of the *Conflicts of Interest Act*.

Alberta Innovates is a research and innovation corporation, the object of which is to support research and innovation activities aligned with Government of Alberta priorities, particularly with respect to economic diversification. The vision of Alberta Innovates is to be indisputably recognized as the leader, provincially, nationally and internationally, in catalyzing research and innovation in Alberta. Our mandate is to take an outcomes-oriented, responsive and market/user-driven approach that enables Alberta's innovators across current (health, energy, agriculture, forestry) and emerging sectors by providing a single-entry point. Alberta Innovates enables Alberta's next generation of innovators, providing them with: funding, partners across the research and innovation continuum, business/technical expertise as well as applied research services to enable commercialization.

Alberta Innovates recognizes the importance of acknowledging conflicts of interest and adhering to a code of conduct that values respect, integrity and accountability. The Alberta Innovates' Code of Conduct and Conflict of Interest policy has been in place since November 2016, well in advance of the legislative requirements. Our policy demonstrates a high standard of ethical conduct and reflects best practices. We have actively applied this policy.



Our comments herein with respect to the *Conflicts of Interest Act* reflect concerns on the application of the Act rather than the principles.

Designated Senior Officials (DSOs)

We are concerned that designating individuals within Alberta Innovates as DSOs could have a chilling effect on recruitment and retention within our organization given the restrictions on holding publicly traded securities, post-employment restrictions and financial disclosure obligations to the Ethics Commissioner. We request that the definition be limited to the Chief Executive Office and Chair.

Financial Disclosure

The requirement for DSOs to provide the Ethics Commissioner with full financial disclosure of their assets, liabilities, investments and holdings (as well as those of their spouse, minor children and any corporations controlled by them or their spouse) is a significant and intrusive reporting requirement.

Rather than full financial disclosure, we recommend financial disclosure of any material related-party transactions that were undertaken on different terms and conditions than is reasonable to expect would have been adopted if the parties were dealing at arm's length.

Post-Employment Period

The mandating of a twelve-month post-employment cooling off period for DSOs is viewed by Alberta Innovates as a further barrier that will detract from our ability to recruit and retain talented, entrepreneurially-minded individuals. We believe that by possessing a Code of Conduct that exemplifies respect, integrity and accountability, DSOs do not require a mandate limiting employment opportunities.

Gifts and Networking Opportunities

With respect to the establishment of Code of Conduct restrictions on acceptance of gifts and maximum cash values of gifts, the examples included in the "Check List for Review of Public Agency Codes of Conduct 2018" provided to us by the Office of the Ethics Commissioner included monetary values of between \$50 - \$200. Alberta Innovates will recognize separate values for gifts or networking opportunities, recognizing that due to the nature of our business and international partnerships, the limit for a gift may not be appropriate for the limit of a networking opportunity. For example, we may recognize a gift limit of \$100 while networking opportunities may be a higher value such as \$500-\$1000 depending on the circumstances.



Application to Subsidiaries and Other Appointments

It is unclear whether this legislation applies to a public agency's subsidiary corporations. As your Committee may be aware, C-FER Technologies (1999) Inc. and InnoTech Alberta Inc. are wholly owned subsidiaries of Alberta Innovates. There are also further entities within Alberta Innovates, such as the Alberta Foundation for Health Research and the Health Research Ethics Board of Alberta. Furthermore, in our role as a neutral convener, key management personnel are often appointed to the Boards of other agencies or non-profits to accelerate provincial initiatives and capitalize on opportunities to leverage federal and industry funding. We request clarification on these subsidiaries and related appointments and request they be excluded from this legislation.

Given the mandate of Alberta Innovates, it is critical to attract and retain entrepreneurial-minded staff and directors who are knowledgeable of Alberta's research and innovation eco-system and can thus enable Alberta's objective of furthering economic diversification. Significant disclosure and application of the Conflict of Interest Act will dramatically increase the barriers to attracting highly sought-after talent in this competitive market. Again, we support the principles of the *Conflict of Interest Act*; however, we have significant concerns regarding the disclosure and administration currently proposed.

On behalf of Alberta Innovates, I thank you for the opportunity to provide input into this review of the *Conflicts of Interest Act* and for the Standing Committee's due consideration of our feedback.

Sincerely,

A black rectangular redaction box covering the signature of Judy Fairburn.

Judy Fairburn
Board Chair, on behalf of Alberta Innovates

cc: Honourable Deron Bilous, Minister of Economic Development and Trade
Jason Krips, Deputy Minister, Economic Development and Trade
John Brown, Assistant Deputy Minister, Science and Innovation
Laura Kilcrease, CEO, Alberta Innovates
Patricia McLeod Q.C., Governance & HR Chair, Alberta Innovates