

MINISTRY OF ALBERTA ECONOMIC DEVELOPMENT

ANNUAL REPORT

2000

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2000 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 September 11, 2000 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Jon Havelock Q.C.
Minister

Public Accounts 1999/2000

Preface

The Public Accounts of Alberta are prepared in accordance with the Financial Administration Act and the Government Accountability Act. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

The annual report of the Government of Alberta released in June contains the Provincial Treasurer's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Economic Development contains the Minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry's business plan. This Ministry annual report also includes:

- **other financial information as required by the Financial Administration Act and Government Accountability Act, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.**

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A Message from the Minister

Alberta is the best place in the world to live and do business.

That vision drives the policies and services of Alberta Economic Development (AED). In partnership with Alberta businesses and other government departments, we work to create the conditions for continued growth and prosperity in the province and to promote the Alberta Advantage for business, investment and tourism.

It's a vision grounded in reality: Alberta continues to experience strong and diversified economic growth that is environmentally sustainable. Our Gross Domestic Product grew by 2.5 percent in 1999, with 38,000 jobs added to the economy. Manufacturing shipments grew by 5.8 percent and exports by 11.1 percent. Investment in manufacturing and service industries rose by 1.7 percent, and the number of export-ready and exporting companies increased from 2,366 to 3,123. Tourism revenue grew by 2.2 percent to \$4.2 billion, comprising 13 percent of the Canadian total.

Key partners in AED's work are the Alberta Economic Development Authority and the Strategic Tourism Marketing Council, which coordinate private sector input and inform our business planning process.

Their input was especially valuable in the past year, as AED developed the province's new economic strategy, *Get Ready Alberta — Strengthening the Alberta Advantage*, to position Alberta as a leader in the global economy. The department also released a new International Marketing Strategy, which highlights priority countries, industry sectors and strategies to expand our export potential. We completed a review of our international offices, aligning their operations with the needs of the growing number of Alberta exporters.

Department services were reorganized to incorporate a new agriculture and food branch and ensure more efficient provision of information and services to the private sector. Staff hosted workshops and seminars across the province on e-commerce, exporting and business-to-business marketing in order to enhance the global competitiveness of Alberta businesses.

Critical support was also provided to the tourism sector, with completion of the Tourism Destination Region review and implementation of the Strategic Tourism Marketing Plan. Financial support for tourism marketing was doubled to \$16 million. The industry is poised to bring the world to Alberta.

We face challenges in the tourism sector, particularly regarding the future of our mountain national parks. We will continue to be strong advocates for a balanced approach to tourism development in the parks, and to work with industry to position Alberta as one of the most exciting tourism destinations in the world.

As we implement the economic strategy, with its aggressive targets for increasing value-added exports and tourism revenues, international promotion will become more important. Our presence at Expo 2000 in Germany from June to October is a key activity that was initiated in the 1999/2000 fiscal year. We will also work with other departments, governments and the private sector to strengthen essential components of our global market readiness, such as a provincial aviation strategy and regional development.

In my first year as Minister, AED sharpened its focus on its core businesses of strategic leadership, international promotion and tourism development. We now stand ready to respond to the growth of Alberta as a global economic leader in the year 2000 and beyond.

Original signed by

Jon Havelock, Q.C.
Minister

Management's Responsibility for Reporting

The Ministry of Economic Development includes the Department of Alberta Economic Development.

The executives of the individual entities within the department have the primary responsibility and accountability for the department. Collectively, we ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Economic Development. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under ministry administration;
- provide Executive Council, Treasury Board, the Provincial Treasurer and the Minister any information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the Government Accountability Act.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.



R.J. (Bob) Fessenden
Deputy Minister
Ministry of Economic Development
August 31, 2000

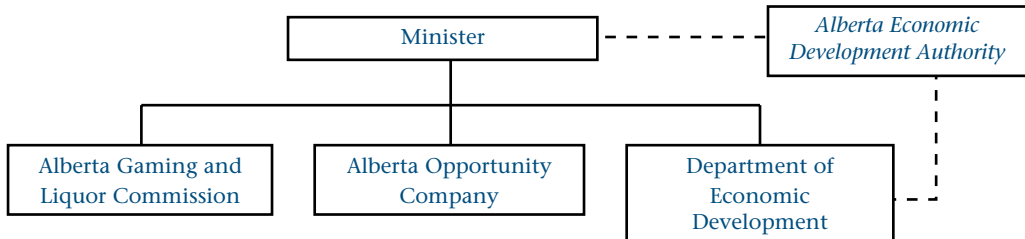
Overview of Ministry

Chart of Ministry Entities

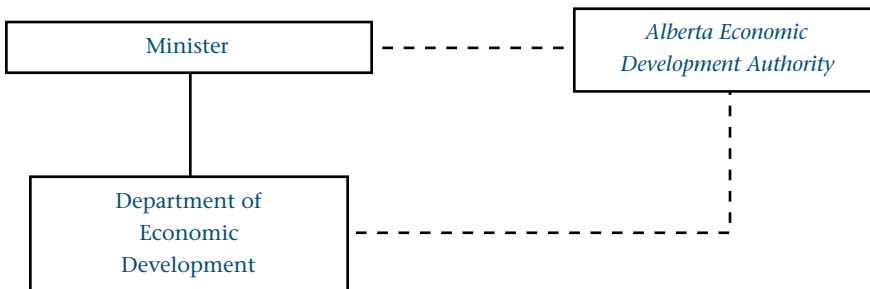
1999/2000 Ministry Highlights

Ministry of Alberta Economic Development Chart of Ministry Entities

Prior to Government Reorganization



After Government Reorganization



Department of Economic Development

The department concentrates on the following three core businesses:

- Provide strategic leadership for Alberta's economic development policy and planning.
- Promote increased trade of Alberta goods and services, and attract investment to Alberta.
- Stimulate the growth of Alberta's tourism industry.

Alberta Economic Development Authority

- A unique relationship with the private sector that ensures the province's economic development goals are achieved in partnership with business and industry.
- Established in 1994 and made up of over 80 private sector volunteers comprising business, government, academic and research institutions and economic development agencies.
- Acts as a high-level policy advisory group to the government concerning key economic development and industry competitiveness issues.

1999/2000 Ministry Highlights

In 1999/2000, Alberta Economic Development, with the support of its public and private sector partnerships, continued to undertake important strategic initiatives to strengthen Alberta's economic position and pave the way for a bright future in a rapidly evolving global economy.

Over the past several years, the department has undergone significant restructuring in order to streamline its operations and ensure that its efforts are focused most effectively on achieving its mission of promoting Alberta's continuing prosperity. AED concentrates its efforts on three core businesses:

- Strategic Leadership for Economic Development Policy and Planning
- Market Development and Investment Attraction
- Tourism Marketing and Development

Preparing for a New Century

AED plays a vital role in helping Alberta develop a vibrant and versatile economy. The department provides strategic leadership for Alberta's economic development by creating and implementing effective market-driven strategies to make the most of our positive economic climate.

- This fiscal year, AED led a multi-departmental effort in the creation of a new economic strategy for the province. *Get Ready Alberta — Strengthening the Alberta Advantage* builds on the province's strengths and sets bold targets for moving forward. The strategy outlines four key directions for building a strong future for Albertans:
 - Unleashing innovation
 - Leading in learning
 - Competing in a global marketplace
 - Making Alberta the best place to live, work and visit.

Competing on the World Stage

AED works to ensure that Alberta's businesses, communities and industry sectors are globally competitive. The department's efforts are geared toward developing strategies to make the most of Alberta's key industry sectors, encouraging Alberta companies to become export-ready, promoting increased trade of Alberta goods and services, and facilitating attraction of international investment to our province.

- In 1999/2000, the department worked to examine the current strengths and weaknesses of a number of value-added sectors. This information is being used to develop sector strategies for the aerospace, architecture/construction/engineering, building products, environmental products and services, industrial machinery

and equipment, petrochemicals/chemicals, plastics, value-added wood, and health care products and services sectors.

- In cooperation with other departments, AED developed *Alberta's International Marketing Strategy (AIMS)*, a comprehensive strategy for promoting Alberta to international markets and showing the world what our province has to offer. AIMS coordinates Alberta's trade and investment activities and offers market-driven strategic direction on how we can maintain our international competitiveness. The strategy establishes geographic priorities for markets and sectors where government can add the greatest value and that are important to Alberta's economic future.
- In order to promote Alberta business and industry worldwide, attract investors, and obtain valuable market intelligence and business leads, AED and industry partners facilitated numerous marketing activities such as trade shows, conferences, seminars and missions. While some of these events were geared toward Alberta's traditional resource industries, others reflected the fact that our province is becoming increasingly competitive in today's high-tech, knowledge-based global economy.

Putting Alberta on the Map

In 1999/2000, AED continued its efforts to promote Alberta as an attractive and globally competitive tourism destination. The department is committed to ensuring the growth of Alberta's tourism industry.

- AED implemented the new tourism framework that includes a Strategic Tourism Marketing Plan, a long-term strategy that combines the market knowledge and experience of Alberta's tourism operators with the government's ability to support the industry and deliver effective programs and services.
- In June 1999, the Minister undertook a province-wide tour to meet with key members of the tourism industry and communicate the department's goals for putting Alberta on the map. The Minister received input and suggestions from tourism stakeholders and strengthened communication lines between the industry and government. He visited Alberta's many top tourism destinations and familiarized himself with the people, events and attractions that make Alberta one of the world's most popular tourist destinations.
- In cooperation with other departments, AED played a key role in developing Alberta's position on National Parks. The position encompasses four principles:
 - the ecological vitality and the special experience of the parks are sustained;
 - affordable, accessible parks for people;
 - the national parks remain a cornerstone of the tourism sector; and
 - equitable treatment of Albertans living in parks.

These principles were endorsed by Provincial and Territorial Tourism Ministers at their May, 2000 meeting in Calgary, Alberta, as the position of all provinces and territories with respect to national parks.

Measuring Up

- This fiscal year, AED developed a comprehensive **performance measurement framework**. This framework provides the department with an effective and efficient means of tracking its performance on strategic initiatives. Implementation of the framework will continue into 2000/2001. These performance measurement initiatives create increased accountability and reflect how government activities impact on broad economic outcomes.
- The performance measurement initiative included work on a **Performance Measurement Framework for International Offices**, which will offer guidelines for monitoring the offices' activities and results achieved.
- In addition, a **Tourism Performance Measurement Framework** was put in place to effectively gauge the performance of AED's tourism activities and initiatives.

Financial Highlights

Ministry spending of \$47.2 million came in \$4.2 million below the \$51.4 million target. To ensure a proper focus in its operations, the Ministry postponed several planned initiatives while it refined its strategic direction and improved its ability to measure its performance. The most significant events that contributed to the lower than planned spending were:

- delay of implementing the International Representation Review recommendations, while a comprehensive performance measurement system was developed (\$1.9 million);
- deferral or cancellation of international marketing projects during the development of Alberta's International Marketing Strategy (\$1.3 million);
- delays resulting from the government reorganization and staff vacancies (\$2.7 million); and
- partially offsetting the ministry's reduced spending were the following additional expenditures that allowed the province to take advantage of significant opportunities:
 - preparation for Alberta's public-private sector participation at Expo 2000 in Hannover, Germany (\$0.9 million); and
 - higher than expected costs to implement the first year of the new tourism framework (\$0.5 million).

A Message from the Deputy Minister

From a departmental perspective, the government-wide reorganization was probably one of the most significant events of the 1999/2000 fiscal year. As part of this reorganization, Alberta Economic Development (AED) was able to rethink and refocus its vision, mission and core businesses. The Alberta Opportunity Company and the Alberta Gaming and Liquor Commission moved to the purview of other ministries. These moves allowed AED to truly focus on being government's strategic marketing arm — the marketing of Alberta as a significant player on the world economic stage. Our core businesses enable us to fulfill this role. At AED, our core businesses are:

1. Strategic leadership for economic development policy and planning
 - provide strategic leadership for Alberta's economic development;
2. Market development and investment attraction
 - promote increased trade of Alberta goods & services, and attract investment to Alberta; and
3. Tourism marketing and development
 - stimulate the growth of Alberta's tourism industry.

In addition to the re-focussing of our core businesses, the realignment of ministries enabled the department, in conjunction with Innovation and Science; Agriculture, Food and Rural Development; and Resource Development to implement innovative approaches to service delivery in areas where we have shared objectives.

- With Innovation and Science, AED co-funds the Research & Technology Commercialization Branch to allow this critical expertise to service the growing needs of the information and communications technology sector and other advanced technologies sectors, while maintaining a strong linkage to trade development and investment attraction.
- With Agriculture, Food and Rural Development (AFRD), AED shares responsibilities for promoting the strength of the agriculture sector. While AED leads trade development activities, AFRD leads investment attraction and industry development activities. Together we provide seamless service to the Alberta agriculture industry.
- With Resource Development, AED shares responsibilities for promoting the growth of the forestry and forestry value-added sector. From primary production, which is led by Resource Development, through to secondary value-added wood products, led by AED, the integration of expertise between the two departments is critical to provide services to this industry sector.

These approaches enable the government to respond to the needs of these sectors in a cost-effective manner, while ensuring integrated, seamless service delivery to our mutual clients.

1999/2000 marked the implementation of a new tourism framework and a Strategic Tourism Marketing Plan. This strategy combines the experience and market-knowledge of tourism operators, marketing professionals and other stakeholders with government's ability to provide effective, timely programs, services and information to industry representatives. By doing so, the private and public sectors are able to leverage, through the Strategic Tourism Marketing Council and the Travel Alberta Secretariat, specific efforts to increase tourism marketing and investment interest in the province.

This year the department has also developed a framework for performance measurement that gives us the tools to determine appropriate measures for critical business processes, which in turn are aligned with our goals and core businesses. The first implementation of this framework will be done with Alberta's international trade offices, for which AED has responsibility.

Original signed by

R.J. (Bob) Fessenden
Deputy Minister

Results Analysis

**Department of Economic Development
Alberta Economic Development Authority**



Report of the Auditor General on the Results of Applying Specified Audit Procedures to Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Economic Development's 1999/2000 performance measures, included in pages 34 to 43 of the *1999/2000 Annual Report of the Ministry of Economic Development*.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations, which converted source information into reported measures, were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the set of measures and therefore I express no opinion on those measures included in the *1999/2000 Annual Report of the Ministry of Economic Development*.

[Original signed by Peter Valentine] FCA
Auditor General

Edmonton, Alberta
August 31, 2000

[The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.]

Department of Economic Development

The vision of Alberta Economic Development (AED) is that “Alberta is the best place in the world to live and do business.” To achieve this vision, the department promotes Alberta’s continuing prosperity by concentrating on three core businesses:

- Under its first core business, in partnership with the Alberta Economic Development Authority (AEDA) and the Council of Economic Development Ministers (CEDM), the department focuses on the key economic performance challenges and opportunities facing the province.
- Under its second core business, the department promotes sustainable growth in the trade of Alberta products and services and investment to Alberta by focusing on markets and industry sectors with the greatest impact.
- Under its third core business, in conjunction with the Strategic Tourism Marketing Council, the department focuses on the development and marketing of the Alberta tourism industry.

Core businesses:

1. *Strategic leadership for economic development policy and planning.*
2. *Market development and investment attraction.*
3. *Tourism marketing and development.*

Through these partnerships and other stakeholders, such as business, industry associations and other provincial departments, AED works towards achieving the following goals related to its core businesses:

Goal 1: Alberta has a vibrant and versatile economy;

Goal 2: Alberta’s businesses, communities and industry sectors are globally competitive; and

Goal 3: Alberta is a globally competitive tourism destination.

Goal 1: Alberta has a vibrant and versatile economy.

As we head into a new millennium, it is crucial that Albertans develop strategies and goals for moving forward in order to keep pace with the world’s quickly changing economic climate. Government and industry are committed to working together to build on the strengths of our economy and set future goals to establish a strong and sustainable presence for our province in an increasingly knowledge-based global economy.

AED works toward its goal of a vibrant and versatile economy for Alberta by:

- undertaking **strategic economic planning** for the provincial government,
- participating in and leading **cross-government initiatives** that influence the province’s prosperity,
- assessing **Alberta’s competitiveness** relative to other jurisdictions, and
- providing **business and economic information** to support our stakeholders in their decision-making processes.

Significant results achieved in 1999/2000 in each of these areas are highlighted in the following sections.

Strategic Economic Planning

Alberta Economic Development, in partnership with the AEDA and the CEDM, focuses on Alberta's key economic performance challenges. Together we identify the diverse opportunities presented by today's global economy and strategically map out markets and sectors that make the greatest difference to Alberta's economic performance.

- **Get Ready Alberta — Strengthening the Alberta Advantage.** AED led a Ministers' Task Force in preparing a new economic strategy to maintain Alberta's economic momentum and ensure future prosperity. The strategy builds on the province's strengths and sets bold targets for moving forward by unleashing innovation, leading the world in learning, competing in the global marketplace and making Alberta the best place in the world to live, work and visit.
- **Alberta Economic Development Authority.** This fiscal year, AED worked with AEDA on strategic economic initiatives such as:
 - **Alberta's Climate Change Strategy.** AED participated on the interdepartmental team that supported the AEDA-led Climate Change Round Table. The department continues to support and participate on initiatives that implement the key directions identified by the Round Table.
 - **Equity Capital of Early-Stage Alberta Knowledge-Based Businesses.** This study determined that Alberta's new technology and knowledge-based firms are considered by institutional investors as attractive investment opportunities.
 - **Tax and Business Cost Competitiveness Study.** Edmonton's and Calgary's costs of doing business in knowledge-based industries were found to be competitive with other Canadian and US jurisdictions.
 - **Building on the Alberta Advantage: Progress Report 1999.** This progress report showed that many of Alberta's economic targets had been met or exceeded. It was used to guide the development of the new economic strategy, *Get Ready Alberta*.

"A good economy is not an end in itself; it is the means by which a province is built of which all citizens can be proud—a province with a good school system, quality health care, modern infrastructure, a high quality of life, and a responsive set of social programs."
– Premier Ralph Klein

Cross-Government Initiatives

AED works in partnership with other departments and governments on initiatives that impact Alberta's future prosperity. During 1999/2000, AED led or participated in the following initiatives:

- **Knowledge and Innovation.** AED co-led this initiative with Alberta Innovation and Science and Alberta Learning. The overall goal established for this initiative was:

"Knowledge and innovation in Alberta will be a catalyst for economic growth and improved quality of life."

Work concluded with the writing of the annual report on cross-government initiatives. As indicated in that report, the original objectives that Deputy Ministers set out for the knowledge and innovation initiative were achieved. This was demonstrated by:

- recognition that knowledge and innovation is an integral component of the province’s new economic strategy, *Get Ready Alberta*, and
 - achievement of the targets that aimed to nurture a culture of knowledge and innovation in the province.
- **People and Prosperity.** As co-lead of this initiative, AED monitored activity and participated in the development of the 1999 progress report *People and Prosperity: Accomplishments and Outlook*. Government met all 1999/2000 targets and will focus on meeting future workforce demands, maximizing workforce effectiveness, providing children and youth with a strong foundation for the future, and building vibrant and supportive communities.
 - **Western Economic Partnership Agreement (WEPA).** AED and Western Economic Diversification Canada co-chaired negotiations on Phase 3 of the WEPA, a cooperative effort that identified 19 economic development projects worth \$7.3 million. The projects, to be implemented between April 2000 and March 2002, will enhance the long-term future of Alberta’s economy by improving delivery of economic development activities and services. The Agreement will also foster improved cooperation between the Government of Alberta and the Government of Canada, including 50:50 shared funding of projects.

The five WEPA projects partnered by Alberta Economic Development are:

Greenhouse Gas (GHG) Emission Reduction Technology Showcase

This project involves the development of a web site designed to benefit potential buyers and sellers of GHG technologies. The project will be implemented in partnership with the Environmental Services Association of Alberta.

Competitive Intelligence Training and Pilot

This initiative involves the hiring of consultants to facilitate twelve competitive intelligence-training seminars across Alberta. Competitive Intelligence (CI) involves the use of the Internet and other sources of information to identify market opportunities, particularly in export markets. CI techniques have been developed as tools to improve the competitiveness of Alberta companies, through market development and investment attraction. This initiative is being undertaken by *Trade Team Alberta*, a joint Canada-Alberta initiative to promote coordination and collaboration on international business activities.

Connectivity 2000: E-Commerce Awareness Sessions

Under this joint venture between Alberta Economic Development and Alberta Innovation and Science, sessions will be held throughout Alberta to enhance community awareness of the value of e-commerce to their market development and competitiveness. This project has three components: workshops on

**Phase 3 WEPA projects:
(Alberta Ministry partner
in brackets)**

**Technology and
Innovation Infrastructure**

*Micro Systems Technology
Research Institute
(Innovation and
Science)*

*Industrial Regional
Benefits Equity Fund
Start-up (Innovation
and Science)*

*DNA Microarray
Technology (Health and
Wellness)*

*Greenhouse Gas Emission
Reduction Technology
Showcase (Economic
Development)*

*Health Data Visualization
(Health and Wellness)*

*Cereals Fractionation Food
Processing Development
Centre (Agriculture,
Food and Rural
Development)*

*Olds College Innovation
Centre (Agriculture,
Food and Rural
Development)*

*Edmonton Waste
Management Centre
(Environment)*

*Alberta Centre for Climate
Change Technology
(Innovation and Science)*

Community Development

*Animal Health Effects Re:
Flare Emissions
(Environment)*

*Competitive Intelligence
Training and Pilot
(Economic
Development)*

*Connectivity 2000:
E-Commerce Awareness
Sessions (Economic
Development)*

*Supplementary Alberta
Attractions (Community
Development)*

*Integrated Information
Strategy and
Implementation
(Economic
Development)*

**Phase 3 WEPA projects
(continued):**

Canadian Centre for
Social Entrepreneurship
(Community
Development)

Northern Participation in
Mineral Exploration and
Development (Resource
Development)

Edmonton Urban
Aboriginal Initiative
(Human Resources and
Employment and
International and
Intergovernmental
Relations)

Traditional Use Study
(Resource Development
and International and
Intergovernmental
Relations)

Métis Nation of Alberta
Association (Economic
Development)

For more information on
Alberta's competitive
advantages, see Outcome
Measure #3 in the
Performance Measures
section of this report
(page 36).

**AED Research
Publications:**

- *Alberta Business Outlook*
- *Global Economic Outlook*
- *Highlights of the Alberta Economy*
- *Monthly Economic Review*
- *International Trade Review*
- *Tourism Market Monitor*
- *Inventory of Major Alberta Projects*
- *Inventory of Alberta Regional Projects*
- *Facts on Alberta*

e-commerce, filming of three presentations relating to web marketing and Internet financial security, and development of an on-line e-commerce business kit. The project will be implemented in collaboration with industry associations.

Integrated Information Strategy and Implementation

The purpose of this project is to assess current information technology infrastructure and information platforms/systems used by community, regional and provincial/federal entities, and to develop a strategy to improve electronic linkages among these groups.

Métis Nation of Alberta Association (MNAA)

This project involves supporting the efforts of the MNAA to develop a Strategic Economic Development Plan to help the MNAA to identify priorities and opportunities for increased participation by the Métis community in the Alberta economy.

Alberta's Competitiveness

The department continually monitors Alberta's competitiveness relative to other jurisdictions. This enables us to recommend policies that will help move our economy forward.

Specific initiatives undertaken in 1999/2000 include:

- **Alberta Comparative Cost Model.** AED, with the firm KPMG, developed a model for comparing the competitiveness of Alberta business locations with other competing jurisdictions. The model has two basic applications: monitoring and assessment of tax policy alternatives, and improving effectiveness of marketing efforts by providing third-party credibility. It includes cost data for six Canadian and seven American cities, and will be used by the department as a tool for attracting new business and investment into the province.
- **Cost survey on electric power costs in the forest industry.** A significant cost of forest product manufacturing is electrical power. AED completed a survey to determine Alberta's cost competitiveness. A total of 44 forest industry mills from Alberta, British Columbia, Ontario, Quebec and Washington State were compared. In 1998, power costs in Alberta were among the lowest of the jurisdictions surveyed.

Business and Economic Information

The department provides crucial information, in the form of economic reports, statistics, industry-specific studies, and research publications, to help Alberta businesses and stakeholders make better business decisions. The use of AED publications has been steadily increasing. Over 56,000 requests for publications via the department's dynamic new web site and regular mail were fulfilled in 1999/2000, representing an impressive 47 percent increase from the previous year.

Goal 2: Alberta's businesses, communities and industry sectors are globally competitive.

Although Alberta's economy is currently strong and vibrant, it is important that we continually monitor and adapt to the changes that are taking place across Canada and around the world. We must look ahead to the future in order to maintain Alberta's positive economic climate and expand our horizons to succeed in an increasingly knowledge-based global economy.

To achieve the goal of a globally competitive Alberta, the department focuses its efforts on the four cornerstones of economic development: Industry Development, Regional Development, Trade Development and Investment Attraction. Highlights in the latter two categories have been combined in this discussion due to their overlap of activities. The following sections highlight key results achieved in 1999/2000 for each of these areas.

Industry Development

The department supports this key component of economic development by:

- addressing policy challenges and opportunities for value-added industries;
- facilitating partnerships and networks to support industry sector growth; and
- providing industry competitive intelligence to assist Alberta companies in becoming globally competitive.

Addressing Policy Challenges and Opportunities for Value-Added Industries

- **Sector Strategies.** The function of industrial development within Alberta is a shared responsibility among government departments. During 1999/2000, AED focused considerable effort on understanding the strengths, weaknesses, opportunities and threats facing those sectors where the department has a lead responsibility (see sidebar). This work is being used to develop AED's approaches to the different sectors.
- **West Coast Ports Dispute.** AED worked actively with industry to minimize disruption of transportation services during this dispute. This interaction allowed companies to set optimum cut-off dates for redirecting cargo through alternate ports, which resulted in improved planning, scheduling and cost savings. Together, the department and industry were instrumental in the federal Minister of Labour's decision to intervene in this dispute, resulting in a quick settlement.

Facilitating Partnerships and Networks to Support Industry Sector Growth

- **Canadian Environmental Technology Advancement Corporation–West (CETAC–West).** AED supported CETAC–West in delivering management and advisory services to 140 companies. These services included developing business plans, coaching and mentoring entrepreneurs, and helping clients secure financing or strategic alliances to move their projects forward.

AED plays the lead in addressing issues facing the following key value-added sectors:

- aerospace
- architecture/engineering/construction
- building products
- environmental products and services
- industrial machinery and equipment (including metal fabrication)
- petrochemicals and chemicals
- plastics
- value-added wood
- health care products and services
- tourism

Other provincial government ministries are the lead in the following value-added sectors:

- processed agricultural products, food and beverages (Alberta Agricultural, Food and Rural Development)
- information and communications technology (Alberta Innovation and Science)
- forest products (Alberta Resource Development)

- **Matching Dollars with Opportunities Venture Capital Fair.** This event was organized by the Electronic Industry Association of Alberta in partnership with AED and others. The fair helped to build and strengthen relationships between advanced technology companies in Alberta and venture capital investors, in order to encourage business and sector growth. Eighty-one people attended and 13 companies presented their business development plans to 26 different investment organizations.

Thirty competitive assessment reviews were completed with members of two industry associations, and an agreement has been reached with the Athabasca Tribal Council to provide 20 First Nation businesses access to business counselling and assessment services.

Providing Industry Competitive Intelligence to assist Alberta Companies in Becoming Globally Competitive

- **Competitive Assessment Review.** The department provided access to this diagnostic tool, which helped companies assess and improve their productivity and competitiveness.
- **Industry Sustainability — Environmental Conferences.** AED helped to facilitate four conferences on waste management and global climate change. Such events ensure that Alberta companies are aware of the latest technological developments and the efforts being pursued by private and public sectors.
- **Alberta Propylene Upgrading Prospects.** The department commissioned a report that concluded the province could support a propylene derivative plant. These findings will help AED promote investment in construction of a plant in Alberta.
- **Comparative Construction Cost Study.** This study showed that Alberta was the lowest cost jurisdiction when comparing the capital cost of construction of a “generic” petrochemical plant, at 4.4 percent lower than Sarnia, 4.0 percent lower than Montreal, 27.5 percent lower than Chicago and 5.7 percent lower than the US Gulf Coast. This study will be used to promote investment in Alberta’s petrochemical industry.
- **Call Centres.** AED contributed to the attraction of two new call centres to the province. A Ford Credit Service Centre is expected to create 495 new jobs in Edmonton, and the Convergys Customer Care Canada call centre will create approximately 1000 new jobs in Edmonton. Several other call centre prospects were identified throughout the year.

Regional Development

AED promotes economic and business growth in regional centres across the province. To assist local economic development authorities, municipalities and other regional stakeholders in making better business decisions, the department focuses its activity on:

- promoting regional cooperative economic development initiatives;
- supporting the development of regional investment strategies; and
- providing information to support small business and regional growth.

Promoting Regional Cooperative Economic Development Initiatives

All Alberta communities and businesses are competing in a global marketplace. This concept applies to business attraction, investment attraction and businesses looking to expand their markets. By grouping their efforts, Alberta communities are better able to promote their regions, offer the infrastructure needed by today's businesses and undertake projects, which individual communities might be unable to start.

- AED has facilitated a number of initiatives that focused on communities working together to address economic issues. During the year, the department developed a process for working cooperatively with three regional partnerships: the Central Alberta Economic Partnership, the Peace Region Economic Development Alliance and the emerging Northeastern Alberta Information Hub. These three initiatives represent over 90 Alberta municipalities working together within a regional context.

Supporting Regional Investment Strategies

- **Community Investment Strategy.** AED developed a strategy to help Alberta communities effectively attract and retain businesses and investment. Two supporting studies (*Community Competitiveness* and *Best Practices in Marketing to Attract Business Investment*) were commissioned and distributed to over 300 Alberta municipalities. In addition, a training course entitled *Business Investment: Understanding the Process* was developed. Information was provided to over 400 business and community leaders who attended presentations across the province.

Providing Information to Support Small Business and Regional Growth

- **Business Information Centres.** AED, in partnership with federal and municipal governments, provides vital information and intelligence to Alberta's business community. The department will continue to enhance information delivery at existing sites and look for opportunities to develop additional sites throughout the province.
 - The Business Link Business Service Centre, located in Edmonton, provides business information for Edmonton and all of Alberta through their toll-free line (1-800-272-9675). During the year, the Link assisted more than 47,000 clients. Its web site at <http://www.cbcs.org/alberta/> received a record 596,000 requests.
 - The Calgary Business Information Centre, which provides information services for the Calgary area, served over 21,000 clients in 1999/2000.
 - The department also supported several regional information sites located in Vermilion, Camrose, Hardisty, Olds and Hanna.
- **AlbertaFirst.Com.** Working with partner AlbertaFirst.Com Ltd., the department provided vital economic and statistical information on over 140 Alberta communities or regions through the www.albertafirst.com website.

Over 60,000 user sessions were registered on the AlbertaFirst.com web site over the year.

- AED added marketplace profiles to allow prospective investors and businesses to access vital information on the market potential of Alberta communities.
- AED signed an agreement with the Alberta Real Estate Association and AlbertaFirst.Com Ltd. to provide information on Alberta’s commercial and industrial property.
- **Electronic Commerce (e-commerce) Awareness Training Sessions.** In cooperation with Innovation & Science, AED developed and delivered 13 sessions across Alberta in 1999/2000. Over 1,000 businesses and industry representatives attended the sessions to enhance their ability to apply e-commerce solutions to their business operations. The sessions were so well received that additional industry training initiatives are being developed, and Phase 2 of the strategy will be delivered in 2000/2001 as part of the WEPA projects.

Trade Development and Investment Attraction

More than one-third of Alberta’s total economic activity, or \$38 billion in 1999, can be traced to exports of Alberta goods and services.

Alberta’s economic strength and prosperity rely increasingly on our ability to compete on the world stage. Investment and international trade activities are critical to our ongoing economic growth.

In 1999/2000, AED, in cooperation with other government departments, released *Alberta’s International Marketing Strategy (AIMS)*. The purpose of AIMS is to coordinate and focus Alberta’s investment and trade activities by identifying priorities and strategies that make the most of Alberta’s strengths in the global marketplace, and to set out strategic directions required to maintain the province’s international competitiveness. AIMS also defines government’s role, which is to provide market intelligence, identify opportunities, facilitate partnerships and provide support to the private sector at key points in the investment and export market development process.

The goals of AIMS are:

- *to increase Alberta’s manufactured exports and service exports (from \$14.7 billion in 1998 to \$19.5 billion by 2002); and*
- *to increase the value of new capital expenditures in Alberta’s manufacturing and service industries (from \$11.7 billion in 1998 to \$13.9 billion in 2002).*

AIMS focuses the department’s efforts on the markets and industry sectors that are most likely to yield the highest return for our investment of effort and resources. Activities range from providing individual companies with the information needed to make decisions, to orchestrating cooperation and coordination with federal and local governments. Specifically, AED focuses its activities on:

- providing market intelligence;
- creating partnership networks and alliances;
- showcasing Alberta abroad;
- leading with specific industries; and
- using international financial institutions (IFIs).

Providing Market Intelligence

AED provides Alberta businesses with market intelligence on emerging opportunities within our target markets and sectors, in order to increase their competitive advantage and market access. Market intelligence is becoming a major feature of AED's service to Alberta businesses, and it will be particularly relevant for new growth sectors. In 1999/2000, AED's market intelligence services for clients included:

- **USA Aerospace Market Intelligence Seminar, Aerospace North America.** This seminar was launched in cooperation with Industry Canada, Department of Foreign Affairs and International Trade, Western Economic Diversification, and the Alberta Aerospace Association to facilitate the presentation of competitive market intelligence, trends and opportunities from key US aerospace markets. Over 60 industry delegates participated in the August 1999 seminar.
- **Mexico Business Intelligence Services (MBIS).** Development was initiated on a secure, interactive electronic system to communicate market and project intelligence to qualified Alberta export-ready companies. Since its launch in November 1999 to March 31, 2000, there were 62 registered users of the system.
- **Mexico Oil & Gas Services and Equipment (OGSE) web site.** AED continued with the development and promotion of a web-based industry directory to Alberta export-ready companies, as a joint project with the Department of Foreign Affairs & International Trade, Canada. A total of 206 companies were registered as users of the web site in 1999/2000.
- **Iranian Seminar.** This event was developed and executed in partnership with the Calgary Export Club. Senior representatives from the National Iranian Oil Company participated, and 112 Alberta-based company delegates identified opportunities in the Iranian market.
- **Alberta Petroleum Equipment and Services Directory.** A new directory, produced in cooperation with Nickle's Energy Group, was designed for companies in emerging markets who want to partner or purchase Alberta petroleum equipment and services. A total of 6,000 directories were distributed at trade shows.
- **Alberta Services Exporters Study.** The results of the study, conducted to determine characteristics of Alberta's trade in services, will help provide Alberta with input for future rounds of World Trade Organization (WTO) negotiations dealing with service exports. The results will also be used to guide AED's delivery of programs to assist the competitiveness of Alberta service exporters.
- **The Agriculture industry** has identified an opportunity for a \$20 billion value-added industry. This target is highly dependent on increasing and building market share in international markets. The role of AED's Agriculture and Food Branch to the \$20 billion target is facilitating this increased value-added trade, in partnership with Alberta's agriculture and food industry, and Alberta Agriculture, Food and Rural Development through the provision of strategic market information and expertise to industry and key stakeholders.

Increased trade specifically in value-added agricultural and food trade has many spin-offs with respect to expansion within the existing industry. The Alberta beef processing industry, for instance, has made significant capital improvements in order to capture increasing market share in the chilled barley-fed beef market in Japan. As well, offshore market demand and increasing market opportunities in the United States attract investment to the province. There are a number of such projects being driven by the increased demand throughout Asia.

Relative to trade results for 1999, Alberta's value-added agricultural trade (products and byproducts of manufacture) rose by 13.4 percent. The most significant gains were achieved in beef and veal (+30.2 percent), pork (+23.7 percent), fruit and vegetable productions (+366.9 percent) and cereal preparations (+20.5 percent). Over the 1995–1999 period, value-added products have averaged +13.8 percent growth.

Creating Partnership Networks and Alliances

Working together with industry partnerships and alliances has increased Alberta's leverage in target markets. A strong and active network gathers intelligence, builds awareness and develops trade and investment opportunities for Alberta companies. This year, AED worked on several partnership and networking initiatives:

- **Letter of Agreement for Economic Cooperation with Jalisco Economic Development** as part of the *Protocol of Understanding and Friendship for a Sister Relationship between the State of Jalisco, Mexico and the Province of Alberta*. This agreement included a two-week exchange of department officials and an inbound mission from Jalisco of more than 100 Mexican participants, led by the Governor of the State of Jalisco. To date, three Alberta companies have concluded agreements based on meetings at this mission. Negotiations are also underway for agreements with other Mexican states.
- **Team Alberta @ Expo 2000**. The world's largest exposition, with some 25 million visitors expected, Expo 2000 runs from June 1 to October 31, 2000 in Hannover, Germany. Alberta's presence will be considerable through Team Alberta, a private/public partnership of over 40 organizations, of which AED is the lead partner. Expo 2000 represents a powerful opportunity to attract future investment, trade and tourism to Alberta.
- **Trade Team Alberta**. AED continued its role in Trade Team Alberta (the Canada/Alberta Memorandum of Understanding on Cooperation on International Business Activity). To improve the export readiness of Alberta's private sector, Trade Team Alberta has accomplished the following:
 - provided export-readiness training to more than 700 businesses and individuals;
 - delivered competitive intelligence courses;
 - established Regional Export Alliances;

- developed a one-day training program to help communities attract and retain outside investment; and
- developed a web site that assists in the efficient exchange of information among Trade Team Alberta members and with the private sector.

Showcasing Alberta Abroad

The department employs a wide variety of tools to support market entry by Alberta exporters and promote the province as an attractive place to invest. The tools — which range from Alberta’s international offices and Premier/Ministerial-led trade missions to marketing materials — are designed to improve access and to promote targeted industry sectors. Market development activities are carried out in partnership with the Alberta private sector.

- **Kangwon International Travel Expo '99.** This 50-day tourism exposition and trade show, held from September 11 to October 30, 1999, was hosted by Alberta’s sister province in Korea, Kangwon Province. Alberta had a significant presence at the fair, resulting in excellent visibility and exposure to some 2.2 million visitors.
- **Investment Initiatives.** During 1999/2000, AED participated in several initiatives to establish Alberta as an attractive place to invest. Based on the AIMS priorities, the department focused its efforts on American and European markets. Major investment attraction events, from which future benefits for Alberta are expected, included:
 - International Development Research Council Marketing Program, a vehicle to access key site selection consultants in the US and thus increase Alberta’s visibility as a place to relocate or expand;
 - chairing the marketing committee for Bio 2000 provided the mechanism to identify R&D and strategic partnership opportunities between Alberta’s biotechnology industry and larger North American and multinational biotechnology companies;
 - media program to generate awareness of Alberta in the European Union;
 - participation at Emigrate 2000, the largest Canadian forum/trade show for attracting business entrepreneurs and skilled workers primarily from Western Europe; and
 - preparations for Team Alberta @ Expo 2000 in Hannover, Germany.

In addition, past departmental activities were instrumental in attracting 33 companies to invest \$86 million through expansion in or relocation to Alberta, and produce 1,374 jobs in Alberta during 1999/2000. This represented increases of 50 percent in companies, 40 percent in dollars invested and 36 percent in jobs over 1998/1999.

- **Business Immigration Initiatives.** AED undertook several initiatives to attract new business immigrants to the province. These efforts included facilitating exploratory visits for potential business immigrants who were considering

Premier/Ministerial Missions for 1999/2000:

*Premier’s Mission to Asia/
Team Canada Mission to Asia*

Minister’s Mission to Asia Pacific

Minister’s Mission to Portland/Seattle

Alberta as their possible destination, participating in the federal/provincial Immigration Promotion and Recruitment Mission to Europe, participating in a partner mission to Germany, participating in Emigrate 2000 (immigration show) in London, UK and advertising in targeted media. Past departmental business immigration activities assisted in generating \$16 million investment and creating 280 jobs in Alberta during 1999/2000.

- **Expatriate Mission.** As part of a long-term strategy to diversify Alberta's economy, in October 1999, Trade Team Alberta hosted a successful expatriate event targeted at information and communication technologies experts and company owners in the Silicon Valley region. Over 110 former Albertans attended the event, a number of whom expressed serious interest in doing business in Alberta. In February 2000, Cisco Systems Canada named NAIT as a Regional Training Academy for Cisco's Networking Academy Program. This announcement and accompanying investment resulted directly from contacts made during the Silicon Valley reception. Promising follow-up discussions with other individuals and/or corporations contacted during the October event continue to take place.

International Offices:

China:

Beijing

Harbin

Hong Kong

Seoul, Korea

Taipei, Taiwan

Tokyo, Japan

Portland, Oregon

Guadalajara, Mexico

- **International Representation.** To remain economically competitive, Alberta's industry must be continually driven by global opportunities. Alberta has had a network of international representatives for the past three decades. During this time, the form of our representation has changed in response to the demands of both the international and Alberta economies.

The role of the international offices (see sidebar for locations) is to assist in attracting investment to Alberta, and to assist the private sector in generating business between Alberta-based companies and the governments and companies in the countries in which the offices are located. Alberta businessmen and companies who have used the services of these offices have commented that AED's international offices are a strong asset, providing good service. The 1999/2000 department client satisfaction survey, conducted by Praxis Inc., found that 94 percent of international office clients were satisfied with their services, 100 percent of clients would use the service again, and 92 percent would recommend it to others. In addition, 84 percent indicated that the international offices assisted them to make better decisions.

Specific outcomes from individual offices will be reported in a separate annual report starting in 2000/2001, in conjunction with the implementation of a comprehensive performance measurement system.

- **International Representation Review.** In 1999, the department developed and coordinated interdepartmental work on a comprehensive consideration and evaluation of Alberta's international representation needs. Recommendations from the review have been approved in principle. Implementation of the recommendations will occur after a comprehensive performance measurement system has been developed and applied to assess existing international offices' performance. When fully underway in 2000/2001, the new strategy will allow Alberta to focus its representation in markets with top priority under AIMS.

"I have always received excellent service and believe that the offices play a critical role in ensuring that Alberta is a player on the world stage. The University of Alberta has worked closely with the offices in Japan, Hong Kong and Korea and has benefited from the strategic knowledge and expertise possessed by staff in these offices." —
Dr. R. Fraser, President,
University of Alberta,
March 2000

With the deferral of the implementation of the International Representation Review recommendations, the International Trade Representation program in AED underspent its budget by \$1.9 million in 1999/2000.

Leading with Specific Industries

To enter certain markets, Alberta must concentrate on promoting industries that are already established internationally, such as oil, gas and agricultural products. This reinforces a market presence and can increase awareness of Alberta's other goods and services. Leading with specific industries often enables Alberta to penetrate the market in closely related sectors, such as engineering services or environmental goods and services. Other activities, such as training offered by Alberta institutions, helps to increase market awareness and support business links between Alberta and key international markets.

- **Trade Marketing Activities.** In partnership with industry, AED undertook key marketing activities such as trade shows, conferences and missions (see sidebar). During 1999/2000, the department also undertook information gathering and facilitated a range of seminars, web-site developments and partnership negotiations. Some of these events focused on Alberta's traditional industries such as oil and gas, petrochemical, agriculture, and forest products. Other initiatives emphasized that, moving into the 21st century, Alberta is on the cutting edge in promoting high-tech industry capabilities such as biotechnology, food processing, information technology and aerospace research.

All of these initiatives helped to promote Alberta business and industry globally, increase export opportunities, attract international investment, and gather market intelligence and business leads. Trade shows and missions offer a range of opportunities to participating companies, ranging from initial and renewed contact with customers through the sales process to completed sales of products and services.

AED's 1999/2000 trade shows and missions attracted 581 private sector partners and enabled them to generate over 2000 contacts, 1445 leads, 52 potential agents, 34 potential joint ventures, \$967 million in bid opportunities and \$27 million in on-site sales.

Using International Financial Institutions (IFIs)

IFIs represent a major source of international project financing in a number of developing markets of interest to Alberta exporters. Over the past year, AED undertook the following with respect to IFIs:

- Established an electronic IFI database for Alberta companies to access information directly related to IFI projects;
- Conducted information-gathering missions to major IFIs; and
- Conducted a workshop on IFIs and the opportunities they present.

Trade Shows, Conferences, and Missions

- **Energy Mexico '99** in Calgary in April 1999
- **Offshore Technology Conference** in Houston, Texas in May 1999
- **Western Canada Farm Progress Show** in Regina, Saskatchewan in June 1999
- **Caspian Oil and Gas Exhibition and Conference** in Azerbaijan in June 1999
- **Moscow International Oil and Gas Show** in Russia in June 1999
- **Venezuela Oil and Gas Show** in Maracaibo in July 1999
- **Oil and Gas Mission to India** in September 1999
- **Offshore Europe '99** in Aberdeen, Scotland in September 1999
- **Mission to Iran and the Arab Oil & Gas Show** in Iran and United Arab Emirates in October 1999
- **Oil and Gas Mission to Brazil and the Argentina Oil and Gas Expo** in October 1999
- **Amarillo Farm and Ranch Show** in Amarillo, Texas in December 1999
- **SPE 2000 Mission to Mexico** in February 2000
- **BIO 2000** conference in Boston, Massachusetts in March 2000
- **Globe 2000** conference in Vancouver in March 2000
- **Aerospace Northwest** mission to Seattle in March 2000

Projected sales for Alberta participants from Globe 2000 are estimated at over \$25 million. Over 1000 business contacts were established or strengthened.

At the Western Canada Farm Progress Show, 19 companies established 329 sales leads for Alberta products and made \$348,5000 in sales of Alberta products at the show itself. They also reported a minimum of \$4,062,000 in potential sales for the upcoming year.

Budgeted Funding for New Tourism Framework

Geo-Region Marketing Investments:

Alberta	\$ 3,500,000
Americas	\$ 4,000,000
Asia-Pacific	\$ 1,000,000
Europe	\$ 1,000,000
	<u>\$ 9,500,000</u>

Market Support Investments:

Travel Alberta	\$ 1,100,000
Visitor Sales and Service	\$ 2,800,000
International Tourism	
Representatives	\$ 700,000
Alberta Image	\$ 1,500,000
Tourism Research	\$ 500,000
	<u>\$ 6,600,000</u>

65% of tourism operators who had used Travel Alberta services were satisfied with the overall performance of Travel Alberta and its contractors.

Goal 3: Alberta is a globally competitive tourism destination.

A new tourism framework designed to increase the effectiveness of tourism marketing for Alberta, both domestically and internationally, was implemented April 1, 1999, with budgeted funding for tourism marketing nearly doubling to \$16.1 million. The new framework consists of geo-region marketing investments implemented by the Travel Alberta Secretariat and marketing support programs managed by AED.

These programs are integrated under the Strategic Tourism Marketing Plan and are guided by the industry-led Strategic Tourism Marketing Council (STMC). Blending the vast marketing expertise and experience of Alberta tourism operators with provincial government support is the cornerstone of the framework. The Council is a cooperative public/private sector effort to maximize the effectiveness of investments made in increasing tourism within and to Alberta.

AED, in conjunction with industry partners, focuses on the development and marketing of the tourism industry by:

- ensuring that policy issues concerning tourism development are addressed;
- facilitating access to Alberta tourism products by international visitors;
- supporting the STMC in implementing the tourism marketing strategy; and
- promoting the awareness of industry and investment opportunities in tourism.

Key results to support this goal were achieved in the areas of Marketing, Visitor Services, Tourism Product Development, and Research.

Tourism Marketing

Tourism marketing highlights over the fiscal year 1999/2000 included the following activities listed below. Results from these activities cannot be measured in the current year, but are anticipated, and will be measured, in subsequent years.

- **Marketing Projects.** Thirty-five projects were undertaken within Alberta and 222 were initiated in national and international markets. Private sector industry participation was extremely important to their success. The leveraging goal was set at a 1:1 ratio between Alberta private sector and Travel Alberta funding for product marketing. The ratio of industry to government funding exceeded the 1:1 goal by 20% for the in-Alberta program (1.2:1) and more than doubled the goal for the national/international program (2.5:1). The higher than expected leveraging reflects the growing support and confidence of the tourism industry with the marketing projects.
- **Destination Awareness Marketing Campaigns** were launched in the US, Germany, the UK and Japan. These major initiatives, the first of this magnitude

in over a decade, included partnership with the Canadian Tourism Commission. One campaign has now been completed in Germany, where the number of consumer responses achieved 180 percent of target. Initial results of all campaigns to March 31, 2000 generated 26,926 calls to the 1-800 line and 10,537 unique user visits to the Travel Alberta web site (the site was launched February 15, 2000).

- **Trade Shows.** National and international trade shows are extremely important to the successful selling of Alberta tourism products in markets such as Canada, United States, United Kingdom, Germany, Japan and Taiwan. Travel Alberta and over 300 Alberta industry partners attended some 15 trade shows during 1999/2000. This participation generated over 17,000 business meetings; results from these meetings are anticipated to be realized in 2000/2001 through increases in activity for tourism operators.
- **Communications.** Marketing programs were supported by new tourism publications (in English, German, Japanese, Mandarin and French) as well as the introduction of a consumer Internet site (www.travelalberta.com) and an industry Extranet site (www.tourismtogether.com). The Extranet provides over 800 members of the Alberta tourism industry with access to marketing news and information, and is the only provincial industry site of its kind in Canada and one of seven in North America.

Visitor Services

Visitor Services manages the Alberta Call Centre, which provides toll-free telephone travel counselling within North America (1-800-661-8888); the Distribution Centre, which supplies materials to individuals and industry representatives; and the Visitor Information Centres (VICs) located at entry points into the province where travelers can obtain tourism information.

- **Visitor Information Centre (VIC) Initiatives**
 - A 1999 Customer Survey at the VICs found that 77 percent of respondents learned about an attraction, event or destination that they were not aware of prior to stopping at the VIC, and 47 percent planned to stay an extra night(s) in Alberta as a result of visiting the VIC.
 - Expansion of the VIC Program will be underway in 2000/2001 following the completion of the 1999/2000 VIC Review. A new VIC will open in the West Yellowhead region, and an innovative Alberta Visitor Information Program will be developed to support the 110 other community and regional VICs throughout the province. In addition, AED, with the Grande Prairie Chamber of Commerce and the City of Grande Prairie, plans to open a new VIC in the Centre 2000 building for the 2001 season.

The Alberta Call Centre handled nearly 120,000 calls in 1999/2000.

The Distribution Centre shipped over 68,000 individual consumer kits as well as thousands of bulk shipments of tourism promotional material to travel industry representatives all over the world.

VIC travel counsellors assisted over 180,000 visitors during the 1999/2000 season.

Tourism Product Development

AED supports industry efforts to attract visitors and investors to our province, and assists tourism operators in providing innovative products and experiences. For example:

- **National Parks Strategy.** AED played an active role in coordinating a provincial strategy to address national parks tourism issues in Alberta. This included establishing principles for managing ecological vitality with ongoing visitor use and producing reports on the economic impact of visitor spending in Alberta's mountain national parks and ski areas. These reports were provided to Alberta's tourism industry stakeholders and to the federal government.
- **West Yellowhead Initiatives.** The department and stakeholders along the West Yellowhead Corridor implemented a Memorandum of Understanding (MOU) to plan, zone and develop nodes for tourism facilities. This MOU provides direction on integrating future commercial recreation and tourism developments on public lands with existing land uses.
- **Tourism Destination Region Review.** The department coordinated and provided Secretariat support for an MLA-led comprehensive review of Alberta's Tourism Destination Regions and their role within the overall tourism marketing framework.

Tourism Research

Alberta is North America's ultimate outdoor playground, with its six world-class ski resorts, 600 lakes, 245 rivers, 275 golf courses and 6,000 hours of sunshine.

Tourism creates over 90,000 full-time jobs for Albertans.

Alberta's tourism industry generated approximately \$4.2 billion in revenues in 1999.

The new tourism framework brought the responsibility for tourism research back to AED. The department established a research program to support the Strategic Tourism Marketing Plan. A tourism research advisory committee, together with input from the STMC, ensures that research needs of industry are brought forward. In 1999/2000, the department's initiatives included the following:

- **1999 Alberta Resident Market: In-Province Travel Behaviour.** AED commissioned this study, and its results are an important planning resource for tourism industry operators. The study identified and profiled five market "clusters" of Albertans travelling in-province. The results were used to develop Year 2000 marketing programs and campaigns.
- **Provincial Tourism Satellite Account.** The department entered into an agreement with the Canadian Tourism Commission and Statistics Canada to develop the Provincial Tourism Satellite Account for Alberta to enable better economic measurement of the industry in our province. The model will be operational in 2002.
- **The British Ski Market to Alberta: An Overview.** The British ski market has grown considerably for Alberta in recent years. This study was undertaken to determine the size of the total outbound British ski market, its characteristics, and its potential for Alberta. Results were made available to the ski industry and were used by Banff/Lake Louise in their 1999/2000 marketing programs in the UK.

- **Ski Market Study in Japan.** A report on the ski market in Japan was conducted in partnership with the Canadian Tourism Commission, in order to assist Alberta ski hill operators with promoting their product in the Japanese market.
- **Tourism Market Monitor.** AED established this monthly report on tourism industry activity, which includes such indicators as the number of foreign visitors directly entering Alberta, hotel occupancy rates, air passenger traffic at Calgary and Edmonton airports, National Park attendance, etc. The on-line database is available on the department's web site.

Support Services

The strategies and actions of the department in support of its core businesses are in turn supported by finance, administrative, human resources and information management. Key initiatives in 1999/2000 included the following:

Shared Services: The department supported this cross-government initiative aimed at reducing administrative costs and implementing best practices in the areas of finance, human resources, information technology, and administrative services. Savings of 20 percent across government are expected to be achieved over a three-year period beginning in 2000/2001.

Performance Accountability: Performance measurement initiatives were conducted to create increased accountability and demonstrate how department activities contribute to broad economic outcomes. Performance measures are being implemented to assess department functions in the areas of inputs, critical business processes, outputs and outcomes. The framework will initially be implemented in the areas of International Offices, and trade shows and missions.

Human Resources: Consistent with the cross-government *Corporate Human Resources Development Strategy*, ongoing efforts supported innovative learning techniques, organizational effectiveness, and a highly competent workforce. Staff participated in learning opportunities to enhance their competencies in areas such as teamwork, presentation, writing, planning and project management, and information technology.

Information Management: AED implemented a new *Information Management and Electronic Communication Strategy (I-Strategy)* to improve delivery of valuable information products and services. This included the launch of a dynamic new web site (www.alberta-canada.com), the development of a client information database to assist with client surveys and client tracking, development of knowledge management tools and computer-based training programs.

The department's web site at www.alberta-canada.com recorded a total of 405,978 page requests during the fiscal year.

Performance Measures

Alberta Economic Development monitors and reports on two types of performance indicators:

- **Outcome indicators** reflect the performance of the Alberta economy as a whole. The department's activities, in partnership with other stakeholders, influence these indicators.
- **Output indicators** reflect directly on the performance of the department. Through department initiatives and activities, specific results (outputs) are achieved that in turn contribute to a stronger economy.

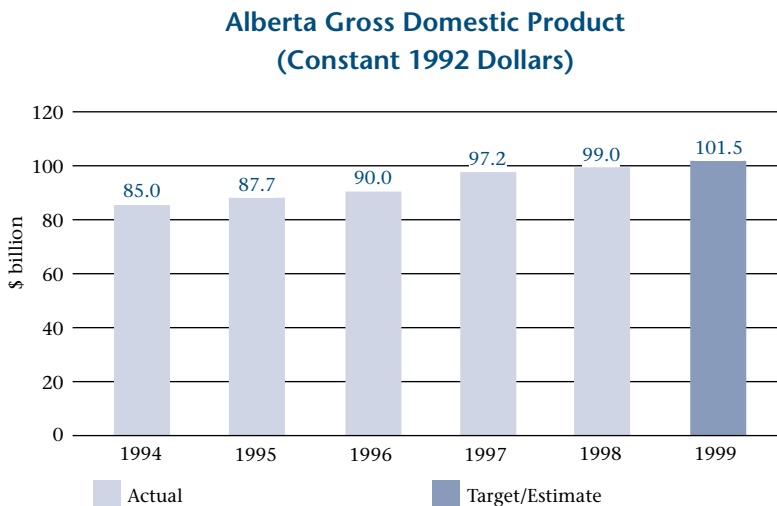
Goal 1: Alberta has a vibrant and versatile economy.

1) Outcome Measure: Alberta's Gross Domestic Product (GDP)

Target: \$101.5 billion (2.5% growth) in 1999

Actual Achieved: Data not available until fall 2000.

- Gross domestic product is a direct measure of the strength of the economy. In 1999, the projected growth in Alberta's GDP represents real economic growth after adjusting for inflation.

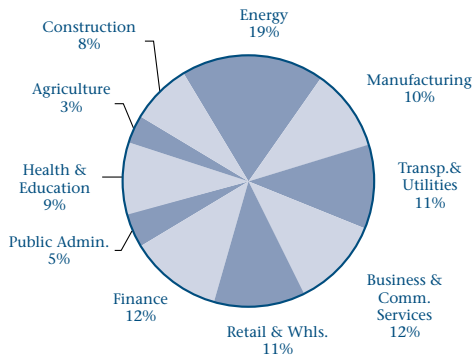


Source: Alberta Treasury, "Budget 2000: New Century, Bold Plans" and Alberta Economic Accounts

Supplemental Information:

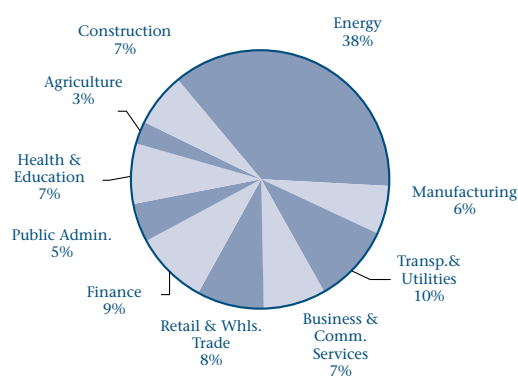
- Compared to 1985, Alberta’s economy has diversified significantly. Although the energy sector still contributes a large portion of GDP, other sectors, such as manufacturing and services, have grown significantly. For example, manufacturing grew from 6% of GDP in 1985, to 10% of GDP in 1998.

**Figure 1 – Structure of Alberta’s Economy
Percent Distribution by GDP, 1998
(current dollars)**



Source: Alberta Treasury

**Figure 2 – Structure of Alberta’s Economy
Percent Distribution by GDP, 1985
(current dollars)**



Source: Alberta Treasury

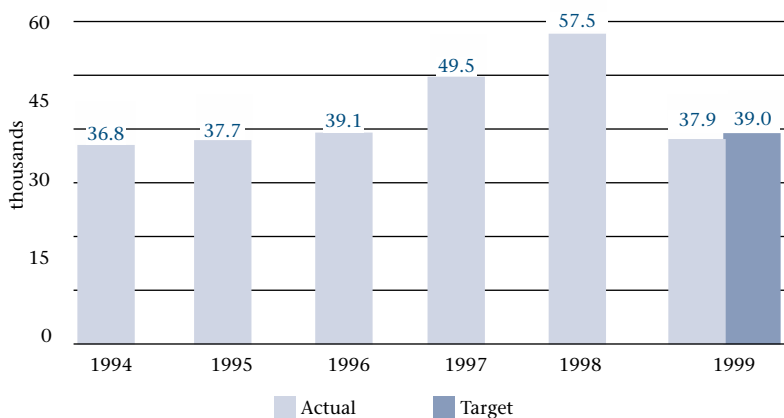
2) Outcome Measure: Employment Growth

Target: 39,000 net new jobs (2.6% growth) in 1999

Actual Achieved: 37,900 net new jobs (2.5% growth)

- Employment refers to the annual average number of Albertans that are employed.¹ Employment growth represents the net number of new jobs created during the year.

**Employment Growth in Alberta
(net new jobs created)**



Source: Statistics Canada, Labour Force Survey

¹ Employed persons are those who did any work for pay or profit, or had a job and were absent from work.

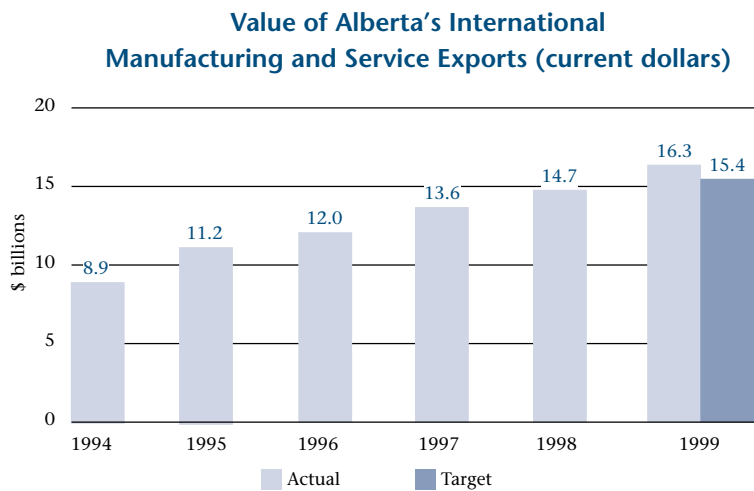
- Employment growth was strong in wholesale trade (11,900 new jobs), construction (11,700 new jobs), and educational services (10,500 new jobs).

3) Outcome Measure: International Manufacturing and Service Exports

Target: \$15.4 billion (6.2% growth) in 1999

Actual Achieved: \$16.3 billion (10.9% growth)

- This measure refers to manufacturing and service exports that are sent from Alberta to locations outside of Canada.
- Exports of manufactured goods alone increased by 12% to \$12.7 billion. Significant increases occurred in electrical/electronic equipment (up \$458 million) and wood products (up \$324 million).



Source: Statistics Canada, Canadian Trade Analyzer;
Alberta Economic Development

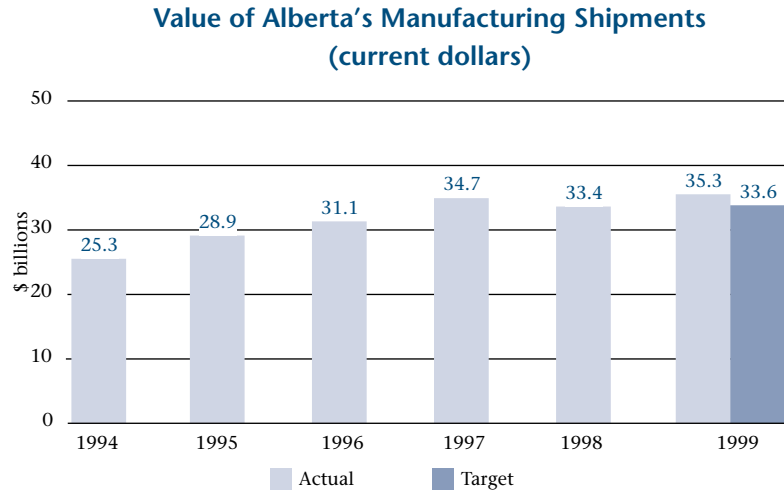
Supplemental Information:

- Exports of manufactured goods and services account for 42.8% of total Alberta exports in 1999.
- The percentage of manufactured goods and services that account for the GDP for 1999 will not be available until the GDP for 1999 is available (October 2000). In 1998, the manufactured goods and services accounted for 15 percent of Alberta's GDP.

4) Outcome Measure: Manufacturing Shipments

Target: \$33.6 billion (2.0% growth) in 1999

Actual Achieved: \$35.3 billion (5.8% growth)



Source: Statistics Canada Cat. No. 31-001

- This measure refers to all manufacturing shipments by Alberta companies to other provinces, countries and within Alberta.
- Much of the increase over the level expected for 1999 resulted from a higher value of shipment of refined petroleum and coal products (up \$1.2 billion), such as petroleum oils, ethylene and propylene.

1) Output Measure: Client and stakeholder (AEDA) satisfaction

Target: a) 95% client satisfaction, 1999/2000

b) 100% AEDA satisfaction, 1999/2000

Actual Achieved: a) 90% client satisfaction

b) 100% AEDA satisfaction

a) Client Satisfaction

- Department clients include all those Alberta companies, business associations, regional and federal government organizations with whom we have done substantial work in the past 12 months.
- The department's second client satisfaction survey² was conducted in early 2000. Of those surveyed, 90 percent were satisfied with their experience with AED services; this fell short of the business plan's target of 95 percent. Client satisfaction from the previous year's survey was 93 percent, which is statistically equivalent to the 90 percent recorded this year.

²Praxis Inc. conducted the survey through telephone interviews with a random sample of department clients drawn from Alberta Economic Development's "Business Cards" database. The response rate was 41% (463 respondents) with results accurate to within +/- 2.7%, with a confidence rate of 95% (19 times out of 20).

- Of the survey respondents, 96 percent indicated that they would use the department's services again. Services most frequently used by clients were market information & market intelligence, workshops & seminars, and publications.

b) AEDA Satisfaction

- Chairs from the AEDA sub-committees completed a separate satisfaction survey. Results from the 1999/2000 survey indicated a satisfaction level of 100 percent, meeting the target in the department's business plan. The previous year's survey also produced a 100% satisfaction rating.

2) Output Measure: Utilization of department's web site and publications

Target: a) 293,000 total web site page requests

b) 2,800 regularly produced publications mailed

c) 39,000 page requests for publications on web site

Actual Achieved: a) 405,978 total web site page requests

b) 6,789 regularly produced publications mailed

c) 49,705 page requests for publications on web site

- Utilization of Alberta Economic Development's resources include those related to the department's web site (www.alberta-canada.com) and regularly produced publications. A list of regularly produced publications can be found on page 20 of this annual report.
- Due to the improved web page design, the total website page requests was 112,978 higher than target. Similarly, the number of regularly produced publications distributed by mail and the number of requests for publications had values of 3,989 and 10,705 respectively greater than their target values.

Goal 2: Alberta's businesses, communities and industry sectors are globally competitive.

1) Outcome Measure: Manufacturing and Service Industry Investment

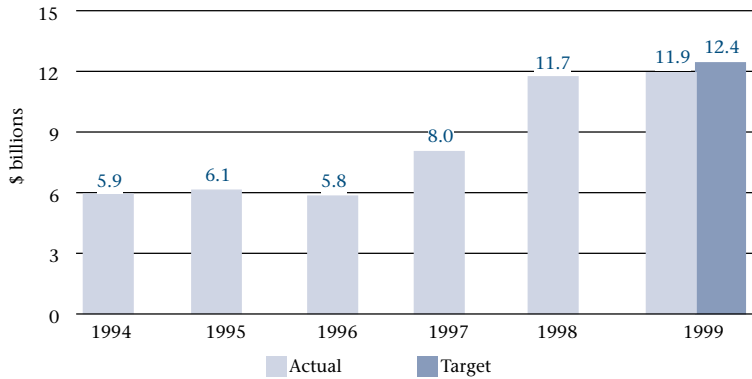
Target: \$12.4 billion (24.0% growth) in 1999

Actual Achieved: \$11.9 billion (1.7% growth³)

- This measure reflects new capital expenditures in the manufacturing and service industries, by both public and private sectors. Included are expenditures on construction, machinery and equipment.
- Two sectors that had significant increases in investment were chemicals/chemical products (up \$360 million) and the finance/insurance industry (up \$453 million). Conversely, investment was much lower in transportation/warehousing (\$218 million decrease) and real estate/rental/leasing (\$128 million decrease).

³The 24% growth target was based on a 1998 investment figure of \$10.0 billion. However, since the time the business plan was produced, the 1998 investment figure has been revised significantly upwards to \$11.7 billion for 1998, thus producing 1999 growth of 1.7%.

Manufacturing and Service Industry Investment in Alberta



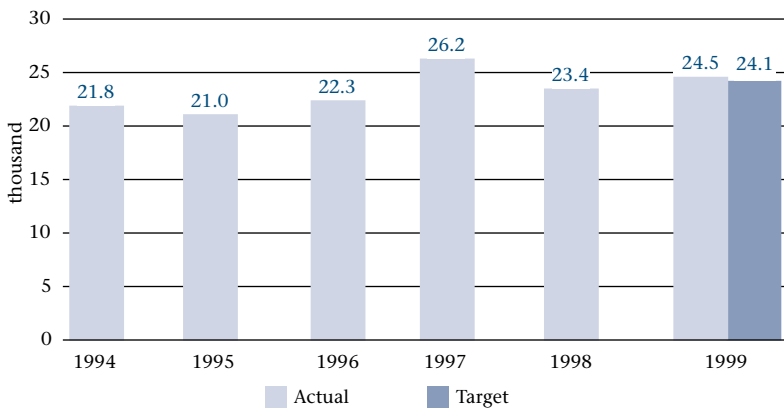
Source: Statistics Canada Cat. No. 61-205 and 61-206

2) Outcome Measure: Business Incorporations

Target: 24,100 new incorporations (3.0% growth) in 1999

Actual Achieved: 24,548 new incorporations (5.1% growth)

New Business Incorporations in Alberta



Source: Alberta Government Services, Corporate Registry

3) Outcome Measure: To be top among, or tied with, competing jurisdictions on elements of the Alberta Advantage

Target: competitive in 9 of 16 elements

Actual Achieved: 11 of 16 elements

- The report *Highlights of the Alberta Economy* contains 16 elements by which Alberta is compared with other jurisdictions. To be competitive, Alberta businesses should have ranking values in the top three for the individual elements. Alberta was competitive in 11 of these elements, exceeding the target as stated in the 1999/2002 business plan.

- The manufacturing and processing income tax rates and small business corporate income tax rates are derived from general corporate income tax rates. These are deductions based on the size of business and the nature of activities undertaken to generate income.
- For detailed results, please refer to the September 2000 version of the report, *Highlights of the Alberta Economy*. To obtain a copy of this publication, please visit our website at www.alberta-canada.com/edt/highlights

Elements of Alberta Advantage	Competitive Ranking	Non competitive Ranking
1. Small business growth	1 (top)	
2. Capital tax rates	1 (tied)	
3. Payroll tax rates	1 (tied)	
4. Personal tax load	1 (top)	
5. WCB premiums	1 (top)	
6. Provincial debt as a percent of GDP	1 (top)	
7. Labour productivity	1 (top)	
8. Office operating costs and property taxes	1 (top)	
9. Average weekly manufacturing wages	2	
10. Unemployment rates	2	
11. Natural gas rates	3	
12. General corporate income tax rates		4
13. Small business corporate income tax rates		4
14. Manufacturing and processing income tax rates		5
15. Electricity rates		3, 4 ⁴
16. Industrial lease rates		1, 7 ⁵

⁴This element compares power companies with power companies in competing jurisdictions. TransAlta Utilities ranks 3rd and Alberta Power ranks 4th.

⁵This element compares cities rather than provinces and states. Edmonton ranks 1st and Calgary ranks 7th.

Sources: Statistics Canada (Business Register, Labour Force Survey); BC Budget 2000; Colliers Real Estate (Canadian Real Estate Review, 1999/2000); Center for the Study of Living Standards; Association of Workers' Compensation Boards of Canada; and Alberta Treasury (Budget 2000: New Century, Bold Plans).

4) Outcome Measure: Number of export-ready⁶ and active exporting companies in Alberta

Target: a) 910 export-ready companies
b) 2,300 active exporters

Actual Achieved: a) 1,300 export-ready companies
b) 1,823 active exporters

Measure	Actual 1998	Actual 1999	Target 1999
Number of export-ready companies	830	1,300	910
Number of active exporters	1,536	1,823	2,300
Total	2,366	3,123	3,120

Figures are as of March 31 for the given year

Sources: WIN Exports Database, Department of Foreign Affairs and International Trade; Alberta Economic Development

1) Output Measure: Trade Shows/Missions — number of companies or organizations participating and number of sales leads identified by companies

Target: a) 250 participating organizations
b) 1,900 sales leads

Actual Achieved: a) 581 participating organizations
b) 1445 sales leads

Measure	Actual 1999/00	Target 1999/00
Number of companies/organizations participating	581	250
Number of sales leads identified by companies	1,445	1,900

Source: Alberta Economic Development

- The figure for number of companies participating is based on 15 trade shows/missions.
- The sales leads data was collected by the department through survey of companies participating in three major trade shows (Offshore Technology Conference, Globe 2000, and Western Canada Farm Progress Show).

Supplemental information:

- The 1999–2002 business plan indicated reporting of supplemental information on the estimated value of sales/contacts made by participants as a result of attending trade shows and missions facilitated by AED. The department will implement a performance measurement framework in the 2000/2001 fiscal year, which will assist in collecting this information.

⁶Export-ready companies are those that have an export plan and have committed resources to exporting, but are not actively exporting.

2) Output Measure: Client satisfaction with services by international offices

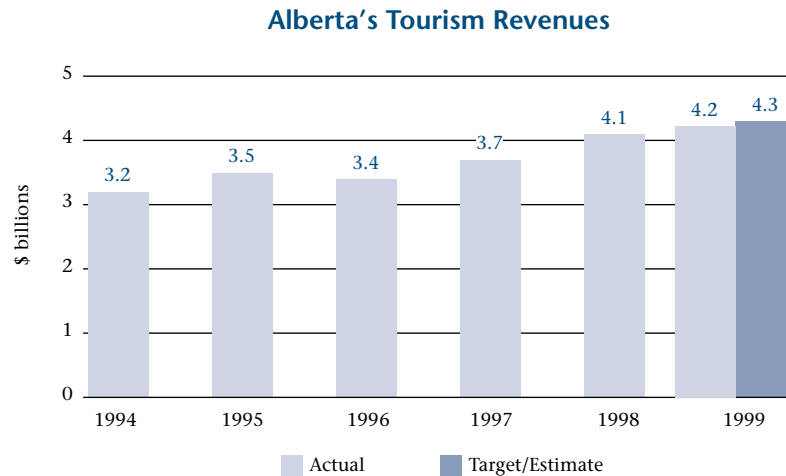
- The 1999–2002 business plan stated that an output indicator for client satisfaction with services provided by international offices was under development. A comprehensive performance management framework for Alberta’s international offices has been developed and will be implemented in 2000/2001.
- As a component of the 1999/2000 department client satisfaction survey, international offices received a 94% satisfaction rating.

Goal 3: Alberta is a globally competitive tourism destination.

1) Outcome Measure: Tourism Industry Revenue

Target: \$4.3 billion (4.5% growth) in 1999

Actual Achieved: \$4.196 billion (2.2% growth)



Sources: Statistics Canada’s Canadian Travel Surveys and International Travel Surveys; Alberta Economic Development

- These figures include expenditures made in Alberta by overnight visitors from overseas and the US, and same-day and overnight visitors from Canadian provinces including Alberta. Corresponding expenditures for Canada were \$31.9 billion in 1999.

2) Outcome Measure: Alberta’s market share of Canadian tourism from Europe, Asia Pacific and the US

Target: 14% market share of Europe in 1999

16% market share of Asia Pacific in 1999

7% market share of United States in 1999

Actual Achieved: 14% market share of Europe (13% – 1998)

17% market share of Asia Pacific (16% – 1998)

6% market share of United States (7% – 1998)

Sources: Statistics Canada’s Canadian Travel Surveys and International Travel Surveys; Alberta Economic Development

3) *Outcome Measure: Alberta's share of total Canadian tourism revenue*

Target: 14% market share in 1999

Actual Achieved: 13% market share

- The actual market share of 13% is slightly below the target due to a decrease in Canadian tourists from other provinces visiting Alberta.

Sources: Statistics Canada's Canadian Travel Surveys and International Travel Surveys; Alberta Economic Development

Future Challenges

Globalization is the dominant characteristic of today's economy. Alberta Economic Development recognizes it is essential that Alberta be in a position to meet the challenges and take advantage of the opportunities globalization presents.

We must maintain the Alberta Advantage in an increasingly competitive world. The province's growth rate is forecast to remain strong over the next few years, and our fiscal position is extremely healthy. However, other jurisdictions are also experiencing strong growth and are following Alberta's lead in reducing taxes for businesses and individuals. Alberta's infrastructure, quality of life, and tax environment all contribute to our attractiveness as a place in which to live and do business. We need to ensure that Alberta remains a leader in these areas in order to attract both the investment and the people to build our future. Doing so will require cooperation across all government departments.

The private sector drives the economy. It is critical that we continue to listen to them, to match services to their needs and to create a government regulatory and tax environment that responds to their real-world situation. Maintaining and strengthening our alliances with the Alberta Economic Development Authority, the Strategic Tourism Marketing Council, regional economic development authorities and private sector organizations will allow us to develop responsive market-driven economic policies and priorities that are environmentally sustainable.

Building partnerships will also be essential in the tourism sector. To be effective in marketing Alberta, we will need to continue to undertake joint initiatives with the private sector, the Canadian Tourism Commission and other provincial tourism organizations. As a ministry, we also must pursue greater recognition at the federal government level of the growing economic importance of the tourism industry, which now generates \$50 billion a year in Canada.

Alberta Economic Development's priorities were clearly outlined in *Get Ready Alberta — Strengthening the Alberta Advantage*. The department must facilitate the attraction of leading-edge research and development businesses to the province, and encourage the adoption of new technologies by existing businesses, particularly the resource sector. We must support the expansion of the export capacity of the private sector, with emphasis on developing the value-added potential of our industries. We must highlight the quality of Alberta goods and services in key markets, and market this province as a premier place to locate and invest. We must encourage regional economic development partnerships to strengthen the ability of each part of the province to participate in and benefit

from the global economy. And we must work with the tourism industry, and all Albertans, to position Alberta as a top-of-mind tourism destination.

Above all, we need to avoid complacency. We live in a dynamic world. Change is constant, and rapid adaptation to change is vital. Alberta Economic Development must remain alert to shifts in market and other economic forces and policies, nationally and internationally. In our shrinking world, and in this information and technology-driven era, such attentiveness is key to the strategic economic leadership we are called upon to provide.

Alberta Economic Development Authority (AEDA)

The focus of the Alberta Economic Development Authority has consistently been on providing a catalyst for action. Through its committees, AEDA helps shape policies and strategies that are good for the economy by providing the government with advice on business and economic development issues.

In 1997, AEDA prepared an economic strategy entitled *Building on the Alberta Advantage*. This strategy encouraged government and business to focus on seven major directions, cutting across all sectors of Alberta's economy (see sidebar). These seven directions have guided AEDA's activities since 1997. Brief highlights of AEDA's accomplishments during 1999/2000, under each of the major directions, are provided in the following sections. For a more thorough discussion of AEDA's activities, the reader is referred to the Authority's separate activity report, "Positioning Alberta for Continued Success."

In addition, in 1999 the Authority released a report card highlighting progress-to-date against the *Building on the Alberta Advantage* targets, outlining where further action is needed, and most importantly, challenging the province to look ahead to some very important issues Alberta will face in the rapidly changing global marketplace of the future. The report concluded that most targets were met or exceeded, and it recommended that government take the lead in establishing a new vision for Alberta's economy.

Attracting new investment and keeping business competitive

Alberta's objectives must be to attract the right business opportunities to the province; to keep the best and brightest, highly skilled people here in Alberta; and to build the kinds of competitive advantages businesses need to compete and succeed in the global marketplace.

To help meet that objective, AEDA's activities in 1999/2000 concentrated on five areas:

- Alberta's competitive advantage
- Access to capital
- Alberta's business tax policies
- Machinery and equipment tax issues
- Future opportunities for Alberta's forestry industry

AEDA's Committees:

*Agriculture and
Agricultural Products*
*Energy and Energy
Products*
Export and Trade
*Forestry and Forestry
Products*
Jobs for the Future
Self-Reliant Communities
Taxation and Finance
*Technology and
Technology Products*
Tourism
*Transportation and
Infrastructure*

Seven Directions from Building on the Alberta Advantage

- *Attracting new investment and keeping business competitive*
- *Preparing for a changing workplace*
- *Developing Alberta's infrastructure*
- *Building on the potential of technology*
- *Expanding trade and export*
- *Sustaining our environment*
- *Building self-reliant communities*

Preparing for a Changing Workforce

A well-educated and trained workforce is critical to the province's future prosperity. In 1999, AEDA took steps to identify barriers and challenges Alberta faces in preparing people for jobs in the new economy and to develop strategies and policies for addressing those challenges. AEDA's recommendations included:

- increasing global awareness among Albertans;
- ensuring that all Albertans have access to the means of developing their employability skills in a rapidly changing economy and workplace;
- enhancing partnerships among business, education, government and community to focus on future job requirements;
- enabling "learning providers" to continually assess and integrate technology in the delivery of education and "applied learning" opportunities;
- creating a regulatory system that responds in a timely manner to the changing needs of the marketplace/workplace;
- providing a provincial tax regime to attract and retain employees through human resource and workforce development; and
- establishing the infrastructure and coordinating mechanisms to plan for future jobs.

Developing Alberta's Infrastructure

AEDA's Progress Report 1999 pointed to significant progress in reinvesting in Alberta's infrastructure of roads and highways. But today's infrastructure depends on much more than good highways.

The revolution in information and communications technology has created a global marketplace in which competitors are rewarded for speed, efficiency, price and value provided to customers. In today's global marketplace an effective air transportation system is critical to future development of the province's economy.

To address these challenges, AEDA established a Task Force to develop an Alberta Aviation Strategy. Specifically, the Task Force was asked to consider how Alberta's aviation sector should position itself to maximize opportunities in the new economy.

Building on Technology

The AEDA Technology and Technology Products Committee recently formed a Sub-Committee on the subject of e-business. The focus is on developing a strategy for e-business for Alberta. As a starting point, the Sub-Committee will review the implications of the Federal Government report "Fast Forward: Accelerating Canada's Leadership in the Internet Economy."

Expanding Trade and Export

In 1999/2000, AEDA's activities in trade and export focused on three key areas: international marketing, international representation and participating in the World Trade Organization's meetings in Seattle.

Sustaining Our Environment

The global climate-change issue is one of the biggest challenges facing the country—the goal being to reduce greenhouse gas emissions. The issue requires a proactive approach to address the environmental sustainability, economic and political risks involved.

AEDA, in conjunction with a cross-departmental/private sector project team, continued to work on Alberta's Climate Change Strategy. The Climate Change Round Table was held on April 30 and May 1, 1999, and approximately 100 Albertans representing municipalities, academics, the environmental community, industry and the general public were in attendance. The round table's proceedings formed the basis of the report *Turning Strategy into Action*.

A multi-stakeholder steering committee was formed to undertake the establishment in November 1999 of Climate Change Central. Climate Change Central is a private/public partnership to implement the key directions and recommendations of the round table, which focus on innovation, technology and public participation.

Building Self-Reliant Communities

AEDA consulted with Alberta municipal and business leaders on how Alberta communities could enhance their future economic growth and prosperity. The following policy statement was formed: "Increasing self-reliance through strong regional strategic alliances is the key to ensuring that economic growth benefits all Albertans. Activities taken to promote self-reliance must be done in a highly flexible way to recognize the uniqueness of each area."

AEDA moved ahead with plans to support and encourage regional economic development initiatives and strategies. In partnership with AED, the Authority is offering to provide professional facilitation services through customized workshops. All Alberta mayors, reeves and other municipal leaders have been invited to participate in these workshops.

Future Challenges

Alberta must continue to attract strong business opportunities to the province, retain a highly skilled workforce, and secure the competitive advantages that businesses require in order to succeed in the global marketplace. Priorities for future AEDA activity include the following:

- Identifying and examining issues that affect the growth and sustainability of the tourism industry, and bringing forth policy advice and recommendations to enhance the industry's contributions to Alberta's economic performance.
- Developing recommendations on the provision of irrigation infrastructure and reviewing impediments to agricultural exports caused by supply management and marketing boards.
- Examining the role of government in providing information and facilitation for business start-ups and expansion, including the current business environment for small business.
- Developing new measures and targets to give a more complete picture of the performance of Alberta's economy and how we measure up with our competition across Canada and around the world.

Financial Information

Ministry of Economic Development

Ministry of Economic Development

Financial Statements **March 31, 2000**

Auditor's Report

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Statement of Financial Position

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Schedule of Expense Detailed by Object

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Schedule of Comparison of Expenses by Element to Authorized Budget

Schedule of Related Party Transactions



Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Economic Development as at March 31, 2000 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry of Economic Development is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across departments. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from generally accepted accounting principles:

Capital Assets

The Ministry employs a policy of expensing new system development under \$100,000 and all other capital asset purchases under \$15,000. Consequently a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2000 assets have been understated and net liabilities overstated by approximately \$764,000 representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included in expenses of the current year. The value of capital asset purchases that were expensed in the current year exceeds the amount that would have been charged to amortization, overstating expenses for the year ended March 31, 2000 by \$62,500.

Excluded direct costs

Accommodation and certain other administration costs incurred in the operation of the Ministry have not been included in expenses. These costs, estimated at \$5,570,325, are recorded by the government departments that paid the expenses on behalf of the Ministry.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the Ministry of Economic Development as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

[Original signed by Peter Valentine] FCA
Auditor General

Edmonton, Alberta
May 26, 2000

[The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.]



Ministry of Economic Development

Statement of Operations For the Year Ended March 31, 2000

	(in thousands)		
	2000		1999
	Budget (Schedule 2)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	\$ 500	\$ 500	\$ —
Transfers from Government of Canada		36	—
Fees, Permits, and Licences		1	1
Other Revenue	750	693	1,221
	<u>1,250</u>	<u>1,230</u>	<u>1,222</u>
Expenses			
Voted (Schedules 3 and 6)			
Ministry Support Services	4,722	4,282	3,966
Marketing and Business Development	30,018	25,647	20,910
Tourism Programs (Note 4)	16,100	16,589	10,349
Technology Commercialization Initiatives	600	455	—
	<u>51,440</u>	<u>46,973</u>	<u>35,225</u>
Valuation Adjustments			
Provision for Vacation Pay	—	145	199
Provision for Doubtful Accounts	—	35	—
	<u>—</u>	<u>180</u>	<u>199</u>
Total Expenses	<u>51,440</u>	<u>47,153</u>	<u>35,424</u>
Net Operating Results	<u>\$ (50,190)</u>	<u>\$ (45,923)</u>	<u>\$ (34,202)</u>

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development
Statement of Changes in Financial Position
For the Year Ended March 31, 2000

	(in thousands)	
	2000	1999
Operating Transactions		
Net Operating Results	\$ (45,923)	\$ (34,202)
Non-cash items:		
Amortization	85	142
Valuation Adjustments	180	199
	<u>(45,658)</u>	<u>(33,861)</u>
Decrease (increase) in Accounts Receivable	969	(886)
Decrease (increase) in Advances	(78)	(10)
Decrease (increase) in Inventories Held for Sale	(3)	6
Increase (decrease) in Accounts Payable and Accrued Liabilities	3,290	(3,452)
Increase (decrease) in Unearned Revenue	(41)	(15)
Cash Provided (used) by Operating Transactions	<u>(41,521)</u>	<u>(38,218)</u>
Investing Transactions		
Purchase of Capital Assets	(299)	(186)
Cash Provided (used) by Investing Transactions	<u>(299)</u>	<u>(186)</u>
Financing Transactions		
Net transfer (to) from General Revenues	41,925	38,521
Net Cash Provided (Used)	105	117
Cash, Beginning of Year	3,010	2,893
Cash, End of Year	<u>\$ 3,115</u>	<u>\$ 3,010</u>

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development

Statement of Financial Position

As at March 31, 2000

	(in thousands)	
	2000	1999
Assets		
Cash	\$ 3,115	\$ 3,010
Accounts Receivable (Note 5)	27	1,031
Advances (Note 6)	368	290
Inventories Held for Sale	22	19
Capital Assets (Note 7)	538	324
	<u>\$ 4,070</u>	<u>\$ 4,674</u>
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 9,033	\$ 5,598
Unearned Revenue	—	41
	<u>9,033</u>	<u>5,639</u>
Net Liabilities		
Net Liabilities at Beginning of Year, As Restated (Note 3)	\$ (965)	\$ (5,284)
Net Operating Results	(45,923)	(34,202)
Net Transfer (to) from General Revenues	41,925	38,521
Net Liabilities at End of Year	<u>(4,963)</u>	<u>(965)</u>
	<u>\$ 4,070</u>	<u>\$ 4,674</u>

The accompanying notes and schedules are part of these financial statements.

Ministry of Economic Development

Notes to the Financial Statements For The Year Ended March 31, 2000

Note 1 Authority And Purpose

The Ministry of Economic Development operates under the authority of the Government Organization Act, Statutes of Alberta.

The Ministry of Economic Development's vision of *Alberta is the best place in the world to live and do business* and its mission to *promote Alberta's continuing prosperity* will be accomplished by continuing to build strong teams, partnerships, and alliances with Alberta businesses and communities in coordinating market development, investment attraction, and tourism.

We work to achieve our mission by concentrating on the following three core businesses:

1. Providing strategic leadership for Alberta's economic development policy and planning;
2. Promoting increased trade of Alberta goods and services, and attracting investment to Alberta; and
3. Stimulating the growth of Alberta's tourism industry.

We will continue to provide competitive intelligence and business solutions to Alberta businesses. Our future lies in capturing new ideas and work processes and through the promotion of best practices we help Alberta businesses successfully compete in the global marketplace.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all Ministries, departments, agencies and funds. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Economic Development for which the Minister of Economic Development is accountable. The Department of Economic Development is the only reporting entity in the Ministry of Economic Development for the year ended March 31, 2000. For the comparative period to March 31, 1999, the reporting entities were the Department of Economic Development and Alberta Motion Picture Development Corporation.

On March 31, 1996, Alberta Motion Picture Development Corporation ceased normal operations. All outstanding obligations of the Corporation's Development and Operating funds were fulfilled, and the balances remaining in the funds were returned to the Department of Economic Development on November 2, 1998.

The Results Analysis section of the Ministry Annual Report provides a more complete picture of results achieved and of the responsibilities for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Fair value

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities, and unearned revenues are estimated to approximate their book values.

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Ministry's operations. Expenses include amortization of capital assets.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

Certain expenses, primarily for office space, legal advice, and banking services, incurred on behalf of the Ministry by other Ministries are not reflected in the Statement of Operations. Schedule 6 discloses information on these related party transactions.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for sale.

Inventories held for sale are valued at lower of cost and estimated net realizable value.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is \$15,000.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

Foreign Currency Transactions

The Ministry uses the temporal method to translate foreign currency transactions as follows:

- Monetary items are translated at the rate of exchange in effect at the balance sheet date.
- Expense items and non-monetary items are translated at the rate of exchange in effect in the period they occur.

Note 3 Reorganization

(amounts in thousands)

There were changes in the responsibilities of the Ministry as a result of a major reorganization announced by the government on May 25, 1999 and transfers of responsibility announced throughout the year. Comparatives for 1999 have been restated as if the Ministry had always been assigned its current responsibilities.

Net assets, as previously reported at March 31, 1998	\$ 159,305
Transfer to Ministry of Gaming	(144,939)
Transfer to Agriculture, Food and Rural Development	(20,646)
Transfer to Ministry of Resource Development	103
Transfer to Ministry of Innovation and Science	893
Net liabilities, as restated at March 31, 1998	<u>\$ (5,284)</u>

Note 4 Tourism Programs

(amounts in thousands)

On April 1, 1999 a new framework for tourism marketing was put into place that is now fully operational. As part of the implementation of the framework, on July 7, 1999 the department entered into a three-year, \$6 million per year, agreement with Travel Alberta International Inc. (TAI), a not-for-profit corporation, jointly owned by Economic Development Edmonton and Calgary Convention and Visitors Bureau, to undertake international tourism marketing, on behalf of the department. The nature of this arrangement is such that the Department exercises significant influence over the strategic operational, investing and financing activities of TAI. During the period of July 7, 1999 to March 31, 2000 the department acquired tourism marketing services totaling \$ 6,058 from TAI, of which \$ 1,414 was payable to TAI as at March 31, 2000.

Note 5 Accounts Receivable
(amounts in thousands)

	2000		1999	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 59	\$ 32	\$ 27	\$ 1,031

Accounts receivable are unsecured and non-interest bearing.

Note 6 Advances
(amounts in thousands)

	2000	1999
	Net Realizable Value	Net Realizable Value
Travel and Other Advances	\$ 368	\$ 290

Note 7 Capital Assets
(amounts in thousands)

	Estimated Useful Life	2000		1999	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	10 Years	\$ 916	\$ 490	\$ 426	\$ 285
Computer Hardware and Software	3 Years	943	831	112	39
		\$1,859	\$ 1,321	\$ 538	\$ 324

Note 8 Commitments
(amounts in thousands)

As at March 31, 2000, the Ministry has the following commitments for each of the next five years.

	Total	Grants	Contracts
2000-2001	\$ 13,187	\$ 424	\$ 12,763
2001-2002	\$ 8,812	\$ 76	\$ 8,736
2002-2003	\$ 65	\$ —	\$ 65
2003-2004	\$ 55	\$ —	\$ 55
2004-2005	\$ 55	\$ —	\$ 55

Note 9 Contingencies
(amounts in thousands)

As at March 31, 2000, the Ministry is a defendant in three legal claims (1999 – one legal claim).

These claims have specified amounts totalling \$ 16,700 (1999 – \$ 16,600).

The Ministry considers that a valid defence exists in every instance and no material loss is anticipated.

Note 10 Pensions
(amounts in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of \$ 793 for the year ended March 31, 2000 (1999 – \$ 644).

Effective January 1, 1999, the ministry's contribution to Public Service Pension Plan was reduced by 0.3% of pensionable salaries.

At December 31, 1999, the Management Employees Pension Plan reported a surplus of \$ 46,019 (1998 – \$ 4,355) and the Public Service Pension Plan reported a surplus of \$ 517,020 (1998 – \$406,445). At December 31, 1999, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$ 33.

Note 11 Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

Note 12 Approval of Financial Statements

The Financial Statements were approved by the Senior Financial Officer and the Deputy Minister.

Ministry of Economic Development

Schedule to the Financial Statements

Revenues

For the Year Ended March 31, 2000

Schedule 1

	(in thousands)		
	2000		1999
	Budget	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	\$ 500	\$ 500	\$ —
	<u>500</u>	<u>500</u>	<u>—</u>
Transfers from Government of Canada:			
Western Economic Partners	—	36	—
	<u>—</u>	<u>36</u>	<u>—</u>
Fees, Permits and Licences:			
Freedom of Information and Protection of Privacy Act	—	1	1
	<u>—</u>	<u>1</u>	<u>1</u>
Other Revenues:			
Refund of Expenditure	—	496	931
Other Revenue	750	197	290
	<u>750</u>	<u>693</u>	<u>1,221</u>
Total Revenues	<u>\$ 1,250</u>	<u>\$ 1,230</u>	<u>\$ 1,222</u>

Ministry of Economic Development

Schedule to the Financial Statements

Budget

For the Year Ended March 31, 2000

Schedule 2

	(in thousands)		
	1999 – 2000 Budget Restated (a)	Authorized Supplementary (b)	1999 – 2000 Authorized Budget
Revenues:			
Internal Government Transfers	\$ 500	\$ —	\$ 500
Other Revenue	750	—	750
	<u>1,250</u>	<u>—</u>	<u>1,250</u>
Expenses:			
Voted			
Ministry Support Services	4,722	277	4,999
Marketing and Business Development	30,018	—	30,018
Tourism Programs	16,100	—	16,100
Technology Commercialization Initiatives	600	—	600
	<u>51,440</u>	<u>277</u>	<u>51,717</u>
	<u>\$ (50,190)</u>	<u>\$ (277)</u>	<u>\$ (50,467)</u>

(a) Effective April 1, 1999, the responsibilities of the Ministry changed as a result of a major reorganization announced by the government and other transfers of responsibility announced during the year. This budget has restated the 1999 – 2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and other transfers of responsibility authorized during the year.

(b) Supplementary Estimates were approved on December 9, 1999 and March 14, 2000.

Ministry of Economic Development

Schedule to the Financial Statements

Expense Detailed by Object

For the Year Ended March 31, 2000

Schedule 3

	(in thousands)		
	2000		1999
	Budget	Actual	Actual
Voted			
Salaries, Wages and Employee Benefits	\$ 14,257	\$ 13,827	\$ 12,406
Supplies and Services	35,614	29,977	20,604
Grants	1,385	2,995	1,977
Financial Transactions and Other	80	89	96
Amortization of Capital Assets	104	85	142
Total Voted Expenses	<u>\$ 51,440</u>	<u>\$ 46,973</u>	<u>\$ 35,225</u>

Ministry of Economic Development

Schedule to the Financial Statements

Salary and Benefits Disclosure

For the Year Ended March 31, 2000

Schedule 4

	2000			1999
	Salary ⁽¹⁾⁽²⁾	Benefits and Allowances ⁽¹⁾⁽³⁾	Total	Total
Current Executives⁽¹⁾				
Deputy Minister ⁽⁴⁾	\$ 150,471	\$ 30,971	\$ 181,442	\$ 159,076
Other Executives:				
Assistant Deputy Minister Tourism and Industry ⁽⁵⁾⁽⁶⁾⁽¹⁰⁾	105,896	24,380	130,276	127,936
Assistant Deputy Minister Investment and Trade ⁽⁵⁾⁽⁷⁾⁽¹⁰⁾	117,865	33,302	151,167	132,298
Executive Director Information and Strategic Services ⁽⁵⁾⁽⁸⁾⁽¹⁰⁾	105,228	21,633	126,861	125,958
Executive Director Policy and Economic Analysis ⁽⁵⁾⁽⁹⁾	32,299	5,377	37,676	—
Former Executive⁽¹⁾				
Assistant Deputy Minister International Markets and Regional Development ⁽¹¹⁾	34,769	43,774	78,543	139,666

Ministry of Economic Development

Schedule to the Financial Statements

Salary and Benefits Disclosure

For the Year Ended March 31, 2000

Schedule 4

⁽¹⁾ Prepared in accordance with Treasury Board Directive 12/98. The schedule includes the salary and benefits of:

Current Executives:

This includes the salary and benefits of the last incumbent. Where the last incumbent has held the position for part of the year, his/her salary and benefits as an executive in previous positions within the government reporting entity are also included.

Former Executive:

This includes the salary and benefits of a former executive who left the government during the year.

⁽²⁾ Salary includes regular base pay, bonuses, lump sum payments and any other direct cash remuneration.

⁽³⁾ Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, vacation payouts, professional memberships and tuition fees.

⁽⁴⁾ Automobile provided, no dollar amount included in the benefits and allowances figure.

⁽⁵⁾ On December 1, 1999 the ministry went through an internal reorganization that resulted in the establishment of two Assistant Deputy Minister positions and two Executive Director positions. Prior to the internal reorganization of the ministry on December 1, 1999 the Executive consisted of three assistant deputy ministers and one executive director.

⁽⁶⁾ As a result of an internal reorganization on December 1, 1999 the title of this position changed on December 1, 1999 from Assistant Deputy Minister Industry Development to Assistant Deputy Minister Tourism and Industry.

⁽⁷⁾ As a result of an internal reorganization on December 1, 1999 the title of this position changed on December 1, 1999 from Assistant Deputy Minister International Markets and Regional Development to Assistant Deputy Minister Investment and Trade.

⁽⁸⁾ As a result of an internal reorganization on December 1, 1999 the title of this position changed on December 1, 1999 from Executive Director Finance and Administration to Executive Director Information and Strategic Services.

⁽⁹⁾ Position created on December 1, 1999 as a result of an internal reorganization, and was occupied from December 1, 1999 to March 31, 2000.

⁽¹⁰⁾ The benefits and allowances figures include vacation payouts for the following individuals: Assistant Deputy Minister, Tourism and Industry 2000 \$3,876 (1999 \$4,058); Assistant Deputy Minister, Investment and Trade 2000 \$10,669 (1999 \$2,011); Executive Director, Information and Strategic Services 2000 \$1,899 (1999 \$1,862).

⁽¹¹⁾ The incumbent left government service on August 3, 1999. Salary and benefits include vacation payout amounting to \$36,925 (1999 \$13,408).

Ministry of Economic Development

Schedule to the Financial Statements

Comparison of Expenses by Element to Authorized Budget

For the Year Ended March 31, 2000

Schedule 5

(in thousands)

	1999-2000 Budget Restated (a)	Authorized Supplementary (b)	1990-2000 Authorized Budget	1999-2000 Actual Expenses	Unexpended (Over Expended)
Expenses:					
Voted Expenses					
1. Ministry Support Services					
1.0.1 Minister's Office	\$ 380	\$ —	\$ 380	\$ 280	\$ 100
1.0.2 Deputy Minister's Office	347	—	347	413	(66)
1.0.3 Finance and Administration	3,610	—	3,610	2,963	647
1.0.4 Alberta Economic Development Authority	298	—	298	265	33
1.0.5 Standing Policy Committee on Jobs and Economy	87	—	87	84	3
1.0.6 Achievement Award Program	—	277	277	277	—
	4,722	277	4,999	4,282	717
2. Marketing and Business Development					
2.1 International Markets and Regional Development					
2.1.1 Operations	582	—	582	601	(19)
2.1.2 Business Immigration	424	—	424	342	82
2.1.3 International Trade Representation	6,099	—	6,099	4,227	1,872
2.1.4 International Marketing	7,187	—	7,187	6,812	375
2.1.5 Regional Services	2,869	—	2,869	2,802	67
	17,161	—	17,161	14,784	2,377
2.2 Industry Development					
2.2.1 Operations	282	—	282	297	(15)
2.2.2 Forest Products Development	1,288	—	1,288	972	316
2.2.3 Tourism Development Agency	924	—	924	947	(23)
2.2.4 Advanced Technology and Emerging Industries	1,207	—	1,207	955	252
2.2.5 Manufacturing and Logistics	2,065	—	2,065	2,007	58
2.2.6 Investment and Business Attraction	1,291	—	1,291	1,238	53
	7,057	—	7,057	6,416	641
2.3 Strategic Resources					
2.3.1 Policy Coordination	4,006	—	4,006	2,982	1,024
2.3.2 Corporate Communications	473	—	473	542	(69)
2.3.3 Information Technology	1,321	—	1,321	923	398
	5,800	—	5,800	4,447	1,353
3. Tourism Programs					
3.0.1 Management and Administration	1,100	—	1,100	1,110	(10)
3.0.2 In-Alberta/Regional Campaign	2,000	—	2,000	1,970	30
3.0.3 International Marketing Campaign	6,000	—	6,000	7,281	(1,281)
3.0.4 Regional Marketing Network	1,500	—	1,500	1,500	—
3.0.5 Alberta Image Promotion	1,500	—	1,500	1,464	36
3.0.6 Research	500	—	500	264	236
3.0.7 Foreign Representatives	700	—	700	585	115
3.0.8 Visitor Information Centres/Call Centre	2,500	—	2,500	2,086	414
3.0.9 Image Bank and Website	300	—	300	329	(29)
	16,100	—	16,100	16,589	(489)
4. Technology Commercialization Initiatives					
4.0.1 Technology Commercialization Initiatives	600	—	600	455	145
	600	—	600	455	145
Total Voted Expenses	\$ 51,440	\$ 277	\$ 51,717	\$ 46,973	\$ 4,744

(a) Effective April 1, 1999, the responsibilities of the Ministry changed as a result of a major reorganization announced by the government and other transfers of responsibility announced during the year. This budget amount has restated the 1999 – 2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and other transfers of responsibility authorized during the year.

(b) Supplementary Estimates were approved on December 9, 1999 and March 14, 2000.

Ministry of Economic Development

Schedule to the Financial Statements

Related Party Transactions

For the Year Ended March 31, 2000

Schedule 6

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Revenues:				
Grants	\$ —	\$ —	\$ 500,000	\$ —
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 500,000</u>	<u>\$ —</u>
Expenses:				
Other services	\$ —	\$ —	\$ 268,024	\$ 252,133
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 268,024</u>	<u>\$ 252,133</u>

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Expenses (notional):				
Accommodation	\$ —	\$ —	\$ 5,479,307	\$ 5,715,822
Other services	—	—	91,018	100,591
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,570,325</u>	<u>\$ 5,816,413</u>

Index of Entities' Financial Information in Ministry Annual Reports

Entities included in the Consolidated Government Reporting Entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Agricultural Research Institute	Innovation and Science
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc.	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Oil Sands Technology and Research Authority	Innovation and Science
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science, Research and Technology Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Awasak Child and Family Services Authority	Children's Services
Calgary Rocky View Child and Family Services Authority	Children's Services
Child and Family Services Authority — Region 13	Children's Services
Child and Family Services Authority — Region 14	Children's Services
Credit Union Deposit Guarantee Corporation	Treasury

Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Diamond Willow Child and Family Services Authority	Children's Services
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Ministry, Department, Fund or Agency	Ministry Annual Report
Government House Foundation, The	Community Development
Hearthstone Child and Family Services Authority	Children's Services
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Keystone Child and Family Services Authority	Children's Services
Lottery Fund	Gaming
Ma'Mowe Capital Region Child and Family Services Authority	Children's Services
Metis Settlements Child and Family Services Authority	Children's Services
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development ¹	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council ¹	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services ¹	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment ¹	Human Resources and Employment
Ministry of Infrastructure ¹	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations ¹	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs ¹	Municipal Affairs

Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Neegan Awas'sak Child and Family Services Authority	Children's Services
Persons with Developmental Disabilities Calgary Region Community Board	Health and Wellness
Persons with Developmental Disabilities Central Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Edmonton Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Northeast Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Northwest Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
Persons with Developmental Disabilities South Alberta Community Board	Health and Wellness
Ribstone Child and Family Services Authority	Children's Services
S C Financial Ltd.	Treasury
Sakaigun Asky Child and Family Services Authority	Children's Services
Sakaw Askiy Child and Family Services Authority	Children's Services
Silver Birch Child and Family Services Authority	Children's Services
Southeast Alberta Child and Family Services Authority	Children's Services
Sun Country Child and Family Services Authority	Children's Services
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
West Yellowhead Child and Family Services Authority	Children's Services
Wild Rose Foundation, The	Community Development
Windsong Child and Family Services Authority	Children's Services

¹Ministry includes only the department so separate department financial statements are not necessary.

Entities not included in the Consolidated Government Reporting Entity

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Cancer Board	Health and Wellness
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan -Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment

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