

BUSINESS PLAN 2017–20

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 3, 2017.

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, the Alberta Innovates Corporation and the Northern Alberta Development Council.

Economic Development and Trade leads efforts to diversify and make Alberta's economy resilient, support trade development, attract foreign investment, ensure business competitiveness and deliver opportunities for job creation. The ministry develops and implements economic development strategies, policies and programs that foster sustainable growth, encourage industry diversification, support small- and medium-sized enterprises (SMEs), enhance market access and leverage science and technology to provide social, environmental and economic benefits for Albertans. The result is a dynamic, resilient and sustainable economy that supports and ensures Alberta's prosperity, now and into the future.

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.

Alberta is facing many uncertainties in today's global economy. Dependence on one commodity has left Alberta exposed to the boom and bust cycle of the global price of oil. Rising protectionist and anti-trade agendas in some of Alberta's most important export markets have led to uncertainty, including concern about introduction of new tariffs, increasing competition for investment, and other barriers to Alberta businesses. These factors are evidence of the need for Alberta to diversify the economy and the global partners it trades with. Global environmental, social and health conditions are also evolving and presenting challenges such as the need for reduced greenhouse gas emissions and increased demand for cleaner energy, while at the same time increasing productivity and quality in sectors such as health, agriculture, forestry and energy. These challenges are further complicated by a system of economic development that is shared between federal, provincial, municipal governments and other stakeholders.

While uncertainty brings challenges, it also has the potential to open up opportunities for Albertans. To take advantage of opportunities that will grow and diversify our economy Alberta is acting to make the most of the economic capacity that has been made available due to the recent slowdown. Economic Development and Trade is supporting economic growth by focusing its efforts on stabilizing and diversifying Alberta’s economy while being responsive to ongoing economic changes. The ministry is working to ensure that Alberta businesses have access to capital, supporting enhanced competitiveness of strategic industries, enabling market access through strategic infrastructure and other supports; advocating for increased trade and foreign investment, and fostering a globally recognized and competitive research and innovation system to enable economic, social and environmental outcomes. Through this work, the ministry is creating the conditions that encourage job creation, sustainable growth and development of competitive and innovative economic sectors in both rural and urban Alberta.

OUTCOMES, KEY STRATEGIES AND PERFORMANCE MEASURES

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

Economic Development and Trade focuses on supporting and creating opportunities for Alberta businesses. The ministry engages with a number of committees and councils which provide advice on policies. It provides strategies and policies that identify competitiveness challenges and opportunities for sector growth and investment. The ministry also delivers economic development initiatives that will support communities and sectors. Additionally, the Northern Alberta Development Council identifies and addresses strategic issues that impact growth in Northern Alberta. The ministry’s work supports economic prosperity that supports businesses, promotes growth in the province’s regions and communities and creates high-quality, stable employment for Albertans.

Key Strategies:

- 1.1 Provide leadership in enhancing and diversifying the province’s economy through identifying and developing policy and programs, building competitiveness and addressing barriers to growth of strategic sectors, such as petrochemicals, manufacturing, and clean technology sectors.
- 1.2 Deliver the Alberta Investor Tax Credit (AITC) and Capital Investment Tax Credit (CITC) programs to stimulate capital investment, encourage investment in SMEs in non-traditional sectors, and increase diversification while creating sustainable jobs across the province.
- 1.3 Expand access to seed, early and late-stage venture and expansion finance and investment capital for Alberta’s economic development and diversification.
- 1.4 Deliver strategies and programs to enable SME 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.
- 1.6 Deliver the Community and Regional Economic Support (CARES) program to assist municipalities, communities, and regions across the province in carrying out sustainable economic development initiatives.

Performance Measures	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
1.a Cumulative number of Alberta businesses in which Alberta Enterprise Corporation (AEC) funds have been invested	28	43	63	85
1.b Cumulative value of AEC (and their syndicate partners) funds investment in Alberta businesses (\$ millions)	305	362.0	427.4	469.9

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 invested in venture capital funds and their syndicate partners provides an indication of whether an increasing number of firms are gaining access to capital.
- 1.b The number of businesses and the aggregate value that Alberta Enterprise Corporation invested in venture capital funds and their syndicate partners invested into Alberta businesses, provides insight into the magnitude of the uplift in venture capital investment being created in the province.

Performance Measures under Development:

Performance measures are under development for the AITC and CITC programs that capture the total amount raised for annual investment through the programs.

A performance measure is also under development for the CARES program to capture the total value of the projects funded through the program.

Performance Indicators	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
1.a Percentage of manufacturing, business and commercial services Gross Domestic Product growth in Alberta	7.0%	3.2%	3.1%	3.4%	-1.6%
1.b Total non-residential investment in Alberta per capita (\$ thousands)	18,571	20,215	22,940	23,806	18,106
1.c Year over year percentage increase in employment in SMEs	3.7%	4.8%	4.6%	4.4%	-0.7%

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

Economic Development and Trade, including its network of international offices, 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 markets by facilitating business to business connections. To strengthen and grow the Alberta economy, the ministry promotes opportunities in the province to attract and retain foreign direct investment and capital while actively monitoring and assessing major foreign investment proposals. The ministry ensures a coordinated approach to fostering strong relationships with the Canadian Government, foreign governments and policy-makers that protect and advance Alberta's interests in 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.

Key Strategies:

- 2.1 Deliver the Alberta Export Expansion Package to increase the number of Alberta companies actively seeking export opportunities, and expand the awareness and fluency of Alberta's SME community in export-oriented activities.
- 2.2 Provide leadership in Alberta's international engagement across the Government of Alberta to strengthen and diversify Alberta's economy in concert with business and policy leaders, and to foster strategic relationships within Canada and internationally to advance the province's interests on critical policy issues.
- 2.3 Create opportunities in international markets for Alberta by leveraging our international offices, and relationships with international development organizations, to facilitate business connections that attract investment and grow exports, resulting in job creation for Albertans and a diversified and resilient economy.

- 2.4 Build and leverage relationships and partner with other economic development agencies, industry associations and governments to strategically and consistently promote collaboration and connections that generate economic benefit to grow and diversify Alberta's economy.
- 2.5 Lead Alberta's participation and ensure Alberta's interests are advanced in the negotiation of the Canada Free Trade Agreement, the accession of new parties to the New West Partnership Trade Agreement, and international trade and investment negotiations, including with China.
- 2.6 Lead and coordinate provincial implementation of new and existing trade agreements, including the Canada-EU Comprehensive Economic and Trade Agreement. In partnership with other ministries, defend Alberta's interests in trade challenges such as those related to beer and softwood lumber.

Performance Measures	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
2.a Percentage of clients who agree that Alberta's trade policy supports opportunities for exports (Annual Client Survey)	69%	73%	77%	80%
2.b Percentage of clients indicating that Economic Development and Trade helped them connect with contacts who otherwise would have been difficult to identify/access (Annual Client Survey ¹)	79%	81%	83%	85%
2.c 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 Client Survey ¹)	74%	75%	78%	80%

Note:

¹ In 2016, clients of the international offices were included in the Annual Client Survey for the first time. In previous years these clients were surveyed through a separate client survey.

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 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.c 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 Measure(s) under Development:

Performance measures are under development for the Alberta Export Expansion Package (AEEP) that capture the number of Alberta businesses and associations receiving funding and supports through AEEP, and the total amount of funding provided through the Export Support Fund to Alberta businesses to off-set costs of exporting to new international markets.

Performance Indicators	Actual 2012	Actual 2013	Actual 2014	Actual 2015
2.a Total value of Alberta's exported products and services (\$ billions)	102.8	113.1	131.7	105.5
2.b Total value of Alberta's exported products outside of United States (\$ billions)	13.3	12.5	12.5	12.4

Outcome Three: Alberta’s publicly funded research and innovation system contributes to Alberta’s sustainable prosperity

Economic Development and Trade provides leadership to Alberta’s research and innovation system by providing clear direction in governance, outcomes and aspirational innovation targets for provincially-supported research and innovation organizations. The ministry provides funding for Alberta Innovates and actively works with the organization on the reporting of results to Albertans. The ministry also plays an essential role in leveraging resources and facilitating collaboration among government departments, research and innovation organizations such as Alberta Innovates, post-secondary institutions and the private sector. Through this, the ministry supports the development of highly qualified professionals, and also helps in retaining technology expertise and innovative companies in Alberta. The ministry establishes partnerships with other jurisdictions from across the globe, and with leading enterprises to establish connections to Alberta innovators, entrepreneurs and technology-focused sectors and to help Alberta companies integrate their new technologies into global value chains. The ministry champions these connections, leading in intent, actions and outcomes, and builds the critical relationships between research, innovation, technology commercialization and economic development to deliver results and benefits to Albertans.

Key Strategies:

- 3.1 Develop and continue to enhance strategic frameworks, policies and actions that clarify and strengthen government direction and aspirational innovation targets for science, technology and innovation.
- 3.2 Increase Alberta’s partnerships and leverage other science and innovation funding through strengthened relationships with other federal, provincial, and municipal government innovation agencies, as well as the private sector.
- 3.3 Facilitate the implementation of a Climate Change Innovation and Technology Framework which redefines government’s focused and coordinated approach to innovation and technology development funding under Alberta’s Climate Leadership Plan.
- 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 and globally connected enterprises to encourage collaboration between Alberta’s SMEs and international partners, and promote Alberta internationally as a world-class destination for research, innovation and commercialization.

Performance Measure	Last Actual 2014-15	Target 2017-18	Target 2018-19	Target 2019-20
3.a Sponsored research revenue attracted by Alberta’s comprehensive academic and research institutions (\$ millions)	851.2	863.9	874.3	883.0

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. Funding from Economic Development and Trade, along with additional funding from the province and 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 (Year)	Actual (Year)	Actual (Year)	Actual (Year)	Actual (Year)
3.a Federal research Investment in:					
• Alberta per capita ¹	\$91.48 (2011)	\$80.00 (2012)	\$77.33 (2013)	\$74.41 (2014)	\$66.82 (2015)
• Canada per capita ¹	\$112.24 (2011)	\$99.68 (2012)	\$96.94 (2013)	\$93.05 (2014)	\$89.66 (2015)
3.b Start-ups licensing university technology per million population	4.8 (2010)	5.3 (2011)	4.6 (2012)	5.2 (2013)	6.8 (2014)

Note:

¹ Indicator 3.a provides information on per capita research investment by the federal government in post-secondary institutions in Alberta and across Canada.

RISKS TO ACHIEVING OUTCOMES

To increase the likelihood of achieving its outcomes, the ministry must consider and manage strategic risks. The ministry follows an Enterprise Risk Management Approach to identifying and managing its risks, which include:

- Rising protectionism internationally may impact Alberta’s ability to access markets for its products and services;
- Trade and the flow of investment into Alberta will continue to be affected by geopolitical uncertainty and commodity price volatility; and
- Alberta will continue to be vulnerable to geopolitical uncertainty and commodity price volatility without focused and sustained action to diversify the province’s economy.

These strategic risks were considered as part of the development of the ministry’s business plan. Economic Development and Trade is committed to taking action to mitigate the adverse effects of these risks on the achievement of the ministry’s outcomes.

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2017-18 Estimate	2018-19 Target	2019-20 Target
	2015-16 Actual	2016-17 Budget	2016-17 Forecast			
REVENUE						
Internal Government Transfers	109,759	115,560	113,260	112,020	112,020	88,370
Transfers from Government of Canada	4,599	5,487	4,479	4,479	4,479	4,479
Investment Income	1,024	1,333	1,086	1,086	1,086	1,086
Premiums, Fees and Licences	1	3,015	768	768	768	768
Other Revenue	64,965	70,029	52,951	55,640	60,258	60,288
Ministry Total	180,348	195,424	172,544	173,993	178,611	154,991
Inter-Ministry Consolidations	(113,759)	(119,942)	(117,642)	(116,626)	(116,626)	(92,976)
Consolidated Total	66,589	75,482	54,902	57,367	61,985	62,015
EXPENSE						
Ministry Support Services	6,799	13,845	12,919	14,276	14,326	14,326
Economic Development	21,031	37,644	33,683	32,846	32,846	32,846
Trade and Investment Attraction	21,956	24,181	25,800	27,726	32,396	30,072
Science and Innovation	53,686	48,280	48,202	50,114	50,114	50,114
Jobs, Investment and Diversification	-	42,400	25,742	55,580	30,000	25,000
Alberta Enterprise Corporation	1,189	850	850	2,100	2,100	2,100
2013 Alberta Flooding	75	-	-	-	-	-
Climate Leadership Plan	-	-	-	10,795	1,020	-
Alberta Innovates Corporation	303,689	302,973	302,973	285,990	287,952	285,557
Ministry Total	408,425	470,173	450,169	479,427	450,754	440,015
Inter-Ministry Consolidations	(160,432)	(127,465)	(127,465)	(122,387)	(122,387)	(117,387)
Consolidated Total	247,993	342,708	322,704	357,040	328,367	322,628
Net Operating Result	(181,404)	(267,226)	(267,802)	(299,673)	(266,382)	(260,613)
CAPITAL INVESTMENT						
Ministry Support Services	25	25	25	2,075	2,025	625
Alberta Innovates Corporation	5,080	9,150	8,150	10,588	14,800	15,770
Ministry Total	5,105	9,175	8,175	12,663	16,825	16,395
Inter-Ministry Consolidations	-	-	-	(2,000)	(2,000)	(600)
Consolidated Total	5,105	9,175	8,175	10,663	14,825	15,795