

BUSINESS PLAN 2016–19

Economic Development and Trade

ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of March 17, 2016.

original signed by

Deron Bilous, Minister

MINISTRY OVERVIEW

The ministry consists of the Department of Economic Development and Trade, which includes 12 international offices established in high-priority markets, the Alberta Enterprise Corporation and the Alberta Innovates Corporation.

Economic Development and Trade leads efforts to diversify and make Alberta's economy resilient, building on its strengths and entrepreneurial spirit, by catalyzing opportunities that create jobs, trade, investment and business competitiveness. The ministry develops and implements economic development strategies, action plans and policies that will foster sustainable growth, encourage industry diversification, support small and medium-sized enterprises (SMEs), enhance market access to attract trade and foreign investment and leverage science and technology, so that Alberta has a resilient and sustainable economy that supports Albertans.

A more detailed description of Economic Development and Trade and its programs and initiatives can be found at www.economic.alberta.ca.

STRATEGIC CONTEXT

The outcomes and key strategies identified in this business plan are aligned with the strategic direction of the Government of Alberta.

From Alberta's highly educated workforce to its strong entrepreneurial spirit to its abundant natural resources, Alberta's economic advantages are considerable. At the same time, Alberta and other jurisdictions around the world are grappling with shifts in the global economy, including: intensifying competition, the spread of complex global supply chains, growth of low-carbon energy sources, significant advances in technology and efficiency, and changes in emerging global trade patterns. These shifts are set against the backdrop of the need for action on climate change, as well as significant global geopolitical and economic risks, such as the refugee crisis, uncertainties surrounding China's economy, and highly volatile natural resource markets. All of these and other global forces are expected to provide downward pressure on Alberta's job growth and Gross Domestic Product over the short to medium-term. The future path for oil prices is central to the economic forecast for Alberta. Alberta's approach to economic development, trade and innovation must adapt to changing oil prices, including following a path forward which is less dependent upon commodity price fluctuations.

Economic Development and Trade will focus its efforts on stabilizing and diversifying Alberta's economy and supporting economic growth by advocating for increased trade and foreign investment and fostering a globally recognized and competitive research and innovation system. By improving linkages between trade and investment attraction, economic development, and science and innovation, the ministry will target the conditions that encourage job creation, sustainable growth and the formation of competitive and innovative economic sectors in both rural and urban Alberta.

The ministry will deliver integrated and coordinated policies, programs and supports that will enable Alberta's private sector innovators and job creators to succeed. Alberta's businesses will have improved access to centralized and comprehensive services to assist them in undertaking advanced research, commercializing new products or processes, locating investment capital in the province and exploring new export opportunities. The ministry will also play an important role in assessing the economic development implications of government policies and activities, and in collaborating with other ministries with an economic mandate.

The ministry will lead efforts to position Alberta to influence and take advantage of domestic and international trade agreements. The ministry's global presence, through a re-focused network of international offices, will provide linkage points to promote the advantages of doing business in Alberta, form strategic partnerships and attract leading talent and innovators to Alberta. Communities throughout the province will also benefit from enhanced services to ensure that all regions in Alberta share in and benefit from opportunities available in the global economy.

The ministry will continue to have a strong focus on research, innovation and commercialization. The importance of research and innovation to the future of Alberta cannot be underestimated. Global economic, environmental, social and health conditions are changing and presenting challenges such as climate change, demand for clean energy, sustainable transport, sustainable consumption and production, improving public health, and food, water and energy security. These challenges are creating rising demand for discovery, development, deployment and adoption of new innovative solutions. Investments in research and innovation are vital to maintaining a high quality of life for all Albertans and taking advantage of opportunities arising from the demands of global challenges.

Through these and other initiatives, Economic Development and Trade will lead efforts to ensure that Alberta continues to diversify its economy by strengthening existing sectors and finding new opportunities that will enhance market access for businesses, attract investment and create jobs.

OUTCOMES, KEY STRATEGIES AND PERFORMANCE MEASURES

Outcome One: Alberta's economic development policies and programs support a sustainable and more diversified economy

Government plays an important role in fostering economic development, increasing trade, providing leadership, creating linkages and encouraging coordination. Government is also responsible for ensuring that the economic environment that businesses operate in is competitive and supportive. Economic Development and Trade focuses on removing barriers and creating opportunities for businesses in a diverse array of industries and sectors where Alberta has competitive strengths. The ministry supports the Premier's Advisory Committee on the Economy to provide counsel to the premier and Cabinet on policies. It provides current, comprehensive strategies and policies to an overarching framework that identifies competitiveness challenges and sector opportunities for growth and investment, and delivers economic development initiatives that will support communities and sectors impacted by Alberta's environmental and natural resources policies. The ministry's work supports broadly-shared economic prosperity that supports small and large businesses, promotes growth in the province's regions and communities and creates high-quality, stable employment for Albertans.

Key Strategies:

- 1.1 Provide leadership for the development of sector strategies in the areas of petrochemicals, bio-industrial and clean technology.
- 1.2 Implement programming that will support companies and non-profits across the province to catalyze job creation.
- 1.3 Expand access to early and late-stage venture and growth capital, including examining the potential for micro-financing initiatives, such as marketplace loans and equity crowdfunding.
- 1.4 Deliver strategies and programs to enable small business start-up and scale-up success and ensure resilience in changing economic circumstances.
- 1.5 Develop a one-stop shop business portal that will provide current, comprehensive and easy-to-use economic information. Elements of the business portal will include the Alberta Regional Dashboard, a platform to communicate economic and industry news and a tool to promote export development.
- 1.6 Provide funding for community economic development to enhance urban and rural communities and help economic development organizations execute projects.

Performance Measures	Last Actual 2014-15	Target 2016-17	Target 2017-18	Target 2018-19
1.a Number of Alberta businesses in which Alberta Enterprise Corporation (AEC) funds have been invested	24	30	30	30
1.b Value of AEC (and their syndicate partners) funds investment in Alberta businesses (\$ millions)	232.9	325.0	325.0	325.0

Linking Performance Measures to Outcomes:

- 1.a Access to capital enables Alberta businesses to start up or grow, which supports economic growth and diversification in the province. Tracking the number of businesses receiving funding from Alberta Enterprise Corporation (and their syndicate partners) provides an indication of whether an increasing number of firms are gaining access to necessary capital.
- 1.b The aggregate value of AEC (and their syndicate partners) funds invested into Alberta businesses provides insight into the magnitude of the uplift being created in the province, in addition to the number of businesses accessing this capital.

Performance Indicator	Actual 2011	Actual 2012	Actual 2013	Actual 2014
1.a Percentage of manufacturing, business and commercial services Gross Domestic Product growth in Alberta	7.0	3.2	2.9	3.1

Outcome Two: Trade and investment opportunities are grown by leveraging Alberta's strengths and capabilities

Trade and investment attraction is vital to Alberta's economic stability and success. Economic Development and Trade promotes Alberta's goods and services to target markets and supports businesses through commercial services, such as market intelligence, and in identifying and introducing Alberta companies to international opportunities. The ministry promotes opportunities in Alberta to attract and retain foreign direct investment and capital to strengthen and grow Alberta's industries and actively monitors and assesses major foreign investment proposals in the province.

The ministry ensures a coordinated approach to fostering strong relationships with foreign governments and policy-makers that protect and advance Alberta’s interests in existing and new target markets. Economic Development and Trade leads Alberta’s participation in domestic and international trade negotiations, ensuring provincial priorities are addressed and modern trade agreements are built on effective rules-based systems. The ministry negotiates and advocates for rules and frameworks that reduce barriers to trade and investment, while preserving Alberta’s ability to regulate in the public interest. It also anticipates, prevents and manages disputes and defends Alberta’s interests under existing trade and investment agreements.

Key Strategies:

- 2.1 Establish a dedicated branch to retain existing investment and attract new direct investment and portfolio capital to Alberta which will create employment opportunities for Albertans.
- 2.2 Develop and implement a new trade strategy to strengthen and diversify Alberta’s economy by supporting small and medium-sized enterprises to enter and expand their international markets based on sector priorities.
- 2.3 Develop and implement an international engagement strategy to prioritize the province’s international engagements, particularly in support of Alberta’s Climate Leadership Plan.
- 2.4 Build and leverage relationships and partner with other economic development agencies, industry associations and governments to strategically and consistently promote economic opportunities that diversify Alberta’s economic base.
- 2.5 Lead Alberta’s participation in the negotiations on a renewed Agreement on Internal Trade, and in the implementation of the Comprehensive Economic and Trade Agreement. Defend Alberta’s interests in negotiations and/or trade actions related to softwood lumber and assess the impact of the Trans-Pacific Partnership.
- 2.6 Leverage our international offices and relationships with multinational enterprises to improve Alberta’s performance in the innovation focus areas of health, climate change mitigation and clean technology.

Performance Measures	Last Actual 2014-15	Target 2016-17	Target 2017-18	Target 2018-19
2.a Percentage of clients who agree that Alberta’s trade policy supports opportunities for exports (Annual Ministry Client Survey)	70%	73%	77%	80%
2.b Percentage of clients who agree that Alberta’s trade policies encourage investment (Annual Ministry Client Survey)	65%	70%	72%	75%
2.c Percentage of clients indicating that Economic Development and Trade helped them connect with contacts who otherwise would have been difficult to identify/access (Annual Ministry Client Survey)	76%	80%	82%	85%
2.d Percentage of clients indicating that as a result of the information they received from Economic Development and Trade they were able to make an informed business decision (Annual Ministry Client Survey)	68%	72%	76%	80%

Linking Performance Measures to Outcomes:

- 2.a Indicates the client assessment of the success of Alberta’s approach to trade agreements and frameworks to enhance trade opportunities for Alberta companies.
- 2.b Indicates the client assessment of the success of Alberta’s approach to trade agreements and frameworks to enhance investment opportunities for Albertans.

- 2.c Indicates the success of the ministry in connecting clients with contacts who otherwise would have been difficult to identify or access. When Alberta companies are able to connect with those critical contacts, the potential opportunities for trade and investment are increased.
- 2.d When Alberta companies have access to key market intelligence and information they receive from the ministry, they are able to make informed business decisions which will ultimately impact their success in leveraging trade and investment opportunities.

Performance Indicators	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
2.a Total investment into Alberta per capita (\$ thousands)	19.4	26.3	27.7	27.6	n/a
2.b Alberta's rank compared to other provinces and territories in total investment per capita	#4	#2	#2	#2	n/a
2.c Total value of Alberta's exported products and services (\$ billions)	100.6	103.0	109.8	114.7	n/a
2.d Total value of Alberta's exported products outside of United States (\$ billions)	13.0	13.3	12.5	12.5	12.3

Outcome Three: **Alberta's publicly-funded research and innovation system contributes to Alberta's sustainable prosperity**

Research and innovation is a cornerstone of Alberta's response to the new and changing economic, social and environmental dynamics that characterize current global conditions. It is an essential ingredient that helps drive the transition to a 21st century economy that is more diversified, less dependent on and derives more value from non-renewable resources. Government provides leadership to Alberta's research and innovation system through clear direction on its research and innovation priorities and through the provision of sustainable system funding. The ministry actively works with innovation system partners to ensure Albertans experience and see value for their public investment in research and development. The ministry is simplifying the governance structures of the Alberta Innovates corporations and advancing increased accountability towards defined research and innovation targets. The ministry plays an essential role as a catalyst for collaboration between research and innovation organizations, post-secondary institutions and the private sector. The ministry champions these connections, demonstrating in intent, actions and outcomes, the critical relationship between research, innovation and economic development.

Key Strategies:

- 3.1 Deliver a strategic framework, policies and actions that clarify and strengthen government direction and priority initiatives for science, technology and innovation.
- 3.2 Deliver a government wide Climate Change Innovation and Technology Framework which redefines government's innovative and coordinated approach to innovation and technology development funding under the Alberta's Climate Leadership Plan.
- 3.3 Increase Alberta's partnerships and leverage other science and innovation funding through strengthened relationships with other federal and municipal government innovation agencies.
- 3.4 Support the growth of globally-competitive enterprises in Alberta through enhanced innovation and technology commercialization programs and partnerships.
- 3.5 Establish new and build on existing technology partnerships with international jurisdictions to encourage collaboration between Alberta's SMEs and international industry partners, and promote Alberta internationally as a world-class destination for research, innovation and commercialization.

Performance Measure	Last Actual 2013-14	Target 2016-17	Target 2017-18	Target 2018-19
3.a Sponsored research revenue attracted by Alberta's comprehensive academic and research institutions (\$ millions)	811	811	812	812

Linking Performance Measures to Outcomes:

3.a Alberta's comprehensive academic and research institutions are able to leverage the sustained research commitment of the ministry to attract leading researchers and additional funding from non-Government of Alberta sources to perform research and innovation activities. Provincial funding, along with additional funding from other sources, supports globally-competitive research excellence in priority areas, contributing to a broadened economic base, effective resource and environmental management, and healthy, resilient communities. Demonstrating achievement in these areas contributes to Alberta's sustainable prosperity.

Performance Indicators	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013
3.a Total research and development investment as a percent of GDP	1.2%	1.2%	1.1%	1.1%	n/a ¹
3.b Start-ups licensing university technology per million population	3.5	4.6	5.3	4.6	5.2

Note:

¹ N/A means not available.

STATEMENT OF OPERATIONS

(thousands of dollars)	Comparable			2016-17 Estimate	2017-18 Target	2018-19 Target
	2014-15 Actual	2015-16 Budget	2015-16 Forecast			
REVENUE						
Internal Government Transfers	137,985	115,060	117,233	115,560	115,520	115,520
Transfers from Government of Canada	395	5,310	5,310	5,487	5,304	5,304
Investment Income	(438)	1,887	1,703	1,333	1,340	1,340
Premiums, Fees and Licences	260	2,742	2,742	3,015	3,165	3,165
Other Revenue	68,716	63,274	63,229	70,029	73,028	72,981
Ministry Total	206,918	188,273	190,217	195,424	198,357	198,310
Inter-Ministry Consolidations	(140,216)	(119,229)	(121,402)	(119,942)	(120,126)	(120,126)
Consolidated Total	66,702	69,044	68,815	75,482	78,231	78,184
EXPENSE						
Ministry Support Services	9,275	12,461	12,461	14,924	19,081	26,798
Economic Development and Small Medium Enterprises	20,419	26,565	21,565	36,565	36,565	36,565
Trade and Investment Attraction	20,639	25,681	25,653	24,181	24,268	24,221
Science and Innovation	56,060	50,563	55,563	48,280	51,731	48,731
Jobs, Investment and Diversification	-	22,250	750	42,400	96,180	-
Alberta Enterprise Corporation	817	25,850	850	850	850	850
2013 Alberta Flooding	275	75	75	-	-	-
Alberta Innovates Corporation	308,187	368,922	346,634	302,973	286,234	288,196
Ministry Total	415,672	532,367	463,551	470,173	514,909	425,361
Inter-Ministry Consolidations	(164,648)	(138,954)	(158,512)	(127,465)	(122,387)	(122,387)
Consolidated Total	251,024	393,413	305,039	342,708	392,522	302,974
Net Operating Result	(184,322)	(324,369)	(236,224)	(267,226)	(314,291)	(224,790)
CAPITAL INVESTMENT						
Ministry Support Services	-	25	25	25	25	25
Jobs, Investment and Diversification	-	-	250	-	-	-
Alberta Innovates Corporation	5,014	5,411	4,933	9,150	9,150	9,150
Total	5,014	5,436	5,208	9,175	9,175	9,175