

Economic Development and Tourism

Business Plan 1997-1998 to 1999-2000

Accountability Statement

This Business Plan for the three years commencing April 1, 1997 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at April 10, 1997 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Patricia L. Black
Minister of Economic Development and Tourism
April 12, 1997

Mission

Alberta Economic Development and Tourism (ED&T) focuses on the government's *Prosperity* core business of strengthening economic growth, supporting job creation by the private sector, and helping Albertans build a future for themselves and their children.

Alberta Economic Development and Tourism's primary objective is to coordinate and facilitate the implementation of the Government of Alberta's economic development strategy. The department responds to the needs of the private sector by supporting the Alberta Economic Development Authority (AEDA), Alberta business leaders and industry associations. ED&T also works with other provincial departments and other governments to further Alberta's economic goals.

Vision

ED&T has introduced significant organizational change, becoming a smaller, more focused and efficient department. The department will become more of a facilitator, to "open doors" for the private sector rather than be a broker or deal maker. The new organization will ensure that its programs and services are effective both in meeting private sector needs and the government's economic and fiscal objectives.

Alberta is recognized world wide as a place in which people enjoy prosperity and an unmatched quality of life. The department's aim is to build on the **Alberta Advantage** to develop a strong, entrepreneurial economy with a solid, globally competitive advantage that increases economic opportunities for all Albertans.

The Alberta Advantage includes:

- ◆ competitive taxation and regulatory reform;
- ◆ an abundance of natural resources;
- ◆ a skilled, highly educated, workforce;
- ◆ debt reduction legislation;
- ◆ first class infrastructure;
- ◆ an economic climate conducive to investment, wealth generation and job creation; and
- ◆ an entrepreneurial and competitive business community.

The global marketplace is rapidly changing. To keep our economy growing, Alberta must continue to reassess its priorities, build on its strengths, and chart new courses. Expanding technology and knowledge will help Alberta businesses improve productivity, reduce costs, create jobs, and expand into new markets around the world.

Alberta's exports to international markets will grow and business leaders, tourists and visitors from around the world will be encouraged to come and see first-hand what Alberta has to offer.

Core Businesses

To achieve the new business direction of Alberta Economic Development and Tourism, the core businesses have been refocused. The department's current businesses are:

- ◆ Investment Development
- ◆ Export Development
- ◆ Business Development

Six key areas of responsibility have been established to support ED&T's mission, vision and core businesses:

- ◆ providing strategic research and planning support services to the Alberta Economic Development Authority (AEDA).
- ◆ promoting the "Alberta Advantage" to the fullest extent possible for the purpose of attracting investment into Alberta and facilitating the growth of Alberta-based companies.
- ◆ expanding Alberta's export markets.
- ◆ providing strategic information on industry, technology, export and investment opportunities to Alberta companies through a single comprehensive service and direct client contact to ensure that these companies are competitive nationally and internationally.
- ◆ ensuring there are no unnecessary regulatory restrictions or barriers that impede business initiatives.
- ◆ assisting in coordinating missions initiated at the Premier, Minister, and AEDA level to achieve the greatest possible investment and export impact.

The Ministry also includes the Alberta Opportunity Company, the Alberta Gaming and Liquor Commission and the Alberta Lottery Fund.

Goals

The following goals have been established to ensure that the new restructured department focuses on strengthening the Alberta economy and helping Albertans build a future for themselves and their families:

1. Increase investment in Alberta.
2. Increase Alberta's exports of manufactured and processed products, services and knowledge.
3. Assist Alberta's industry and business sectors to be competitive in the global marketplace.
4. Facilitate the growth of small business in Alberta.

Key Strategies

The following highlight the key strategies ED&T will be concentrating on in its 1997-2000 business plan:

Goal: To increase investment in Alberta.

Strategies:

- ◆ facilitate and communicate the Alberta Advantage to potential international/national investors
- ◆ develop, in cooperation with AEDA, a new investment promotion strategy by focusing on the Alberta Advantage.
- ◆ identify new investment sources.
- ◆ increase the number of successful investment matches in Alberta.
- ◆ increase business immigration by targeting key geographic regions and specific industry sectors.

Goal: To increase Alberta's exports of manufactured and processed products, services and knowledge.

Strategies:

- ◆ promote Alberta businesses, products and services in key markets and assist in "door opening" in new markets through: targeted Premier, Minister or AEDA led missions; private sector networks; and participation in selected high-level trade shows and missions.
- ◆ support Alberta-based activities and events such as high-level incoming missions, major trade shows, conferences and seminars, to promote exports and assist exporters.
- ◆ increase the number of Alberta exporters by encouraging Alberta businesses to become export ready, to begin exporting and to expand to new markets.
- ◆ provide targeted trade advice, information and services to Alberta companies.
- ◆ assist Alberta firms in identifying and pursuing international projects and contracts, including projects funded by international financial institutions (e.g., World Bank).
- ◆ identify trade opportunities for Alberta firms.
- ◆ develop and implement coordinated trade initiatives, strategies, programs and services under the Canada-Alberta MOU on International Business.
- ◆ reduce intergovernmental barriers to internal and external trade.
- ◆ assist industry in developing co-ordinated sector and geo-strategies to guide Alberta businesses in product development and export activities.

Goal: To assist Alberta's industry and business sectors to be globally competitive.

Strategies:

- ◆ assist in identification, development, transfer and commercialization of new technologies, equipment and processes.
- ◆ facilitate the development, growth and retention of businesses through the development and application of new technologies and realization of new opportunities.

- ◆ facilitate the development of knowledge-based industries.
- ◆ work with the Alberta Science and Research Authority to support research infrastructure and promote technology commercialization.
- ◆ facilitate and promote the development of Alberta's supply capability.
- ◆ develop a single window for companies seeking export opportunities, market intelligence and country data, through the Alberta Business Information Centre.
- ◆ continue to reduce regulatory burden on Alberta business.
- ◆ market and develop Alberta's tourism products and attractions through the Alberta Tourism Partnership Corporation and the Tourism Development Agency, to generate increased economic yields to the industry and to the province as a whole.

Goal: To facilitate the growth of small business in Alberta.

Strategies:

- ◆ support "one-stop" business service centres in Edmonton and Calgary.
- ◆ support regional business centres across Alberta.
- ◆ improve access to business information for Alberta businesses and communities.
- ◆ promote networks and alliances among businesses (e.g., FlexNets, Call Centre Attraction).
- ◆ improve and advance entrepreneurship and business management through provision and/or support in the areas of information, training and education.
- ◆ promote and support home-based business opportunities aimed at increasing the number of Alberta home-based businesses.
- ◆ promote the development/expansion of business associations to encourage self-reliance, reduce government involvement and strengthen Alberta's business community.

Financial Impacts

From the savings resulting from the department's restructuring, certain monies will be used to reinvest in initiatives consistent with government's economic development policies and promotion of the Alberta Advantage. The financial results of the restructuring are as follows:

- ◆ major reduction in Department staff
- ◆ reduction in expenditure of \$13.5 million, including:
 - ◆ re-investment of \$2.0 million in the reinvestment for infrastructure program
 - ◆ reduction of \$2.0 million in the operating grant to the Alberta Opportunity Company
 - ◆ reduction of \$9.5 million as a result of administrative and program efficiencies.
- ◆ The Alberta Racing Commission was privatized October 4, 1996. In 1996-97 the department provided an operating grant of \$6.8 million of their budgeted \$7.4 million revenue. No further monies are budgeted for 1997/98 to 1999/2000.
- ◆ Alberta Gaming and Liquor Commission funding requirements have increased by \$2 million annually to cover increased amortization charges resulting from capital acquisitions for VLT replacements and conversions.
- ◆ The department will reinvest \$4 million dollars in 1997/98, from the savings as a result of restructuring, to assist in creating a healthy climate for research and development in Alberta.

Key Performance Measures

Alberta Economic Development and Tourism programs and activities focus on Government's *Prosperity* core business. The measures reflect key areas in which the department works with industry, businesses and investors to effect results. Significant areas of emphasis for the department, in the current business plan, are manufacturing, service and technology industries.

Manufacturing and Service Industry Investment (\$ billions)

Annual value of investment. This measure provides information on the annual capital investment by manufacturing and service industries.

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Investment	5.9	5.7	6.0	6.9	7.6	8.0
% Change	0%	-3.4%	5.3%	15.0%	10.1%	5.2%

Total public and private investment for all sectors was estimated at \$17 billion for 1995 and forecast at \$17 billion for 1996.

Manufacturing and Service Exports (\$ billions)

This measure provides information on sales of manufactured or processed products by Alberta companies outside of Canada.

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Exports	10.9	11.6	12.2	12.7	13.3	14.1
% Change	26.6%	6.4%	5.2%	4.1%	4.7%	6.0%

Total exports for all sectors was estimated at \$29 billion for 1995 and forecast \$31 billion for 1996.

Manufacturing Shipments - All Sectors (\$ billions)

This measure provides information on the annual value of all manufacturing shipments by Alberta companies in all industry sectors.

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Shipments	28.3	29.6	30.8	32.0	33.3	34.6
% Change	12.1%	4.5%	4.0%	4.0%	4.0%	4.0%

Manufacturing Shipments - Advanced Technology (\$ billions)

This measure provides information on the growth in shipments of Alberta industries making the greatest use of advanced technologies.

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Shipments	9.2	9.5	10.0	10.4	10.9	11.4
% Change	18.3%	3.7%	4.5%	4.5%	4.5%	4.5%

Number of Alberta Exporters -

This measure provides information on the number of companies involved in sales outside of Canada

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Export Companies	2,650	2,800	3,000	3,250	3,500	3,700
% Change	6.0%	5.7%	7.1%	8.3%	7.7%	5.7%

Tourism Revenue (\$ billions)

This measure provides information on tourism industry revenue (visitor expenditures - resident and non-resident).

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Revenue	3.5	3.6	3.8	4.0	4.2	4.4
% Change	7.9%	2.9%	5.6%	5.3%	5.0%	4.8%

Business Formations - Incorporations (thousands)

This measure provides information on the annual total of provincial business incorporations and extra-provincial corporate registrations.

	1995	Estimate 1996	Target 1997	Target 1998	Target 1999	Target 2000
Formations	21.0	21.6	22.2	23.0	23.7	24.5
% Change	2.7%	2.6%	3.0%	3.4%	3.3%	3.2%

Note: values for percent change may not be exactly replicable due to rounding.

Alberta Gaming and Liquor Commission Business Plan 1997-1998 to 1999-2000

Mission

To maintain the integrity of gaming and liquor activities in Alberta and collect revenues for the Province.

Mandate

The Alberta Gaming and Liquor Commission's mandate, in accordance with the Gaming and Liquor Act, the Criminal Code (Canada) and within the policy framework established by government, includes the following:

- ♦ license, regulate and monitor gaming and liquor activities in Alberta;
- ♦ ensure integrity and social responsibility in the operation of gaming and liquor activities;
- ♦ collect gaming and liquor revenue;
- ♦ ensure business and program operations are run efficiently and effectively;
- ♦ define operating policies and procedures for gaming and liquor activities;
- ♦ disperse provincial lottery revenues;
- ♦ support industry and government initiatives to address problem gambling and responsible alcohol consumption;
- ♦ communicate to gaming and liquor stakeholders accurate and timely information.

Goals and Strategies

- ♦ Ensure compliance with the Gaming and Liquor Act, Tobacco Tax Act, Criminal Code and Commission policies with respect to gaming and liquor activities.
- ♦ Ensure full accountability for all revenues and expenses.
- ♦ Achieve gross revenue levels of \$1.0 billion prior to operating expenses and lottery fund disbursements.
- ♦ Reduce operating expenses from \$82.4 million (1996-97) to \$71.7 million (1997-98).
- ♦ Improve the return to the charities for charitable gaming activities.
- ♦ Manage and administer the Lottery Fund.
- ♦ Facilitate the development of native gaming in keeping with the government's gaming policy.
- ♦ Outsource operational activities that can be performed by the private sector at same or lower costs without jeopardizing the quality, security and integrity of products, services and revenues.
- ♦ Facilitate and support the revitalization of the racing industry.

Performance Measures

Level of net revenue contributed to the General Revenue Fund (\$ millions)

Revenue is defined as net revenue after deductions of operating expenses but before Lottery Fund disbursements.

1994-95 Actual	1995-96 Actual	1996-97 Estimate	1997-98 Target	1998-99 Target	1999-2000 Target
1,025.2	953.0	1,004.0	1,017.9	1,023.9	1,023.9

Administrative productivity

Productivity is defined as operating expenditures as a percentage of gross revenue.

1994-95 Actual %	1995-96 Actual %	1996-97 Target %	1997-98 Target %	1998-99 Target %	1999-2000 Target %
8.72	7.32	7.02	6.60	6.04	6.04

Return to charities

Return is defined as the total revenue earned by charities before expenses from casinos, bingos, raffles and pull tickets as a percentage of gross revenue generated by the charitable gaming venues.

	1994-95 %	1995-96 Part Year %	1996-97 Target %	1997-98 Target %	1998-99 Target %	1999-2000 Target %
Casino	40.84	37.33	42	50	50	50
Bingo	49.63	49.14	50	50	50	50
Raffle	71.71	72.14	72	72	72	72
Pull Ticket	81.31	82.27	82	82	82	82
Average	53.53	51.79	61.5	63.5	63.5	63.5

Alberta Opportunity Company

Mandate

The purpose of the Alberta Opportunity Company is to provide financial assistance and guidance for the development of Alberta businesses. Priority is given to small and medium-sized businesses in rural communities which, although viable, are not able to obtain financing from conventional lenders. Priority is also given to Alberta-owned businesses which will create jobs, are introducing improvements in productivity or technology, or have export or tourism potential. Applicants are required to show, in business terms, a reasonable expectation of commercial success and the ability to repay all loans including interest.

Goals

- ◆ To encourage the creation or expansion of viable, small and medium-sized businesses which are unable to obtain commercial financing in the private sector.
- ◆ To ensure that the portfolio of loans is managed so as to maximize both the recovery of funds invested and the positive benefits to the small business community at the least possible cost to government.

Strategies to Achieve Three-Year Targets

- ◆ Ongoing evaluation of staffing levels to ensure economic delivery of services.
- ◆ Updating of our computer systems to enable increases in individual productivity in an efficient, effective and economic manner.

- ◆ Timely evaluation of results to ensure achievement of goals.
- ◆ Refinement of appropriate key performance indicators to better track the economic impact of job and business growth.

Expected Results and Performance Measurers

- ◆ Approve loans of \$27.8 million in 1997-98 and \$30 million in each of 1998-99 and 1999-2000.
- ◆ In 1997-98 make loans to approximately 360 small businesses supporting the creation or protection of 2,300 jobs.
- ◆ Provide export guarantees totalling \$3.5 million to support the entry of new exporters and growth of existing exports out of the province.
- ◆ Reduction of operating grant to \$6.7 million in 1997-98 and \$5.4 million in 1998-99.

Economic Development and Tourism Ministry Consolidated Income Statement

(thousands of dollars)

	Comparable 1992-93 Actual	Comparable 1993-94 Actual	Comparable 1994-95 Actual	Comparable 1995-96 Actual	Comparable 1996-97 Forecast	1997-98 Estimates	1998-99 Target	1999-2000 Target
REVENUE								
Department	446,738	551,175	926,759	872,777	881,858	1,021,300	906,300	906,300
Economic Development and Tourism Revolving Fund	233	254	887	1,477	628	773	-	-
Lottery Fund	203,753	395,069	554,857	587,852	644,500	654,500	654,500	654,500
Alberta Motion Picture Development Corporation	1,105	775	805	10,717	140	-	-	-
Alberta Opportunity Company	28,466	27,776	22,710	45,019	15,243	14,011	13,119	13,228
Alberta Racing Commission	8,419	8,407	8,446	8,411	7,280	-	-	-
Tourism Education Fund	506	760	1,708	1,390	-	-	-	-
Alberta Gaming and Liquor Commission*	498,686	515,650	567,136	439,936	435,114	435,114	435,114	435,114
Consolidation Adjustments	(622,525)	(712,403)	(1,150,343)	(1,005,632)	(971,110)	(1,099,606)	(977,300)	(977,300)
Consolidated Revenue	565,381	787,463	932,965	961,947	1,013,653	1,026,092	1,031,733	1,031,842
EXPENSE								
Program								
<i>Voted</i>								
Department	270,382	299,684	185,412	155,661	148,458	119,746	110,652	112,652
<i>Statutory</i>								
Economic Development and Tourism Revolving Fund	200	305	703	1,556	628	773	-	-
Lottery Fund	88,450	137,005	109,618	122,929	123,300	123,300	173,300	173,300
Alberta Motion Picture Development Corporation	1,659	1,902	2,041	2,404	1,149	-	-	-
Alberta Opportunity Company	13,599	11,002	4,533	6,988	9,580	9,927	8,914	8,834
Alberta Racing Commission	8,412	8,411	8,164	7,787	5,024	-	-	-
Tourism Education Fund	436	685	1,357	2,018	-	-	-	-
Consolidation Adjustments	(182,486)	(216,588)	(119,296)	(92,610)	(89,910)	(78,406)	(71,100)	(71,100)
Consolidated Program Expense	200,652	242,406	192,532	206,733	198,229	175,340	221,766	223,686
Debt Servicing Costs								
Alberta Opportunity Company	14,371	11,812	9,572	6,324	4,491	4,084	4,205	4,394
Consolidated Expense	215,023	254,218	202,104	213,057	202,720	179,424	225,971	228,080
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS	(3)	(2)	(4)	(24)	-	-	-	-
NET REVENUE (EXPENSE)	350,355	533,243	730,857	748,866	810,933	846,668	805,762	803,762

* This entity is a commercial enterprise or Crown-controlled corporation that is reported in revenue on a net profit or loss basis (revenue less expenses). Thus, it does not appear in the expense portion of the income statement.