



February 26, 2018

Honourable Rod Loyola
Chair, Standing Committee on Resource Stewardship
Standing Committee on Resource Stewardship
c/o Committee Clerk
3rd floor, 9820 107 Street
Edmonton, AB T5K 1E7

Dear Mr Loyola,

I am writing this letter in response to the correspondence we received from you on February 2nd, inviting us to provide feedback on the Conflict of Interest Act (COIA).

Alberta Enterprise is very supportive toward the overall objectives of COIA. As a Government of Alberta corporation, we believe it is imperative to operate at the highest ethical standards, and we continuously monitor and manage potential conflict of interest situations. Best practices governance is always a top priority for our corporation.

We would however like to express some areas of concern specific to Alberta Enterprise regarding the new legislation, mainly relating to the restrictions for Designated Senior Officials (DSOs). If Alberta Enterprise Corporation is classified as a "significant public agency" with the associated additional restrictions for DSOs, we believe this would have a significant impact on our ability retain and/or hire a CEO.

Post-employment restrictions

Alberta Enterprise is mandated to create access to venture capital for Alberta knowledge-based companies, and to promote the development of knowledge-based industries and a venture capital industry in Alberta. We achieve our mandate by investing as a Limited Partner in Venture Capital (VC) funds, and by working with industry and others to develop the VC ecosystem. Due to the complex nature of Alberta Enterprise's investments and the extensive interactions with industry, a successful candidate for the CEO role must have private sector and/or investment experience. These individuals are highly likely to go back to the industry we operate in and interface with once their term at Alberta Enterprise ends, as this is the expected career path of such individuals.

Alberta Enterprise is connected to national and international VC funds, and we interact with all the key Canadian and international VC and technology industry organizations. We have direct dealings with all major Canadian quality VC funds and technology organizations. A post-employment restriction of 12 months would severely restrict the individual hired as the CEO of Alberta Enterprise from obtaining employment in their field of expertise, essentially making them unemployable for 12 months.

This issue is aggravated by the lack of correlation between the 12-month post-employment restriction and the new severance rules being implemented by the Government of Alberta as of next year. The new severance compensation will be based on 4 weeks per year served. The result will likely be a significant misalignment between the post-employment restriction period and the severance compensation for the period the individual at hand will be unemployable.

Restrictions on holding publicly traded securities

Alberta Enterprise invests in privately held VC funds, which in turn invest in privately held companies. Our regulation prohibits us from investing directly in companies, public or private. At no point in time will the CEO of Alberta Enterprise invest in publicly traded securities, create government policies or have an ability to change rules which could impact public markets. Further, the CEO is not compensated based on the performance of the VC funds, the privately held companies in these VC fund portfolios, or the public markets.

We believe a restriction in holding publicly traded securities for the Alberta Enterprise CEO is unnecessary, as it creates additional complications where there is little or no risk of conflict of interest in this situation.

Disclosure of assets

All investment decisions for Alberta Enterprise's investments into VC funds are made by the Board of Directors, not management or the CEO. Further, investment decision in individual companies are made by the Venture funds, not Alberta Enterprise. As a Limited Partner investor, Alberta Enterprise (and as a consequence Alberta Enterprise's management or Board) is legally prohibited from participating in decisions of portfolio company investments by our Venture Funds. This is clearly outlined in the Limited Partnership Agreements with our funds.

We believe a requirement for the CEO to disclose all private assets is unnecessary, as it creates additional complications where there is little or no risk of conflict of interest relating to Alberta Enterprise's activities.

In summary, we believe the restrictions associated with DSOs will have a significant impact on Alberta Enterprise. An inability to retain or hire a CEO with relevant private sector experience will impact our ability to optimize the return on the Government of Alberta policy intention of creating a diversified economy where Albertans will benefit from quality jobs, a high standard of living and a broad base of economic opportunities.

We appreciate this opportunity to provide feedback on COIA. We look forward to continuing pursuing our goal of creating a self-sustaining Venture Capital industry, resulting in a diversified, resilient economy for Albertans.

Sincerely,

A black rectangular redaction box covering the signature of Paul Haggis.

Paul Haggis
Chair, Alberta Enterprise Board of Directors

cc. Honourable Deron Bilous, Minister Economic Development and Trade
Jason Krips, Deputy Minister, Economic Development and Trade
Kristina Williams, President and CEO, Alberta Enterprise Corporation