Note to Readers:
Copies of the annual report are available on the Alberta Open Government Portal website:
https://open.alberta.ca/publications/2371-1612

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The Public Accounts of Alberta are prepared in accordance with the Financial Administration Act and the Fiscal Planning and Transparency Act. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers’ accountability statements, the consolidated financial statements of the province and the Measuring Up report, which compares actual performance results to desired results set out in the government’s strategic plan.

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

- the financial statements of entities making up the ministry including the Department of Economic Development and Trade, Alberta Innovates, and the Alberta Enterprise Corporation, for which the minister is responsible; and

- other financial information as required by the Financial Administration Act and Fiscal Planning and Transparency Act, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.
Minister’s Accountability Statement

The ministry’s annual report for the year ended March 31, 2018, was prepared under my direction in accordance with the Fiscal Planning and Transparency Act and the government’s accounting policies. All of the government’s policy decisions as at May 30, 2018 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[ Original signed by Minister Deron Bilous ]

Honourable Deron Bilous
Minister of Economic Development and Trade
It is an incredible privilege to serve as Alberta’s Minister of Economic Development and Trade. Since we established the ministry nearly three years ago, we have been working hard to build a strong, resilient economy Albertans can count on – and after the worst recession in a generation, our economy is recovering, things are starting to look up, and we are seeing many signs of confidence. Thanks in part to our strong partnerships with forward-thinking communities, industries, and business leaders across the province, Alberta led the country in economic growth last year and is expected to do the same in the year ahead. Jobs, exports, manufacturing, and housing starts are up, too. I’m confident these trends will carry on as we continue our efforts to support Alberta small and medium-sized businesses, foster innovation across sectors, and do our part to help Alberta businesses access new markets, while attracting new investment from around the world. As Minister, I am proud to present our annual report, which lays out the important initiatives we took on during the 2017-18 fiscal year.

Economic diversification remained a top priority last year as we showed continued leadership on policy and programs that aim to build competitiveness and encourage investment and growth across sectors. This included moving forward with our suite of Alberta business support programs rolled out as part of the Alberta Jobs Plan. December 2017 marked the one-year anniversary of the unanimous passing of the Investing in a Diversified Alberta Economy Act, and January marked a full year since we began accepting applications for the Capital Investment and Alberta Investor tax credits. Together these tax credits are fostering new investment, supporting innovation, and accelerating growth in new industries. With the first few rounds of the Capital Investment Tax Credit, for example, we’ve already supported thousands of jobs and more than $1 billion in private sector capital investment. I’m especially proud of my ministry’s work to develop a new Interactive Digital Media (IDM) Tax Credit. Once launched, this new credit will level the playing field for our IDM industry and other related creative industries that support hundreds of jobs here in Alberta.

Our government also moved forward with the second and third intakes of the popular Community and Regional Economic Support (CARES) program. We introduced the program two years ago so local leaders in our province’s smaller cities and towns could build on their regional strengths and take on economic development projects they might not have been able to do alone. To date, three rounds of CARES grants have funded more than 170 community initiatives across the province. Through these projects, regional leaders are working together to accelerate economic development and diversification that will help Alberta become more competitive and prosperous – creating jobs along the way. In addition to these projects, we allocated nearly $5 million in CARES funding through the Coal Community Transition Fund to support 12 initiatives that will help 17 Alberta coal communities diversify their regional economies.

While a top priority of ours is making sure Alberta's hometowns and neighbourhoods have the resources they need to thrive, part of our work also includes supporting a strong research and innovation system that helps make Alberta a premier destination for starting a business and launching new products and ideas. Innovation
is the key to unlocking the door to future economic competitiveness, growth and diversification. This is why my ministry is continuing to fund Alberta Innovates and initiatives such as the Enhanced Innovation Voucher and Small and Medium-sized Enterprises Support and Alberta Entrepreneurship Incubator programs, which help small technology-focused businesses grow. We also took steps to capitalize on innovative opportunities across sectors with the release of the Alberta Research and Innovation Framework and the Climate Change Innovation and Technology Framework. Together, these frameworks will help focus investments in research, innovation, and technology across sectors, leverage post-secondary expertise to support industry competitiveness and growth, contribute to significant environmental benefits, and identify opportunities with the greatest potential to shift Alberta to a lower-carbon economy.

All of these initiatives go hand-in-hand with fostering a competitive business environment here at home that attracts international investment and creates even more opportunities abroad. Strong Alberta businesses form the foundation that allows us to build trade and investment opportunities beyond our borders. Our Alberta Export Expansion Package continued to help companies across sectors, with more than $2.3 million in funding provided to over 1,400 clients looking to launch into the global marketplace. And on our trade missions, we took more than 400 Alberta companies to priority international markets, with companies reporting more than $500 million in trade and investment as a result. We reinforced the inroads our Alberta companies made abroad last year through the ongoing efforts of our network of 12 international offices as well as our actions to enhance international partnerships and attract investment on Premier and Minister-led missions to markets such as the U.S. and Asia.

A crucial part of enhancing Alberta’s access to markets also included ensuring we represented Alberta’s interests when it came to key trade agreements and market access issues. This past year, the national and global trade environment shifted and evolved with the continuation of trade negotiations such as NAFTA. We held several roundtables with Alberta industry to keep them aware of the ongoing negotiations, and provided them with information about new opportunities they could benefit from. My ministry kept, and will continue to keep, its finger on the pulse to ensure Alberta’s interests are advanced in international trade negotiations.

The actions I have highlighted are just a snapshot of the work underway to build a strong, resilient economy that benefits industries, businesses, and Albertans. The progress that we have made on this front so far demonstrates my ministry’s dedication to Albertans, and I assure you that partnering with stakeholders across sectors to leverage our province’s strengths and expand into new and exciting directions will continue to be a top priority for my ministry as we move forward. I hope all Albertans share my genuine excitement as we reflect back on last year’s accomplishments, and set our sights on what 2018-19 will bring. Together, we truly are creating a recovery built to last.

[ Original signed by Minister Deron Bilous ]

Hon. Deron Bilous
Minister of Economic Development and Trade
Management’s Responsibility for Reporting

The Ministry of Economic Development and Trade includes the Department of Economic Development and Trade, Alberta Enterprise Corporation, Alberta Innovates, the Alberta Research and Innovation Advisory Committee, the Northern Alberta Development Council and 12 international offices established in high priority markets.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives 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 strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Economic Development and Trade. Under the direction of the minister, I oversee the preparation of the ministry’s annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years’ results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years’ results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry’s Budget 2017.

As deputy minister, in addition to program responsibilities, I am responsible for 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, the President of Treasury Board and Minister of Finance, and the Minister of Economic Development and Trade the information needed to fulfill their responsibilities, and
● facilitate preparation of ministry business plans and annual reports required under the Fiscal Planning and Transparency Act.

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

[ Original signed by Jason Krips Deputy Minister of Economic Development and Trade ]

Jason Krips
Deputy Minister of Economic Development and Trade
May 30, 2018
Results Analysis
The Ministry of Economic Development and Trade leads efforts to diversify and make Alberta's economy resilient, support trade development, attract foreign investment, ensure business competitiveness, and deliver opportunities to create jobs. The ministry initiates, advances and implements economic development strategies, policies and programs that foster sustainable growth, encourage industry diversification, support small and medium-sized enterprises, enhance market access, and leverage innovation, science and technology to provide economic, environmental and social benefits for all Albertans. The result is a dynamic, resilient and sustainable economy that supports and ensures Alberta's prosperity, now and into the future.

Organizational Structure

The ministry consists of the Department of Economic Development and Trade, which includes: 12 international offices in high-priority markets, Alberta Innovates, the Alberta Research and Innovation Advisory Committee, the Northern Alberta Development Council, and Alberta Enterprise Corporation.

Figure 1 – Ministry of Economic Development and Trade 2017-18 Organizational Structure
Department of Economic Development and Trade

The department includes three operational divisions and one supporting division. The responsibilities of these divisions are as follows:

Science and Innovation
The Science and Innovation Division leads government’s investments in research and innovation, so Alberta’s research and innovation system may grow stronger. As it promotes a cohesive system, the division also promotes commercialization of innovative products, processes and solutions for Alberta industry. It promotes collaboration among Alberta’s small and medium-sized enterprises and international industry partners and jurisdictions that contribute to company growth and economic diversification.

Economic Development
As it provides economic information for businesses and investors, the Economic Development Division facilitates access to capital in Alberta, the adoption of technology and business practices, and efforts to increase the resiliency and diversification of industry. It focuses on the implementation of key economic development programs, such as the Alberta Investor Tax Credit, the Capital Investment Tax Credit, the Alberta Export Expansion Program, and the Community and Regional Economic Support Program. The division also assists small and medium-sized enterprises and collaborates with communities and stakeholders to foster regional economic development and job growth.

Trade and Investment Attraction
The Trade and Investment Attraction Division supports a government-wide approach to promoting trade and attracting investment. It leads Alberta’s participation in domestic and international trade negotiations, and fosters Alberta’s strategic international interests and relationships. The division, which includes Alberta’s network of international offices, offers services and supports, such as market intelligence and networking opportunities for export-ready firms, and attracts investment to Alberta.

Strategic Policy and Corporate Services
The Strategic Policy and Corporate Services Division provides strategic policy, planning and evaluation services across the ministry. It encourages proactive collaboration among ministry divisions, as well as across government, on core policy files. The division also provides economic information and tools for businesses and investors and develops key economic development programs that are then implemented by other divisions. The division delivers integrated corporate services for the ministry, including finance, corporate administration, information services, and governance services, as well as legislative services through a shared services agreement with Alberta Advanced Education.

Alberta Innovates
Alberta Innovates plays a pivotal role in the province’s research and innovation system, ensuring Alberta achieves economic, health and social benefits from the government’s investment in research and innovation. Building on the province’s strengths in environment, energy, health, food, agriculture, fibre, and emerging technologies, Alberta Innovates supports world-class researchers, entrepreneurs, and industry innovators. It offers cross-sectoral knowledge and expertise, funding, business supports, networks, and research facilities to turn ideas into products and products into companies. Alberta Innovates prepares an annual report separate from this one.

Alberta Research and Innovation Advisory Committee (ARIAC)
ARIAC provides expert and independent strategic advice and recommendations to the minister on research and innovation. ARIAC’s international, national, and provincial members represent a spectrum of experience in global innovation systems and act as ambassadors for Alberta's research and innovation system.

Alberta Enterprise Corporation (AEC)
AEC invests as a limited partner in venture capital funds focused on priority, under-served technologies. Technologies include information, communications, life sciences, nanotechnology, and the environment. AEC prepares an annual report separate from this one.

Northern Alberta Development Council (NADC)
NADC plans, promotes, and advises on practical measures to advance social and economic development in northern Alberta. It makes recommendations about government services and programs. NADC prepares an annual report separate from this one.
In 2017-18, Alberta faced uncertainties in the global economy. Dependence on one commodity has left Alberta exposed to the boom and bust cycle of the global price of oil. Rising protectionist and anti-trade agendas in some of Alberta's most important export markets led to uncertainty, including concern about the introduction of new tariffs, increasing competition for investment, and other barriers to Alberta businesses. These factors were evidence of the need for Alberta to diversify its economy and the global partners it trades with. Global environmental, social and health conditions were also evolving and presenting challenges, such as the need for less greenhouse gas emissions and more clean energy, while still increasing productivity and quality in sectors such as health, agriculture, forestry and energy.

During the economic slowdown, Economic Development and Trade took advantage of opportunities to grow and diversify the economy, while also focusing on stabilizing Alberta’s economy and responding to ongoing economic changes. The ministry’s work included:

- ensuring Alberta businesses have access to capital,
- supporting competitiveness of strategic industries,
- enabling market access through strategic infrastructure and other supports,
- advocating for increased trade and foreign investment, and
- fostering a globally recognized and competitive research and innovation system to enable economic, social and environmental outcomes.

Through this work, the ministry encouraged job creation, sustainable growth, and development of competitive and innovative economic sectors in rural and urban Alberta.

Economic Development and Trade’s three 2017-20 business plan outcomes are:

1. Alberta’s economic development policies and programs support a sustainable and more diversified economy.
2. Trade and investment opportunities are grown and diversified by leveraging Alberta’s strengths and capabilities.
3. Alberta’s publicly funded research and innovation system contributes to Alberta’s sustainable prosperity.

**Performance Indicators**

Performance indicators capture far-reaching outcomes that the ministry’s programs and initiatives intend to influence in the long term. These indicators are also influenced by many factors outside the ministry’s control. Therefore, performance indicators reflect what the ministry intends to influence, as well as the larger societal context within which the ministry operates.
1.a Percentage of manufacturing, business and commercial services Gross Domestic Product (GDP) growth in Alberta

An increase in the GDP for manufacturing, business and commercial services is a key indicator of growth. Another indicator is whether or not Alberta’s economy is diversified beyond primary oil and gas production, because a diversified economy can better withstand the peaks and valleys of the economic cycle. GDP in the manufacturing and business services industry increased by 3.1 per cent in 2017 after a 3.1 per cent decline in 2016, and a 3.0 per cent decline in 2015, brought about by steeply lower oil prices. By comparison, total Alberta GDP increased by 4.9 per cent in 2017.

- The manufacturing and business services industry growth was largely driven by strength in the manufacturing and transportation and warehousing sectors, which increased 8.1 per cent and 6.6 per cent respectively.
- Arts, entertainment and recreation also saw significant growth of 3.1 per cent, while finance and insurance grew 1.7 per cent.
- Two sectors that are most closely linked to the oil and gas sector, excluding manufacturing, are professional, scientific and technical services, and administrative and support, waste management and remediation services – both were relatively unchanged from 2016, with growth rates of zero per cent and -0.5 per cent respectively.

The Alberta government supports the growth of small and medium-sized enterprises through programs such as the Alberta Investor Tax Credit, the Capital Investment Tax Credit and the 2017 reduction of the small business tax rate from three per cent to two per cent. Government policy contributes to effective use of the province’s resources and supports a sustainable and diversified economy. The percentage change in GDP provides an indication of economic growth annually for the priority sectors on which the government focuses.

Various external factors affect GDP growth in Alberta, including:
- the health of the United States’ and global economies,
- the level of energy prices,
- the level of other natural resource and commodity prices, and
- the balance between the supply and demand of labour.
GDP will increase in Alberta as the following factors also increase:

- industry competitiveness and productivity,
- innovative technologies and processes,
- research investments by organizations, and
- emerging industries.

Source: Statistics Canada’s CANSIM table 379-0030 – Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories. See Appendix Two for more information.

Note: Statistics Canada periodically revises its previously posted data, which accounts for some data changes from data reported in previous years. In November 2017, Statistics Canada revised the data for years 2014, 2015, 2016.
Performance Indicator

2017-20 Economic Development and Trade Business Plan Performance Indicator
1.b Total non-residential investment in Alberta per capita ($ thousands)

Capital investment is a sign of a growing, healthy economy. As companies expand they purchase property, build facilities, and buy equipment. This contributes to Alberta’s GDP and improves Alberta’s long-term economic performance.

Alberta non-residential per-capita investment is down 7.1 per cent, from $14,358 in 2016 to $13,337 in 2017. Falling capital expenditures in the oil and gas extraction sector was the largest driver of the decrease, as oil prices remained well below previous years’ highs of over $100/barrel (WTI). This marks the third consecutive year of a decline in non-residential investment per capita. 2017 numbers are preliminary actuals; final estimates will be available in February 2019.

Source: Statistics Canada’s Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions (CAPEX). See Appendix Two for more information.

Performance Indicator

2017-20 Economic Development and Trade Business Plan Performance Indicator
1.c Year-over-year percentage increase in employment in small and medium-sized enterprises

The number of employees in small and medium-sized enterprises increased 0.8 per cent in 2017, compared to a 0.7 per cent increase for total payroll employment in the province. Most of the increase in small and medium-sized enterprise employment was in medium-sized enterprises. Employment in companies with between 50 and 299 employees increased by 1.5 per cent, while those with under 50 employees increased 0.3 per cent. Small and medium-sized enterprise employment grew the most in the oil and gas extraction and manufacturing sectors after steep declines in 2016 due to the recession.

Source: Statistics Canada Survey of Employment, Payroll and Hours (SEPH). See Appendix Two for more information.
Performance Indicator

2017-20 Economic Development and Trade Business Plan Performance Indicators:

2.a Total value of Alberta’s exported products and services;
2.b Total value of Alberta’s exported products outside the United States

An increase in exports is a key indicator of economic growth and diversification. It measures total domestic exports to global markets.

The total value of exports decreased from $108.3 billion in 2015 to $97.7 billion in 2016. The decline in 2016 was largely the result of continued low oil and gas prices, which resulted in lower export values for oil and gas commodities, as well as less machinery being exported as the global oil and gas sector slowed.

An increase in exports to markets outside of the U.S. is a key indicator of economic growth and diversification. Less reliance on U.S. markets lowers material risk to Alberta’s economy. It measures domestic goods exports to global markets. Alberta international goods exports, not including the U.S., increased 16.4 per cent to $12.5 billion in 2017, from $10.8 billion in 2016, as exports to all of Alberta’s major trading partners increased.

Source: 2.a Statistics Canada CANSIM table 383-0038 – Gross domestic product, expenditure-based, provincial and territorial; 2.b Industry Canada; Statistics Canada. See Appendix Two for more information.

Note: Trade Data is updated by Statistics Canada on a monthly and annual basis, with revisions in March, April, May, August and November to previous years’ data; this accounts for differences between numbers currently reported and those reported in Economic Development and Trade’s 2017-20 Business Plan.
Federal investment in research and innovation in Alberta is a reflection of strategic alignment with the federal
government in areas where Alberta has academic excellence, in combination with post-secondary research
excellence. A system with strong talent capacity attracts top innovators and researchers who, in turn, train
graduate students and attract federal and industry investment. As a result, this further strengthens the workforce
and supports Alberta’s research and innovation capacity, which is critical to ensuring long-term social,
environmental and economic competitiveness.

Alberta’s federal research investment per capita increased two per cent between 2014-15 and 2015-16 from
$65.93 thousand to $67.24 thousand. Over the same period, Canada’s per capita federal research investment fell
by 0.2 per cent from $88.63 thousand to $88.40 thousand. Between 2012 and 2016, per capita federal research
investment in Alberta fell by 15 per cent compared to a 10 per cent national decline. Also, the gap between
Alberta and Canada’s per capita federal research investment has remained fairly stable. Alberta will benefit from
more collaboration among provincial and federal research and innovation departments and agencies. Alberta
will continue to promote its research priorities and strengths, articulated in the Alberta Research and Innovation
Framework, to increase awareness, which could lead to more collaboration, and investment, among provincial
and federal research and innovation departments and agencies. Federal research investment data reflects
financial information received from universities and degree-granting colleges in Canada.

Source: Statistics Canada and Economic Development and Trade. See Appendix Two for more information.
Licensing technology to start-up firms can be an effective way for new technologies to transfer from universities to wider society. Universities license new technologies to a wide range of organizations, including large corporations, small start-up firms and non-profit entities. Technology licenses issued to start-up firms provide a strong indicator that innovations have commercial potential, with a new business being formed and funded to capitalize on the opportunity.

Alberta continued its upward trend in the number of start-up firms licensing university technology from 8.4 in 2015 to 8.9 in 2016 per million population. This indicates that entrepreneurs are increasingly able to commercialize and fund innovative technologies. All university technology licensing activities in Alberta were with firms located in the province.

Source: Report on Competitiveness: Association of University Technology Managers, Licensing Surveys Database. See Appendix Two for more information.
Enterprise Risk Management

To increase the likelihood of achieving its outcomes, the ministry analyzes and manages its strategic risks on an ongoing basis. The ministry follows an Enterprise Risk Management approach to identifying and managing its risks, which in 2017-18 included the following:

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

Economic Development and Trade considered these strategic risks in developing the ministry’s 2017-20 business plan and 2017-18 operational plan. Actions taken by Economic Development and Trade to mitigate the adverse effects of these risks are outlined in the Discussion and Analysis of Results section of this report.
Discussion and Analysis of Results

Introduction

This section outlines the ministry’s work during the 2017-18 fiscal year and how it has addressed the outcomes and key strategies set out in the ministry’s 2017-20 business plan. Economic Development and Trade’s three 2017-20 business plan outcomes are:

1. Alberta’s economic development policies and programs support a sustainable and more diversified economy.
2. Trade and investment opportunities are grown and diversified by leveraging Alberta’s strengths and capabilities.
3. Alberta’s publicly funded research and innovation system contributes to Alberta’s sustainable prosperity.

Definitions of Key Terms

- Outcomes are broad statements describing what the ministry wants to achieve.
- Key strategies outline significant courses of action to be undertaken by the ministry to accomplish ministry outcomes.
- Performance measures indicate the degree of success a ministry has in achieving its outcomes. Performance measures contain targets, published in each year of the business plan, which identify a desired level of performance to be achieved in each year of the business plan.

Note:

For the purposes of this section, Economic Development and Trade refers to the Department of Economic Development and Trade, as defined on pages 11 through 13. Whenever other components of the ministry participate in the achievement of a result, those components will be explicitly identified.
Alberta’s economic development policies and programs support a sustainable and more diversified economy

Key strategies to support this outcome included:

- 1.1 Provide leadership in enhancing and diversifying the province’s economy through identifying and developing policy and programs, building competitiveness and addressing barriers to growth of strategic sectors, such as petrochemicals, manufacturing, and clean technology sectors.

- 1.2 Deliver the Alberta Investor Tax Credit (AITC) and Capital Investment Tax Credit (CITC) programs to stimulate capital investment, encourage investment in small and medium-sized enterprises in non-traditional sectors, and increase diversification while creating sustainable jobs across the province.

- 1.3 Expand access to seed, early- and late-stage venture and expansion finance and investment capital for Alberta’s economic development and diversification.

- 1.4 Deliver strategies and programs to enable small and medium-sized enterprise start-up and scale-up success and ensure resilience in changing economic circumstances.

- 1.5 Develop a one-stop shop business portal that will provide current, comprehensive and easy-to-use economic information.

- 1.6 Deliver the Community and Regional Economic Support (CARES) program to assist municipalities, communities, and regions across the province in carrying out sustainable economic development initiatives.

What this means:
Government is responsible for ensuring the economic environment is competitive and supportive. Government plays a role in fostering economic development, increasing trade, providing leadership, and creating connections.

Our responsibilities:
Economic Development and Trade focuses on supporting and creating opportunities for Alberta businesses.

The ministry engages with a number of committees and councils that provide advice on policies.

It provides strategies and policies that identify competitiveness challenges and opportunities for sector growth and investment.

The ministry also delivers economic development initiatives that will support communities and sectors.

Additionally, the Northern Alberta Development Council identifies and addresses strategic issues that impact growth in Northern Alberta.

The ministry’s work supports economic prosperity that supports businesses, promotes growth in the province’s regions and communities, and creates high-quality, stable employment for Albertans.
Key Strategy 1.1:

Provide leadership in enhancing and diversifying the province’s economy through identifying and developing policy and programs, building competitiveness and addressing barriers to growth of strategic sectors, such as petrochemicals, manufacturing, and clean technology sectors.

Promotion of Economic Development and Trade Investment Programs and Services

Economic Development and Trade provided services, knowledge and expertise to help communities and regions across Alberta develop and diversify their economies. Economic Development and Trade tailored its assistance to meet unique needs in each community and region, such as:

- attracting new industry investments,
- meeting training needs and labour supply,
- identifying opportunities,
- retaining and growing businesses,
- accessing economic data, and
- connecting with government programs, services, and staff.

Economic Development and Trade strengthened communication among Economic Development and Trade staff, specifically between the Regional Economic Development Services team and the Alberta International Offices. Enhanced communication enabled staff to better attract investment to the province because they were better able to share regional information about investment and export opportunities across Alberta.

Petrochemicals Diversification Program

Through regular outreach efforts, Economic Development and Trade supported successful applicants of the first round of the Petrochemicals Diversification Program (PDP) during their pre-final investment decision stages, with one of the applicants announcing a successful final investment decision in December 2017.

Economic Development and Trade connected unsuccessful PDP applicants with government and industry resources, to assist proponents in their continued interest in opportunities in Alberta.
Energy Diversification Advisory Committee (EDAC)

EDAC was a committee – with industry, labour and Indigenous representatives – that evaluated opportunities to diversify Alberta’s resource processing sector. Economic Development and Trade provided technical input to help EDAC develop and release its report in February 2018. Economic Development and Trade also helped prepare government’s response to some recommendations in the report. Government’s response emphasized using fiscal tools and efforts to improve Alberta’s investment attractiveness. Economic Development and Trade also worked with industry representatives to better understand how to help improve industry’s competitiveness, industry sentiment and how to reduce barriers that prevent investment.

Business Retention and Expansion (BRE)

Developing an economy from within ensures the greatest return on investment. In 2017-18, Economic Development and Trade compiled the latest best practices, so stakeholders could easily access them. These resources will help municipalities and economic development organizations understand that the best way to strengthen their local economy is to support the retention and expansion of existing businesses. The new resources include training materials and templates to help communities set up their own unique BRE programs.¹

Northern Alberta Development Council (NADC) Bursary Programs

NADC worked with Alberta Advanced Education to provide $1.2 million to 217 students through the NADC and First Nations, Métis and Inuit (FNMI) Bursary programs. The purpose of the bursaries is to attract health, education and other in-demand professionals to the north.

Enhance Growth and Resilience of Strategic Industries

In 2017-18, Economic Development and Trade delivered and supported programs intended to enhance the growth and resilience of strategic industries, including the following:

- Economic Development and Trade supported programs, such as the Alberta Manufacturing Innovation Accelerator, which help firms develop innovative business models and new products. Economic Development and Trade also created a project called Mega Trends. The project will help industries prepare their production facilities for the future, so they may more successfully compete in global markets.

¹  http://communityeconomicdevelopment.alberta.ca/
Economic Development and Trade worked with Mount Royal University to create a program called Alberta Manufacturing Export Compass. The program educates Alberta companies about how to successfully use the Canada European Union Comprehensive Economic and Trade Agreement before their Canadian competitors, thus giving them a competitive edge.

Economic Development and Trade developed the Alberta Manufacturing and Fabrication and Innovation program. This program helps firms reduce risk by helping them properly deploy advanced manufacturing technologies, which will help increase firms’ competitiveness.

Taking a strategic, coordinated, and collaborative approach with industry and other relevant partners, Economic Development and Trade led the development of a clean technology roadmap for the province that identifies priority focus areas and initiatives to transition Alberta to a more diversified, resilient, and lower carbon economy. The clean technology roadmap was shared with various clients and stakeholders at major events, such as the SPARK conference, the Intergovernmental Panel on Climate Change-Cities and Climate Change Science Conference in Edmonton, and the Globe Forum in Vancouver.

**Geothermal Energy Policy Development**

Economic Development and Trade continued to help develop a government-wide policy about geothermal development in Alberta. As part of the Geothermal Policy Working Group and Steering Committee, which is led by Alberta Energy, Economic Development and Trade contributed economic development and industry perspectives to a jurisdictional scan. The scan is a required step in developing Alberta government policy.

**Productivity Calculator Web Tool for Industrial Construction**

Economic Development and Trade helped the Construction Owners Association of Alberta develop the world’s first web-based productivity calculator. The calculator helps industry calculate the productivity of heavy industrial construction projects. Companies can use the tool to measure overall performance against construction sector benchmarks to increase competitiveness.

**Coal Community Transition Fund (CCTF)**

Economic Development and Trade established the CCTF to help support eligible coal communities and First Nations to diversify and expand local economies. Through the CCTF, Economic Development and Trade provided approximately $5 million to 12 projects in 17 communities across the province. Communities are using the funds to develop strategic plans, feasibility studies and tourism opportunities, as well as expand economic hubs, such as agribusiness, transportation, and high-tech industries.
Interactive Digital Media Tax Credit (IDMTC)

Economic Development and Trade led the development of the IDMTC, announced on March 14, 2018, which will provide a refundable 25 per cent tax credit on eligible salary and wage expenditures to companies that develop Interactive Digital Media (IDM) products in Alberta. It will also provide an enhanced tax credit to companies that hire people from underrepresented groups.

The IDM industry has grown from just a few studios in the 1990s to approximately 55 studios today\(^2\). They employ approximately 500 full-time employees with an average annual wage of $71,300 and contribute $50 to $80 million to Alberta’s GDP\(^3\).

An Alberta IDMTC will help level the playing field with other jurisdictions like Ontario, British Columbia and Quebec, which already provide similar incentives, to support job creation and retention and foster a more diversified economy while encouraging the growth of the IDM industry and other related creative industries right here in Alberta.

\(^2\) Source: Foster, Logan AB Games Industry Size 2017 (GameCamp Edmonton – 2017)
\(^3\) Source: Economic Development and Trade’s interpretation of Statistics Canada Business Patterns data
Key Strategy 1.2:

Deliver the Alberta Investor Tax Credit (AITC) and Capital Investment Tax Credit (CITC) programs to stimulate capital investment, encourage investment in small and medium-sized enterprises in non-traditional sectors, and increase diversification while creating sustainable jobs across the province.

Alberta Investor Tax Credit (AITC)

Innovators and investors routinely report funding gaps in two phases of a product’s development and business cycle. The first gap is at the seed and start-up phase; the second gap occurs when the business is operational, but needs to expand to survive. The AITC addresses these funding gaps by encouraging investment in businesses during the seed and start-up phases. Economic Development and Trade anticipates that companies participating in the program will have faster revenue and employment growth than companies that do not participate.

2018-21 Economic Development and Trade Business Plan Performance Measure⁴:
AITC total annual investment raised ($ millions); leveraged Ratio.

While the 2017-18 annual report is intended to report only on Economic Development and Trade’s 2017-20 business plan, to improve the quality of analysis in this report, this 2018-21 business plan performance measure is being reported. As this measure was introduced in the 2018-21 business plan, no targets were set for 2017-18. The numbers reported in the business plan were partial year’s data; the data presented in this report are updated to reflect full year’s data.

<table>
<thead>
<tr>
<th></th>
<th>Last Actual 2017-18</th>
<th>Target 2018-19</th>
<th>Target 2019-20</th>
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<tr>
<td>Total Annual Investment Raised ($ millions)</td>
<td>93.9</td>
<td>102.0</td>
<td>105.0</td>
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<tr>
<td>Leveraged Ratio</td>
<td>3.33:1</td>
<td>3.33:1</td>
<td>3.33:1</td>
</tr>
</tbody>
</table>

⁴ Source: Economic Development and Trade Client Relationship Management System. See Appendix Two for more information.

Notes: This performance measure is identified as performance measure 2.a in Economic Development and Trade’s 2018-21 Business Plan.
The AITC delivers a 30 per cent tax credit to investors of eligible businesses, beginning January 2017⁵. In 2017-18, the program received over 1,100 individual and almost 300 corporate tax credit requests from investors in over 160 Alberta-based small and medium-sized enterprises who are registered with AITC, resulting in investments totalling $93.9 million. Approximately 36 per cent of the registered corporations are in the professional, scientific and technical services sector (NAICS 54), while 24 per cent are from information and cultural industries (NAICS 51), and 20 per cent are involved in general manufacturing (NAICS 31-33). Combined, these small and medium-sized enterprises represent more than 1,500 jobs across the province.

**Capital Investment Tax Credit (CITC)**

Businesses without profits or readily accessible cash during the economic downturn may have been forced to postpone investment decisions, terminate employees or face bankruptcy. However, providing a tax credit for capital investment can stimulate economic activity. The CITC effectively promotes investment in more capital-intensive industries, leading to diversification and the creation of sustainable jobs across the province.

The CITC had 35 successful applications in 2017-18, with one withdrawal. This represents leveraged investments over $1.2 billion. This program provides a 10 per cent tax credit, though due to the $5 million tax credit cap for a single investment and six projects exceeding the $50 million investment amount, the leveraged ratio for this fiscal year has exceeded the expected ratio of the program. Approximately 18 per cent of successful applications were in the food manufacturing sector, with another 18 per cent in general manufacturing, and 15 per cent in wood product manufacturing. The CITC proposed projects from 2017-18 are expected to create more than 1,500 direct full-time jobs between 2018 and 2027.

⁵ Note: The AITC program started accepting applications in January 2017 and delivers a 30 per cent tax credit to investors of eligible businesses. Because of retroactivity, the investments themselves could go back to April 2016.
2018-21 Economic Development and Trade Business Plan Performance Measure\(^6\):
CITC total annual investment raised ($ millions); leveraged ratio.

While the 2017-18 annual report is intended to report only on Economic Development and Trade’s 2017-20 business plan, to improve the quality of analysis in this report, this 2018-21 business plan performance measure is being reported. As this measure was introduced in the 2018-21 business plan, no targets were set for 2017-18.

<table>
<thead>
<tr>
<th></th>
<th>Last Actual 2017-18</th>
<th>Target 2018-19</th>
<th>Target 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Investment Raised ($ millions)</td>
<td>1,217</td>
<td>370</td>
<td>360</td>
</tr>
<tr>
<td>Leveraged Ratio</td>
<td>20.5:1</td>
<td>10:1</td>
<td>10:1</td>
</tr>
</tbody>
</table>

With the recent announcement of the Climate Change Innovation and Technology Framework programs, additional resources were allocated to AITC and CITC to support clean technology related projects. As a result, for the first time, clean technology AITC and CITC were introduced as part of overall AITC and CITC announcements in fiscal year 2017-18.

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\(^6\) Source: Economic Development and Trade Client Relationship Management System and CITC internal program dataset. See Appendix Two for more information.

Notes: This performance measure is identified as performance measure 2.b in Economic Development and Trade’s 2018-21 Business Plan.
Key Strategy 1.3:

Expand access to seed, early and late stage venture and expansion finance and investment capital for Alberta’s economic development and diversification.

Angel Investor and Venture Capital Development

Access to capital is critical for Alberta seed and early stage companies to innovate and grow. New programs such as the AITC and CITC encourage Alberta investors to invest in seed, early and late stage companies and Venture Capital Corporations. Through the Alberta Enterprise Corporation (AEC), the ministry helped attract venture capital funds to Alberta that subsequently invest in knowledge-based companies. Attracting funds with offices in Alberta enhances access not only to venture capital investment, but also connections and start-up expertise needed to grow seed, early and late stage innovative Alberta companies.

Partnerships for Access to Capital

Economic Development and Trade built connections and collaborations with industry, financial institutions, and angel and venture capital firms to enhance opportunities for Alberta companies to access capital. Alberta companies need access to capital, supports and markets to grow and diversify Alberta’s economy, employment, and exports. Economic Development and Trade collaborates with the Business Development Bank of Canada (BDC) on access to capital and supports for Alberta companies, including the BDC Oil and Gas Initiative. Economic Development and Trade, ATB Financial, Alberta Enterprise Corporation, Agriculture Financial Services Corporation, Alberta Innovates, and others met at regular intervals with federal counterparts to expand collaboration and cooperation to foster Alberta’s economic growth and diversification.

Tools and Resources for REDAs, Economic Development Organizations and Municipalities

Economic Development and Trade has nine regional offices throughout the province: McLennan, Grande Prairie, Bonnyville, Edmonton, Hinton, Red Deer, Calgary, Medicine Hat, and Lethbridge. Economic Development and Trade staff in these locations support economic development practitioners, communities and regional partnerships, helping them to move their economic priorities and plans forward.
The Regional Economic Development Alliance (REDA) model, developed in Alberta, has been recognized as a unique solution to support economic development at a regional level. REDAs are autonomous, grassroots, member-directed, non-profit organizations. REDAs are comprised of member communities and regional stakeholders that work together to foster economic opportunities and prosperity within a defined geographic region. Economic Development and Trade provided up to $100,000 annually for each REDA for outcome-based funding that aligns with government priorities and those of the regional members.

Regional Innovation Networks (RINs) provide technology commercialization support, mentorship and funding throughout the province. There are RINs in Calgary, Central Alberta, Edmonton, Grande Prairie, Lethbridge, Lloydminster, and Medicine Hat. In 2017-18, the Regional Innovation Networks received $5.1 million as part of Alberta Innovates’ operating grant.

**Regional Tours**

Senior Economic Development and Trade leadership connected with community and business leaders across Alberta through a series of roundtables and industry tours in Grande Prairie, Peace River, Rocky Mountain House, Olds, Red Deer, Taber, Lethbridge, Smokey Lake, Cold Lake, Bonnyville, St. Paul, Medicine Hat, and Hanna.

The regional tours – coordinated through Economic Development and Trade’s nine regional offices – enabled discussions about some of the opportunities and challenges in rural Alberta. Participants included municipal leaders, economic development organizations, chambers of commerce, post-secondary institutions, private industry, and a First Nation. Participants’ responses were overwhelmingly positive. They greatly appreciated the ability to speak directly with senior leaders about community and regional economic development opportunities.
Performance Measure 1.a:

2017-20 Economic Development and Trade Business Plan Performance Measure

1.a Cumulative number of Alberta businesses in which AEC funds have been invested

Access to capital enables Alberta businesses to start up and grow, which supports economic growth and diversification in the province. Monitoring the cumulative number of businesses receiving funding from AEC venture capital funds indicates the accessibility of AEC-fostered venture capital for venture-capital-ready Alberta businesses. Along with the total investment into Alberta companies, the number of Alberta companies receiving investment is selected to further understand the impact of AEC investments into Alberta knowledge-based businesses.

The number of Alberta businesses in which AEC venture capital funds and co-investment funds have invested has been increasing since 2013-14. In 2016-17, two new companies received investment from AEC venture capital funds. AEC venture capital funds and their partners also made follow-up investments in existing portfolio companies.

Source: Alberta Enterprise Corporation
Note: Numbers for 2017-18 are released in the AEC Annual Report.
Performance Measure 1.b:

2017-20 Economic Development and Trade Business Plan Performance Measure
1.b Cumulative Value of AEC (and their syndicate partners) Funds’ Investment in Alberta Businesses ($ Millions)

Access to capital enables Alberta businesses to start up and grow, which supports economic growth and diversification in the province. AEC is a fund-of-funds that invests in venture capital funds and angel co-investment funds that subsequently invest into technology companies. As of March 2018, AEC has invested in 11 venture capital funds and two angel co-investment funds.

The Government of Alberta has invested a total of $175 million in AEC. Since AEC’s first investment in 2010 into venture capital funds, investments into Alberta companies have increased year-over-year. The total amount invested in Alberta reflects the ability of AEC venture capital funds and syndicate partners to invest and generate opportunities for Alberta companies. AEC venture capital funds and their partners continue to make active investments into Alberta companies; the total amount invested is increasing.

AEC has attracted and retained 13 funds as a direct result of the Government of Alberta’s investment in AEC, thereby increasing access for businesses to funds, investments, mentors, and strategic partners and investors. These funds invest in seed and early stage knowledge-based companies that support Alberta’s priorities of diversification and economic growth.

The 2016-17 result of $375.0 million investment by AEC venture capital funds and their partners into Alberta companies exceeds the target of $325.0 million.

Source: Alberta Enterprise Corporation
Note: Numbers for 2017-18 are released in the AEC Annual Report.
Key Strategy 1.4:

Deliver strategies and programs to enable small and medium-sized enterprise start-up and scale-up success and ensure resilience in changing economic circumstances.

Support programs that contribute to small business success

Small businesses, defined as those with less than 50 employees, make up about 95.5 per cent of all Alberta businesses, and in 2016 employed 542,219 Albertans, about 36 per cent of all Alberta private sector employment. Economic Development and Trade supports small businesses by facilitating streamlined access to services and supports for business owners and entrepreneurs in the province, including the delivery of strategies and programs to enable small business start-up and scale-up success and ensure resilience in changing economic circumstances.

Economic Development and Trade works with key partners in Alberta's network of approximately 300 small business service providers to ensure entrepreneurs and small business owners have access to timely, coordinated, and relevant supports as they launch and grow their businesses. Services can include, but are not limited to: business planning, entrepreneurial training, and working with business clients to navigate municipal, provincial, and federal regulatory issues.

These organizations, including Business Link and Futurpreneur, do extensive outreach across Alberta and are able to adapt quickly to the changing demands and the quick pace of the business community. They work closely with several organizations supporting small business and entrepreneurs.

Business Link

- Economic Development and Trade renewed funding with the Business Link and is providing $850,000 annually for a three-year period ending March 31, 2020.
- Business Link has a team of business services and advisory specialists who offer free or low-cost mentoring, coaching and advice to any start-up entrepreneur looking for small business supports and regulatory navigation expertise. Services are provided by phone, online including webinars, and in-person events across the province. In 2016, Business Link hosted 475 events across the province and are expected to report similar achievements for 2017.

7 Source: June 2017 Business Register (Statistics Canada) – Establishment Basis; Cansim 281-0042 (SEPH)
In their 2016-17 operational year, Business Link responded to over 12,000 client inquiries by phone, email and in person. This number has continued to grow each year. Clients express a satisfaction rating of more than 80 per cent for the services received from the business advisory team.

**Futurpreneur Canada**

- Futurpreneur Canada (formerly the Canadian Youth Business Foundation or CYBF) is the only national, non-profit organization that provides financing, mentoring and support tools to aspiring young business owners aged 18-39.
- Economic Development and Trade has a funding agreement with Futurpreneur, $100,000 per year, to provide targeted support to young entrepreneurs in northern Alberta to provide access to the financing, services, and supports they need to launch and grow successful businesses. Prior to partnering with Economic Development and Trade, Futurpreneur had only one staff person to cover all of Alberta. As a result of the grant, from May 1, 2016 to February 28, 2018 Futurpreneur supported 184 young entrepreneurs to launch 135 new businesses in Alberta.
- Since the beginning of the partnership, Futurpreneur has helped 184 young entrepreneurs launch 135 new youth-led businesses across Alberta (67 of these businesses are majority-owned by women), creating an estimated 675 new jobs. This included 62 new youth-led businesses in Edmonton and the northern part of the province across a variety of sectors, from food and skilled trades to construction and health and wellness services.
- Futurpreneur also succeeded in recruiting 51 new expert mentors in Edmonton and the North while developing community partnerships with over 30 organizations across the province.
- As of March 2018, Futurpreneur had held six Entrepreneur-In-Residence workshops across Alberta. These workshops received a satisfaction average of 95 per cent with comments from participants saying “this was amazing,” “so grateful that this service and workshop exists. Keep it up,” and “great info and networking opportunity.”

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8 Source: 2018 Futurpreneur Proposal, March 21, 2018
9 Source: 2018 Futurpreneur Proposal, March 21, 2018
10 Source: 2018 Futurpreneur Proposal, March 21, 2018
Small Business Steward Pilot

- The Small Business Steward Pilot is a two-year initiative that provides Alberta businesses with a responsive point of entry into Alberta’s small business service provider ecosystem. The purpose of the pilot is to help new businesses identify and connect with appropriate and timely resources to increase their chances of success in reaching their business goals.
- Intake for the pilot began on October 25, 2017, and will continue until October 31, 2018, at 12 participating registry agencies across Alberta. As of March 2018, more than 200 business clients have enrolled, and are receiving resources and supports.

Rural Alberta Business Centres (RABCs)

Four RABCs, located in Hanna, Camrose, Cold Lake, and Rocky Mountain House, provided one-on-one small business support to rural small businesses in those regions.

- Each RABC is staffed with a Small Business Advisor who provides consistent and knowledgeable services to businesses in their respective regions.
- Michelle Andrishak, the Small Business Advisor at the RABC in Rocky Mountain House, received a 2017 Women of Inspiration Award for her initiatives for women entrepreneurs in the region.
- Each RABC receives approximately $75,000 in operational funding per year from Economic Development and Trade, with current agreements scheduled to conclude in June 2019.

Small Business and Entrepreneurship Programs and Services

Ready to Launch Sessions

In partnership with the Alberta Chamber of Commerce, three workshops for women entrepreneurs were delivered in 2017. The workshops focused on supporting the greater participation of women in business.

- The sessions focused on the “Ready to Launch” theme, addressing topics such as: the start-up phase, the post start-up phase, financing and accessing capital.
- The “Ready to Launch” sessions were held in Lethbridge (May), Red Deer (June) and Fort McMurray (October), and hosted a total of 181 attendees.
- The workshops provided an opportunity to strengthen the resource network and demonstrated opportunities available through service providers like Futurpreneur Canada, ATB Financial, BDC, Alberta Woman Entrepreneurs, and Community Futures via panel discussions about access to financing and common experiences of women in business.
Participants came from a wide variety of experience and stages of entrepreneurship. Many businesses were home or web-based. Others ranged from retail-oriented businesses to professional services, with some from the not-for-profit sector and some participants yet to start a business.

**Power Up! Sessions**

ATB Financial, Business Link and Economic Development and Trade partnered with community stakeholders to organize and deliver Power Up 2017! The Alberta Entrepreneur’s Conference in support of small business in rural communities.

- Power Up! sessions were a one-day pilot event bringing education, awareness of small business supports, and networking opportunities to rural entrepreneurs.
- Two Power Up! conferences were successfully held in Olds (March) and Brooks (October).
- Both Power Up! conferences were well attended with around 100 participants. Survey responses showed that around 80 per cent of participants generally felt the event met or exceeded their expectations and offered valuable content.¹¹

¹¹ Source: Power Up Olds and Power Up Brooks, debrief meeting with Power Up Committee, October 30, 2017
Key Strategy 1.5:

Develop a one-stop shop business portal that will provide current, comprehensive, and easy-to-use economic information.

Business Portal Initiative

- When fully implemented, the business portal will be a one-window point of entry for businesses looking for help with attracting investments, creating jobs and developing the economy in Alberta. To achieve this, the business portal will:
  - provide interactive tools and information to help site visitors make informed business and investment decisions, and
  - serve as a central tool to attract investors and partners with business and investment opportunities in Alberta.
- The investor portal, www.investalberta.ca, was launched in October 2017. It enables Economic Development and Trade to better promote Alberta’s strengths to international audiences through targeted key messages, industry information, information on business supports, and through interactive data tools.
- New functionality and content will continue to be added to the business portal. This includes an export guide and interactive market research tool to support export development, and a site selection tool to support businesses in making investment decisions.

Community Economic Development (CED) Web Portal

- The CED Web Portal was launched in the 2016-17 fiscal year. Economic Development and Trade continued to update economic development funding information, refreshed REDA profiles, provided best practice toolkits, and distributed information to stakeholders. Economic Development and Trade also developed a service area map to share with regional stakeholders and staff to raise awareness of the services provided by Economic Development and Trade’s Regional Economic Development Services team.
- Stakeholders provided overwhelmingly positive feedback on the updates and information provided through the portal.
Key Strategy 1.6:

Deliver the Community and Regional Economic Support (CARES) program to assist municipalities, communities, and regions across the province in carrying out sustainable economic development initiatives.

Community and Regional Economic Supports Program (CARES)

CARES grants are provided to municipalities, communities and regions for projects expected to enhance local economic conditions, increase leveraging of regional economic development resources, and increase local and regional capacity to sustain economic development. This leads to improved local business environments, regional collaboration, increased support for entrepreneurs and small and medium-sized enterprises, diversification within communities, and increased investment for high-value job creation.

The CARES intakes saw more than 150 applicants and 112 successful applications in 2017-18, compared to more than 80 applicants with 61 successful applications in 2016-17. Over $1.5 million of the proposed projects in 2017-18 are in the northern regions of the province and nine are by First Nations and Métis Settlements. There were only 12 repeat applicants during the second intake and 32 in the third intake (both intakes in 2017-18), showing that CARES support continues to spread across the province, helping new-to-CARES communities and regions.

2018-21 Economic Development and Trade Business Plan Performance Measure\(^2\)

CARES total value of projects funded ($ millions).

While the 2017-18 annual report is intended to report only on Economic Development and Trade’s 2017-20 business plan, to improve the quality of analysis in this report, this 2018-21 business plan performance measure is being reported. As this measure was introduced in the 2018-21 business plan, no targets were set for 2017-18.

<table>
<thead>
<tr>
<th>Funding provided through intakes ($ millions)</th>
<th>Actual 2016-17</th>
<th>Last Actual 2017-18</th>
<th>Target 2018-19</th>
<th>Target 2019-20</th>
</tr>
</thead>
</table>

\(^2\) Source: Economic Development and Trade Client Relationship Management System and CARES internal program dataset. See Appendix Two for more information.

Notes: The 2017-18 actual has been updated from what was reported in Economic Development and Trade’s 2018-21 business plan; this is because programs are ongoing and keep processing and executing agreements until March 31, end of the fiscal year. This performance measure is identified as performance measure 3.b in Economic Development and Trade’s 2018-21 Business Plan.
Community Economic Development Corporations (CEDC) Program

The CEDC is a component of the *Investing in a Diversified Alberta Economy Act*. Community economic development can contribute to a number of government economic goals, including job creation, diversification and small business growth. The CEDC program provides a 30 per cent tax credit to local investors who invest in small businesses focused on producing positive social and community economic development impacts for their communities. The CEDC program will increase access to capital for small businesses that may not be able to access traditional bank financing due to their risk profile.

Economic Development and Trade conducted stakeholder consultations in spring 2017, and the drafting of regulations are underway. Program launch is expected in fiscal 2018-19.
Outcome Two:

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

Key strategies to support this outcome included:

- 2.1 Deliver the Alberta Export Expansion Package to increase the number of Alberta companies actively seeking export opportunities, and expand the awareness and fluency of Alberta’s small and medium-sized enterprise community in export-oriented activities.
- 2.2 Provide leadership in Alberta’s international engagement across the Government of Alberta to strengthen and diversify Alberta’s economy in concert with business and policy leaders, and to foster strategic relationships within Canada and internationally to advance the province’s interests on critical policy issues.
- 2.3 Create opportunities in international markets for Alberta by leveraging our international offices, and relationships with international development organizations, to facilitate business connections that attract investment and grow exports, resulting in job creation for Albertans and a diversified and resilient economy.
- 2.4 Build and leverage relationships and partner with other economic development agencies, industry associations, and governments to strategically and consistently promote collaboration and connections that generate economic benefit to grow and diversify Alberta’s economy.
- 2.5 Lead Alberta’s participation and ensure Alberta’s interests are advanced in the negotiation of the Canada Free Trade Agreement, the accession of new parties to the New West Partnership Trade Agreement, and international trade and investment negotiations, including with China.
- 2.6 Lead and coordinate provincial implementation of new and existing trade agreements, including the Canada-EU Comprehensive Economic and Trade Agreement. In partnership with other ministries, defend Alberta’s interests in trade challenges such as those related to beer and softwood lumber.

What this means:

Trade and investment are vital to Alberta’s economic stability and success. Government plays a critical, multifaceted role in enabling Alberta businesses to access new markets for trade and investment, while protecting the public interest. Government is responsible for building relationships with foreign governments and policy makers, based on understanding of common interests. Government is also responsible for representing the province in international and domestic trade agreements.
Our responsibilities:

Economic Development and Trade, including its network of international offices, promotes Alberta’s goods and services to target markets and supports businesses through commercial services, such as market intelligence. Economic Development and Trade identifies and introduces Alberta companies to international markets by facilitating business-to-business connections.

Economic Development and Trade promotes opportunities in the province to attract and retain foreign direct investment and capital, while actively monitoring and assessing major foreign investment proposals.

Economic Development and Trade ensures a coordinated approach to fostering strong relationships with the Canadian government, foreign governments and policy makers that protect and advance Alberta’s interests in target markets.

Economic Development and Trade leads Alberta’s participation in domestic and international trade negotiations, ensuring provincial priorities are addressed and modern trade agreements are built on effective rules-based systems.
Economic Development and Trade Trading Blocs

Economic Development and Trade coordinates, within the Government of Alberta and with businesses, Alberta’s global trade, investment, and advocacy priorities through three geographic trading blocs strategically focused on priority markets. The trading blocs are comprised of three geographic branches based in Alberta and 12 international offices located around the world:

**Americas Trading Bloc**
- Alberta-based staff
- Alberta Mexico Office
- Alberta Washington Office and Office of the Senior Alberta Representative

**Asia Pacific Trading Bloc**
- Alberta-based staff
- Alberta Beijing Office
- Alberta Guangzhou Office
- Alberta Hong Kong Office and Office of the Senior Alberta Representative
- Alberta Japan Office
- Alberta Korea Office
- Alberta Singapore Office
- Alberta Shanghai Office
- Alberta Taiwan Office

**Europe, Middle East, India and Africa Trading Bloc**
- Alberta-based staff
- Alberta New Delhi Office
- Alberta United Kingdom Office

Accessing new markets around the world will continue to play a key role in helping Alberta to grow and diversify its economy and create jobs for Albertans. Our international offices are located in markets where there is the highest potential for growth, where Alberta has a range of economic interest in play, and where complex business environment and culture justify having on-the-ground staff.

Alberta’s international office staff are strong on-the-ground ambassadors for Alberta and they play a critical role, in partnership with our Alberta-based staff, in advocating on behalf of Albertans, making trade connections and attracting investment in key markets around the globe. The collective efforts of Alberta-based and international based staff focus on leading Alberta businesses on international missions, supporting business-to-business relationships in the pursuit of securing trade and foreign direct investment for Alberta, and advocating for Alberta’s benefits supported through agreements and memoranda of understanding (MOUs).
This coordinated approach to advancing Alberta’s international business development objectives is extended to Government of Alberta departments, such as Agriculture and Forestry, Culture and Tourism, Education, Advanced Education, Labour, Health, and Energy, as well as, Alberta Innovates, Alberta business development associations and entities, and Alberta and international businesses. In addition, the trading blocs work closely with Trade Policy, Invest Alberta, as well as other divisions of Economic Development and Trade.

The results reported in this section reflect the coordinated and combined efforts of our Alberta-based and international-based staff to achieve economic benefit for Albertans. Reporting on outcomes and outputs that contribute to improving Alberta’s economy can be found in Appendix 1. In previous years, the results were reported by individual international office, however to reflect the collaborative nature of international business development work, we have transitioned to now reporting results by trading bloc.
Performance Measure 2.a:

2017-20 Economic Development and Trade Business Plan Performance Measure
2.a Percentage of clients who agree that Alberta’s trade policy supports opportunities for exports

69 per cent of respondents indicated that Alberta’s trade policy supports opportunities for exports. (2015-16 actual)

The 2015-16 result demonstrates no significant change over previous years’ data and represents a consistent high level of support for our approach to trade policy.

There are no data to report for 2016-17, because Economic Development and Trade did not receive a statistically significant response to this question in its annual client survey. A change in methodology between the 2015-16 and 2016-17 client surveys may account for the reduced number of client responses.

Source: Annual Client Survey. See Appendix Two for more information.

Note: This measure was replaced in Economic Development and Trade’s 2018-21 Business Plan with new measures that are more reflective of the ministry’s outcomes.
Performance Measure 2.b:

2017-20 Economic Development and Trade Business Plan Performance Measure

2.b Percentage of clients indicating that Economic Development and Trade helped them connect with contacts who otherwise would have been difficult to identify/access

82 per cent of respondents indicated that Economic Development and Trade helped them connect with contacts who otherwise would have been difficult to identify/access. (2016-17 actual)

The result indicates that Economic Development and Trade assisted a significant majority of clients in making business connections that otherwise would have been difficult to identify/access. This result shows an increase in satisfaction from the previous year’s result of 79 per cent and exceeds the 2016-17 target of 80 per cent.

Economic Development and Trade continued to focus on increasing collaboration with other provinces and establishing even closer working relationships with federal Trade Commissioners in foreign markets. The result is that Alberta companies had more opportunities to form partnerships among Canadian companies and increase their access to foreign markets. The launch of the Alberta Export Expansion Program in October 2016 also expanded opportunities for Alberta companies to identify and access contacts in foreign markets.

Source: Annual Client Survey. See Appendix Two for more information.

Note: This measure was replaced in Economic Development and Trade’s 2018-21 Business Plan with new measures that are more reflective of the ministry’s outcomes.
Performance Measure 2.c:

2017-20 Economic Development and Trade Business Plan Performance Measure
2.c Percentage of clients indicating that as a result of the information they received from Economic Development and Trade they were able to make an informed business decision

83 per cent of respondents indicated that as a result of the information they received from Economic Development and Trade, they were able to make an informed business decision. (2016-17 actual)

The result indicates a significant majority of clients received critical business information from Economic Development and Trade. The most recent result shows a 9 per cent increase in the number of clients who agreed that Economic Development and Trade helped them make an informed business decision compared with the previous year, indicating a positive trend in Economic Development and Trade’s ability to provide valuable information.

PERCENTAGE OF CLIENTS INDICATING THAT AS A RESULT OF THE INFORMATION THEY RECEIVED FROM ECONOMIC DEVELOPMENT AND TRADE THEY WERE ABLE TO MAKE AN INFORMED BUSINESS DECISION

<table>
<thead>
<tr>
<th></th>
<th>2014-15</th>
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<td>Actual</td>
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</tr>
<tr>
<td>Target</td>
<td>72</td>
<td></td>
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</table>

Note: The 2016-17 target was set prior to 2015-16 result availability. This accounts for the 2016-17 target being lower than the 2015-16 actual. This measure was replaced in Economic Development and Trade’s 2018-21 Business Plan with new measures that are more reflective of the ministry’s outcomes.

Source: Annual Client Survey. See Appendix Two for more information
Results and Contributions from 2017-18:

Key Strategy 2.1:

Deliver the Alberta Export Expansion Package (AEEP) to increase the number of Alberta companies actively seeking export opportunities, and expand the awareness and fluency of Alberta's small and medium-sized enterprise community in export-oriented activities.

Alberta Export Expansion Package (AEEP)

The AEEP is designed to facilitate connections for Alberta business in international markets. It leverages the international offices and relationships with international development organizations to attract investment and grow exports. Through the following programs, AEEP provides current, comprehensive, and easy-to-use business, economic, and innovation-related information to support business development and attract investment:

- **Export Support Fund (ESF):** The ESF provides matching grant funding up to $20,000 annually to for-profit companies with annual sales of $50,000 to $25 million that operate out of Alberta and have at least one employee in Alberta. This grant helps the company develop markets that represent 10 per cent or less of the company’s annual sales. Applications are only considered when a market entry plan is provided.

- **Export Readiness Program (ERP):** The ERP provides one-on-one consulting services and online tools, as well as seminars and workshops to Alberta small and medium-sized enterprises to make more informed decisions when entering new markets.

- **Global Buyers and Investors Program (GBIP):** The GBIP provides between $5,000 and $50,000 in funding to facilitate missions for international buyers and investors for eligible costs including: economy air flights, accommodation – standard rooms, daily meal per diems, and ground transfers.
In 2017-18, AEEP provided more than $2.3 million in funding to 1,413 clients. Of the three programs, the largest amount of funding (49 per cent) was provided through the Export Support Fund, supporting projects from 51 countries. Primary industry accounts for 26 per cent of the Export Support Fund projects, while the information and communication technology sector and the environmental products and services sector each account for 16 per cent. Other industries that make significant use of the Export Support Fund program are advanced and traditional manufacturing, construction, and life sciences.

2018-21 Economic Development and Trade Business Plan Performance Measure13

Number of Alberta businesses and associations receiving funding and supports through AEEP

While the 2017-18 annual report is intended to report only on Economic Development and Trade’s 2017-20 business plan, to improve the quality of analysis in this report, this 2018-21 business plan performance measure is being reported. As this measure was introduced in the 2018-21 business plan, no targets were set for 2017-18. The numbers reported in the business plan were partial year’s data; the data presented in this report are updated to reflect full year’s data.

<table>
<thead>
<tr>
<th>Last Actual 2017-18</th>
<th>Target 2018-19</th>
<th>Target 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of businesses and associations receiving support</td>
<td>1,413</td>
<td>1,500</td>
</tr>
</tbody>
</table>

13 Source: AEEP internal program dataset. See Appendix Two for more information.

Note: This performance measure is identified as performance measure 2.c in Economic Development and Trade’s 2018-21 Business Plan.
Key Strategy 2.2:

Provide leadership in Alberta’s international engagement across the Government of Alberta to strengthen and diversify Alberta’s economy in concert with business and policy leaders, and to foster strategic relationships within Canada and internationally to advance the province’s interests on critical policy issues.

Economic Development and Trade’s Trade and Investment Attraction division, which includes the Alberta International Offices, supported 90 trade, 28 greenfield investment, one brownfield investment, 123 advocacy, and 56 signed agreement wins, which collectively brought over $5.2 billion (rounded) worth of economic benefit to Alberta. A win occurs as the result of the work of the Trade and Investment Attraction Division to facilitate an outcome that creates benefit for Alberta. Monetary values have been provided to two significant digits. For the 2017-18 fiscal year, Economic Development and Trade was able to determine dollar values for 75 per cent of its trade and investment wins.

Definitions of wins and categories of wins can be found in appendix one.

Premier and Minister: International Missions

Economic Development and Trade provides leadership and guidance to the Premier and the Minister on international missions, including developing programs and coordinating meetings, logistics and events. Economic Development and Trade relies on the market expertise and the local contacts of our international offices to support Alberta-based staff to organize international missions that support Alberta’s objectives and provide access to new markets around the globe.

14 Economic Development and Trade Client Relationship Management System
The Premier and the Minister travelled to strategic markets in the U.S., Asia, Europe and the Middle East to support and advance Alberta’s international objectives, including:

- strengthening relationships and advocating for Alberta business access,
- diversifying Alberta’s economy and opening markets for Alberta companies,
- retaining existing investment and expanding targeted investment in Alberta,
- advocating for greater capital flow on diversification opportunities within the province, and
- negotiating agreements to formalize relationships that will open opportunities for trade and investment activity with international organizations.

As a result of the high-level support and presence in strategic markets, key partners in Japan and China agreed to participate in new trade and investment partnerships and initiatives in Alberta sectors, such as energy, agriculture and agri-food, cleantech, forestry, information communications technology, manufacturing, and tourism.

Alberta also signed four MOUs on one mission to Asia that formalized relationships, opening new opportunities for trade and investment activity. On another mission to Europe, five MOUs were signed to support research and innovation collaboration and partnerships to jointly develop and commercialize new energy technologies.

Information gathered during a mission to California was used to craft the new Interactive Digital Media Tax Credit, announced on March 14, 2018, as part of Bill 2, the Growth and Diversification Act.

Alberta’s international profile has increased as important policy initiatives, including the Climate Leadership Plan, have been showcased with a focus on generating support from international partners.
Incoming Visits

When foreign government representatives travel to Alberta, they gain positive impressions of Alberta, appreciate Alberta’s interest, and gain greater awareness of opportunities to support trade, investment, and policy cooperation between their jurisdiction and Alberta.

Economic Development and Trade was honoured to host numerous ambassadors and senior diplomats from around the world on unofficial and official visits to Alberta. These visits foster stronger bilateral relations and showcase Alberta’s priorities, strengths and unique advantages. These dignitaries use the knowledge gained on their visits to work in partnership with Alberta to encourage businesses to expand and explore opportunities in Alberta.

The international business development work conducted by the ministry encourages companies and other stakeholders to visit Alberta to establish business connections to support their international objectives. Economic Development and Trade supports these visits by arranging customized meeting schedules with key contacts in Alberta and participation in key industry events to facilitate knowledge gathering and relationship building. Some examples include:

- The ministry hosted three delegations of U.S. officials, think tanks and influencers to visit Edmonton, Calgary, and the oil sands in the fall of 2017. The programs for delegations are designed to influence energy industry experts and professionals that are often asked to comment on energy policy issues in the U.S., as well as staff and advisors of key policymakers in the U.S. federal government. Multiple attendees remarked that they appreciated having access to such a large amount of information and that their participation significantly altered how they viewed the development of Alberta’s oil sands.

- During the visit of a senior official from the Guangdong Province, two MOUs were signed with the Banff Centre for Arts and Creativity, and the Alberta Media Production Industries Association (AMPIA). These MOUs will provide Alberta media producers access to the Guangdong film market – the largest in China. The Guangdong government will also help Alberta film and TV producers access Guangdong’s media market, which captures one seventh of the Chinese market.
Alberta’s Strategic Approach to the United States

Economic Development and Trade provided strategic leadership and cross-government coordination and support on the Government of Alberta’s Strategic Approach to the United States to maintain and grow Alberta’s market access to the U.S. and support Alberta’s economic interests.

In 2017-18, Economic Development and Trade provided regular briefings and advice to policy makers on evolving U.S. issues, including the ongoing negotiations to modernize NAFTA, North American energy security, the softwood lumber dispute, U.S. tax reform, and state-level engagement efforts. Economic Development and Trade also provided support for state-level engagement through a number of Canada-U.S. transboundary organization annual meetings. Economic Development and Trade regularly engaged with key Alberta stakeholders to update them and seek input on key U.S. issues.
Key Strategy 2.3:

Create opportunities in international markets for Alberta by leveraging our international offices, and relationships with international development organizations, to facilitate business connections that attract investment and grow exports, resulting in job creation for Albertans and a diversified and resilient economy.

Missions, Trade Shows, and Events

Economic Development and Trade participates in internationally focused trade shows and events to advance market opportunities for Alberta in the following sectors: oil and gas, environmental services, information and communication technologies, building products, aerospace, life sciences, advanced manufacturing, materials and nanotechnology, and cleantech. Economic Development and Trade’s international offices support these trade shows and events by connecting delegations of Alberta companies with key contacts in the market to advance their business objectives.

Economic Development and Trade organizes missions to these key events in strategic markets and invites Alberta companies to join the delegations. This creates a cost-effective way for Alberta companies to gain international exposure to potential new customers, and assists them to evaluate opportunities for their products in new markets. In addition, having an Alberta presence at key events broadens the awareness of Alberta internationally and promotes our expertise and capabilities in strategic industries.
Some key events that Economic Development and Trade organized include:

- Offshore Technology Conference, Houston,
- Greenbuild Expo, Boston,
- Oil and Gas Mission to Argentina and Colombia,
- Australia Oil and Gas Mining Trade Mission,
- Alberta Environmental and Cleantech Mission to China,
- Medica, Duesseldorf, Germany,
- Nanotech Delegation to Japan,
- Mobile World Congress 2018, Barcelona, and
- Alberta Oil and Gas and Cleantech Mission to Europe.

**Stampede Investment Forum**

Stampede Investment Forum (SIF) 2017 was a four-day event, delivered by Economic Development and Trade and its partners to attract targeted foreign investment to Alberta in the following key growth sectors: agribusiness, cleantech, renewables, petrochemicals, oil and gas, tourism, and creative industries.

The SIF 2017 program included information sessions tailored to the delegates’ pre-identified interests. Senior provincial and municipal officials were available throughout the four-day event to network with the delegates and answer questions. In addition, Economic Development and Trade hosted delegates at a Premier’s Luncheon chaired by Premier Rachel Notley and attended by 17 cabinet ministers, as well as municipal leaders and senior industry representatives. This was followed by a Premier and Elected Officials’ Investor Assembly. After delegates heard directly from the Premier and select cabinet ministers, delegates had an opportunity to ask questions and voice their views.

By March 31, 2018, four companies that attended SIF 2017 had announced investments in Alberta, and Economic Development and Trade and its partners had begun working on 16 additional investment leads with companies that participated in SIF 2017.
Global Petroleum Show

The Global Petroleum Show (GPS) was held in Calgary in June 2017, where Economic Development and Trade delivered and hosted events and meetings to advance opportunities for companies looking to trade internationally or attract investment into Alberta. GPS also provided Economic Development and Trade an opportunity to host a number of international delegations, including those from Ukraine, Spain, Croatia, Poland, Lithuania, Africa, and India.

The Alberta International Development Office organized the Canada Oil and Gas Regulatory Exchange, which featured organizations, academic institutions and the private sector. The forum was an opportunity to showcase Canadian and Albertan expertise to various international delegations and to demonstrate how Canada and Alberta might be able to assist with regulatory and policy issues in the extractive sector. Over 80 participants from 14 countries attended the forum.

Economic Development and Trade also partnered with Global Affairs Canada to organize the Africa Oil and Gas Forum, at which more than 140 international VIPs spoke about opportunities and development in the oil and gas sector. This was the second forum to be held at GPS and participation doubled from the prior year. Follow-up trade and investment missions to Kenya, Uganda, South Africa, and Egypt increased the engagement and moved potential opportunities for Alberta companies forward.
Key Strategy 2.4:

Build and leverage relationships and partner with other economic development agencies, industry associations and governments to strategically and consistently promote collaboration and connections that generate economic benefit to grow and diversify Alberta’s economy.

Alberta’s relationships provide context within which the ministry can advocate on behalf of Alberta, focusing on trade, investment, diversification, job creation, and innovation. Economic Development and Trade often develops Alberta’s strategic international relationships in collaboration with provincial, federal and private stakeholders. Several avenues for this are listed below.

Sister-Province Agreements

Asia Pacific

- On April 24, 2017, Premier Notley and Guangdong Governor Ma Xingrui signed a sister-province relationship agreement between Alberta and Guangdong, increasing access to one of China’s most prosperous and innovative provinces. The agreement has significant implications for increased trade and investment between both provinces. Specifically, it creates the conditions for the governments of Alberta and Guangdong to work more closely on areas of shared interest, including trade and investment, and highlights the special relationship between both jurisdictions. Alberta’s last sister-province agreement was signed with Heilongjiang (China) in 1981.

Europe, Middle East, India, and Africa

- Minister Bilous renewed two MOUs with Ukraine’s Regional State Administrations of Lviv and Ivano-Frankivsk. The MOUs outline intent to cooperate across all sectors and recognize the sister-province relationship, including the deep historical, social, and economic ties between Alberta and Ukraine.
Develop and Execute MOUs

Signing MOUs or other agreements with other jurisdictions, associations or companies can be used as a means of formalizing Economic Development and Trade’s international relationships. They provide evidence that Economic Development and Trade is committed to working with another entity and can act as a framework to guide future cooperation.

During Premier Notley and Minister Bilous’ mission to China and Japan in April 2017, the following MOUs were signed:

- **China National Development and Reform Commission – Energy Research Institute (NDRC-ERI):** The agreement focuses on energy and environment research and industry cooperation between Alberta and China. This represents a concerted willingness from China to learn from Alberta’s expertise and policy direction.

- **Japan Oil, Gas and Metals National Corporation:** The agreement focuses on cooperation in energy development and technology cooperation, as well as investment support, demonstrating to the Japanese energy sector that Alberta continues to be an energy partner of choice.

- **Guanghua International Education Association (with Alberta Advanced Education):** The agreement allows cooperation in the field of health and aging research, with a focus on education and professional development.

Economic Development and Trade and Alberta Innovates advanced internal and external conversations regarding a seventh funding round under the International Technology Partnership with the State of Jalisco. They also continued discussions related to a one-year renewal of the MOU between Alberta and Jalisco.
Cleantech Sector

Alberta’s expertise and innovative approaches in the cleantech sector are leveraged to diversify to new markets and turn challenges into new business opportunities. 2017-18 was the first year of a three-year project called Cleantech West. In partnership with Manitoba, Saskatchewan and B.C., Economic Development and Trade began promoting a pan-western approach to international trade and investment missions, related activities and partnerships, to increase international business. The initiative received Western Economic Diversification Canada funding with the aim to align initiatives with the western provinces to enhance program delivery, heighten international recognition, and increase business opportunities. This expanded western Canadian approach will assist in attracting increased numbers of companies to participate, and provide significantly greater value for Alberta companies by providing increased visibility. With a multi-year approach and a focus on three targeted international events, Cleantech West is expected to produce dividends in the number and quality of business meetings that companies are able to secure in these markets.

Economic Development and Trade continued to seek opportunities for partnership with the federal government in areas of mutual interest in cleantech. A renewed and expanded MOU (Alberta–Canada Collaboratory on Clean Energy Research and Technology) enabled regular conversations with various federal partners to identify and support initiatives of mutual interest. Economic Development and Trade and Natural Resources Canada also held a joint webinar on the federal government’s Clean Growth Program and Alberta’s Climate Change Innovation and Technology Framework programs. This well-attended webinar provided useful information to various Alberta stakeholders on the available funding, resources, and leverage opportunities at the federal and provincial levels. Clean technologies were also identified as one of the strategic areas in the Joint Declaration of Intent between the Governments of Bavaria and Alberta signed by Minister Bilous in October 2017.

Other Economic Development and Trade initiatives undertaken in 2017-18 that support the cleantech sector include the following:

- Economic Development and Trade worked closely with the Canadian Wind Energy Association (CanWEA) through a grant to provide clarity and insight on the opportunities within the wind energy industry. The Wind Supply Chain Study identified 65 industries within the supply chain, research on industry and technology trends, addressed gaps, and provided insights into wind energy generation. The study also included a cross-jurisdictional overview and a review of key occupations and skills involved in the wind energy industry.
- A Solar Tool Kit was developed through a grant administered by Economic Development and Trade with Pembina Institute, and dedicated support from the Solar Society of Alberta and the Municipal Climate Change Action Centre. The tool kit provides municipalities with the ability to determine viability and economic growth opportunities for the solar industry in their regions. It is regarded as a growth mechanism to support economic diversification for regions interested in pursuing solar energy. The Solar Tool Kit includes a cost calculator and suggestions on ways to reduce permitting and tax barriers on solar photovoltaics installations.

- A paper outlining the Potential for Geothermal Energy from Co-Production in Alberta Using Existing Oil and Gas Wells was produced by the Canadian Geothermal Energy Association, through a grant managed by Economic Development and Trade. The paper tackled the concept of repurposing oil and gas wells for the development of geothermal energy production within the province. This study took an early look at impacts to jobs and economic diversification in the creation of a geothermal industry in Alberta.

- Economic Development and Trade worked with the Southern Alberta Alternative Energy Partnership, a collaboration of three economic development organizations representing 39 communities in southern Alberta to better understand the impact of the Climate Leadership Plan on the future of increased renewable energy in southern Alberta. This grant provided the opportunity to create a mapping tool for projects within the region, address public and industry needs in the growth of alternative energies, and help the organization enhance its industry cluster development work.
Headquarter and Major Investment Attraction Program

As part of the Alberta Jobs Plan, the Government of Alberta committed in Budget 2016 to a two-year Headquarter and Major Investment Attraction Program that provided Calgary Economic Development and Edmonton Economic Development Corporation with $2 million each over two years to help attract major new business investment or company headquarters to Alberta. In today’s economic environment, the province's ability to support our largest municipalities’ efforts to stimulate meaningful economic activity has been well received. Through one year of execution, the following results reflect the considerable success achieved through this program.

- Nine new companies attracted, each with over 50 employees, plus numerous smaller companies resulting in the creation of at least 150 new jobs in Calgary and 300 in Edmonton.\(^{15}\)
- Fifteen companies expanded, each with over 10 employees, plus numerous smaller scale expansions, creating at least 50 jobs in Calgary and 100 in Edmonton.\(^ {16}\)
- In total, over 3,000 new jobs created with support from this program, including hundreds created through the attraction/expansion of smaller firms.\(^ {17}\)

Cross-ministerial collaboration to support and enable growth and resilience of key industries

Economic Development and Trade led the establishment of a cross-ministerial team involving Agriculture and Forestry, Transportation, and Energy to enhance engagement with the Ports of Prince Rupert and Vancouver. A subset of this group convenes regularly to discuss other transportation network issues, such as crude by rail.

Other Economic Development Partnerships

The Northern Alberta Development Council (NADC) determines socio-economic priorities, opportunities, and strategies through engagement with northern stakeholders. The NADC coordinated Alberta’s participation in the 2017 Northern Development Ministers Forum. The Northern Alberta Broadband Preparedness Project final report was publically released in September 2017, outlining an inventory of northern Alberta broadband capacity and identifying opportunities for enhancing connectivity across the north.

\(^{15}\) *Alberta Jobs Plan*  
\(^{16}\) *Calgary Economic Development*  
\(^{17}\) *Edmonton Economic Development Corporation*
Key Strategy 2.5:  Lead Alberta’s participation and ensure Alberta’s interests are advanced in the negotiation of the Canada Free Trade Agreement, the accession of new parties to the New West Partnership Trade Agreement, and international trade and investment negotiations, including with China.

Economic Development and Trade worked closely with the federal government, provinces and stakeholders to ensure Alberta’s interests were reflected in Canada’s trade and investment agreements, including dispute resolution. Economic Development and Trade kept other ministries informed of trade obligations and helped keep new Alberta measures consistent with those obligations.

Canadian Free Trade Agreement (CFTA)
The CFTA was executed on April 7, 2017, and came into force July 1, 2017. Under the agreement, further negotiations were planned on specific issues and Economic Development and Trade led Alberta’s participation in these negotiations, as follows:

- **Regulatory Reconciliation and Cooperation Table (RCT):** Economic Development and Trade supported Alberta’s representative to the RCT, which is overseeing a multi-year process to reconcile regulatory measures that act as a barrier to trade. Economic Development and Trade participated in eight conference calls and one meeting of the RCT.

- **Alcoholic Beverages:** The CFTA provides for negotiations among the parties to enhance trade in alcoholic beverages within Canada. In collaboration with the Alberta Gaming and Liquor Commission, Economic Development and Trade participated in two meetings and 21 conference calls addressing six broad areas of negotiation.

- **Financial Services:** Negotiations recently began to incorporate rules applicable to financial services into the CFTA. In collaboration with Alberta Treasury Board and Finance, Economic Development and Trade participated in five conference calls since the group began in mid-November 2017.

- **Cannabis:** The CFTA provides for negotiations regarding the application of the CFTA to non-medical cannabis. In collaboration with the Alberta Cannabis Secretariat, Economic Development and Trade participated in the first CFTA conference call on the matter in mid-March 2018.
North American Free Trade Agreement (NAFTA)

Negotiations on the modernization of NAFTA began in August 2017. During the fiscal year, there were seven full rounds of negotiations and a smaller “intersessional” negotiating session. Economic Development and Trade officials attended all rounds of negotiations, regularly joined by officials from Alberta Agriculture and Forestry.

During the negotiations, Alberta officials met daily with the Canadian federal negotiating team, and had numerous meetings with representatives from other provinces and territories, as well as industry representatives. Alberta also participated in meetings with the federal negotiating team between rounds of negotiations.

This has allowed Alberta to advocate for key interests, including agriculture, energy, state-owned enterprises, environment and labour, among others. Economic Development and Trade provided regular updates to other Alberta government departments and to cabinet on the progress of the negotiations.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Following the U.S. withdrawal from the Trans-Pacific Partnership (TPP) in January 2017, the remaining 11 countries negotiated an agreement that was based on the TPP, with some minor modifications. The 11 countries, including Canada, signed the CPTPP on March 8, 2018. Economic Development and Trade worked with the federal government during the negotiations of the CPTPP, and will continue to do so during the ratification process. Including Japan in the CPTPP means that the agreement is beneficial to Alberta exporters, giving them an advantage over U.S. competitors in Japan and the other CPTPP countries.

Pacific Alliance

Canada began negotiations with the four countries of the Pacific Alliance (Mexico, Chile, Colombia, and Peru) with a first round of negotiations in October 2017. Two more rounds of negotiations were held during the fiscal year. Canada has free trade agreements with all members of the Pacific alliance, but sees an opportunity to introduce new, progressive elements into a common agreement, to promote regional development, and to help shape the rules for future trade agreements with this trading bloc. Economic Development and Trade officials continue to work closely with the federal negotiating team, particularly in respect of potential new coverage of provincial investment and services measures.
Mercosur

Canada and the four member states of the Mercosur (Brazil, Argentina, Uruguay, and Paraguay) announced the launch of negotiations toward a free trade agreement on March 9, 2018. A first round of negotiations took place March 20-23, 2018. As has been the case for other negotiations, Economic Development and Trade will work closely with the federal negotiating team to advocate for Alberta interests in these negotiations. These negotiations are expected to take place over several years.

Canada-China Free Trade Agreement

Canada and China concluded exploratory discussions on negotiating a bilateral free trade agreement, which could be one of the most complicated and sensitive trade policy initiatives that Canada has undertaken. Economic Development and Trade continues to prepare for potential negotiations with China through ongoing research and analysis of key Alberta interests, outreach to relevant industry associations and by working closely with the federal government and other provinces and territories in order to identify negotiating priorities for Alberta.
Key Strategy 2.6:

Lead and coordinate provincial implementation of new and existing trade agreements, including the Canada European Union Comprehensive Economic and Trade Agreement. In partnership with other ministries, defend Alberta’s interests in trade challenges such as those related to beer and softwood lumber.

Canada-European Union: Comprehensive Economic and Trade Agreement (CETA)

The Canada European Union CETA entered into force, provisionally, on September 21, 2017. All CETA commitments came into force on that date, with the exception of certain investment provisions and some intellectual property provisions related to criminal penalties for “camcording.” All of the CETA will enter fully into force when all 28 European Union (EU) member states have ratified the agreement. This ratification process is expected to take several years.

Economic Development and Trade continued to work with the federal government on outreach activities to ensure that businesses were aware of opportunities available to them in the EU, and the benefits of having the CETA agreement with the large EU market.

Economic Development and Trade also continued to help other stakeholders, including industry associations and municipalities, understand Canada’s obligations under the CETA to ensure compliance. Economic Development and Trade liaised with other provinces and territories to develop and share best practices regarding CETA obligations, including those pertaining to government procurement.

New West Partnership Trade Agreement (NWPTA)

Economic Development and Trade continued to meet monthly with the representatives of the other NWPTA provinces to review the agreement and address any issues that had arisen. Economic Development and Trade also continued to provide information and advice to Government of Alberta departments and agencies and other public entities within Alberta on the consistency of their measures with the obligations of the NWPTA.

Economic Development and Trade led Alberta’s participation in negotiations with NWPTA provinces to develop a new, joint bid protest mechanism (BPM) that would allow Alberta to fulfil commitments in the CFTA, the NWPTA, the CETA, and the World Trade Organization Government Procurement Agreement. A BPM is a form of alternative dispute resolution in which vendors can dispute whether a government entity conducted a specific procurement in accordance with the obligations of the relevant trade agreement.
Canadian Free Trade Agreement (CFTA)

Since the CFTA came into force on July 1, 2017, Economic Development and Trade shared information on the CFTA with all Government of Alberta departments, and continued to provide information and advice to departments and agencies, and other public entities within Alberta on the consistency of their measures with the obligations of the CFTA.

Softwood Lumber Exports

In January 2018, the U.S. imposed final countervailing and anti-dumping duties on imports of Canadian softwood lumber products. For Alberta exporters, the combined duties varied by company and ranged from 20-23 per cent. Canada pursued the reduction and elimination of these duties through the NAFTA, the WTO, and domestic legal processes in the U.S.; however, decisions in these cases will be more than a year away. Negotiations with the U.S. on a settlement agreement did not take place while these appeals are underway.

Economic Development and Trade continued to work closely with Alberta Agriculture and Forestry to defend Alberta’s forest management practices. Alberta also participated in ongoing advocacy in the U.S. to ensure U.S. decision makers were aware of the importance of Canadian softwood lumber to the U.S. economy.

Domestic Trade Challenges

Economic Development and Trade spearheaded Alberta’s response to the trade dispute initiated by Artisan Ales against Alberta’s beer policies. A dispute panel established under the Agreement on Internal Trade took place in Edmonton on June 1, 2017. The report of the dispute panel was released on July 28, 2017. After analysis of the findings, Alberta appealed the report of the dispute panel. The hearing of the appellate panel took place on January 25, 2018, in Montreal.

The decision of the appellate panel was made public on June 11, 2018. The panel decided that Alberta’s beer markup was trade compliant but that the Alberta Small Brewer Development Program (ASBPD) was not. Accordingly, the panel determined that the ASBPD should be amended or repealed in order to bring Alberta’s policies into compliance. The panel later confirmed that Alberta had until November 29 to do so.

In response to the appellate panel’s decision, the government has indicated it will review the decision and consult with stakeholders before deciding what to do with the ASBPD. The government will likely change the program but will continue to provide support to Alberta’s brewers. Alberta will also review policies in place in other provinces and may take action against other provinces that put up barriers to make it difficult for Alberta producers to get into their liquor stores.
Market Access Task Force

The Market Access Task Force was established, and is chaired by, Premier Notley to provide tangible advice to government that encourages and promotes tidewater access for Alberta’s oil and gas. Made up of prominent Canadians, the Market Access Task Force has been both strategic and reactive. As of the publication of this report, the Market Access Task Force has convened four times between February and June 2018 to respond to Trans Mountain Pipeline Expansion project challenges. The Market Access Task Force is engaged regularly through both situation reports and a Market Access Bulletin sent by Marcia Nelson, Deputy Minister of Executive Council.

In addition to the advocacy work the group does, both as a task force and as individuals within their networks of influence, members of the Market Access Task Force met with a delegation of over 100 business leaders from the Greater Vancouver Board of Trade in Edmonton on May 17, 2018 to express their support for the Trans Mountain Expansion Project and to align their advocacy efforts.

Investment Canada Act Reviews

Under the Investment Canada Act, Alberta continued to provide input to the federal government on Canadian reviews of foreign acquisitions of Canadian businesses that have a connection to Alberta.

The province undertook analyses of seven proposed foreign acquisitions under review by the federal government and provided input regarding the potential positive or negative impact on Alberta. Alberta continued to monitor the proposed investments, pre- and post-approval, by the federal government and analyzed global trends in foreign direct investment.
Outcome Three:

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

Key strategies to support this outcome included:

- **3.1** Develop and continue to enhance strategic frameworks, policies, and actions that clarify and strengthen government direction and aspirational innovation targets for science, technology, and innovation.

- **3.2** Increase Alberta’s partnerships and leverage other science and innovation funding through strengthened relationships with other federal, provincial, and municipal government innovation agencies, as well as the private sector.

- **3.3** Facilitate the implementation of a Climate Change Innovation and Technology Framework which redefines government’s focused and coordinated approach to innovation and technology development funding under Alberta’s Climate Leadership Plan.

- **3.4** Support the growth of globally competitive enterprises in Alberta through enhanced innovation and technology commercialization programs and partnerships.

- **3.5** Establish new and build on existing technology partnerships with international jurisdictions and globally connected enterprises to encourage collaboration between Alberta’s small and medium-sized enterprises and international partners, and promote Alberta internationally as a world-class destination for research, innovation, and commercialization.
What this means:

Research and innovation guide Alberta’s response to economic, social, and environmental conditions and trends. They support the transition to an economy that is more diversified, resilient, and less dependent on non-renewable resources.

Government sets clear priorities for research and innovation and provides it with system funding.

Our responsibilities:

Economic Development and Trade provides leadership to Alberta’s research and innovation system by providing clear direction in governance, outcomes, and aspirational innovation targets for provincially supported research and innovation organizations.

The ministry provides funding for Alberta Innovates and actively works with the organization to report results to Albertans.

The ministry also plays an essential role in leveraging resources and facilitating collaboration among government departments and research and innovation organizations, such as Alberta Innovates, post-secondary institutions, and the private sector.

Through this, the ministry supports the development of highly qualified professionals, and also helps retain technology expertise and innovative companies in Alberta.

The ministry establishes partnerships with other jurisdictions from across the globe, and with leading enterprises, to connect with Alberta innovators, entrepreneurs, and technology-focused sectors, and to help Alberta companies integrate their new technologies into global value chains.

The ministry champions these connections, leading in intent, actions, and outcomes, and builds critical relationships between research, innovation, technology commercialization, and economic development to deliver results and benefits to Albertans.
Alberta Research and Innovation Framework

The Alberta Research and Innovation Framework (ARIF), approved and released in December 2017, is a guiding document that focuses provincial investments in research and innovation to enhance Alberta’s economy, competitiveness, workforce, and the well-being of Albertans. The ARIF was collaboratively developed by the Alberta government, led by Economic Development and Trade, with input from Alberta Innovates, post-secondary institutions, and industry leaders. The ARIF establishes shared outcomes for the Alberta government, Alberta Innovates, post-secondary institutions, and industry (Figure 1).

Figure 1.

To achieve ARIF’s outcomes, the ARIF also includes a suite of innovation targets, intended to inspire collective action to develop transformational solutions by the year 2030 (Figure 2).

Implementation of ARIF is underway with continued discussions with key partners in identifying ongoing and proposed initiatives that will contribute to the innovation targets.
ARIF Action Plan
The ARIF Action Plan, released alongside the ARIF, defines governance and accountability as government and its key partners implement the ARIF. Economic Development and Trade developed the action plan in consultation with industry associations, business, post-secondary institutions, and government partners. The innovation targets are grounded in government policies, strategies, and business plans. As a result, the initiatives align with the Government of Alberta’s work, as well as with the Government of Canada’s initiatives in health, smart agriculture, and clean technology. As the co-ordinating ministry, Economic Development and Trade will work with Alberta ministries, post-secondary institutions, and government agencies, including Alberta Innovates and Emissions Reduction Alberta, to report progress on the innovation targets.

Figure 2:

2030 INNOVATION TARGETS

Emerging Technology

Health
Energy & GHG Mitigation
Fibre & Bioindustrial
Environment & Climate Adaptation
Food & Agriculture
Health Research and Innovation Roadmap

In 2017-18, a preliminary Health Research and Innovation Roadmap document was developed jointly by Economic Development and Trade, Alberta Health, Alberta Innovates, and Alberta Health Services. The roadmap’s purpose is to align Alberta Health’s and Economic Development and Trade’s various strategies and to provide strategic direction for health research and innovation in the province. Key objectives for the roadmap’s development included designing strategic priorities and actions that are supported and understood across Alberta’s research and innovation community, because these priorities and actions will be relevant to addressing current and future health challenges facing Alberta. The roadmap was developed to align with the four health innovation targets set out in the ARIF:

- improve robustness of health data,
- improve quality of care,
- reduce the burden of disease, and
- improve innovation in health and wellness.

Research Capacity Program (RCP)

In 2017-18, the RCP committed $46 million over multiple years for 38 grants to the Universities of Alberta, Calgary, and Lethbridge, leveraging more than $64 million from the Canada Foundation for Innovation for leading edge research projects that align with the ARIF.

The RCP is an ongoing competitive funding program that helps Alberta’s post-secondary institutions acquire small equipment and large research infrastructure. As they build capacity, the post-secondary institutions are better able to attract, retain, and develop researchers undertaking transformative research and applied research programs. The RCP uses a cost-shared funding approach to provide up to 40 per cent of the total eligible project costs for successful proposals, enabling projects to leverage support from the Canada Foundation for Innovation and other sources. The RCP has four competition streams:

- College-Industry Innovation,
- Cyber Infrastructure,
- Research Infrastructure, and
- Small Equipment Grants.
Science Policy

Economic Development and Trade worked to develop a science policy that will provide direction in the science and innovation system by establishing a provincial approach to science. The policy is intended to:

- inform the production and flow of knowledge, human, and social capital in Alberta’s science system,
- provide guidance to resource allocation,
- enhance Alberta’s science-related programs and initiatives,
- establish a frame for system performance and evaluation, and
- engage the federal government in the renewal of national science and technology policy that will better guide Alberta alignment and opportunities with federal/provincial/territorial partnerships and programs.

As part of the development of a science policy for Alberta, Economic Development and Trade and Alberta Advanced Education engaged the Council of Canadian Academies to assess science policy in subnational jurisdictions and prepared the public report, “Science Policy: Considerations for Subnational Governments” which was released in April 2017. Economic Development and Trade also participated in a panel session at the Canadian Science Policy Conference on November 2, 2017, entitled “Leveraging Federal Science: How Provinces Can Make a Difference in Strengthening Canadian Knowledge Production.”

In 2018-19, Economic Development and Trade and Alberta Advanced Education will continue working together towards an action-oriented provincial approach to strengthen Alberta’s science system by engaging with Alberta and FPT stakeholders.

Technology Commercialization System Management (TCSM) Initiatives

TCSM initiatives are aimed at providing effective technology commercialization supports for innovative small and medium-sized enterprises across Alberta, delivering job creation and diversification outcomes. Efforts to improve the technology commercialization system will continue and their comprehensive review is expected in 2019-20 to assess the success of the Technology Commercialization System Management Plan, which is being developed by Alberta Innovates (AI) in consultation with Economic Development and Trade.

- **Enhanced Innovation Voucher and Small and Medium-Sized Enterprise Support program:**
  
  Announced in Budget 2015, this program is the backbone of technology commercialization supports in Alberta. Initial numbers indicate that the number of Technology Development Advisors increased from four to 10 (full reports are expected in May-June 2018), new Regional Innovation Networks launched in Lloydminster and Fort McMurray, and more than 140 small and medium-sized enterprise projects were supported by the vouchers. The outcomes of the technology commercialization system are captured in the Tech Comm
Scorecard, which was completed in the summer of 2017, and included cumulative data from 2013-2016: 890 new sustainable jobs were created; and every $1 invested in small and medium-sized enterprises led to a $5.2 increase in revenue and attracted $28.2 in follow-up investments.

- **Alberta Entrepreneurship Incubator (AEI) Program:** The AEI program was designed to accelerate entrepreneurship, improve the success rate of entrepreneurial firms, and to create new employment opportunities for Albertans impacted by the downturn. The AEI program was launched in September 2017 with a budget of $10 million over two years. The AEI program supports scale-up of entrepreneurial development and incubation capacity in regions, and provides funding for entrepreneurial projects that are accepted into the incubators. The entrepreneur support stream of AEI was launched by Minister Bilous in December 2017, and includes vouchers and internships for entrepreneurs. Initial data shows that more than 3,200 entrepreneurs accessed the program, 43 new businesses were incorporated, 97 new and existing small businesses were housed in the incubation facilities, and it is estimated that more than 170 jobs were created (full reports are expected in May-June 2018).

- **Alberta Small Business Innovation and Research Initiative (ASBIRI) Pilot Delivery:** Launched in 2016-17, ASBIRI is in the pilot stage, and is designed to match qualified small and medium-sized enterprises with pre-identified challenges in environmental and health sectors, identified by Government of Alberta agencies and innovation organizations. During this stage, opportunities for matching the innovation ability of small and medium-sized businesses with challenges presented by end-users will be identified, assessed, and realized.

On September 19, 2017, Minister Bilous announced the first project under the ASBIRI, a pipeline monitoring demonstration project by Calgary’s Hifi Engineering in partnership with TransCanada Corporation and Enbridge Inc. Since announcement of the first project, the program allocation of $5 million is expected to be completely committed through six challenges, including three in the health sector and three in the environmental sector.

In December 2017, the program received additional funding support through the Climate Change Innovation and Technology Framework ($5 million per year for three years), and the first challenge under this funding was launched on March 26, 2018, aiming to reduce industrial methane emissions.

- **Business Innovation and Diversification (BID) Program:** The BID program is designed to improve innovation and diversification in small and medium-sized enterprises. The program is targeted for small and medium-sized enterprises that are negatively affected by changing economic and business environments, such as the economic downturn and transition to a low carbon economy. In December 2017, the program was approved and funded under the Climate Change Innovation and Technology Framework, as a Clean Technology Business Innovation program (CTBI). The CTBI program was launched on March 23, 2018 with a budget of $2.5 million over three years.
Alberta-Canada Collaboratory on Clean Energy Research and Technology

The Alberta-Canada Collaboratory on Clean Energy Research and Technology memorandum of understanding (MOU), signed in 2016-17, established a strategic framework for collaboration on research and innovation, promoting responsible and sustainable development of clean energy, and energy innovation.

Economic Development and Trade planned and coordinated the MOU Steering Committee’s activities. Economic Development and Trade also communicated and coordinated work under the MOU with the federal government, and investigated new partners and co-funding opportunities that would benefit Alberta:

- The steering committee met on June 20 and December 15, 2017, to discuss opportunities for collaboration between the provincial and federal governments on clean energy and technology. Several follow-up conversations occurred between Economic Development and Trade, Natural Resources Canada, Alberta Innovates, and Emissions Reduction Alberta (ERA) to further investigate collaboration opportunities.
- A workshop was held on October 24, 2017, that included representatives from Economic Development and Trade, Natural Resources Canada, Alberta Innovates, and ERA to understand and better align Alberta resources with federal funding in areas related to clean technology in different sectors.
- To leverage and position Alberta for maximum benefit from federal programs related to cleantech and clean growth, Economic Development and Trade held extensive consultations with the following organizations:
  - Natural Resources Canada,
  - Innovation, Science and Economic Development Canada,
  - Clean Growth Hub, and
  - Sustainable Development Technology Canada.

Key Strategy 3.2:
Increase Alberta’s partnerships and leverage other science and innovation funding through strengthened relationships with other federal, provincial, and municipal government innovation agencies, as well as the private sector.
The governments of Alberta and Canada cooperated on the following initiatives:

- Carbon Commercialization Centre: Economic Development and Trade provided a capital grant for centre construction and commissioning. The centre presents a model in which industry, innovators, researchers, and government can collaborate to develop and de-risk transformational carbon utilization technologies.

- NRCan’s Oil and Gas Clean Tech Program: On May 11, 2017, Natural Resources Canada (NRCan) and Alberta Innovates announced $26.2 million for three projects to reduce emissions in the oil and gas sector. This included joint funding to several cleaner oil and gas technologies at pilot and commercial demonstration stages of development. Cenovus Energy, MEG Energy, and Field Upgrading Limited were identified as industry partners.

- National Partial Upgrading Program (NPUP): Economic Development and Trade’s participation in NPUP was made possible by Economic Development and Trade’s leadership on developing and implementing the MOU. The program is founded on collaboration and knowledge sharing between the governments and industry to identify and address issues and challenges, as well as provide opportunities to leverage funds. The Government of Alberta has a target to achieve 20 per cent of in-situ production partially upgraded to improve quality and reduce diluent requirements by 2030, supported by a recent announcement.

- Hybrid Solvent Extraction Process (HSEP): Economic Development and Trade collaborated with the federal government, academia, and other partners to develop and demonstrate HSEP technology, which is important technology for Alberta’s oil sands. HSEP technology improves oil recovery, and reduces energy and water use and greenhouse gas emissions.

**Pan-Canadian Clean Technology, Innovation, and Jobs (CTIJ) Data Strategy**

The federal government is leading the establishment of a Pan-Canadian data strategy to improve the public availability of information on clean technology activity in Alberta and Canada, including on labour markets, to support and inform performance metrics and public and private sector decision-making, and to foster innovation.

In 2017-18, Economic Development and Trade contributed to this work on behalf of Alberta by:

- supporting activities of the national Working Group on CTIJ, including the development of a national clean technology implementation plan and a Pan-Canadian clean technology data strategy,
- supporting the development of a Pan-Canadian database on the cleantech industry, and
- providing support on matters related to the implementation of the Pan-Canadian CTIJ strategy.

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19 As part of the Energy Diversification Act, Alberta recently announced that support for full-scale commercialization of partial-upgrading technologies will be among the government’s next steps toward energy diversification with $1 billion in grants and loans. [https://www.alberta.ca/energy-diversification-act.aspx](https://www.alberta.ca/energy-diversification-act.aspx)

20 e.g. post-secondary, industry, not-for-profit.
Federal/Provincial/Territorial (FPT) Standing Table for Ministers of Innovation and Economic Development (IED)

The FPT Standing Table for Ministers of IED was created to respond to challenges that Canadians face to be competitive in the shift to a global low-carbon economy. This table meets annually, and is supported by a steering committee and a number of working groups in which Economic Development and Trade and other Alberta ministries participate.

FPT Ministers Responsible for IED endorsed a new joint work plan at their meeting on October 12 and 13, 2017. Implementation of this two-year plan began in accordance with the priorities and contexts of each government’s jurisdiction. The work plan aims to establish collaboration in five areas:

- company growth,
- clusters and leading-edge technologies,
- clean growth,
- talent and people, and
- indigenous economic development.

Economic Development and Trade actively explored opportunities with local, provincial, and federal organizations in response to the FPT Ministers’ request that their next meeting focus on partnerships and more specific initiatives.

Genome Canada – Large Scale Applied Research Program (LSARP) 2017

Announced by Genome Canada in January 2017, LSARP 2017 supported projects that will demonstrate how genomics-based research can contribute to a more evidence-based approach to health and, thereby, have the potential to improve health outcomes, and/or enhance the cost-effectiveness of the health care system. LSARP 2017 aligned with the Alberta Research and Innovation Framework, the Alberta Health Research and Innovation Roadmap, and the Innovation Platform Technologies Strategy to broaden Alberta’s economic base by encouraging research in platform technologies, such as information and communications technology, nanotechnology, and genomics.

In 2017-18, Economic Development and Trade collaborated with Genome Alberta and researchers to identify the key stakeholders for collaboration, and funding sources for the 2017 competition. As a result, Economic Development and Trade and Alberta Innovates committed to investing $4.57 million in six precision health projects with Genome Canada with an anticipated worth of over $60 million over the next four years. Economic Development and Trade committed to providing $3.57 million and Alberta Innovates committed to providing $1 million in co-funding to Genome Alberta.
Climate Change Innovation and Technology Framework (CCITF)

The CCITF will help guide Alberta’s investments in innovation and technology with the greatest potential to shift Alberta to a lower-carbon economy.

The Ministers of Economic Development and Trade, Environment and Parks, and Energy announced a major $1.4 billion energy innovation fund designed to enable a diversified, low-carbon economy. The CCITF and the Climate Technology Task Force Report, which informed the CCITF, were publically released at the same time as the announcement.

Through industry leveraging, innovation system partnerships, leadership, expertise, and other resources, innovation and technology investments under the CCITF are intended to:

- support promising researchers who generate new ideas and businesses that turn ideas into exportable products and services,
- advance technology development from concept to field testing, scale-up, and deployment, and
- develop and enhance policies that encourage effective technology solution deployments.

Developing and deploying new technologies will enable Alberta industry to reduce emissions, while also creating new economic opportunities from new products and services.

In consultation with Alberta government ministries, Alberta Innovates, and Emissions Reduction Alberta, a set of programs have been developed to support the implementation of the CCITF. Priority program investment areas were also informed by the Oil Sands Advisory Group and the Energy Diversification Advisory Committee. Cabinet approved funding of $144.9 million over three years to be spent through five programs as part of the CCITF:

- Clean Technology Development Program,
- Clean Technology Networks and Emerging Partnerships Program,
- Clean Technology Commercialization Program,
- Clean Technology Business Innovation Program, and
- Clean Technology Facilities Support Program.
Program agreements, program rollout and project intake were managed by program delivery agents, Economic Development and Trade and Alberta Innovates, who worked with provincial and federal partners and stakeholders to further extend the impact of CCITF programs. All CCITF programs were launched by March 23, 2018. The first CCITF project under the Clean Technology Networks and Emerging Partnerships program was funded in March 2018. It focuses on distributed energy management and creating conditions for Alberta small and medium-sized enterprises to succeed in developing smart-grid technologies.

**Clean Technology Roadmap (CTR)**

The Clean Technology Roadmap (CTR) will guide Alberta’s coordinated and strategic approach to growing the clean technology sector in support of the Alberta Jobs Plan, the technology outcomes of the Alberta Climate Leadership Plan, the CCITF, and other policy and strategic initiatives currently developed or under development.

In 2017-18, Economic Development and Trade made significant progress on this initiative:

- Economic Development and Trade held two engagement sessions with various stakeholders and consultations with six cross-ministry working groups. The purpose of these meetings was to:
  - validate focus areas and actions identified in the preliminary roadmap report, and
  - generate ideas for proposed programs to capitalize on the identified opportunities.

- Economic Development and Trade produced and shared the clean technology roadmap report with clients and stakeholders at major events, such as the SPARK conference, the Intergovernmental Panel on Climate Change-Cities and Climate Change Science Conference in Edmonton, and the Globe Forum in Vancouver.

**Phase One: Air and CCITF-Related Programs**

- Phase one of the CTR focuses on greenhouse gas (GHG) and CCITF-related programs. In the third quarter of 2017-18, Economic Development and Trade finalized the suite of programs that focus on reducing GHGs, and growing and diversifying the economy. Economic Development and Trade also held an information session with stakeholders to outline the new programs and promote provincial leveraging of the federal NRCan Clean Growth Program.
Phase Two: Water and Land Programs

- Phase two of the CTR is focused on water and land. Economic Development and Trade began work on the land component of the CTR by drafting a preliminary document highlighting opportunities and needs to grow the land-related cleantech sector. Economic Development and Trade discussed the draft with subject matter experts from cross-ministry and government agencies. Economic Development and Trade also began initial planning for work on the water component of the CTR. This work is planned to continue in 2018-19.

- Economic Development and Trade completed a formative evaluation of the Alberta BioFuture Program. The evaluation included Economic Development and Trade’s recommendations to more closely align the program with the outcomes of both the CCITF and CTR.
Performance Measure 3.a:

2017-20 Economic Development and Trade Business Plan Performance Measure

3.a Sponsored research revenue attracted by Alberta’s comprehensive academic and research institutions ($ millions)

Sponsored research revenues are funds received outside regular university operating grants, which includes both research grants and research contracts. The data describes funding from the following sources: provincial and federal governments, industry, non-profit organizations, endowment, other government, and includes capital investments.

The research conducted at Alberta’s comprehensive academic and research institutions is fundamental to Alberta’s innovation system and its success in the global knowledge-driven economy. University research activities directly result in the creation and implementation of new knowledge, a key factor in economic success. The university educational experience and exposure to leading-edge research contributes to the development of highly qualified personnel, including the next generation of university researchers and innovators for industry.
Success in acquiring and increasing sponsored research revenue is accomplished through highly competitive, excellence-driven research activities. Therefore, the ability of universities to attract research funding is an indicator of the quality of the university’s faculty and research programs and is an important measure of the capability and capacity of Alberta’s research system. The more sponsorship these institutions can draw, the better able they are to attract and retain world-class researchers. These researchers in turn, attract top graduate students, further strengthening the workforce supporting Alberta’s innovation capacity.

Total sponsored research revenue for the 2016-17 fiscal year was $914 million, an approximate 12 per cent increase from 2015-16. Key drivers of this result include research investments from the federal government and the Government of Alberta.

Source: Comprehensive Academic Research Institutions, collected by Ministry of Economic Development and Trade. See Appendix Two for more information. Note: Sponsored research revenue is generated annually based on information received from Alberta’s Comprehensive Academic and Research Universities from previous year activities. The last actual data available is from the 2015-16 fiscal year.
Key Strategy 3.4:

Support the growth of globally competitive enterprises in Alberta through enhanced innovation and technology commercialization programs and partnerships.

Technology Sector Development

Economic Development and Trade supports the development of key technology-intensive sectors with targeted support for sector formation, development of baseline data on sector performance, partnership opportunities, and innovation needs. The primary goal of these partnerships is to create, retain, and attract successful companies in technology industries in Alberta. Some examples of the work undertaken on this initiative in 2017-18 included:

- **Cyber Infrastructure and Tools Development**: Economic Development and Trade provided $2.25 million to Cybera, an agency specifically focused on the development of digital infrastructure expertise that advances research, education, and innovation. Cybera builds, operates, and maintains CyberaNet, Alberta’s Research and Education unmetered broadband network that now connects approximately 810,000 Albertans, including researchers and start-up companies.

- **Funded “Health Innovation Sandboxes”**: Economic Development and Trade worked with Alberta’s health and innovation system to build and strengthen commercialization support for local small and medium-sized businesses. Economic Development and Trade provided $950,000 over three years to the Ward of the 21st Century at the University of Calgary to be the “digital health innovation sandbox” to support commercialization efforts of Alberta’s digital health companies. Economic Development and Trade provided $1.516 million over three years to the Institute of Health Economics in Edmonton to attract investments from multinational companies to conduct Real World Evidence studies for technology assessment in Alberta. In addition, the Institute of Health Economics will support Alberta health technology companies conduct health economic evaluations needed for market adoption and successful commercialization.

- **Through Economic Development and Trade support**, the Alberta Clean Technology Industry Alliance (ACTia) completed the first State of Alberta’s Cleantech market report and related outreach, developed a sector map of cleantech supports, created a newsletter to disseminate information to Alberta’s clean technology community, and collaborated and coordinated a series of methane emission technology events.
Commercialization Centres

In the pre-commercial phase, start-up companies often need market analysis assistance, technical equipment, access to labs or test facilities, engineering and design expertise, technical and market validation, product positioning, and production planning to prepare products for market. Economic Development and Trade supported key organizations that provide these services and resources to companies that work in advanced technology sectors. Examples of Economic Development and Trade support in 2017-18 included the following:

- Alberta Carbon Conversion Technology Centre (ACCTC): Economic Development and Trade provided Alberta Innovates (InnoTech Alberta) a $9.73 million grant toward constructing and commissioning ACCTC, leveraging an equivalent investment from NRCan. The centre will play a key role in the NRG-COSIA Carbon XPRIZE where CO2 conversion and utilization technologies from across the globe will be tested at the Calgary-based facility.

- Alberta Machine Intelligence Institute (Amii): Through active participation with the Amii, Economic Development and Trade supported their transition to a not-for-profit organization, a requirement of the federal government for Amii to secure a $25 million investment under the Pan-Canadian Artificial Intelligence Strategy.
International Technology Partnerships

The primary purpose of International Technology Partnerships is to facilitate and support joint technology development and commercialization projects between small and medium-sized enterprises from Alberta and partner jurisdictions. Projects focus on advanced technology sectors, including information and communications technologies, life sciences, and clean technology. Projects leverage funding, expertise, and resources from industry and government in partnering jurisdictions. Goals of the program include the following:

- growth of globally competitive Alberta companies through technology partnerships,
- acceleration of technology commercialization through access to international resources and expertise, and
- increased access for Alberta’s small and medium-sized enterprises to new international markets and top research and technology institutions in international jurisdictions.

Some examples of International Technology Partnerships undertaken in 2017-18 included:

- Germany: Five new projects involving Alberta companies were approved in 2017-18 spanning a broad range of technologies from advanced surgical equipment to utilization of heat from waste gas incineration,
- Five new projects involving Alberta companies were approved under the Alberta-Jalisco Technology Collaboration,
- Alberta’s international technology partnership with the China province of Zhejiang, which is managed by Alberta Innovates, will expand to include other China regions, including Guangdong and Shanghai, and
- Alberta’s technology partnerships in Europe expanded beyond Germany and France programs to include the rest of Europe, allowing for greater scope and benefits for Alberta small and medium-sized enterprises.
Strategic Partnerships with Global Enterprises

Economic Development and Trade develops and maintains a network of strategic relationships with multinational enterprises to attract technologies that address unmet needs of key Alberta sectors, to attract corporate investments into Alberta’s innovation ecosystem, and to connect Alberta small and medium-sized enterprises to the global value chains of multinational enterprises.

Some examples of strategic relationships with multinational enterprises developed or enhanced in 2017-18 include:

- On June 21, 2017, a $3.74 million partnership between Economic Development and Trade, Merck, and the University Hospital Foundation was established. Initial work on building the Merck Health Sciences Incubator at TEC Edmonton is underway. It will help dozens of Alberta’s entrepreneurs create new products, businesses and jobs in Alberta’s thriving life sciences sector.

- On May 10, 2017, Alberta and Johnson & Johnson launched the first-of-its-kind JLABS POD @ Alberta that connects researchers with JLABS centres and Johnson & Johnson Innovation hubs located around the world. It will provide expertise and services to our health innovators to help them translate their discoveries into essential health products and contribute to economic diversification.

- Economic Development and Trade enhanced collaboration with 3M Canada by expanding the scope of the collaboration to include multiple sectors, and connected Alberta innovators to additional innovation expertise in 3M Canada.

- Economic Development and Trade renewed an agreement with IBM and the University of Alberta regarding the Centre for Advanced Studies, linking Alberta researchers with IBM-led industry challenges in advanced computing.

- Economic Development and Trade initiated the first project under the new Emerging Clean Technology Partnerships program as part of CCITF, the Distributed Energy Management Initiative. Led by the Northern Alberta Institute of Technology, the Distributed Energy Management Initiative leverages investments and know-how of ATCO Electric, and creates conditions for development, testing, and demonstration of new smart-grid technologies by Alberta small and medium-sized enterprises.
Appendix 1: Trade and Investment Attraction Reporting

The Trade and Investment Attraction (TIA) Division tracks and reports involvement in outcomes and outputs (referred to as wins) that contribute to improving Alberta’s economy. A Client Relationship Management (CRM) system is used to capture interactions with clients towards successfully securing a win. These wins occur as the result of the work of the Trade and Investment Attraction Division to facilitate an outcome or output that creates benefit for Alberta.

TIA records significant outcomes and outputs as “won” opportunities in five categories:

- Trade wins occur when an Alberta based company or organization sells goods and/or services to an international company/organization as a result of the Trade and Investment Attraction division’s involvement, in whole or in part. This category will be used to capture foreign students coming to Alberta to study.

- Brownfield investment is a type of foreign direct investment that occurs when a foreign-based company or organization purchases or leases existing production facilities to launch a new production activity in Alberta as a result of the Trade and Investment Attraction division’s involvement, in whole or in part. A foreign company or organization establishing an Alberta Office and an Alberta company receiving non-GoA related funding (e.g., a grant from the federal government) will be considered investment wins.

- Greenfield investment is a type of foreign direct investment that occurs when a foreign-based company or organization invests money in Alberta as a result of the Trade and Investment Attraction division’s involvement, in whole or in part. A foreign company or organization establishing an Alberta Office and an Alberta company receiving non-GoA related funding (e.g., a grant from the federal government) will be considered investment wins.

- Signed agreement wins occur when the Trade and Investment Attraction division facilitates the creation of memoranda of understanding or other types of signed agreements that benefit Albertans. Any dollar value assigned to a win of this type is directly related to the agreement.

- Advocacy includes both trade/investment and political advocacy wins. Political advocacy wins occur when the Trade and Investment Attraction division engages elected and/or senior officials from another jurisdiction to deliver advocacy messages and advance Alberta’s international agenda. This category includes bilateral meetings with government leaders, the delivery of Alberta priority advocacy messages in keynote addresses, the conduct of seminars and advocacy tours to key elected and senior officials, and announcements of policy, regulatory, and legislative decisions that support Alberta’s international priorities and follow Alberta’s engagement with relevant decision makers. Trade/investment advocacy wins occur when the Trade and Investment Attraction division influences a company or organization to publicly announce a forthcoming trade or investment deal. Dollar values are not be captured for advocacy wins.
When an outcome is achieved or an output is produced, an opportunity is marked as “won.” Likewise, when a desired outcome does not materialize, it is recorded as “lost.”

Reports are produced on a monthly, quarterly, and annual basis to track progress towards annual targets. To foster collaboration, credit for successfully completing a win is assigned to each organizational entity that played a role in completing the win. The organizational entities that can be identified as working on an opportunity are:

- the international offices,
- Invest Alberta Branch,
- Asia Pacific Branch,
- Americas Branch, and
- Europe, Middle East, India, and Africa (EMEIA) Branch.

Reporting the value of a win is important to Albertans, as this information enables TIA to justify providing programs intended to promote trade, attract investment, and support Alberta’s international agenda. To this end, TIA works collaboratively with companies/organizations to report the values of trade, investment, and signed agreement wins.

Reporting on the value of a win is based on the actual dollar value of the win, stated in terms of the lifetime value where possible. Where this was not achievable or not appropriate, yearly values have been reported. In previous years, the results were reported by individual international office, however to reflect the collaborative nature of international business development work, we have transitioned to now reporting results by trading bloc.
2017-18 Targets vs. Actuals for TIA

Wins and Losses by Month
The chart below summarizes the progress towards successfully completing opportunities for the 2017-18 fiscal year. On average, four times as many opportunities were successful than not. At the end of 2017-18, TIA was working on 772 opportunities.

Wins and Values by Opportunity Type
The following table shows the breakdown of the won opportunities by category. Monetary values have been provided to two significant digits. For the 2017-18 fiscal year, TIA was able to determine dollar values for 75 per cent of its trade and investment wins.

<table>
<thead>
<tr>
<th>Opportunity Type</th>
<th>Number of Won Opportunities</th>
<th>Value of Won Opportunities (Millions, rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>90</td>
<td>$66</td>
</tr>
<tr>
<td>Greenfield Investment</td>
<td>28</td>
<td>$4,400</td>
</tr>
<tr>
<td>Brownfield Investment</td>
<td>1</td>
<td>$720</td>
</tr>
<tr>
<td>Signed Agreements</td>
<td>56</td>
<td>$3</td>
</tr>
<tr>
<td>Advocacy</td>
<td>123</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>298</td>
<td>$5,200</td>
</tr>
</tbody>
</table>

21 Economic Development and Trade Client Relationship Management System
Unique Win Targets and Actuals by Trading Bloc and Invest Alberta

The table below provides information on unique wins for TIA's trading blocs and Invest Alberta. TIA set a target of 151 unique wins for the 2017-18 fiscal year. This target does not include Invest Alberta, as a target was not set for that branch. TIA achieved 298 unique wins, which includes wins from Invest Alberta. Shaded cells indicate that data is unavailable or not applicable.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific Trading Bloc</td>
<td>61</td>
<td>130</td>
<td>213%</td>
</tr>
<tr>
<td>Americas Trading Bloc</td>
<td>55</td>
<td>112</td>
<td>204%</td>
</tr>
<tr>
<td>EMEIA Trading Bloc</td>
<td>35</td>
<td>43</td>
<td>123%</td>
</tr>
<tr>
<td>Invest Alberta</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td><strong>Total All</strong></td>
<td></td>
<td><strong>298</strong></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 2: Economic Development and Trade Performance Measure and Indicator Methodology

**Measure 1.a – Cumulative number of Alberta businesses in which Alberta Enterprise Corporation (AEC) funds have been invested**

**Source:** Alberta Enterprise Corporation

**Note(s):** This measure was reported to the Government of Alberta by AEC as required by the legislation (AEC Act, S. 14 Disclosure of Information), and the Transfer Agreement (S. 16 Reporting Requirements). The last actual number was collected from the most recent available AEC Annual Report, which was AEC Annual Report 2016-17 released in July 2017.

**Measure 1.b – Cumulative value of AEC (and their syndicate partners) funds investment in Alberta businesses ($ millions)**

**Source:** Alberta Enterprise Corporation

**Note(s):** This measure is reported to the Government of Alberta by AEC as required by the legislation (AEC Act, S. 14 Disclosure of Information), and the Transfer Agreement (S. 16 Reporting Requirements). The last actual number is collected from the last available AEC Annual Report, which was AEC Annual Report 2016-17, published in July 2017.

**Measure 2.a – Percentage of clients who agree that Alberta’s trade policy supports opportunities for exports**

**Source:** The data comes from Economic Development and Trade’s Annual Client Survey, which was contracted to NRG Research Group (NRG).

**Note(s):** Economic Development and Trade created a client list based on the CRM records of clients served and provided it to NRG to send email invitations out. The number of participants was 413 and the response rate was 14 per cent, resulting in a maximum margin of error of +/- 4.4 per cent. NRG cleaned, processed, and validated the data to ensure all skip patterns worked properly and that there were no missing or extra data supplied in the final dataset.

**Measure 2.b – Percentage of clients indicating that Economic Development and Trade helped them connect with contacts who otherwise would have been difficult to identify/access**

**Source:** The data comes from Economic Development and Trade’s Annual Client Survey, which was contracted to NRG Research Group (NRG).

**Note(s):** Economic Development and Trade created a client list based on the CRM records of clients served and provided it to NRG to send email invitations out. The number of participants was 413 and the response rate was 14 per cent, resulting in a maximum margin of error of +/- 4.4 per cent. NRG cleaned, processed, and validated the data to ensure all skip patterns worked properly and that there were no missing or extra data supplied in the final dataset.
Measure 2.c – Percentage of clients indicating that as a result of the information they received from Economic Development and Trade they were able to make an informed business decision

**Source:** The data comes from Economic Development and Trade’s Annual Client Survey, which was contracted to NRG Research Group (NRG).

**Note(s):** Economic Development and Trade created a client list based on the CRM records of clients served and provided it to NRG to send email invitations out. The number of participants was 413 and the response rate was 14 per cent, resulting in a maximum margin of error of +/- 4.4 per cent; however, there are no data to report for 2016-17, because Economic Development and Trade did not receive a statistically significant response for this specific question. A change in methodology between the 2015-16 and 2016-17 client surveys may account for the reduced number of client responses.

Measure 3.a – Sponsored research revenue attracted by Alberta’s comprehensive academic and research institutions ($ millions)

**Source:** Comprehensive Academic Research Institutions, collected by Economic Development and Trade

**Note(s):** Sponsored research revenue data are collected directly from the Comprehensive Academic and Research Institutions (CARIs). The CARIs submit the data using a template and guidelines which outline the information required and specific instructions regarding how the revenue should be reported. The guidelines provided to the CARIs by Economic Development and Trade were developed to augment the guidelines in place for corresponding annual reporting submissions by the CARIs to the Canadian Association of University Business Officers to report on Total Sponsored Research Revenue at Alberta universities. CARIs are required to follow the CAUBO reporting guidelines for the appropriate year. The CARIs derive the data from audited financial statements and supplementary schedules. The reported data is compiled and analyzed by Economic Development and Trade in the Research Funding at Alberta’s Comprehensive Academic and Research Institutions report.

Indicator 1.a – Percentage of manufacturing, business and commercial services Gross Domestic Product growth in Alberta

**Source:** Statistics Canada’s Cansim table 379-0030 – Gross Domestic Product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories.

**Note(s):** This measure combines the following industries: manufacturing, transportation and warehousing, information and cultural industries, finance and insurance, professional, scientific and technical services, administrative and support, waste management and remediation services, arts, entertainment and recreation, and accommodation and food services.
Indicator 1.b – Total non-residential investment in Alberta per capita ($ thousands)

Source: Statistics Canada Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions (CAPEX)

Note(s): The survey is administered as part of the Integrated Business Statistics Program (IBSP). The target population comprises all business and government entities operating in Canada according to the North American Industry Classification System 2012 (NAICS) during the reference year. Outlays for used Canadian assets are excluded since they constitute a transfer of assets within Canada and have no effect on the aggregates of our domestic inventory. Assets imported from outside Canada are included as they increase our domestic inventory. This is a sample survey with a cross-sectional design. Responding to this survey is mandatory. Data are collected directly from survey respondents, extracted from administrative files and derived from other Statistics Canada surveys and/or other sources.

After the questionnaires have been completed and returned, the process of quality assurance continues through data editing. Data are screened at the micro level for internal, survey over survey, and year-over-year inconsistencies.

Indicator 1.c – Year over year percentage increase in employment in small and medium-sized enterprises

Source: Statistics Canada Survey of Employment, Payroll and Hours (SEPH) provides a monthly portrait of the amount of earnings, as well as the number of jobs (i.e., occupied positions), and hours worked by detailed industry at the national, provincial and territorial levels.

Note(s): Monthly survey estimates are produced by a combination of a census of payroll deductions, provided by the Canada Revenue Agency, and the Business Payrolls Survey (BPS), which collects data from a sample of 15,000 businesses. Responding to this survey is mandatory. The program's target population is composed of all businesses in Canada that have at least one employee and, thus issued at least one payroll deduction remittance during the reference month. This excludes people who are self-employed. Excluded are businesses that are primarily involved in agriculture, fishing and trapping, private household services, religious organizations, international and other extraterritorial public administration, and military personnel of defence services.

The CVs are usually very low - less than 5 per cent - for the administrative data component of SEPH (e.g., monthly number of employees and gross payroll).
**Indicator 2.a – Total value of Alberta’s exported products and services ($ billions)**

**Source:** Data come from Industry Canada’s Trade Data Online tool, which aggregates trade data from Statistics Canada and simplifies the data extraction process. Trade data is aggregated from the Canadian International Merchandise Trade (Customs Basis) survey.

**Note(s):** Trade Data is updated monthly, and is revised on an ongoing basis for each month of the current year. The previous year’s data are revised with the release of the January and February reference months as well as on a quarterly basis. The previous two years of Customs-based data are revised annually and are released in February with the December reference month.

Data is estimated from a census of administrative records of customs received from multiple sources, which Statistics Canada then compiles. Exports are attributed to the country that is the last known destination of the goods at the time of export. This can be error prone if the destination is incorrectly reported, which typically happens when goods are routed through intermediary countries. A monthly estimated adjustment is applied based on balance of payments data to correct for this.

**Indicator 2.b – Total value of Alberta’s exported products outside of United States ($ billions)**

**Source:** Data come from Industry Canada’s Trade Data Online tool, which aggregates trade data from Statistics Canada and simplifies the data extraction process. Trade data is aggregated from the Canadian International Merchandise Trade (Customs Basis) survey (http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2201).

**Note(s):** Data is estimated from a census of administrative records of customs received from multiple sources, which Statistics Canada then compiles. Exports are attributed to the country that is the last known destination of the goods at the time of export. This can be error prone if the destination is incorrectly reported, which typically happens when goods are routed through intermediary countries. A monthly estimated adjustment is applied based on balance of payments data to correct for this.

**Indicator 3.a – Federal research investment in: Alberta per capita and Canada per capita**

**Source:** Statistics Canada

**Note(s):** Data is obtained directly from Statistics Canada by Science and Innovation Division, Economic Development and Trade. The analyst reviews and captures the information from a provincial and federal context.
Indicator 3.b – Start-ups licensing university technology per million population

Source: Association of University Technology Managers, Licensing Surveys Database

Note(s): The data on university technology licensing comes from the Association of University Technology Managers (AUTM), a U.S.-based non-profit formed to support and advance academic technology transfer globally. AUTM has a membership of more than 3,200 intellectual property managers from universities, research institutions, hospitals, businesses and governments. Specifically, the data comes from the AUTM’s annual Canadian edition of their Licensing Activity Survey. The 2015 Canadian Licensing Activity Survey solicited responses from 71 research institutions in Canada. 36 institutions responded to the survey.

2018-21 Measure 2.a – Alberta Investor Tax Credit Program (AITC): Total annual investment raised ($ millions) Leveraged Ratio

Source: Economic Development and Trade Client Relationship Management System

Note(s): The total investment raised for AITC is tracked in the Client Relationship Management (CRM) system. Investments in AITC are made by individuals and corporations into other eligible businesses. The investment values are pulled from CRM for all investors who have issued tax credits and are summed to find a total value. In order to determine the leveraged ratio, first the total tax credits issued or conditionally approved for the program is calculated. This is done by adding all of the tax credits issued to each investor or corporation in a very similar way the investment total is found. The investment total is then divided by the tax credit total to find a ratio between them. This value represents the investment spur due to the tax credits provided.

2018-21 Measure 2.b – Capital Investment Tax Credit Program (CITC): Total annual investment raised ($ millions) Leveraged Ratio

Source: Economic Development and Trade Client Relationship Management System

Note(s): The total investment raised for CITC is tracked in the Client Relationship Management (CRM) system. Corporations invest in qualified properties. These investment values are pulled from CRM for all of the corporations who have conditionally approved tax credits, and are summed to find a total value. In order to determine the leveraged ratio, first the total tax credits issued or conditionally approved for each program is calculated. This is done by adding all of the tax credits issued to each investor or corporation in a very similar way the investment total is found. The investment total is then divided by the tax credit total to find a ratio between them. This value represents the investment spur due to the tax credits provided.
2018-21 Measure 2.c – Alberta Export Expansion Package (AEEP): Number of Alberta businesses and associations receiving funding and supports through AEEP

**Source:** AEEP Internal Program Dataset

**Note(s):** This data is collected through client application forms and client reports to AEEP. Depending on the specific form being submitted, it is either entered directly by the client onto their grant application or is inputted by a program officer. Data are currently stored in reports received from grant recipients that provide information about events that they receive funding for. The total number of businesses and associations that have received funding is determined by doing a count of the successful applications in each of the program streams/sub-streams for AEEP and finding their overall sum. The forecast for future fiscal years is an estimation based roughly on previous year’s actuals.

2018-21 Measure 3.b – Community and Regional Economic Support (CARES) Program: Total value of projects funded ($ millions)

**Source:** Economic Development and Trade Client Relationship Management System and CARES Internal Program Dataset

**Note(s):** Data is collected from applications submitted to the CARES program in Economic Development and Trade’s Client Resource Management system (CRM). Funding data is stored primarily on CRM for CARES intakes two and three, with additional information about the application kept in the notes section. CARES intake one data has been migrated to the system, but as the information is static, updates have been maintained on an Excel spreadsheet. The total value of projects funded is calculated by finding the sum of approved funding for all of the projects during a given period. The results here are broken down by intake and fiscal year.
Ministry of Economic Development and Trade
Consolidated Financial Statements
Year Ended March 31, 2018
Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Change in Net Financial Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Revenues

Schedule 2 - Consolidated Expenses – Directly Incurred Detailed by Object

Schedule 3 - Consolidated Allocated Costs

Schedule 4 - Consolidated Portfolio Investments

Schedule 5 - Related Party Transactions

Schedule 6 - List of Entities Included in the Consolidated Financial Statements
Independent Auditor’s Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements
I have audited the accompanying consolidated financial statements of the Ministry of Economic Development and Trade, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Economic Development and Trade as at March 31, 2018, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[ Original signed by W. Doug Wylie FCPA, FCMA, ICD.D ]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 30, 2018
Edmonton, Alberta
## Revenues (Schedule 1)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>(Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Alberta Grants</td>
<td>$110,020</td>
<td>$119,737</td>
<td>$111,775</td>
</tr>
<tr>
<td>Federal and Other Government Grants</td>
<td>4,479</td>
<td>2,691</td>
<td>6,888</td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets from Other Government Departments</td>
<td>2,000</td>
<td>1,561</td>
<td>1,202</td>
</tr>
<tr>
<td>Recoveries from Shared Services Agreements</td>
<td>-</td>
<td>763</td>
<td>-</td>
</tr>
<tr>
<td>Investment (Loss)/Income</td>
<td>1,086</td>
<td>(2,895)</td>
<td>2,263</td>
</tr>
<tr>
<td>Premiums, Fees and Licenses</td>
<td>768</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Contract and Other Revenue</td>
<td>55,640</td>
<td>49,972</td>
<td>50,309</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>173,993</strong></td>
<td><strong>171,829</strong></td>
<td><strong>172,438</strong></td>
</tr>
</tbody>
</table>

## Expenses - Directly Incurred (Note 2(b), Schedules 2 and 3)

<table>
<thead>
<tr>
<th>Program</th>
<th>2018</th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry Support Services</td>
<td>12,981</td>
<td>12,291</td>
<td>11,517</td>
</tr>
<tr>
<td>Economic Development</td>
<td>32,846</td>
<td>28,421</td>
<td>28,093</td>
</tr>
<tr>
<td>Trade and Investment Attraction</td>
<td>27,726</td>
<td>26,544</td>
<td>23,097</td>
</tr>
<tr>
<td>Science and Innovation</td>
<td>50,114</td>
<td>58,522</td>
<td>56,350</td>
</tr>
<tr>
<td>Jobs, Investment and Diversification</td>
<td>55,580</td>
<td>39,169</td>
<td>14,665</td>
</tr>
<tr>
<td>Alberta Enterprise Corporation</td>
<td>2,100</td>
<td>1,887</td>
<td>1,955</td>
</tr>
<tr>
<td>Climate Leadership Plan</td>
<td>10,795</td>
<td>3,550</td>
<td>356</td>
</tr>
<tr>
<td>Alberta Innovates</td>
<td>285,990</td>
<td>277,344</td>
<td>298,366</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>478,132</td>
<td>447,728</td>
<td>434,399</td>
</tr>
</tbody>
</table>

## Annual Deficit

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(304,139)</td>
<td>$(275,899)</td>
<td>$(261,961)</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these consolidated financial statements.
### MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018 (in thousands)</th>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents (Note 5)</td>
<td>$186,725</td>
<td>$202,341</td>
</tr>
<tr>
<td>Accounts Receivable (Note 6)</td>
<td>19,332</td>
<td>22,928</td>
</tr>
<tr>
<td>Portfolio Investments (Schedule 4)</td>
<td>75,001</td>
<td>68,189</td>
</tr>
<tr>
<td>Advances (Note 7)</td>
<td>657</td>
<td>700</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td>281,715</td>
<td>294,158</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities (Note 10)</td>
<td>73,827</td>
<td>55,080</td>
</tr>
<tr>
<td>Deferred Revenue (Note 11)</td>
<td>37,521</td>
<td>40,035</td>
</tr>
<tr>
<td>Unspent Deferred Capital Contributions (Note 11)</td>
<td>2,213</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>113,561</td>
<td>95,115</td>
</tr>
<tr>
<td><strong>Net Financial Assets</strong></td>
<td>168,154</td>
<td>199,043</td>
</tr>
<tr>
<td><strong>Non-Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Capital Assets (Note 13)</td>
<td>51,836</td>
<td>38,460</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1,664</td>
<td>1,234</td>
</tr>
<tr>
<td><strong>Total Non-Financial Assets</strong></td>
<td>53,500</td>
<td>39,694</td>
</tr>
<tr>
<td><strong>Net Assets Before Spent Capital Contributions</strong></td>
<td>221,654</td>
<td>238,737</td>
</tr>
<tr>
<td>Spent Deferred Capital Contributions (Note 11)</td>
<td>7,507</td>
<td>5,265</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>214,147</td>
<td>233,472</td>
</tr>
</tbody>
</table>

**Net Assets, Beginning of Year (Note 4)**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Deficit</td>
<td>(275,899)</td>
<td>(261,961)</td>
</tr>
<tr>
<td>Net Financing Provided from General Revenues</td>
<td>256,574</td>
<td>208,726</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$214,147</td>
<td>$233,472</td>
</tr>
</tbody>
</table>

Contingent Assets (Note 8) and Contractual Rights (Note 9).

Contingent Liabilities (Note 14) and Contractual Obligations (Note 15).

The accompanying notes and schedules are part of these consolidated financial statements.
### MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
### CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Budget (Restated Note 4)</th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Deficit</strong></td>
<td>$(304,139)</td>
<td>$(275,899)</td>
<td>$(261,961)</td>
</tr>
<tr>
<td>Acquisition of Tangible Capital Assets (Note 13)</td>
<td>$(10,663)</td>
<td>$(17,067)</td>
<td>$(10,918)</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 13)</td>
<td>5,234</td>
<td>5,204</td>
<td>5,310</td>
</tr>
<tr>
<td>Gain on Disposal of Tangible Capital Assets</td>
<td></td>
<td>(43)</td>
<td>(25)</td>
</tr>
<tr>
<td>Proceeds on Sale of Tangible Capital Assets</td>
<td></td>
<td>43</td>
<td>25</td>
</tr>
<tr>
<td>Write-down of Tangible Capital Assets</td>
<td></td>
<td>48</td>
<td>307</td>
</tr>
<tr>
<td>Transfer in of Tangible Capital Assets (Note 13)</td>
<td>$(2,000)</td>
<td>$(1,561)</td>
<td>$(1,202)</td>
</tr>
<tr>
<td>Increase in Prepaid Expenses</td>
<td></td>
<td>(430)</td>
<td>(94)</td>
</tr>
<tr>
<td>Increase in Spent Deferred Capital Contributions (Note 11)</td>
<td></td>
<td>2,242</td>
<td>5,265</td>
</tr>
<tr>
<td>Net Financing Provided from General Revenues</td>
<td>256,574</td>
<td>208,726</td>
<td></td>
</tr>
<tr>
<td><strong>Decrease in Net Financial Assets</strong></td>
<td>$(30,889)</td>
<td>$(54,567)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Financial Assets, Beginning of Year</strong></td>
<td>199,043</td>
<td>253,470</td>
<td></td>
</tr>
<tr>
<td>Adjustment to Opening Net Assets (Note 4)</td>
<td></td>
<td>-</td>
<td>140</td>
</tr>
<tr>
<td><strong>Net Financial Assets, End of Year</strong></td>
<td>$168,154</td>
<td>$199,043</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these consolidated financial statements.
## MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
### CONSOLIDATED STATEMENT OF CASH FLOWS
#### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Transactions</strong></td>
<td></td>
<td>(Restated Note 4)</td>
</tr>
<tr>
<td>Annual Deficit</td>
<td>$ (275,899)</td>
<td>$ (261,961)</td>
</tr>
<tr>
<td>Non-Cash Items Included in Annual Deficit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets from Other Government Departments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 13)</td>
<td>5,204</td>
<td>5,310</td>
</tr>
<tr>
<td>Deferred Contributions Recognized as Revenue (Note 11)</td>
<td>(17,077)</td>
<td>(20,962)</td>
</tr>
<tr>
<td>Loss (Gain) on Sale of Portfolio Investments</td>
<td>4,106</td>
<td>1,042</td>
</tr>
<tr>
<td>Gain on Disposal of Tangible Capital Assets</td>
<td>(43)</td>
<td>(25)</td>
</tr>
<tr>
<td>Write-down of Tangible Capital Assets (Note 13)</td>
<td>48</td>
<td>307</td>
</tr>
<tr>
<td>Decrease/(Increase) in Accounts Receivable</td>
<td>3,596</td>
<td>(7,762)</td>
</tr>
<tr>
<td>Increase in Prepaid Expenses</td>
<td>(430)</td>
<td>(94)</td>
</tr>
<tr>
<td>Increase in Accounts Payable and Accrued Liabilities</td>
<td>18,746</td>
<td>8,079</td>
</tr>
<tr>
<td>Increase in Deferred Revenue</td>
<td>19,018</td>
<td>21,790</td>
</tr>
<tr>
<td>Cash Applied to Operating Transactions</td>
<td>(244,292)</td>
<td>(257,562)</td>
</tr>
<tr>
<td><strong>Capital Transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Tangible Capital Assets (Note 13)</td>
<td>(17,067)</td>
<td>(10,918)</td>
</tr>
<tr>
<td>Proceeds on Sale of Tangible Capital Assets</td>
<td>43</td>
<td>25</td>
</tr>
<tr>
<td>Cash Applied to Capital Transactions</td>
<td>(17,024)</td>
<td>(10,893)</td>
</tr>
<tr>
<td><strong>Investing Transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of Portfolio Investments</td>
<td>(12,186)</td>
<td>(13,961)</td>
</tr>
<tr>
<td>Distributions from Limited Partnerships</td>
<td>1,269</td>
<td>9,798</td>
</tr>
<tr>
<td>Decrease in Advances</td>
<td>43</td>
<td>21</td>
</tr>
<tr>
<td>Cash Applied to Investing Transactions</td>
<td>(10,874)</td>
<td>(4,142)</td>
</tr>
<tr>
<td><strong>Financing Transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Financing Provided from General Revenues</td>
<td>256,574</td>
<td>208,726</td>
</tr>
<tr>
<td>Cash Provided by Financing Transactions</td>
<td>256,574</td>
<td>208,726</td>
</tr>
<tr>
<td><strong>Decrease in Cash and Cash Equivalents</strong></td>
<td>(15,616)</td>
<td>(63,871)</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at Beginning of Year</strong></td>
<td>202,341</td>
<td>266,212</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at End of Year</strong></td>
<td>$ 186,725</td>
<td>$ 202,341</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these consolidated financial statements.
Note 1  AUTHORITY AND PURPOSE

The ministry of Economic Development and Trade (the ministry) operates under the authority of the Government Organization Act and its regulations and has been designated responsibilities for various Acts.

The purpose of the ministry is to build a resilient, robust and dynamic Alberta economy. The ministry ensures outcomes are achieved by:

- Supporting businesses and private sector job creation;
- Enhancing access to capital for small and medium-sized enterprises;
- Coordinating and leveraging research and innovation to increase the commercialization of Alberta ideas and to meet the needs of Albertans, from environmental stewardship to improved health outcomes;
- Facilitating export development and investment attraction from targeted international markets;
- Enhancing Alberta’s national and international presence; and
- Leading Alberta’s negotiations on domestic and international trade agreements.

Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity and Method of Consolidation

The reporting entity is the ministry, for which the Minister of Economic Development and Trade is accountable. The accounts of the department are fully consolidated with Alberta Enterprise Corporation and Alberta Innovates on a line-by-line basis.

The accounts of government sector entities, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets and liabilities) are included in government’s results.

Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

(b) Basis of Financial Reporting

Revenues

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

Investment income earned from restricted sources are deferred and recognized when the stipulations imposed have been met. Gains and losses on investments are not recognized in the Consolidated Statement of Operations until realized.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Revenues (Continued)

Government Transfers

Transfers from all levels of governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recognized as deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the ministry complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents. In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs which comprise the cost of employer contributions for current service of employees during the year;
- valuation adjustments which 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, guarantees and indemnities;
- transfer of tangible capital assets to other ministries;
- tax credits issued to individuals under the Alberta Investment Tax Credit program.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

For Alberta Investment Tax Credit, the value of the tax credit is presented as an expense for credits issued to individuals. The ministry recognizes expense when the tax credit certificate is issued to the individual.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Expenses (Continued)

Incurred by Others

Services contributed by other related entities in support of the ministry's operations are not recognized but disclosed in Schedule 3.

Valuation of Financial Assets and Liabilities

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 cash and cash equivalents, accounts receivable, advances, portfolio investments, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the ministry's financial claims on external organizations and individuals at the year end, and include financial claims, such as advances to and receivables from other organizations, employees and other individuals, portfolio investments as well as cash.

Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Portfolio Investments

Portfolio Investments are reported at cost, or amortized cost, less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value. Gains and losses on investments are recognized when an investment is sold or when there is a permanent impairment in the value of an investment.

Portfolio investments are reviewed on an annual basis for impairment. When there's a loss in Alberta Enterprise Corporation share of investment other than a temporary decline then the loss is adjusted and recognized in the Statement of Operations.
Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Advances

Advances are recognized at cost.

Liabilities

Liabilities represent present obligations of the ministry to external organizations and individuals arising from transactions or events occurring before year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Liabilities also include:

- all financial claims payable by the ministry at the year end;
- accrued employee vacation entitlements; and
- contingent liabilities where future liabilities are likely.

Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation(s) that is no longer in productive use and is recognized when all of the following criteria are met:

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. the ministry is directly responsible or accepts responsibility;
iv. it is expected that future economic benefits will be given up; and
v. a reasonable estimate of the amount can be made.

Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development of normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of the operations.
Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Non Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems developments is $250,000 and the threshold for major enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land, with exception of Crown lands, is capitalized.

Work-in-progress, which includes facilities and improvement projects, and development of information systems, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the ministry’s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

Amortization is only charged if the tangible capital asset is put into service.

Prepaid Expense

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

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; and
- expense items and non-monetary items are translated at the rate of exchange in the period they occur.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies.

The fair values of portfolio investments disclosed in Schedule 4 as $96,987 (2017 - $90,172) are subject to measurement uncertainty. The fair value of the investments is estimated by the General Partner of each fund. The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from value that would have been used had a ready market existed for the investments.

Accounts payable and accrued liabilities, recognized as $1,217 (2017 - $928) in these financial statements and related to separation allowances calculated for Locally Engaged staff (LES) located at our international offices, is subject to measurement uncertainty. Separation allowances include the LES vacation liabilities and potential severance payments as required by the local international jurisdiction's labour law.

The ministry's liability could change substantially in the future, if factors considered by management in establishing the estimates were to change significantly.

(c) Change in Accounting Policy

The ministry has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Note 8, Note 9, Note 15, Schedule 3 and Schedule 5.

Note 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has issued the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
  Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

- **PS 3450 Financial Instruments (effective April 1, 2021)**
  Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

  Management is currently assessing the impact of these standards on the financial statements.
Note 4 PROGRAM TRANSFER

(in thousands)

Program Transfer

Effective August 1, 2016 the ministry transferred the responsibility of financial services for the ministry of Indigenous Relations to the ministry of Indigenous Relations. The accompanying budget and full-time equivalents were transferred to the ministry of Indigenous Relations effective April 1, 2017.

Effective November 1, 2016 the ministry transferred the responsibility for the administration of human resource services for the ministry of Indigenous Relations to the ministry of Indigenous Relations. The accompanying budget and full-time equivalents were transferred to the ministry of Indigenous Relations effective April 1, 2017.

Effective January 1, 2017, the ministry transferred Corporate Administration services for the ministry of Indigenous Relations to the ministry of Indigenous Relations. The accompanying budget and full-time equivalents were transferred effective April 1, 2017.

Effective September 1, 2017, Communications and Public Engagement branches were transferred from the ministry to the ministry of Treasury Board and Finance. Comparatives for 2017 have been restated as if the current organization structure had always been in place. The opening net assets and net financial assets as at April 1, 2016 are restated as follows:

Net Assets on April 1, 2016 are made up as follows:
Net Assets as previously reported $ 286,567
Transfer to the ministry of Treasury Board and Finance 142
Transfer to the ministry of Indigenous Relations (2)
Net Assets at April 1, 2016 $ 286,707

Net Financial Assets on April 1, 2016 is made up as follows:
Net Financial Assets as previously reported $ 253,470
Transfer to the ministry of Treasury Board and Finance 142
Transfer to the ministry of Indigenous Relations (2)
Net Financial Assets at April 1, 2016 $ 253,610
Note 5  CASH AND CASH EQUIVALENTS
(in thousands)

Cash and cash equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors’ capital. The portfolio is comprised of high quality, short-term and mid-term income securities with a maximum term to maturity of three years.

As at March 31, 2018, securities held by the Fund have a time-weighted return of 1.1% per annum (2017 - 0.9% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (a)</td>
<td>$186,725</td>
<td>$202,341</td>
</tr>
</tbody>
</table>

(a) Cash and cash equivalents includes $114,423 (2017 - $100,285) of restricted cash.

Note 6  ACCOUNTS RECEIVABLE
(in thousands)

Accounts Receivable are unsecured and non-interest bearing.

<table>
<thead>
<tr>
<th></th>
<th>2018 Realizable Value</th>
<th>2017 Realizable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>$19,332</td>
<td>$22,928</td>
</tr>
</tbody>
</table>

Note 7  ADVANCES
(in thousands)

Advances are primarily for operational use for the co-located international offices.

<table>
<thead>
<tr>
<th></th>
<th>2018 Realizable Value</th>
<th>2017 Realizable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances</td>
<td>$657</td>
<td>$700</td>
</tr>
</tbody>
</table>
Note 8  CONTINGENT ASSETS  
*(in thousands)*

The ministry has filed an insurance claim where possible assets are being sought (2017 - one). The outcome from this matter will likely result in recognition of assets. The ministry anticipates receiving a specified amount of $1 (2017 - $278). This amount has not been recognized in the financial statements.

Note 9  CONTRACTUAL RIGHTS  
*(in thousands)*

Contractual rights are rights of the ministry to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual Rights from Operating Contracts</td>
<td>$ 30,731</td>
</tr>
</tbody>
</table>

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th>Operating Contracts</th>
<th>2018-19</th>
<th>2017-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$ 19,907</td>
<td></td>
</tr>
<tr>
<td>2019-20</td>
<td>3,307</td>
<td></td>
</tr>
<tr>
<td>2020-21</td>
<td>2,847</td>
<td></td>
</tr>
<tr>
<td>2021-22</td>
<td>870</td>
<td></td>
</tr>
<tr>
<td>2022-23</td>
<td>763</td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td>3,037</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 30,731</strong></td>
<td><strong>$ 34,629</strong></td>
</tr>
</tbody>
</table>

Note 10  ACCOUNTS PAYABLE AND ACCRUED LIABILITIES  
*(in thousands)*

Accounts Payable and Accrued Liabilities
Other

<table>
<thead>
<tr>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2018

Note 11 DEFERRED REVENUE
(in thousands)

Deferred Contract Revenue
Deferred Revenue (a)  $31,167 $32,864
Unspent Deferred Capital Contributions (b)  $2,213 $-

Spent Deferred Capital Contributions (c)

(a) Deferred Revenue

Balance, beginning of the year
 Cash contributions received/receivable during the year
 Restricted contributions received/receivable during the year
 Less amounts recognized as revenue
 Balance, end of year

(b) Unspent Deferred Capital Contributions

Balance, beginning of the year
 Received/receivable during the year
 Transferred to spent deferred capital contributions
 Balance, end of year

(c) Spent Deferred Capital Contributions

Balance, beginning of the year
 Transferred from unspent deferred capital contributions
 Less amounts recognized as revenue
 Balance, end of year
Note 12 BENEFIT PLANS  
(in thousands)

Pension Plans

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP) and Public Service Pension Plan (PSPP) and Supplementary Retirement Plan (SRP) for Public Service Managers. The expense for these plans is equivalent to the annual contributions of $11,944 for the year ended March 31, 2018 (2017 - $12,085).

At December 31, 2017, the Management Employees Pension Plan reported a surplus of $866,006 (2016 - surplus $402,033) and the Public Service Pension Plan reported a surplus of $1,275,843 (2016 - surplus $302,975).

At December 31, 2017, the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $54,984 (2016 - deficiency $50,020). The ministry is not responsible for future funding of the plan deficit other than through contribution increases.

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of $111,983 (2017 - surplus $101,515) and the Management, Opted Out and Excluded Plan reported a surplus of $29,805 (2017 - surplus $31,439). The expense for these two plans is limited to the employer’s annual contributions for the year.

A portion of the ministry participated in a Defined Contribution Pension Plan until November 1, 2016. After November 1, 2016, these employees participate in the MEPP and PSPP. The expense for this pension plan is $nil (2017 - $616). The ministry accounts for this plan on a defined contribution basis.

Supplementary Retirement Benefit Plans

The Benefit Plans consist of the unfunded liability for the ministry's supplemental retirement plan, the benefits under which are paid for entirely by the ministry when they come due. There are no plan assets. There are no active members remaining in the plan and one retired member eligible for benefits. As at March 31, 2018 these plans have a net accrued liability of $92 (2017: net accrued liability of $148).
Note 13 TANGIBLE CAPITAL ASSETS
(in thousands)

<table>
<thead>
<tr>
<th>Estimated Useful Life</th>
<th>Land</th>
<th>Building and Improvements</th>
<th>Equipment(1)</th>
<th>Computer hardware &amp; software</th>
<th>2018 Total</th>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Indefinite</td>
<td>25-30 years</td>
<td>3-40 years</td>
<td>3-10 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historical Cost (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$ 566</td>
<td>$ 15,232</td>
<td>$ 67,125</td>
<td>$ 11,964</td>
<td>$ 94,887</td>
<td>$ 83,960</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>12,407</td>
<td>3,977</td>
<td>683</td>
<td>17,067</td>
<td>10,918</td>
</tr>
<tr>
<td>Transfer in from other Government Departments (3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,561</td>
<td>1,561</td>
<td>1,202</td>
</tr>
<tr>
<td>Disposals, including Write-downs</td>
<td>-</td>
<td>-</td>
<td>(448)</td>
<td>(4)</td>
<td>(452)</td>
<td>(1,198)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>27,639</td>
<td>70,654</td>
<td>14,204</td>
<td>113,063</td>
</tr>
</tbody>
</table>

Accumulated Amortization

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building and Improvements</th>
<th>Equipment(1)</th>
<th>Computer hardware &amp; software</th>
<th>2018 Total</th>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>-</td>
<td>4,583</td>
<td>45,458</td>
<td>6,386</td>
<td>56,427</td>
<td>52,003</td>
</tr>
<tr>
<td>Amortization Expense</td>
<td>-</td>
<td>547</td>
<td>3,536</td>
<td>1,121</td>
<td>5,204</td>
<td>5,310</td>
</tr>
<tr>
<td>Effect Disposals, including Write-downs</td>
<td>-</td>
<td>-</td>
<td>(400)</td>
<td>(4)</td>
<td>(404)</td>
<td>(891)</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>5,130</td>
<td>48,594</td>
<td>7,503</td>
<td>61,227</td>
<td>56,422</td>
</tr>
</tbody>
</table>

Net Book Value at March 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building and Improvements</th>
<th>Equipment(1)</th>
<th>Computer hardware &amp; software</th>
<th>2018 Total</th>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 566</td>
<td>$ 22,509</td>
<td>$ 22,060</td>
<td>$ 6,701</td>
<td>$ 51,836</td>
<td></td>
</tr>
</tbody>
</table>

Net Book Value at March 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building and Improvements</th>
<th>Equipment(1)</th>
<th>Computer hardware &amp; software</th>
<th>2018 Total</th>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 566</td>
<td>$ 10,649</td>
<td>$ 21,667</td>
<td>$ 5,578</td>
<td>$ 38,460</td>
<td></td>
</tr>
</tbody>
</table>

(1) Equipment includes vehicles, heavy equipment, office equipment and furniture, and other equipment. The net book value of capital assets under construction that are not currently being amortized is $18,351 (2017 - $6,239).

(2) Historical cost includes work-in-progress at March 31, 2018 totaling $1,561 (2017 - $1,211) comprised of computer hardware and software.

(3) Transfer in from other Government Departments include work-in-progress at March 31, 2018 totaling $2,764 (2017 - $1,202) comprised of computer hardware and software. Work-in-progress amounting to $360 (2017 - $263) for computer hardware and software are for the One IMT Enterprise applications and systems that will be transferred to the ministry from Service Alberta in fiscal year 2018-19 and have therefore not been included in these financial statements.

Note 14 CONTINGENT LIABILITIES
(in thousands)

At March 31, 2018, the ministry was named as defendant in one (2017 - one) specific legal action. For this claim, no specific amount has yet been claimed; the amount of this claim will be determined at trial. The resulting loss from this claim, if any, cannot be determined.
Note 15 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under operating leases, contracts and programs/grants</td>
<td>$ 188,301</td>
<td>$ 268,351</td>
</tr>
</tbody>
</table>

Estimated payment requirements for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under operating leases, contracts and programs/grants</td>
<td>$ 116,424</td>
<td>51,462</td>
<td>15,522</td>
<td>3,660</td>
<td>983</td>
<td>250</td>
<td>$ 188,301</td>
</tr>
</tbody>
</table>

Note 16 ALBERTA CARBON CONVERSION TECHNOLOGY CENTRE

(in thousands)

The Alberta Carbon Conversion Technology Centre (ACCTC) is a commercialization and testing centre designed to advance CO2 capture and conversion technologies, and conduct related research. InnoTech Alberta Inc., a wholly owned subsidiary of the ministry, completed the purchase and transfer of the ACCTC on March 15, 2018, for which $17,464 is recorded in tangible capital assets in Note 13. $2,213 of related unspent deferred capital contributions and $7,457 of related spent deferred capital contributions, are recorded in Note 11. There were no in-kind contributions received at March 31, 2018 (2017 - $nil).

From June 2018 until March 2020 the ACCTC will be the host site for the NRG COSIA Carbon XPRIZE - a competition to pilot various carbon capture and conversion technologies. InnoTech will not be directly involved in supervising or overseeing the XPRIZE competition, aside from its day to day role as the owner and operator of the ACCTC. After the XPRIZE competition, InnoTech will own and operate the ACCTC, which will be marketed to industry and government as a carbon capture testing site until December 2027. At that time, exclusive use of the site and ownership of the ACCTC will pass back to the owner of the land, who may elect to wholly or partially de-commission the ACCTC. Accordingly, $2,549 of asset retirement obligations have been recorded.

The ministry has entered into various contractual arrangements with respect to ACCTC including a license of occupation, an operating costs recovery agreement, and a repayable contribution agreement. The impact on contractual rights, contractual obligations, contingent assets, and contingent liabilities, when known, has been reflected in these consolidated financial statements in accordance with the accounting policies described in Note 2.
Note 17 SUBSEQUENT EVENTS
(in thousands)

Effective:
- April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the ministry of Treasury Board and Finance;
- April 1, 2018, the government consolidated the Freedom of Information and Protection of Privacy (FOIP) delivery services under the ministry of Service Alberta;
- April 1, 2018, the government consolidated information management and technology services under the ministry of Service Alberta.

Note 18 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

Note 19 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approved these consolidated financial statements.
### Schedule 1

#### CONSOLIDATED REVENUES

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE**

**YEAR ENDED MARCH 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018 Budget (in thousands)</th>
<th>2017 Actual (in thousands)</th>
<th>(Restated Actual Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Transfers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Alberta Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alberta Heritage Science and Engineering Research Endowment Fund</td>
<td>$35,500</td>
<td>$35,500</td>
<td>$35,300</td>
</tr>
<tr>
<td>Alberta Heritage Foundation for Medical Research Endowment Fund</td>
<td>71,280</td>
<td>71,280</td>
<td>64,972</td>
</tr>
<tr>
<td>Other</td>
<td>3,240</td>
<td>12,957</td>
<td>11,503</td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets from Other Government Departments</td>
<td>2,000</td>
<td>1,561</td>
<td>1,202</td>
</tr>
<tr>
<td>Recoveries from Shared Services Agreements</td>
<td>-</td>
<td>763</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Government Transfers</strong></td>
<td>112,020</td>
<td>122,061</td>
<td>112,977</td>
</tr>
</tbody>
</table>

| **Federal and Other Government Grants** | 4,479 | 2,691 | 6,888 |
| **Investment Income/(Loss)** | 1,086 | (2,895) | 2,263 |
| **Premiums, Fees and Licences** | 768 | - | 1 |

| **Contract and Other Revenue** | 55,640 | 49,104 | 45,764 |
| Refunds of Expenditure | 388 | 2,630 | 2,630 |
| Non-Government Grants | - | - | 1,664 |
| Revenue from Agreements and Other | 480 | 251 | 251 |
| **Total Contract and Other Revenue** | 55,640 | 49,972 | 50,309 |

**Total Revenues**

| 2018 | $173,993 | 2017 | $171,829 | Restated Actual Note 4 | $172,438 |

---

Alberta Heritage Science and Engineering Research Endowment Fund
Alberta Heritage Foundation for Medical Research Endowment Fund
Ministry of Economic Development and Trade
<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages and Employee Benefits</td>
<td>$124,158</td>
<td>$121,802</td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>50,863</td>
<td>54,320</td>
</tr>
<tr>
<td>Grants</td>
<td>250,098</td>
<td>252,712</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 13)</td>
<td>5,204</td>
<td>5,310</td>
</tr>
<tr>
<td>Other</td>
<td>17,405</td>
<td>255</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$447,728</strong></td>
<td><strong>$434,399</strong></td>
</tr>
<tr>
<td>Program</td>
<td>Expenses (1)</td>
<td>Accommodation Costs (2)</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>--------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Ministry Support Services</td>
<td>$12,291</td>
<td>$1,237</td>
</tr>
<tr>
<td>Economic Development</td>
<td>28,421</td>
<td>1,112</td>
</tr>
<tr>
<td>Trade and Investment Attraction</td>
<td>26,544</td>
<td>1,361</td>
</tr>
<tr>
<td>Science and Innovation</td>
<td>58,522</td>
<td>675</td>
</tr>
<tr>
<td>Jobs, Investment and Diversification</td>
<td>39,169</td>
<td>-</td>
</tr>
<tr>
<td>Alberta Enterprise Corporation</td>
<td>1,887</td>
<td>-</td>
</tr>
<tr>
<td>Climate Leadership Plan</td>
<td>3,550</td>
<td>62</td>
</tr>
<tr>
<td>Alberta Innovates</td>
<td>277,344</td>
<td>22,376</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$447,728</strong></td>
<td><strong>$26,823</strong></td>
</tr>
</tbody>
</table>

(1) Expenses - Directly Incurred as per Consolidated Statement of Operations.
(2) Accommodation Costs, including grants in lieu of taxes, allocated by square footage.
(3) Legal Services Costs, allocated by estimated costs incurred by each program.
(4) Business Services Costs, include charges for IT support, vehicles, internal audit services and other services, allocated by costs in certain programs.
MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED PORTFOLIO INVESTMENTS
YEAR ENDED MARCH 31, 2018

SCHEDULE 4

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017 (Restated Note 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Fair Value</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian equities</td>
<td>$42,535</td>
<td>$52,387</td>
</tr>
<tr>
<td>Foreign equities</td>
<td>$32,466</td>
<td>$44,600</td>
</tr>
<tr>
<td>Total Portfolio Investments</td>
<td>$75,001</td>
<td>$96,987</td>
</tr>
</tbody>
</table>

Fair values are for disclosure purposes. Portfolio investments are reported at cost, or amortized cost, less any write-downs associated with a loss in value that is other than a temporary decline.

Management is responsible for estimating the relative reliability of data or inputs used by the Ministry to measure the fair value of the Ministry’s investments. The measure of reliability is determined based on the following three levels:

**Level One:** Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level one primarily includes publicly traded listed equity investments.

**Level Two:** Fair value is based on valuation methods that make use of inputs, other than quoted prices included within level one, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level two primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market. For these investments, fair values are either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.

**Level Three:** Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

The Ministry’s investments have all been classified within level three as the fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on valuation. As quoted market prices are not readily available, estimated fair values may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Included in investment income is $1,016 (2017 - $1,221) of other investment income that is not related to portfolio investments.
Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel and close family members of those in the industry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences 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 a shared service arrangement with Indigenous Relations, and charged Indigenous Relations for Information Technology Services, Information Management Services and Freedom of Information and Protection of Privacy Coordinator services.

The ministry had a shared services arrangement with Advanced Education and received legislative planning services, the costs for which were reimbursed to Advanced Education.

The ministry had the following transactions with related parties reported in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

<table>
<thead>
<tr>
<th></th>
<th>2018 (in thousands)</th>
<th>2017 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$119,737</td>
<td>$111,774</td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets</td>
<td>1,561</td>
<td>1,211</td>
</tr>
<tr>
<td>Recoveries from Shared Services Agreements</td>
<td>763</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>2,942</td>
<td>3,231</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$125,003</strong></td>
<td><strong>$116,216</strong></td>
</tr>
<tr>
<td><strong>Expenses - Directly Incurred</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$149,306</td>
<td>$163,597</td>
</tr>
<tr>
<td>Other Services</td>
<td>3,421</td>
<td>4,107</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$152,727</strong></td>
<td><strong>$167,704</strong></td>
</tr>
<tr>
<td><strong>Receivables from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,595</td>
<td>$5,670</td>
</tr>
<tr>
<td><strong>Payable to</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$9,974</td>
<td>$7,478</td>
</tr>
<tr>
<td><strong>Deferred Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$18,065</td>
<td>$24,227</td>
</tr>
<tr>
<td><strong>Spent Deferred Revenue</strong></td>
<td>50</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$18,115</td>
<td>$24,407</td>
</tr>
<tr>
<td><strong>Contractual Obligations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$111,539</td>
<td>$166,014</td>
</tr>
<tr>
<td><strong>Contractual Rights</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$3,297</td>
<td>$217</td>
</tr>
</tbody>
</table>
The above transactions do not include support service arrangement transactions disclosed in Schedule 2. 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 reported in the consolidated financial statements and are disclosed in Schedule 3.

<table>
<thead>
<tr>
<th>Expenses - Incurred by Others</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>$26,823</td>
<td>$26,143</td>
</tr>
<tr>
<td>Legal Services</td>
<td>$742</td>
<td>$615</td>
</tr>
<tr>
<td>Business Services and Other</td>
<td>$1,396</td>
<td>$1,304</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$28,961</strong></td>
<td><strong>$28,062</strong></td>
</tr>
<tr>
<td>Department</td>
<td>Department of Economic Trade and Development</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Agencies</td>
<td>Alberta Enterprise Corporation&lt;br&gt;Alberta Innovates</td>
<td></td>
</tr>
</tbody>
</table>
Department of Economic Development and Trade
Financial Statements
Year Ended March 31, 2018
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Statement of Financial Position

Statement of Change in Net Debt

Statement of Cash Flows

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Schedule 2 - Expenses – Directly Incurred Detailed by Object

Schedule 3 - Lapse/Encumbrance

Schedule 4 - Salary and Benefits Disclosure

Schedule 5 - Related Party Transactions

Schedule 6 - Allocated Costs
Independent Auditor’s Report

To the Minister of Economic Development and Trade

Report on the Financial Statements
I have audited the accompanying financial statements of the Department of Economic Development and Trade, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development and Trade as at March 31, 2018, and the results of its operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie, FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 30, 2018
Edmonton, Alberta
### DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
### STATEMENT OF OPERATIONS
### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 Budget</th>
<th>2017 Actual</th>
<th>Actual (Restated - Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues (Schedule 1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Alberta Grants</td>
<td>$ 106,780</td>
<td>$ 106,780</td>
<td>$ 100,272</td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets from Other Government Departments</td>
<td>2,000</td>
<td>1,561</td>
<td>1,202</td>
</tr>
<tr>
<td>Recoveries from Shared Services Agreements</td>
<td>-</td>
<td>837</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>616</td>
<td>941</td>
<td>770</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>109,396</td>
<td>110,119</td>
<td>102,244</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses - Directly Incurred (Note 2(a), Schedules 2, 5 and 6)</strong></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Programs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry Support Services</td>
<td>12,981</td>
<td>12,366</td>
<td>11,517</td>
</tr>
<tr>
<td>Economic Development</td>
<td>34,946</td>
<td>29,833</td>
<td>78,997</td>
</tr>
<tr>
<td>Trade and Investment Attraction</td>
<td>27,726</td>
<td>26,544</td>
<td>23,727</td>
</tr>
<tr>
<td>Science and Innovation</td>
<td>241,727</td>
<td>242,007</td>
<td>232,403</td>
</tr>
<tr>
<td>Jobs, Investment and Diversification</td>
<td>55,580</td>
<td>44,169</td>
<td>19,665</td>
</tr>
<tr>
<td>Climate Leadership Plan</td>
<td>10,795</td>
<td>28,280</td>
<td>356</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>383,755</td>
<td>383,199</td>
<td>366,665</td>
</tr>
</tbody>
</table>

**Annual Deficit**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$ (274,359)</td>
<td>$ (273,080)</td>
<td>$ (264,421)</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
### DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
#### STATEMENT OF FINANCIAL POSITION
##### AS AT MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>(Restated - Note 3)</td>
</tr>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 1,934</td>
<td>$ 1,931</td>
</tr>
<tr>
<td>Accounts Receivable (Note 4)</td>
<td>263</td>
<td>1,206</td>
</tr>
<tr>
<td>Advances (Note 5)</td>
<td>657</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>2,854</td>
<td>3,837</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities (Note 6)</td>
<td>94,853</td>
<td>77,748</td>
</tr>
<tr>
<td></td>
<td>94,853</td>
<td>77,748</td>
</tr>
<tr>
<td>Net Debt</td>
<td>(91,999)</td>
<td>(73,911)</td>
</tr>
<tr>
<td>Non-Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Capital Assets (Note 7)</td>
<td>2,933</td>
<td>1,351</td>
</tr>
<tr>
<td></td>
<td>2,933</td>
<td>1,351</td>
</tr>
<tr>
<td>Net Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (89,066)</td>
<td>$ (72,560)</td>
</tr>
</tbody>
</table>

#### Net Liabilities at Beginning of Year (Note 3)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment to Net Liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Annual Deficit</td>
<td>(273,080)</td>
<td>(264,421)</td>
</tr>
<tr>
<td>Net Financing Provided from General Revenues</td>
<td>256,574</td>
<td>208,726</td>
</tr>
<tr>
<td><strong>Net Liabilities at End of Year</strong></td>
<td>$ (89,066)</td>
<td>$ (72,560)</td>
</tr>
</tbody>
</table>

Contractual Obligations (Note 8).

The accompanying notes and schedules are part of these financial statements.
## DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
### STATEMENT OF CHANGE IN NET DEBT
#### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 Budget</th>
<th>2017 Actual</th>
<th>Actual (Restated - Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Deficit</strong></td>
<td>$ (274,359)</td>
<td>$ (273,080)</td>
<td>$ (264,421)</td>
</tr>
<tr>
<td>Acquisition of Tangible Capital Assets (Note 7)</td>
<td>(75)</td>
<td>(81)</td>
<td>(80)</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 7)</td>
<td>25</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Write-downs of Tangible Capital Assets</td>
<td>49</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer in of Tangible Capital Assets</td>
<td>(2,000)</td>
<td>(1,561)</td>
<td>(1,202)</td>
</tr>
<tr>
<td>Net Financing Provided from General Revenue</td>
<td>256,574</td>
<td>208,726</td>
<td></td>
</tr>
<tr>
<td><strong>Increase in Net Debt</strong></td>
<td>$ (18,088)</td>
<td>$ (56,965)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Debt at Beginning of Year</strong></td>
<td>(73,911)</td>
<td>(16,946)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Debt at End of Year</strong></td>
<td>$ (91,999)</td>
<td>$ (73,911)</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
## DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
### STATEMENT OF CASH FLOWS
#### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>2018 (in thousands)</th>
<th>2017 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Deficit</td>
<td>$(273,080)</td>
<td>$(264,421)</td>
</tr>
<tr>
<td>Non-cash Items Included in Annual Deficit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets from Other Government Departments</td>
<td>$(1,561)</td>
<td>$(1,202)</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 7)</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Write-downs of Tangible Capital Assets</td>
<td>49</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$(1,501)</td>
<td>$(1,190)</td>
</tr>
<tr>
<td>Decrease/(Increase) in Accounts Receivable</td>
<td>943</td>
<td>(998)</td>
</tr>
<tr>
<td>Increase in Accounts Payable and Accrued Liabilities</td>
<td>17,105</td>
<td>57,950</td>
</tr>
<tr>
<td>Decrease in Advances</td>
<td>43</td>
<td>21</td>
</tr>
<tr>
<td>Cash Applied to Operating Transactions</td>
<td>$(256,490)</td>
<td>$(208,638)</td>
</tr>
<tr>
<td><strong>Capital Transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Tangible Capital Assets (Note 7)</td>
<td>$(81)</td>
<td>$(80)</td>
</tr>
<tr>
<td>Cash Applied to Capital Transactions</td>
<td>$(81)</td>
<td>$(80)</td>
</tr>
<tr>
<td><strong>Financing Transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Financing Provided from General Revenues</td>
<td>256,574</td>
<td>208,726</td>
</tr>
<tr>
<td>Cash Provided by Financing Transactions</td>
<td>256,574</td>
<td>208,726</td>
</tr>
<tr>
<td><strong>Increase in Cash</strong></td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Cash at Beginning of Year</td>
<td>1,931</td>
<td>1,923</td>
</tr>
<tr>
<td>Cash at End of Year</td>
<td>$1,934</td>
<td>$1,931</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
Note 1  AUTHORITY AND PURPOSE

The department of Economic Development and Trade (the department), operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The department is part of the Ministry of Economic Development and Trade (the ministry), for which the Minister of Economic Development and Trade is accountable. Other entities reporting to the Minister are the Alberta Enterprise Corporation and Alberta Innovates. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the Minister is accountable.

The purpose of the department is to build a resilient, robust and dynamic Alberta economy. The department ensures outcomes are achieved by:

- Supporting businesses and private sector job creation;
- Enhancing access to capital for small and medium-sized enterprises;
- Coordinating and leveraging research and innovation to increase the commercialization of Alberta ideas and meet the needs of Albertans, from environmental stewardship to improved health outcomes;
- Facilitating export development and investment attraction from targeted international markets;
- Enhancing Alberta’s national and international presence; and
- Leading Alberta’s negotiations on domestic and international trade agreements.

Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Basis of Financial Reporting

Revenues

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

Government Transfers

Transfers from all levels of governments are referred to as government transfers.

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer or the stipulations together with the department’s actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues, as the stipulations are met and, when applicable, the department complies with its communicated uses of these transfers.
Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(a) Basis of Financial Reporting (Continued)

Revenues (Continued)

Government Transfers (Continued)

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

Transfer of Tangible Capital Assets from Other Government Departments/Entities
Transfers of tangible capital assets from other government departments or entities are recognized as revenue.

Expenses

Directly Incurred
Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.

Grant Expense
Grants are recognized as expenses when authorized, eligibility criteria, if any, are met by the recipients and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

• amortization of tangible capital assets;
• pension costs which comprise the cost of employer contributions for current service of employees during the year;
• valuation adjustments, which 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, guarantees and indemnities;
• transfer of tangible capital assets to other government departments/entities;
• tax credits issued to individuals under the Alberta Investment Tax Credit program.

For Alberta Investment Tax Credit, the value of the tax credit is presented as an expense for credits issued to individuals. The department recognizes expense when the tax credit certificate is issued to the individual.

Incurred by Others
Services contributed by other related entities in support of the department's operations are not recognized but disclosed in Schedule 6.

Valuation of Financial Assets and Liabilities

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

The fair values of cash and cash equivalents, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(a) Basis of Financial Reporting (Continued)

**Financial Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

**Cash**

Cash consists of deposits held with financial institutions.

**Accounts Receivable**

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

**Advances**

Advances are recorded at cost.

**Liabilities**

Liabilities are present obligations of the department to external organizations and individuals arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

**Non-Financial Assets**

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets of the department are limited to tangible capital assets.

**Tangible Capital Assets**

Tangible capital assets of the department are recognized 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 $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land, with the exception of Crown lands, is capitalized.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is put into service.

When physical assets (tangible capital assets and inventories of supplies) are gifted or sold for a nominal sum, the net book value of these physical assets, less any nominal proceeds, are recognized as grants in-kind.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(a) Basis of Financial Reporting (Continued)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Accounts payable and accrued liabilities, recognized as $1,217 (2017: $928) in these financial statements and related to separation allowances calculated for Locally Engaged staff (LES) located at our international offices, is subject to measurement uncertainty. Separation allowances include the LES vacation liabilities and potential severance payments as required by the local international jurisdiction's labour law.

Foreign Currency Transactions

The department 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; and
• expense items and non-monetary items are translated at the rate of exchange in the period they occur.

(b) Change in Accounting Policy

The department has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Schedule 5 and Schedule 6.

(c) Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

• PS 3430 Restructuring Transactions (effective April 1, 2018)
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

• PS 3280 Asset Retirement Obligations (effective April 1, 2021)
  Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

• PS 3450 Financial Instruments (effective April 1, 2021)
  Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

  Management is currently assessing the impact of these standards on the financial statements.
Note 3  PROGRAM TRANSFER  
(in thousands)  

Effective August 1, 2016 the department of Economic Development and Trade transferred the responsibility of financial services for the department of Indigenous Relations to the department of Indigenous Relations. The accompanying budget and full-time equivalents was transferred to the department of Indigenous Relations effective April 1, 2017.

Effective November 1, 2016 the department of Economic Development and Trade transferred the responsibility for the administration of human resource services for the department of Indigenous Relations to the department of Indigenous Relations. The accompanying budget and full-time equivalents was transferred to the department of Indigenous Relations effective April 1, 2017.

Effective January 1, 2017, the department of Economic Development and Trade transferred Corporate Administration services for the department of Indigenous Relations to the department of Indigenous Relations. The accompanying budget and full-time equivalents was transferred effective April 1, 2017.

Effective September 1, 2017, Communications and Public Engagement branches were transferred from each department to the department of Treasury Board and Finance. Comparatives for 2017 have been restated as if the current organization structure had always been the same. The opening net assets (or liabilities) and net financial assets (or debt) as at April 1, 2016 are restated as follows:

Net liabilities on April 1, 2016 are made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net liabilities as previously reported by Economic Development</td>
<td>$ (17,005)</td>
</tr>
<tr>
<td>and Trade</td>
<td></td>
</tr>
<tr>
<td>Transfer to the ministry of Treasury Board and Finance</td>
<td>142</td>
</tr>
<tr>
<td>Transfer to the ministry of Indigenous Relations</td>
<td>(2)</td>
</tr>
<tr>
<td>Net liabilities at April 1, 2016</td>
<td>$ (16,865)</td>
</tr>
</tbody>
</table>

Net debt on April 1, 2016 is made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt as previously reported by Economic Development and Trade</td>
<td>$ (17,086)</td>
</tr>
<tr>
<td>Transfer to the ministry of Treasury Board and Finance</td>
<td>142</td>
</tr>
<tr>
<td>Transfer to the ministry of Indigenous Relations</td>
<td>(2)</td>
</tr>
<tr>
<td>Net debt at April 1, 2016</td>
<td>$ (16,946)</td>
</tr>
</tbody>
</table>
Note 4  **ACCOUNTS RECEIVABLE**  
*(in thousands)*  
Accounts receivable are unsecured and non-interest bearing.  

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Realizable Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$263</td>
<td>$1,206</td>
</tr>
</tbody>
</table>

Note 5  **ADVANCES**  
*(in thousands)*  
Advances are primarily for operational use for the co-located international offices.  

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Realizable Value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances</td>
<td>$657</td>
<td>$700</td>
</tr>
</tbody>
</table>

Note 6  **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*  

<table>
<thead>
<tr>
<th></th>
<th>2017 Restated - Note 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$10,900 $13,662</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>44 27</td>
</tr>
<tr>
<td>Other Accrued Liabilities</td>
<td>83,909 64,059</td>
</tr>
<tr>
<td></td>
<td>$94,853 $77,748</td>
</tr>
</tbody>
</table>
### Note 7  TANGIBLE CAPITAL ASSETS  
*in thousands*

<table>
<thead>
<tr>
<th></th>
<th>Equipment (1)</th>
<th>Computer Hardware and Software</th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Useful Life</strong></td>
<td>3-40 years</td>
<td>3-10 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Historical Cost (2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$ 596</td>
<td>$ 1,594</td>
<td>$ 2,190</td>
<td>$ 904</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Additions (3)</td>
<td>71</td>
<td>10</td>
<td>81</td>
<td>80</td>
</tr>
<tr>
<td>Transfer in from other Government Departments (4)</td>
<td>-</td>
<td>1,561</td>
<td>1,561</td>
<td>1,202</td>
</tr>
<tr>
<td>Disposals, including write-downs</td>
<td>(103)</td>
<td>-</td>
<td>(103)</td>
<td>(55)</td>
</tr>
<tr>
<td></td>
<td>564</td>
<td>3,165</td>
<td>3,729</td>
<td>2,186</td>
</tr>
<tr>
<td><strong>Accumulated Amortization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>479</td>
<td>361</td>
<td>840</td>
<td>823</td>
</tr>
<tr>
<td>Amortization Expense</td>
<td>8</td>
<td>3</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Effect of Disposals</td>
<td>(55)</td>
<td>-</td>
<td>(55)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>432</td>
<td>364</td>
<td>796</td>
<td>835</td>
</tr>
<tr>
<td><strong>Net Book Value at March 31, 2018</strong></td>
<td>$ 132</td>
<td>$ 2,801</td>
<td>$ 2,933</td>
<td></td>
</tr>
<tr>
<td><strong>Net Book Value at March 31, 2017</strong></td>
<td>$ 118</td>
<td>$ 1,233</td>
<td>$ 1,351</td>
<td></td>
</tr>
</tbody>
</table>

(1) Equipment includes office equipment and furniture.

(2) Historical cost includes work-in-progress at March 31, 2018 totaling $1,561 comprised of computer hardware and software (2017 - $1,211).

(3) Department Additions include work-in-progress at March 31, 2018 totaling $20 (2017 - $9) comprised of computer hardware and software.

(4) Transfer in from other Government Departments include work-in-progress at March 31, 2018 totaling $2,764 (2017 - $1,202) comprised of computer hardware and software. Work-in-progress amounting to $360 (2017 - $263) for computer hardware and software are for the One IMT Enterprise applications and systems that will be transferred to the department from Service Alberta in fiscal year 2018-19 and have therefore not been included in these financial statements.
Note 8 CONTRACTUAL OBLIGATIONS  
*(in thousands)*

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under Operating Leases, Contracts and Programs</td>
<td>$167,507</td>
<td>$94,657</td>
</tr>
</tbody>
</table>

Estimated payment requirements for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Service Contracts</th>
<th>Grants</th>
<th>Total*(1)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$3,339</td>
<td>$81,692</td>
<td>$85,031</td>
</tr>
<tr>
<td>2019-20</td>
<td>230</td>
<td>71,044</td>
<td>71,274</td>
</tr>
<tr>
<td>2020-21</td>
<td>135</td>
<td>10,932</td>
<td>11,067</td>
</tr>
<tr>
<td>2021-22</td>
<td>135</td>
<td>-</td>
<td>135</td>
</tr>
<tr>
<td>2022-23</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*(1)* Major commitments included in the above figures are commitments related to grants for the Alberta Export Expansion Program $13 (2017: $50), the Community and Regional Economic Support Program $1,800 (2017: $19), the Research Capacity Planning Program $26,989 (2017: $11,170), grants to Alberta Innovates amounting to $114,051 (2017: $54,998), and other grants amounting to $20,815 (2017: $26,579).

Note 9 BENEFIT PLANS  
*(in thousands)*

The department participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of $5,397 for the year ended March 31, 2018 (2017: $5,434). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2017, the MEPP reported a surplus of $866,006 (2016 - surplus $402,033), the PSPP reported a surplus of $1,275,843 (2016 - surplus $302,975) and the SRP for Public Service Managers reported a deficiency of $54,984 (2016 - deficiency $50,020).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of $111,983 (2017 – surplus $101,515) and the Management, Opted Out and Excluded Plan a surplus of $29,805 (2017 - surplus $31,439). The expense for these two plans is limited to the employer’s annual contributions for the year.
Note 10 SUBSEQUENT EVENTS

Effective:
• April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the department of Treasury Board and Finance;

• April 1, 2018, the government consolidated the Freedom of Information and Protection of Privacy (FOIP) delivery services under the department of Service Alberta;

• April 1, 2018, the government consolidated information management and technology services under the department of Service Alberta.

Note 11 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

Note 12 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and the senior financial officer approve these financial statements.
<table>
<thead>
<tr>
<th>Revenues</th>
<th>2018 Budget</th>
<th>2018 Actual</th>
<th>2017 Actual (Restated - Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Alberta Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alberta Heritage Science and Engineering Research Endowment Fund</td>
<td>$35,500</td>
<td>$35,500</td>
<td>$35,300</td>
</tr>
<tr>
<td>Alberta Heritage Foundation for Medical Research Endowment Fund</td>
<td>71,280</td>
<td>71,280</td>
<td>64,972</td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets from Other Government Departments</td>
<td>2,000</td>
<td>1,561</td>
<td>1,202</td>
</tr>
<tr>
<td>Recoveries from Shared Services Agreements</td>
<td>-</td>
<td>837</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>108,780</td>
<td>109,178</td>
<td>101,474</td>
</tr>
<tr>
<td>Other Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunds of Expense</td>
<td>15</td>
<td>453</td>
<td>509</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>601</td>
<td>488</td>
<td>261</td>
</tr>
<tr>
<td></td>
<td>616</td>
<td>941</td>
<td>770</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$109,396</td>
<td>$110,119</td>
<td>$102,244</td>
</tr>
</tbody>
</table>
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE  
SCHEDULE 2  
SCHEDULE TO FINANCIAL STATEMENTS  
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT  
YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 Budget</th>
<th>2018 Actual</th>
<th>2017 Actual (Restated - Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages and Employee Benefits</td>
<td>$ 47,332</td>
<td>$ 48,883</td>
<td>$ 43,859</td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>20,572</td>
<td>17,742</td>
<td>19,224</td>
</tr>
<tr>
<td>Grants</td>
<td>287,181</td>
<td>299,158</td>
<td>303,506</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets</td>
<td>25</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Other (1)</td>
<td>28,645</td>
<td>17,405</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 383,755</strong></td>
<td><strong>$ 383,199</strong></td>
<td><strong>$ 366,665</strong></td>
</tr>
</tbody>
</table>

(1) Includes tax credits issued to individuals under the Alberta Investment Tax Credit program.
<table>
<thead>
<tr>
<th>Program - Operating Expense</th>
<th>Voted Estimate(^{(1)})</th>
<th>Supplementary Estimate(^{(2)})</th>
<th>Adjustments(^{(3)})</th>
<th>Adjusted Voted Estimate</th>
<th>Voted Actuals(^{(4)})</th>
<th>Unexpended (Over Expended)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.0 Ministry Support Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Minister’s Office</td>
<td>$998</td>
<td>$</td>
<td>-</td>
<td>$998</td>
<td>$832</td>
<td>$166</td>
</tr>
<tr>
<td>1.2 Associate Minister's Office</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1.3 Deputy Minister's Office</td>
<td>897</td>
<td>-</td>
<td>-</td>
<td>897</td>
<td>817</td>
<td>80</td>
</tr>
<tr>
<td>1.4 Communications</td>
<td>1,211</td>
<td>-</td>
<td>(1,211)</td>
<td>1,445</td>
<td>1,079</td>
<td>366</td>
</tr>
<tr>
<td>1.5 Human Resources</td>
<td>1,445</td>
<td>-</td>
<td>-</td>
<td>1,445</td>
<td>1,079</td>
<td>366</td>
</tr>
<tr>
<td>1.6 Strategic Policy and Corporate Services</td>
<td>9,700</td>
<td>-</td>
<td>(84)</td>
<td>9,616</td>
<td>9,456</td>
<td>160</td>
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<tr>
<td></td>
<td>14,251</td>
<td>-</td>
<td>(1,295)</td>
<td>12,956</td>
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<td></td>
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</tr>
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<td>2.1 Program Delivery Support</td>
<td>15,390</td>
<td>-</td>
<td>-</td>
<td>15,390</td>
<td>14,728</td>
<td>662</td>
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<td>2.2 Industry Development</td>
<td>7,911</td>
<td>-</td>
<td>-</td>
<td>7,911</td>
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<td>6,063</td>
<td>-</td>
<td>-</td>
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<td>5,585</td>
<td>478</td>
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<tr>
<td>2.4 Northern Alberta Development Council</td>
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<td>-</td>
<td>-</td>
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<td>2,100</td>
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<td>-</td>
<td>2,100</td>
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<td>-</td>
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<td>659</td>
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<tr>
<td></td>
<td>34,946</td>
<td>-</td>
<td>-</td>
<td>34,946</td>
<td>29,947</td>
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<tr>
<td><strong>3.0 Trade and Investment Attraction</strong></td>
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<tr>
<td>3.1 Program Delivery Support</td>
<td>4,076</td>
<td>-</td>
<td>-</td>
<td>4,076</td>
<td>2,925</td>
<td>1,151</td>
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<td>3.2 Trade Policy</td>
<td>1,944</td>
<td>-</td>
<td>-</td>
<td>1,944</td>
<td>1,695</td>
<td>249</td>
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<tr>
<td>3.3 Investment Attraction and Export Development</td>
<td>12,167</td>
<td>-</td>
<td>-</td>
<td>12,167</td>
<td>12,148</td>
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<td>3.4 International Offices</td>
<td>9,539</td>
<td>-</td>
<td>-</td>
<td>9,539</td>
<td>9,749</td>
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<tr>
<td></td>
<td>27,726</td>
<td>-</td>
<td>-</td>
<td>27,726</td>
<td>26,517</td>
<td>1,209</td>
</tr>
<tr>
<td><strong>4.0 Science and Innovation</strong></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.1 Program Delivery Support</td>
<td>793</td>
<td>-</td>
<td>-</td>
<td>793</td>
<td>554</td>
<td>239</td>
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<td>4.2 Innovation and System Engagement</td>
<td>32,378</td>
<td>-</td>
<td>-</td>
<td>32,378</td>
<td>31,044</td>
<td>1,334</td>
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<td>4.3 Science and Innovation Policy and Strategy</td>
<td>8,066</td>
<td>-</td>
<td>-</td>
<td>8,066</td>
<td>8,446</td>
<td>(380)</td>
</tr>
<tr>
<td>4.4 Technology Partnerships and Investments</td>
<td>21,876</td>
<td>-</td>
<td>-</td>
<td>21,876</td>
<td>23,717</td>
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<td>4.5 Grants to Alberta Innovates Corporation</td>
<td>178,349</td>
<td>-</td>
<td>-</td>
<td>178,349</td>
<td>178,349</td>
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</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>239,462</td>
<td>-</td>
<td>-</td>
<td>239,462</td>
<td>240,110</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>27,000</td>
<td>-</td>
<td>-</td>
<td>27,000</td>
<td>28,060</td>
<td>(1,060)</td>
</tr>
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</table>
### DEPARTMENT ECONOMIC DEVELOPMENT AND TRADE
### SCHEDULE TO FINANCIAL STATEMENTS
#### LAPSE/ENCUMBRANCE
#### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Voted Estimate&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Supplementary Estimate&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>Adjustments&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>Adjusted Voted Estimate</th>
<th>Voted Actuals&lt;sup&gt;(4)&lt;/sup&gt;</th>
<th>Unexpended (Over Expended)</th>
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<tbody>
<tr>
<td><strong>6.0 2013 Alberta Flooding</strong></td>
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<tr>
<td>6.1 Economic Renewal Initiative</td>
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<td></td>
</tr>
<tr>
<td><strong>7.0 Climate Leadership Plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td>795</td>
<td>19,000</td>
<td>-</td>
<td>19,795</td>
<td>18,550</td>
<td>1,245</td>
</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td>795</td>
<td>19,000</td>
<td>-</td>
<td>19,795</td>
<td>18,550</td>
<td>1,245</td>
</tr>
<tr>
<td><strong>Capital Grants</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>7.0 Climate Leadership Plan</td>
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</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td>10,000</td>
<td>(10,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$354,180</td>
<td>$9,000</td>
<td>$(1,295)</td>
<td>$361,885</td>
<td>$355,368</td>
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<td>Lapse</td>
<td>$6,517</td>
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<tr>
<td><strong>Program - Capital Investment</strong></td>
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<td></td>
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</tr>
<tr>
<td>1.0 Ministry Support Services</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6 Strategic Policy and Corporate Services</td>
<td></td>
<td></td>
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<tr>
<td>1.6 Strategic Policy and Corporate Services</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>75</td>
<td>22</td>
<td>53</td>
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<tr>
<td><strong>4.0 Science and Innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.5 Grants to Alberta Innovates Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.5 Grants to Alberta Innovates Corporation</td>
<td>2,265</td>
<td>-</td>
<td>-</td>
<td>2,265</td>
<td>2,000</td>
<td>265</td>
</tr>
<tr>
<td><strong>7.0 Climate Leadership Plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1 Innovation and Technology</td>
<td>-</td>
<td>10,000</td>
<td>-</td>
<td>10,000</td>
<td>9,730</td>
<td>270</td>
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<tr>
<td><strong>Total</strong></td>
<td>$2,340</td>
<td>$10,000</td>
<td>-</td>
<td>$12,340</td>
<td>$11,752</td>
<td>$588</td>
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<tr>
<td>Lapse</td>
<td>$588</td>
<td></td>
<td></td>
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</table>
### Financial Transactions

2.0 Economic Development

<table>
<thead>
<tr>
<th>2.5 Transfer to Alberta Enterprise Corporation</th>
<th>50,000</th>
<th>-</th>
<th>-</th>
<th>50,000</th>
<th>-</th>
<th>50,000</th>
</tr>
</thead>
</table>

**Total**

<table>
<thead>
<tr>
<th>$ 50,000</th>
<th>-</th>
<th>$ -</th>
<th>$ 50,000</th>
<th>-</th>
<th>$ 50,000</th>
</tr>
</thead>
</table>

**Lapse**

<table>
<thead>
<tr>
<th>$ 50,000</th>
</tr>
</thead>
</table>

---


(2) Per the *Supplementary Supply Estimates* approved on March 28, 2018 (date of Royal Assent of the *Appropriations Acts*).

(3) Adjustments include encumbrances, capital carry forward amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.
### Schedule 4

**Salary and Benefits Disclosure**

**Year Ended March 31, 2018**

<table>
<thead>
<tr>
<th>Position</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base Salary(1)</td>
<td>Other Cash Benefits(2)</td>
</tr>
<tr>
<td>Deputy Minister</td>
<td>$285,877</td>
<td>$7,969</td>
</tr>
<tr>
<td>Alberta Representative to the United States</td>
<td>285,877</td>
<td>63,865</td>
</tr>
<tr>
<td>Alberta Representative for the Asia Pacific</td>
<td>242,069</td>
<td>72,330</td>
</tr>
<tr>
<td>Assistant Deputy Minister</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development (4)</td>
<td>185,496</td>
<td>-</td>
</tr>
<tr>
<td>Trade and Investment Attraction</td>
<td>200,405</td>
<td>21,263</td>
</tr>
<tr>
<td>Science and Innovation</td>
<td>182,501</td>
<td>17,718</td>
</tr>
<tr>
<td>Strategic Policy and Corporate Services (5)</td>
<td>166,457</td>
<td>-</td>
</tr>
<tr>
<td>Executive Director, Human Resources (6)</td>
<td>164,061</td>
<td>-</td>
</tr>
</tbody>
</table>

1. Base salary includes pensionable base pay and earnings such as acting pay.
2. Other cash benefits include vacation payouts, and allowances paid to internationally posted employees. There were no bonuses paid in 2018.
3. Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long-term disability plans, parking benefits, professional memberships and tuition fees. In addition, internationally posted employees are reimbursed for tuition fees and home leave travel for dependent children residing with employees.
4. The position was occupied by three individuals during the year. Occupancy of the position changed on September 18 and October 20, 2017.
5. The position was occupied by three individuals in the previous year.
6. The position was occupied by two individuals in the previous year, one of which was on an interim basis.
Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the department and their close family members.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences 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 department had a shared service arrangement with Indigenous Relations, and charged Indigenous Relations for Information Technology Services, Information Management Services and Freedom of Information and Protection of Privacy Coordinator services.

The department also had a shared service arrangement with Alberta Innovates, and charged Alberta Innovates for Information Technology and Management Services at the rate of Service Alberta consumption costs and projects initiated by Alberta Innovates.

The department had a shared service arrangement with Alberta Enterprise Corporation, and provided Financial Services to Alberta Enterprise Corporation at no charge.

The department had a shared services arrangement with Advanced Education and received legislative planning services, the costs for which were reimbursed to Advanced Education.

The department had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

<table>
<thead>
<tr>
<th>Entities in the Ministry</th>
<th>Other Entities</th>
<th>2017 Actual</th>
<th>2017 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(Restated -</td>
<td>(Restated -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Note 3)</td>
<td>Note 3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 106,780</td>
</tr>
<tr>
<td>Transfer of Tangible Capital Assets</td>
<td>-</td>
<td>-</td>
<td>1,561</td>
</tr>
<tr>
<td>Recoveries from Shared Services</td>
<td>74</td>
<td>-</td>
<td>763</td>
</tr>
<tr>
<td>Agreements</td>
<td>Other</td>
<td>67</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 141</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Expenses - Directly Incurred</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 214,527</td>
<td>$ 232,534</td>
<td>$ 35,635</td>
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<tr>
<td>Other Services</td>
<td>230</td>
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<td>2,330</td>
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<tr>
<td></td>
<td></td>
<td>$ 214,757</td>
<td>$ 232,785</td>
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<tr>
<td><strong>Receivable From/(Payable to)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (52,254)</td>
<td>$ (48,999)</td>
<td>$ (4,052)</td>
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<tr>
<td><strong>Contractual Obligations</strong></td>
<td>$ 114,051</td>
<td>$ 54,998</td>
<td>$ 31,947</td>
</tr>
</tbody>
</table>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.
The department 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 reported in the financial statements. Revenues are disclosed as follows and expenses are included in Schedule 6.

<table>
<thead>
<tr>
<th>Expenses - Incurred by Others</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
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</tr>
<tr>
<td>Accommodation</td>
<td>4,447</td>
<td>4,348</td>
</tr>
<tr>
<td>Legal Services</td>
<td>742</td>
<td>615</td>
</tr>
<tr>
<td></td>
<td>5,189</td>
<td>4,963</td>
</tr>
<tr>
<td>Business Services and Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,585</td>
<td>6,267</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
### SCHEDULE TO FINANCIAL STATEMENTS
#### ALLOCATED COSTS
##### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenses (1)</th>
<th>Accommodation Costs (2)</th>
<th>Legal Services (3)</th>
<th>Business Services (4)</th>
<th>Total Expenses (Restated - Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry Support Services</td>
<td>$12,366</td>
<td>$1,237</td>
<td>$247</td>
<td>$388</td>
<td>$14,238</td>
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<tr>
<td>Economic Development</td>
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<td>$1,112</td>
<td>$95</td>
<td>$349</td>
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<tr>
<td>Trade and Investment Attraction</td>
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<td>$427</td>
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<td>$675</td>
<td>$78</td>
<td>$212</td>
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<tr>
<td>Jobs, Investment and Diversification</td>
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<td>-</td>
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<td>$44,169</td>
</tr>
<tr>
<td>Climate Leadership</td>
<td>$28,280</td>
<td>$62</td>
<td>-</td>
<td>$20</td>
<td>$28,362</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>$4,447</strong></td>
<td><strong>742</strong></td>
<td><strong>1,396</strong></td>
<td><strong>$389,784</strong></td>
</tr>
</tbody>
</table>

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, including grants in lieu of taxes, allocated by square footage.

(3) Legal Services Costs allocated by estimated costs incurred by each program.

(4) Business Services Costs, including charges for IT Support, vehicles, internal audit services and other services, allocated by costs in certain programs.
Alberta Enterprise Corporation
Financial Statements
Year Ended March 31, 2018
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Statement of Operations

Statement of Financial Position

Statement of Change in Net Financial Assets

Statement of Remeasurement Gains and Losses

Statement of Cash Flows

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Schedule 2 - Salary and Benefits Disclosure

Schedule 3 - Related Party Transactions
Independent Auditor's Report

To the Board of Directors of the Alberta Enterprise Corporation

Report on the Financial Statements
I have audited the accompanying financial statements of the Alberta Enterprise Corporation, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Enterprise Corporation as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[ Original signed by W. Doug Wylie FCPA, FCMA, ICD.D ]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 25, 2018
Edmonton, Alberta
## ALBERTA ENTERPRISE CORPORATION
### STATEMENT OF OPERATIONS
#### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget (in thousands)</td>
<td>Actual (in thousands)</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Transfers</td>
<td>$27,100</td>
<td>$11,066</td>
</tr>
<tr>
<td>Government of Alberta Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Revenue</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>27,100</td>
<td>11,067</td>
</tr>
<tr>
<td><strong>Expenses (Note 2(b), Schedule 1)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Costs</td>
<td>2,100</td>
<td>1,896</td>
</tr>
<tr>
<td><strong>Annual Operating Surplus</strong></td>
<td>25,000</td>
<td>9,171</td>
</tr>
<tr>
<td>Investment (Loss)/Gain (Note 7)</td>
<td>-</td>
<td>(4,089)</td>
</tr>
<tr>
<td><strong>Annual Surplus</strong></td>
<td>25,000</td>
<td>5,082</td>
</tr>
<tr>
<td><strong>Accumulated Surplus at Beginning of Year</strong></td>
<td>151,016</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated Surplus at End of Year</strong></td>
<td>$156,098</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
### Statement of Financial Position

**As at March 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Note 5)</td>
<td>$36,551</td>
<td>$48,228</td>
</tr>
<tr>
<td>Accounts Receivable (Note 6)</td>
<td>50,004</td>
<td>50,200</td>
</tr>
<tr>
<td>Portfolio Investments (Note 7)</td>
<td>96,987</td>
<td>90,172</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>183,542</strong></td>
<td><strong>188,600</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities (Note 8)</td>
<td>478</td>
<td>370</td>
</tr>
<tr>
<td>Deferred Revenue (Note 9)</td>
<td>5,000</td>
<td>15,231</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>5,478</strong></td>
<td><strong>15,601</strong></td>
</tr>
<tr>
<td><strong>Net Financial Assets</strong></td>
<td><strong>178,064</strong></td>
<td><strong>172,999</strong></td>
</tr>
<tr>
<td><strong>Non-Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Non-Financial Assets</strong></td>
<td><strong>178,068</strong></td>
<td><strong>172,999</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Surplus</td>
<td>156,098</td>
<td>151,016</td>
</tr>
<tr>
<td>Accumulated Remeasurement Gains</td>
<td>21,970</td>
<td>21,983</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$178,068</strong></td>
<td><strong>$172,999</strong></td>
</tr>
</tbody>
</table>

**Contractual Obligations (Note 10)**

The accompanying notes and schedules are part of these financial statements.
### Statement of Change in Net Financial Assets

YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td><strong>Actual</strong></td>
<td><strong>Actual</strong></td>
</tr>
<tr>
<td>Annual Surplus</td>
<td>$ 25,000</td>
<td>$ 5,082</td>
</tr>
<tr>
<td>Net Remeasurement (Losses)/Gains (Note 7)</td>
<td>(13)</td>
<td>1,410</td>
</tr>
<tr>
<td>Increase in Net Financial Assets in the Year</td>
<td>5,069</td>
<td>36,570</td>
</tr>
<tr>
<td>Net Financial Assets at Beginning of Year</td>
<td>172,999</td>
<td>136,429</td>
</tr>
<tr>
<td><strong>Net Financial Assets at End of Year</strong></td>
<td><strong>$ 178,068</strong></td>
<td><strong>$ 172,999</strong></td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
# ALBERTA ENTERPRISE CORPORATION
## STATEMENT OF REMEASUREMENT GAINS/(LOSSES)
### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Unrealized Gains/(Losses) Attributable to:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Investments</td>
<td>$1,521</td>
<td>$534</td>
</tr>
<tr>
<td>Foreign Exchange</td>
<td>(1,534)</td>
<td>876</td>
</tr>
<tr>
<td>Net Remeasurement (Losses)/Gains for the Year (Note 7)</td>
<td>(13)</td>
<td>1,410</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated Remeasurement Gains at Beginning of Year</th>
<th>21,983</th>
<th>20,573</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Remeasurement Gains at End of Year</td>
<td>$21,970</td>
<td>$21,983</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
ALBERTA ENTERPRISE CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Operating Transactions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Surplus</td>
<td>$ 5,082</td>
<td>$ 35,160</td>
</tr>
<tr>
<td>Non-cash Items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions Restricted for Investing</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>Deferred Contributions recognized as Revenue (Note 9)</td>
<td>(10,231)</td>
<td>(10,210)</td>
</tr>
<tr>
<td>Loss/(Gain) on Sale of Portfolio Investments (Note 7)</td>
<td>4,089</td>
<td>(1,043)</td>
</tr>
<tr>
<td></td>
<td>(1,060)</td>
<td>48,907</td>
</tr>
<tr>
<td>Decrease/(Increase) in Accounts Receivable</td>
<td>196</td>
<td>(50,200)</td>
</tr>
<tr>
<td>Increase/(Decrease) in Accounts Payable and Accrued Liabilities</td>
<td>108</td>
<td>(11)</td>
</tr>
<tr>
<td>Increase in Prepaid Expense</td>
<td>(4)</td>
<td>-</td>
</tr>
<tr>
<td>Cash Applied to Operating Transactions</td>
<td>(760)</td>
<td>(1,304)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing Transactions</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Portfolio Investments (Note 7)</td>
<td>(12,186)</td>
<td>(13,960)</td>
</tr>
<tr>
<td>Distributions received from Limited Partnerships (Note 7)</td>
<td>1,269</td>
<td>9,798</td>
</tr>
<tr>
<td>Cash Applied to Investing Transactions</td>
<td>(10,917)</td>
<td>(4,162)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decrease in Cash</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Beginning of Year</td>
<td>48,228</td>
<td>53,694</td>
</tr>
<tr>
<td>Cash at End of Year</td>
<td>$ 36,551</td>
<td>$ 48,228</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
Note 1  AUTHORITY

The Alberta Enterprise Corporation (the Corporation) is a Provincial Corporation that operates under the authority of the Alberta Enterprise Corporation Act.

The Corporation was established on December 5, 2008 and is part of a strategy to encourage technology commercialization and promote growth in Alberta’s venture capital industry.

The Corporation is exempt from income taxes under the Income Tax Act.

Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Corporation, which is part of the Ministry of Economic Development and Trade (the Ministry) and for which the Minister of Economic Development and Trade (the Minister) is accountable. Other entities accountable to the Minister are the Department of Economic Development and Trade (the Department) and Alberta Innovates. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions and results of the Ministry’s operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

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

Government transfers.

Transfers from all governments are referred to as government transfers.

Government transfers are recognized as deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation’s actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation meets the eligibility criteria (if any).

Investment income.

Investment income includes dividend and interest income and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations or contributions are recognized in the Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Statement of Operations.
Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Valuation of Financial Assets and Liabilities

The Corporation’s financial assets and liabilities are generally measured as follows:

<table>
<thead>
<tr>
<th>Financial Statement Component</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Cost</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>Lower of cost or net recoverable value</td>
</tr>
<tr>
<td>Portfolio investments</td>
<td>Fair value</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>Cost</td>
</tr>
</tbody>
</table>

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 Cash, Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation’s financial claims on external organizations and individuals at the end of the year.

Cash
Cash comprises of cash on hand and demand deposits.

Accounts Receivable
Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Portfolio Investments
Portfolio investments in Limited Partnerships are recognized at fair value. Fair value is determined by the limited partnerships based upon valuation techniques considered appropriate by the Corporation and may include techniques such as discounted cash flows, prevailing market values for instruments with similar characteristics and other pricing models as appropriate. The Corporation relies upon the General Partner’s valuation of the investments in the limited partnerships.

Unrealized gains and losses from changes in the fair value of portfolio investments are recognized in the Statement of Remeasurement Gains and Losses. Once realized, the cumulative gain or losses previously recognized in the Statement of Remeasurement Gains and Losses are recognized in net investment income.

Portfolio investments are reviewed on an annual basis for impairment. When there is a loss in the Corporation’s share of investment other than a temporary decline then the loss is adjusted and recognized in the Statement of Operations.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Liabilities

Liabilities are present obligations of the Corporation to external organizations and individuals arising from transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Liabilities also include:
• all financial claims payable by the Corporation at the year end; and
• accrued employee vacation entitlements.

Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Statement of Operations, and the cumulative amount of remeasurement gains and losses are reversed in the Statement of Remeasurement Gains and Losses.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services.  
(b) may be consumed in the normal course of operations; and 
(c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets, inventories of supplies and prepaid expenses.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Portfolio investments recognized at $96,987 (March 31, 2017 - $90,172) in the financial statements are subject to measurement uncertainty.

Measurement uncertainty exists with the determination of the fair value of the investments. The fair value of the investments is estimated by the General Partner of each fund. The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from value that would have been used had a ready market existed for the investments.

(c) Change in Accounting Policy

The Corporation has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2 and Schedule 3.
Note 3  FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has issued the following accounting standard:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
  Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

Management is currently assessing the impact of these standards on the financial statements.

Note 4  BUDGET

*(in thousands)*

The budgeted column reported on the Statement of Operations reflects the Government of Alberta approved operating budget for the Corporation.

Note 5  CASH

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$36,551</td>
<td>$48,228</td>
</tr>
</tbody>
</table>

$45,565 (2017 - $44,884) (Note 7) is committed for partnership capital contributions. Distributions from the Limited Partnerships can be used toward future cash calls from the fund which distributed the capital.

Note 6  ACCOUNTS RECEIVABLE

*(in thousands)*

Accounts receivable are unsecured and non-interest bearing.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Receivable</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Other Receivable</td>
<td>4</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$50,004</td>
<td>$50,200</td>
</tr>
</tbody>
</table>
Note 7  PORTFOLIO INVESTMENTS

(in thousands)

The Government of Alberta originally allocated $100,000 in 2008 for investments in Limited Partnerships that provide venture capital in knowledge-based industries. An additional $25,000 was allocated in 2016 and $50,000 was allocated in 2017 for additional investments in Limited Partnerships.

The Corporation is a Limited Partner in fourteen (2017 – twelve) Limited Partnerships and $149,533 (2017 - $135,043) has been contributed and committed to these Limited Partnerships. Committed funds are paid into the Limited Partnership in amounts and at times determined by the General Partner in order to meet the Limited Partnerships’ funding requirements. Distributions from the Limited Partnerships can be used toward future cash calls from the fund which distributed the capital. The Corporation’s contributions to date and commitments are as follows:

<table>
<thead>
<tr>
<th>Limited Partnerships</th>
<th>Funds Disbursed to Partnerships for Investments (a)</th>
<th>Remaining Commitments</th>
<th>Total Funds Disbursed and Committed, End of the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 Degrees D.E.Fund II (S&amp;T AIV)</td>
<td>$9,692</td>
<td>$308</td>
<td>$10,000</td>
</tr>
<tr>
<td>Accelerate Fund I</td>
<td>10,000</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Accelerate Fund II</td>
<td>2,100</td>
<td>7,900</td>
<td>10,000</td>
</tr>
<tr>
<td>Avrio Ventures II</td>
<td>5,943</td>
<td>57</td>
<td>6,000</td>
</tr>
<tr>
<td>Avrio Ventures III</td>
<td>2,340</td>
<td>2,660</td>
<td>5,000</td>
</tr>
<tr>
<td>Azure Capital Partners III (b)</td>
<td>10,606</td>
<td>680</td>
<td>11,286</td>
</tr>
<tr>
<td>Chrysalix Energy III Fund (b)</td>
<td>14,531</td>
<td>2,318</td>
<td>16,849</td>
</tr>
<tr>
<td>EnerTech Capital Partners IV (b)</td>
<td>15,284</td>
<td>3,095</td>
<td>18,379</td>
</tr>
<tr>
<td>iNovia Fund III</td>
<td>9,600</td>
<td>400</td>
<td>10,000</td>
</tr>
<tr>
<td>McRock iNfund</td>
<td>5,339</td>
<td>4,661</td>
<td>10,000</td>
</tr>
<tr>
<td>Panache Ventures Investment Fund</td>
<td></td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Relay Ventures Fund III (b)</td>
<td>4,496</td>
<td>8,523</td>
<td>13,019</td>
</tr>
<tr>
<td>Yaletown Innovation Growth</td>
<td>500</td>
<td>9,500</td>
<td>10,000</td>
</tr>
<tr>
<td>Yaletown Ventures II</td>
<td>13,537</td>
<td>463</td>
<td>14,000</td>
</tr>
<tr>
<td>Total</td>
<td>$103,968</td>
<td>$45,565</td>
<td>$149,533</td>
</tr>
</tbody>
</table>

(a) Funds disbursed during the year include management fees of $2,712 (2017 - $2,756). Management fees may be recovered from Limited Partnerships in accordance with the Limited Partnership agreements. Total funds disbursed at the end of the year include management fees of $19,480 (2017 - $16,768).

(b) Commitments payable in USD. Remaining commitments based on the exchange rate at March 31, 2018.
**Note 7 PORTFOLIO INVESTMENTS (Continued)**

*(in thousands)*

The changes in the fair values of the Corporation’s investments in Limited Partnerships since April 1, 2017 are as follows:

<table>
<thead>
<tr>
<th>Limited Partnerships</th>
<th>Investment in Partnerships, beginning of year</th>
<th>Funds Disbursed to Partnerships for Investments</th>
<th>Distributions received from Limited Partnerships</th>
<th>Remeasurement Gain (Loss)</th>
<th>Investment Gain (Loss)</th>
<th>Investment in Partnership, end of year</th>
<th>Percentage share of Partnership 2018</th>
<th>Percentage share of Partnership 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 Degrees D.E. Fund II (S&amp;T AIV)</td>
<td>5,591</td>
<td>171</td>
<td>-</td>
<td>1,806</td>
<td>(189)</td>
<td>7,379</td>
<td>99.99%</td>
<td>99.99%</td>
</tr>
<tr>
<td>Accelerate Fund I</td>
<td>7,721</td>
<td>-</td>
<td>-</td>
<td>262</td>
<td>(270)</td>
<td>7,713</td>
<td>99.99%</td>
<td>99.99%</td>
</tr>
<tr>
<td>Accelerate Fund II</td>
<td>753</td>
<td>1,300</td>
<td>-</td>
<td>-</td>
<td>(540)</td>
<td>1,513</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Avrio Ventures II</td>
<td>5,828</td>
<td>293</td>
<td>(342)</td>
<td>(868)</td>
<td>56</td>
<td>4,967</td>
<td>6.56%</td>
<td>6.56%</td>
</tr>
<tr>
<td>Avrio Ventures III</td>
<td>895</td>
<td>1,086</td>
<td>-</td>
<td>(241)</td>
<td>(128)</td>
<td>1,612</td>
<td>4.90%</td>
<td>4.92%</td>
</tr>
<tr>
<td>Azure Capital Partners III (a)</td>
<td>14,836</td>
<td>-</td>
<td>-</td>
<td>(913)</td>
<td>(282)</td>
<td>13,641</td>
<td>12.42%</td>
<td>12.42%</td>
</tr>
<tr>
<td>Chrysalix Energy III Fund (a)</td>
<td>17,045</td>
<td>1,850</td>
<td>(46)</td>
<td>(733)</td>
<td>(411)</td>
<td>17,705</td>
<td>10.32%</td>
<td>10.32%</td>
</tr>
<tr>
<td>EnerTech Capital Partners IV (a)</td>
<td>10,376</td>
<td>2,637</td>
<td>(76)</td>
<td>(1,806)</td>
<td>(1,954)</td>
<td>9,177</td>
<td>12.66%</td>
<td>12.66%</td>
</tr>
<tr>
<td>iNovia Fund III</td>
<td>13,655</td>
<td>400</td>
<td>(503)</td>
<td>115</td>
<td>1,064</td>
<td>14,731</td>
<td>9.04%</td>
<td>9.04%</td>
</tr>
<tr>
<td>McRock iNfund</td>
<td>3,087</td>
<td>1,606</td>
<td>-</td>
<td>605</td>
<td>(377)</td>
<td>4,921</td>
<td>14.22%</td>
<td>14.22%</td>
</tr>
<tr>
<td>Panache Ventures Investment Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18.99%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Relay Ventures Fund II (a)</td>
<td>1,810</td>
<td>1,783</td>
<td>-</td>
<td>1,093</td>
<td>(609)</td>
<td>4,077</td>
<td>6.80%</td>
<td>7.30%</td>
</tr>
<tr>
<td>Yaletown Innovation Growth</td>
<td>-</td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>(138)</td>
<td>362</td>
<td>10.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Yaletown Ventures II</td>
<td>8,575</td>
<td>560</td>
<td>(302)</td>
<td>667</td>
<td>(311)</td>
<td>9,189</td>
<td>15.58%</td>
<td>15.58%</td>
</tr>
<tr>
<td><strong>Total Portfolio Investments 2018</strong></td>
<td><strong>90,172</strong></td>
<td><strong>12,186</strong></td>
<td><strong>(1,269)</strong></td>
<td><strong>(13)</strong></td>
<td><strong>(4,089)</strong></td>
<td><strong>96,987</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Portfolio Investments 2017</strong></td>
<td><strong>83,557</strong></td>
<td><strong>13,960</strong></td>
<td><strong>(9,798)</strong></td>
<td><strong>1,410</strong></td>
<td><strong>1,043</strong></td>
<td><strong>90,172</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Investments in the US Limited Partnerships
Note 7  PORTFOLIO INVESTMENTS (Continued)

(in thousands)

Fair Value Hierarchy

Management is responsible for estimating the relative reliability of data or inputs used by the Corporation to measure the fair value of the Corporation’s investments. The measure of reliability is determined based on the following three levels:

**Level One**: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level one primarily includes publicly traded listed equity investments.

**Level Two**: Fair value is based on valuation methods that make use of inputs, other than quoted prices included within level one, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level two primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market. For these investments, fair values are either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.

**Level Three**: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. An investment’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Corporation. The Corporation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Corporation’s perceived risk of that investment.

The Corporation’s investments have all been classified within level three as the fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on valuation. When observable prices are not available for these securities the Limited Partnerships use one or more valuation techniques (e.g. the market approach, the income approach) for which sufficient and reliable data is available. Within level three, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of the estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

As quoted market prices are not readily available for private investments, estimated fair values may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.
Note 7  PORTFOLIO INVESTMENTS (Continued)

Financial Risk Management

The Corporation is exposed to a variety of financial risks associated with the underlying securities held in the Limited Partnerships. These financial risks include market risk and liquidity risk. Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instrument causing financial loss. Market risk is comprised of price risk and foreign currency risk. Liquidity risk is the risk the fund will not be able to meet its obligations as they fall due.

(a) Price Risk

The Corporation's price risk is driven primarily by volatility in its venture capital investments. The Corporation generally invests in Limited Partnerships in the initial stages of development. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the difference could be material.

(b) Foreign Currency Risk

The Corporation is exposed to foreign currency risk associated with the underlying securities held in investment funds that are denominated in currencies other than the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate.

The value of the Corporation’s investments in Limited Partnerships denominated in foreign currencies may change due the changes in exchange rates. $44,600, or 46% of the Corporation’s investment, are denominated in US dollars (2017 - $44,066, or 49%).

If the value of the Canadian dollar increased by 10% against the U.S. dollar, and all other variables are held constant, the potential loss in fair value to the Corporation would be approximately 4.6% of total investments (2017 - 4.9%).

(c) Liquidity Risk

Liquidity risk is the risk that a given investment or asset cannot be traded quickly enough in the market to prevent a loss.

The Corporation’s investments are long term and highly illiquid. There is no assurance that the Corporation will ultimately realize the carrying value of the investments.

To manage these risks, the Corporation has established policies around the type of Limited Partnerships that it invests in. In addition, each limited partnership has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance and in accordance with the Limited Partnership’s investment mandate. The Corporation does not participate in any foreign currency hedging activities.
Note 7  PORTFOLIO INVESTMENTS (Continued)
(in thousands)

(c) Liquidity Risk (Continued)

Investment commitments exceed cash on hand, and management plans to use future distributions from the Limited Partnerships to meet the commitments.

(d) Other Risks

The Corporation is not exposed to significant credit and interest risk.

Note 8  ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>$ 478</td>
<td>$ 370</td>
</tr>
</tbody>
</table>

Note 9  DEFERRED REVENUE
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Alberta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$ 15,231</td>
<td>$ 441</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(15)</td>
<td>25,000</td>
</tr>
<tr>
<td>during the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: amounts recognized</td>
<td>(10,216)</td>
<td>(10,210)</td>
</tr>
<tr>
<td>as revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net deferred revenue</td>
<td>(10,231)</td>
<td>14,790</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 5,000</td>
<td>$ 15,231</td>
</tr>
</tbody>
</table>
Note 10  CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual Obligations

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts are met. The Corporation has committed funds to be paid into Limited Partnerships. The details of the commitments are listed in Note 7. Other contractual obligations are:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under Operating Leases</td>
<td>$152</td>
<td>$177</td>
</tr>
<tr>
<td>Obligations under Service Contracts</td>
<td>115</td>
<td>131</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$267</strong></td>
<td><strong>$308</strong></td>
</tr>
</tbody>
</table>

Estimated payment requirements for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Leases</td>
<td>44</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>-</td>
<td>-</td>
<td>157</td>
</tr>
<tr>
<td>Service Contracts</td>
<td>113</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>115</td>
</tr>
</tbody>
</table>

Note 11  COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

Note 12  APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of Alberta Enterprise Corporation.
### ALBERTA ENTERPRISE CORPORATION
EXPENSES - DETAILED BY OBJECT
YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Budget (in thousands)</th>
<th>Actual (in thousands)</th>
<th>Actual (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages, Benefits and Payments to Consultants</td>
<td>$881</td>
<td>$859</td>
<td></td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>690</td>
<td>859</td>
<td></td>
</tr>
<tr>
<td>Grants and Sponsorships</td>
<td>325</td>
<td>237</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$2,100</strong></td>
<td><strong>$1,896</strong></td>
<td><strong>$1,955</strong></td>
</tr>
</tbody>
</table>
# ALBERTA ENTERPRISE CORPORATION
## SALARY AND BENEFITS DISCLOSURE
### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base Salary (1)</td>
<td>Other Cash Benefits (2)</td>
</tr>
<tr>
<td>Chair of the Board</td>
<td>$ -</td>
<td>$ 42</td>
</tr>
<tr>
<td>Board Members (four) (3)</td>
<td>-</td>
<td>78</td>
</tr>
<tr>
<td>Executives:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Executive Officer (1)</td>
<td>275</td>
<td>4</td>
</tr>
<tr>
<td>Directors, Investments (5)</td>
<td>290</td>
<td>-</td>
</tr>
<tr>
<td>Director, Industry Development</td>
<td>131</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$ 696</td>
<td>$ 124</td>
</tr>
</tbody>
</table>

(1) Base salary was established through employer and employee arrangements in January 2016.
(2) Other cash benefits for Board Members include honoraria payments and per diem allowances. Other cash benefits for the Chief Executive Officer include life and disability allowances. There were no discretionary amounts paid to executives in 2018 (2017 - nil).
(3) The Board of Directors consisted of four members in 2018 (2017 - four).
(4) Other non-cash benefits include Canada Pension Plan, Retirement Savings Plans, Employment Insurance payments, and parking benefits.
(5) This position consisted of two members (2017 - two).
Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta’s financial statements. Related parties also include key management personnel and close family members of those individuals in the Corporation. The Corporation and its employees paid or collected certain taxes and fees set by regulation for premiums, 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.

Entities in the ministry refers to entities consolidated in the ministry of Economic Development and Trade. Other entities outside of the ministry relate to the remaining entities consolidated at the Provincial level.

The Corporation had a shared service arrangement with the department of Economic Development and Trade, and received financial services at no charge.

The Corporation had the following transactions with related parties reported in the Statement of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties.

<table>
<thead>
<tr>
<th>Entity</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$11,066</td>
<td>$36,060</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$11,066</td>
<td>$36,060</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td>$9</td>
<td>$17</td>
<td>$1</td>
<td>$132</td>
</tr>
<tr>
<td></td>
<td>$9</td>
<td>$17</td>
<td>$1</td>
<td>$132</td>
</tr>
<tr>
<td><strong>Receivable from</strong></td>
<td>$50,000</td>
<td>$50,000</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td><strong>Deferred Revenue</strong></td>
<td>$5,000</td>
<td>$15,230</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td><strong>Contractual Obligations</strong></td>
<td>-</td>
<td>-</td>
<td>$</td>
<td>$104</td>
</tr>
</tbody>
</table>
Alberta Innovates
Financial Statements
Year Ended March 31, 2018
Independent Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Change in Net Financial Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Expenses - Detailed by Object

Schedule 2 - Salary and Benefits Disclosure

Schedule 3 - Related Party Transactions

Schedule 4 - Allocated Costs
Independent Auditor’s Report

To the Board of Directors of Alberta Innovates

Report on the Consolidated Financial Statements
I have audited the accompanying consolidated financial statements of Alberta Innovates, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Innovates as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[ Original signed by W. Doug Wylie FCPA, FCMA, ICD.D ]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 24, 2018
Edmonton, Alberta
### ALBERTA INNOVATES
### CONSOLIDATED STATEMENT OF OPERATIONS
### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td></td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td><strong>(in thousands)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding from EDT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Grant</td>
<td>$160,849</td>
<td>$160,849</td>
<td>$155,207</td>
</tr>
<tr>
<td>Restricted Grant</td>
<td>14,072</td>
<td>19,742</td>
<td>30,196</td>
</tr>
<tr>
<td>Other Grants</td>
<td>28,499</td>
<td>9,497</td>
<td>9,799</td>
</tr>
<tr>
<td>Restricted Capital</td>
<td>1,000</td>
<td>344</td>
<td>14</td>
</tr>
<tr>
<td>Funding from Other</td>
<td>3,240</td>
<td>12,957</td>
<td>11,493</td>
</tr>
<tr>
<td>Government of Alberta Entities</td>
<td>4,479</td>
<td>2,691</td>
<td>6,888</td>
</tr>
<tr>
<td>External Revenue</td>
<td>55,024</td>
<td>48,638</td>
<td>47,312</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,086</td>
<td>1,016</td>
<td>1,221</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>768</td>
<td>557</td>
<td>974</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>269,017</td>
<td>256,291</td>
<td>263,104</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directly Incurred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross Sectoral</td>
<td>135,461</td>
<td>121,341</td>
<td>129,026</td>
</tr>
<tr>
<td>Innovation Enablers</td>
<td>74,013</td>
<td>84,773</td>
<td>89,339</td>
</tr>
<tr>
<td>Health Innovation</td>
<td>25,645</td>
<td>22,698</td>
<td>25,726</td>
</tr>
<tr>
<td>Clean Energy</td>
<td>19,758</td>
<td>19,472</td>
<td>23,552</td>
</tr>
<tr>
<td>Bio Sector</td>
<td>31,113</td>
<td>29,060</td>
<td>30,723</td>
</tr>
<tr>
<td>Administration</td>
<td>285,990</td>
<td>277,344</td>
<td>298,366</td>
</tr>
</tbody>
</table>

|                      |            |            |            |
| **Annual Deficit**   | (16,973)   | (21,053)   | (35,262)   |

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated Surplus, Beginning of Year</strong></td>
<td>77,823</td>
<td>77,823</td>
<td>113,085</td>
</tr>
<tr>
<td><strong>Accumulated Surplus, End of Year</strong></td>
<td>$60,850</td>
<td>$56,770</td>
<td>$77,823</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these consolidated financial statements.
ALBERTA INNOVATES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 (in thousands)</th>
<th>2017 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Note 5)</td>
<td>$148,240</td>
<td>$152,183</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$21,437</td>
<td>$22,510</td>
</tr>
<tr>
<td></td>
<td>169,677</td>
<td>174,693</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>30,876</td>
<td>27,961</td>
</tr>
<tr>
<td>Unspent Deferred</td>
<td>2,223</td>
<td>258</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>105,816</td>
<td>92,855</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>6,384</td>
<td>7,172</td>
</tr>
<tr>
<td></td>
<td>145,299</td>
<td>128,246</td>
</tr>
<tr>
<td><strong>Net Financial Assets</strong></td>
<td>24,378</td>
<td>46,447</td>
</tr>
<tr>
<td><strong>Non-Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Capital</td>
<td>48,904</td>
<td>37,110</td>
</tr>
<tr>
<td>Assets (Note 12)</td>
<td>1,660</td>
<td>1,234</td>
</tr>
<tr>
<td></td>
<td>50,564</td>
<td>38,344</td>
</tr>
<tr>
<td><strong>Net Assets Before Spent Deferred Capital Contributions</strong></td>
<td>74,942</td>
<td>84,791</td>
</tr>
<tr>
<td>Spent Deferred Capital Contributions (Note 10)</td>
<td>18,172</td>
<td>6,968</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Surplus</td>
<td>$56,770</td>
<td>$77,823</td>
</tr>
</tbody>
</table>

Contingent assets and contractual rights (Notes 7 and 8)

Contingent liabilities and contractual obligations (Notes 14 and 15)

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

**Approved by the Board of Directors**

*Originally signed by*

Dr. Brenda Kenny  
Board Chair

Dr. H.J (Tom) Thompson  
Audit Chair
### CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

**YEAR ENDED MARCH 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual Deficit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Tangible Capital Assets</td>
<td>$ (16,973)</td>
<td>$ (21,053)</td>
<td>$ (35,262)</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 12)</td>
<td>(10,588)</td>
<td>(16,987)</td>
<td>(10,838)</td>
</tr>
<tr>
<td>(Gain)/loss on Disposal of Tangible Capital Assets</td>
<td>5,209</td>
<td>5,193</td>
<td>5,298</td>
</tr>
<tr>
<td>Proceeds on Sale of Tangible Capital Assets</td>
<td>(43)</td>
<td>138</td>
<td></td>
</tr>
<tr>
<td>Write-down of Tangible Capital Assets</td>
<td>43</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Change in Prepaid Expenses</td>
<td>(426)</td>
<td>(94)</td>
<td></td>
</tr>
<tr>
<td>Change in Spent Deferred Capital Contributions (Note 10)</td>
<td>11,204</td>
<td>6,968</td>
<td></td>
</tr>
<tr>
<td><strong>Decrease in Net Financial Assets in the Year</strong></td>
<td>(22,352)</td>
<td>(22,069)</td>
<td>(33,622)</td>
</tr>
<tr>
<td><strong>Net Financial Assets, Beginning of Year</strong></td>
<td>46,447</td>
<td>46,447</td>
<td>80,069</td>
</tr>
<tr>
<td><strong>Net Financial Assets, End of Year</strong></td>
<td>$ 24,095</td>
<td>$ 24,378</td>
<td>$ 46,447</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these consolidated financial statements.
### ALBERTA INNOVATES

#### CONSOLIDATED STATEMENT OF CASH FLOWS

**YEAR ENDED MARCH 31, 2018**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in thousands)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Transactions</strong></td>
<td></td>
</tr>
<tr>
<td>Annual Deficit</td>
<td>$ (21,053) $ (35,262)</td>
</tr>
<tr>
<td>Non-Cash Items:</td>
<td></td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 12)</td>
<td>5,193 5,298</td>
</tr>
<tr>
<td>Deferred Contributions Recognized as Revenue (Note 10)</td>
<td>(47,027) (99,947)</td>
</tr>
<tr>
<td>(Gain)/Loss on Disposal of Tangible Capital Assets</td>
<td>(43) 138</td>
</tr>
<tr>
<td>Write-down of Tangible Capital Assets</td>
<td>- 144</td>
</tr>
<tr>
<td><strong>Total Operating Non-Cash Items</strong></td>
<td>(62,930) (129,629)</td>
</tr>
<tr>
<td>Decrease (Increase) in Accounts Receivable</td>
<td>1,073 (7,017)</td>
</tr>
<tr>
<td>Increase in Prepaid Expenses</td>
<td>(426) (94)</td>
</tr>
<tr>
<td>Increase in Accounts Payable and Accrued Liabilities</td>
<td>2,915 1,139</td>
</tr>
<tr>
<td>Decrease in Deferred Contract Revenue</td>
<td>(788) (1,618)</td>
</tr>
<tr>
<td>Contributions Restricted for Operating (Note 10)</td>
<td>59,515 82,922</td>
</tr>
<tr>
<td>Cash Applied to Operating Transactions</td>
<td>(641) (54,297)</td>
</tr>
</tbody>
</table>

| **Capital Transactions** |             |
| Acquisition of Tangible Capital Assets (Note 12) | (16,987) (10,838) |
| Proceeds on Sale of Tangible Capital Assets | 43 24 |
| **Total Capital Non-Cash Items** | (16,944) (10,814) |

| **Financing Transactions** |             |
| Contributions Restricted for Capital (Note 10) | 13,642 6,699 |
| Cash Provided by Financing Transactions | 13,642 6,699 |
| Decrease in Cash | (3,943) (58,412) |
| Cash, Beginning of Year | 152,183 210,595 |
| Cash, End of Year | **$148,240 $152,183** |

The accompanying notes and schedules are part of these consolidated financial statements.
Note 1  AUTHORITY AND PURPOSE

Alberta Innovates is a Provincial corporation, as defined in the Financial Administration Act. It was established effective November 1, 2016 under the Alberta Research and Innovation Act. The Alberta Research and Innovation Act was amended to dissolve the four corporations: Alberta Innovates - Bio Solutions, Alberta Innovates - Energy and Environment Solutions, Alberta Innovates - Health Solutions, and Alberta Innovates - Technology Futures and create one new research and innovation corporation, “Alberta Innovates.” Two wholly owned subsidiary corporations C-FER Technologies (1999) Inc. and InnoTech Alberta Inc. along with the Alberta Foundation for Health Research are also reporting entities of Alberta Innovates.

The objectives of the Corporation are to support, for the economic and social well-being of Albertans, research and innovation activities aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the discovery, commercialization and application of knowledge in the areas of agriculture, energy, environment, forestry, health and other areas determined by the regulations.

The Corporation is exempt from income taxes under the Income Tax Act.

Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity and Method of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Corporation and its wholly owned subsidiaries; InnoTech Alberta Inc., C-FER Technologies (1999) Inc. and the Alberta Foundation for Health Research (AFHR). The AFHR operates under the Alberta Companies Act and is a registered charitable organization for income tax purposes. The Foundation’s activities are directed to promote and support medical research. All inter-entity balances and transactions have been eliminated on consolidation.

The accounts of government sector entities are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to the Corporation's accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in the Corporation’s results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue. Externally restricted revenue is recognized as revenue in the period in which the resources are used for the purpose specified. Funds received prior to meeting the criteria are recorded as deferred revenue until the resources are used for the purpose specified.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Revenues (Continued)

Contract revenue is recognized using the percentage of completion method. The Corporation makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Investment income includes interest income. Investment income earned from restricted sources is deferred and recognized when the terms imposed have been met.

Government Transfers

Transfers from all governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recognized as deferred revenue or deferred capital contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of the transfer.

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation meets the eligibility criteria (if any).

Donations and Non-Government Contributions

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recognized as revenue in the year received or in the year the funds are committed to the Corporation if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government contributions and realized and unrealized gains and losses for the associated, externally restricted, investment income are recognized as deferred revenue if the terms for their use, or the terms along with the Corporation's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the Corporation complies with its communicated use.

In-kind donations of services and materials are recognized at fair value when such value can reasonably be determined.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.
Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Valuation of Financial Assets and Liabilities

The Corporation’s financial assets and liabilities are generally measured as follows:

<table>
<thead>
<tr>
<th>Financial Statement Component</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Cost</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>Lower Cost or Net Recoverable Value</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>Cost</td>
</tr>
</tbody>
</table>

The Corporation has no assets or liabilities in the fair value category, has no significant foreign currency transactions and has no significant remeasurement gains or losses. Consequently, no statement of remeasurement gains and losses has been presented.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation’s financial claims on external organizations and individuals.

Cash

Cash comprises of cash on hand and demand deposits.

The Consolidated Cash Investment Trust Fund (CCITF) is managed with the objective of providing competitive interest income to depositors while maintain appropriate security and liquidity of depositors’ capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum to maturity of three years.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities represent present obligations of the Corporation to external organizations and individuals arising from transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Liabilities also include:

- all financial claims payable by the Corporation at the year end;
- accrued employee vacation entitlements; and
- contingent liabilities where future liabilities are likely.
Note 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation(s) that is no longer in productive use and is recognized when all of the following criteria are met:

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. the Corporation is directly responsible or accepts responsibility;
iv. it is expected that future economic benefits will be given up; and
v. a reasonable estimate of the amount can be made.

Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of the operations.

Non Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services.
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for major systems enhancements is $25,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Work in progress, which included facilities and improvements projects and development of information systems, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation’s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

Prepaid Expense

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.
Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Financial Risk Management

The Corporation's financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. The Corporation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Corporation's financial instruments are exposed to credit risk, market risk, and liquidity risk.

a) Credit Risk
Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. The Corporation's accounts receivable are exposed to credit risk. Management manages this risk by continually monitoring the creditworthiness of counterparties and by dealing with counterparties that it believes are creditworthy.

b) Market Risk
Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instrument causing financial loss. Market risk is comprised of currency risk, interest rate risk and price risk. The Corporation's cash is exposed to interest rate risk. Management manages this risk by continually monitoring the Corporation's deposits in the Consolidated Cash Investment Trust Fund (CCITF) and their corresponding rate of return.

c) Liquidity Risk
Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's accounts payable and accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.

Measurement Uncertainty

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies.

(c) Change in Accounting Policy

The Corporation has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Note 7, Note 8, and Schedule 3.

Note 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has issued the following accounting standards:

- PS 3280 Asset Retirement Obligations (effective April 1, 2021)
  Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

- PS 3430 Restructuring Transactions (effective April 1, 2018)
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

  Management is currently assessing the impact of these standards on the financial statements.
Note 4  BUDGET  
(in thousands)

A preliminary business plan with a budgeted deficit of $16,973 was approved by the Board on March 22, 2017 and the full financial plan was submitted to the Minister of Economic Development & Trade. The budget reported in the statement of operations reflects the $16,973 deficit.

Note 5  CASH  
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$148,240</td>
<td>$152,183</td>
</tr>
</tbody>
</table>

Cash in the amount of $148,240 (2017 - $152,183) includes deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta amounting to $134,843 (2017 - $149,963). As at March 31, 2018, $114,423 of the cash balance is restricted as it represents grants received that have restrictions on their use (2017 - $100,285).

As at March 31, 2018, securities held by the Corporation had a time-weighted rate of return of 1.1% per annum (2017 – 0.9% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

Note 6  ACCOUNTS RECEIVABLE  
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>$14,238</td>
<td>$13,462</td>
</tr>
<tr>
<td>Alberta Government Departments and Agencies</td>
<td>$4,893</td>
<td>$4,893</td>
</tr>
<tr>
<td>Accrued Income Receivable</td>
<td>$3,082</td>
<td>$3,082</td>
</tr>
<tr>
<td></td>
<td>$22,213</td>
<td>$21,437</td>
</tr>
</tbody>
</table>

Accounts Receivable are unsecured, non-interest bearing and reported at their estimated net realizable value.

Note 7  CONTINGENT ASSETS  
(in thousands)

The corporation has filed an insurance claim where possible assets are being sought (2017 - one). The outcome from this matter will likely result in recognition of assets. The Corporation anticipates receiving a specified amount of $1 (2017 - $278). This amount has not been recognized in the financial statements.

Note 8  CONTRACTUAL RIGHTS  
(in thousands)

Contractual rights are rights of the Corporation to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual Rights from Operating Contracts</td>
<td>$145,138</td>
<td>$88,800</td>
</tr>
</tbody>
</table>
Note 8 CONTRACTUAL RIGHTS (Cont'd)
(in thousands)

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts</td>
<td>$80,184</td>
<td>$52,937</td>
<td>$7,347</td>
<td>$870</td>
<td>$763</td>
<td>$3,037</td>
<td>$145,138</td>
</tr>
</tbody>
</table>

Note 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>$22,362</td>
<td>$23,878</td>
</tr>
<tr>
<td>Alberta Government Departments and Agencies</td>
<td>$5,965</td>
<td>$4,083</td>
</tr>
<tr>
<td>Asset Retirement Obligations</td>
<td>$2,549</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$30,876</strong></td>
<td><strong>$27,961</strong></td>
</tr>
</tbody>
</table>

Note 10 DEFERRED CONTRIBUTIONS
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unspent Deferred Capital Contributions (a)</td>
<td>$2,223</td>
<td>$258</td>
</tr>
<tr>
<td>Spent Deferred Capital Contributions (b)</td>
<td>$18,172</td>
<td>$6,968</td>
</tr>
<tr>
<td>Deferred Revenue (c)</td>
<td>$105,816</td>
<td>$92,855</td>
</tr>
<tr>
<td>Deferred Contract Revenue</td>
<td>$6,384</td>
<td>$7,172</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$132,595</strong></td>
<td><strong>$107,253</strong></td>
</tr>
</tbody>
</table>

(a) Unspent Deferred Capital Contributions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of the Year</td>
<td>$258</td>
<td>$-</td>
</tr>
<tr>
<td>Received/Receiveable During the Year</td>
<td>$9,058</td>
<td>$4,584</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Transferred to Spent Deferred Capital Contributions</td>
<td>$(9,306)</td>
<td>$(2,371)</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>$10</td>
<td>$2,213</td>
</tr>
</tbody>
</table>
Note 10 DEFERRED CONTRIBUTIONS (Continued)

(in thousands)

(b) Spent Deferred Capital Contributions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of the Year</td>
<td>$1,882</td>
<td>$5,086</td>
</tr>
<tr>
<td>Transferred from Unspent Deferred Capital Contributions</td>
<td>$9,306</td>
<td>$2,371</td>
</tr>
<tr>
<td>Less Amounts Recognized as Revenue</td>
<td>$(473)</td>
<td>$(27)</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>$10,715</td>
<td>$7,457</td>
</tr>
</tbody>
</table>

(c) Deferred Revenue

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of the Year</td>
<td>$83,720</td>
<td>$9,135</td>
</tr>
<tr>
<td>Cash Contributions Received/Receivable During the Year</td>
<td>$51,141</td>
<td>$7,901</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$473</td>
<td>$473</td>
</tr>
<tr>
<td>Recognized as Revenue: Grants</td>
<td>$(42,067)</td>
<td>$(4,045)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$(442)</td>
<td>$(442)</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>$92,825</td>
<td>$12,991</td>
</tr>
</tbody>
</table>

Note 11 BENEFIT PLANS

(in thousands)

(a) The Corporation participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), the Public Service Pension Plan (PSPP), as well as, a Supplementary Pension Plan (SRP) for Public Service Managers. The Corporation does not have sufficient plan information on MEPP, PSPP or the SRP to follow the standards for defined benefit accounting and therefore follows the standard for defined contribution accounting. Accordingly, pension expense recognized for the PSPP/SRP/MEPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of $6,532 for the year ended March 31, 2018 (2017 - $7,175)

At December 31, 2017, the Management Employees Pension Plan reported a surplus of $866,006 (2016 – surplus $402,033), the Public Service Pension Plan reported a surplus of $1,275,843 (2016 – surplus $302,975) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $54,984 (2016 – deficiency $50,020). The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.
Note 11 BENEFIT PLANS (continued)
(in thousands)

(b) A portion of the Corporation participated in a Defined Contribution Pension Plan until November 1, 2016. After
November 1, 2016, these employees participate in the MEPP and PSPP. The expense for this pension plan is $nil
(2017 - $616). The Corporation accounts for this plan on a defined contribution basis.

(c) The Benefit Plans consists of the unfunded liability for the Corporation’s supplemental retirement plan, the benefits
under which are paid for entirely by the Corporation when they come due. There are no plan assets. There are no
active members remaining in the plan and one retired member eligible for benefits.

At March 31, 2018 these plans have net accrued liability of $92 (2017 - $148).

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Plans, Beginning of Year</td>
<td>$ 148</td>
<td>$ 202</td>
</tr>
<tr>
<td>Benefits Paid</td>
<td>(56)</td>
<td>(54)</td>
</tr>
<tr>
<td>Benefit Plans, End of Year</td>
<td>$ 92</td>
<td>$ 148</td>
</tr>
</tbody>
</table>

Note 12 TANGIBLE CAPITAL ASSETS
(in thousands)

<table>
<thead>
<tr>
<th>Estimated Useful Life</th>
<th>Land</th>
<th>Building and Improvements (1)</th>
<th>Equipment (1)</th>
<th>Computer Hardware &amp; Software</th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Indefinite</td>
<td>10-30 years</td>
<td>3-20 years</td>
<td>3-5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historical Cost</td>
<td>$566</td>
<td>$15,232</td>
<td>$66,529</td>
<td>$10,370</td>
<td>$92,697</td>
<td>$83,056</td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>-</td>
<td>12,407</td>
<td>3,908</td>
<td>672</td>
<td>16,987</td>
<td>10,838</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>(345)</td>
<td>(4)</td>
<td>(349)</td>
<td>(1,197)</td>
</tr>
<tr>
<td>Disposals, including</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Write-downs</td>
<td>-</td>
<td>-</td>
<td>(345)</td>
<td>(4)</td>
<td>(349)</td>
<td>(891)</td>
</tr>
<tr>
<td></td>
<td>566</td>
<td>27,639</td>
<td>70,092</td>
<td>11,038</td>
<td>109,335</td>
<td>92,697</td>
</tr>
</tbody>
</table>

Accumulated Amortization

<table>
<thead>
<tr>
<th>Description</th>
<th>Land</th>
<th>Building and Improvements (1)</th>
<th>Equipment (1)</th>
<th>Computer Hardware &amp; Software</th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>-</td>
<td>4,583</td>
<td>44,979</td>
<td>6,025</td>
<td>55,587</td>
<td>51,180</td>
</tr>
<tr>
<td>Amortization Expense</td>
<td>-</td>
<td>547</td>
<td>3,528</td>
<td>1,118</td>
<td>5,193</td>
<td>5,298</td>
</tr>
<tr>
<td>Effect Disposals, including</td>
<td>-</td>
<td>-</td>
<td>(345)</td>
<td>(4)</td>
<td>(349)</td>
<td>(891)</td>
</tr>
<tr>
<td>Write-downs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>5,130</td>
<td>48,162</td>
<td>7,139</td>
<td>60,431</td>
<td>55,587</td>
</tr>
</tbody>
</table>

Net Book Value at March 31, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Land</th>
<th>Building and Improvements (1)</th>
<th>Equipment (1)</th>
<th>Computer Hardware &amp; Software</th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 566</td>
<td>$ 22,509</td>
<td>$ 21,930</td>
<td>$ 3,899</td>
<td>$ 48,904</td>
<td></td>
</tr>
</tbody>
</table>

Net Book Value at March 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Land</th>
<th>Building and Improvements (1)</th>
<th>Equipment (1)</th>
<th>Computer Hardware &amp; Software</th>
<th>2018 Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 566</td>
<td>$ 10,649</td>
<td>$ 21,550</td>
<td>$ 4,345</td>
<td>$ 37,110</td>
<td></td>
</tr>
</tbody>
</table>

(1) The cost of capital assets under construction that are not currently being amortized is $18,351 (2017 - $6,239).
Note 13 ACCUMULATED SURPLUS
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in Tangible Capital Assets</td>
<td>$37,110</td>
<td>$40,713</td>
</tr>
<tr>
<td>Unrestricted Surplus</td>
<td>$16,987</td>
<td>$16,987</td>
</tr>
<tr>
<td>Total</td>
<td>$54,097</td>
<td>$57,699</td>
</tr>
<tr>
<td>Balance, Beginning of Year</td>
<td>$37,110</td>
<td>$40,713</td>
</tr>
<tr>
<td>Annual Deficit</td>
<td>(5,193)</td>
<td>(15,860)</td>
</tr>
<tr>
<td>Investments in Capital Assets</td>
<td>(16,987)</td>
<td>-</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>$48,904</td>
<td>$7,866</td>
</tr>
</tbody>
</table>

Note 14 CONTINGENT LIABILITIES
(in thousands)

The Corporation has been named as defendant in one (2017 - one) specific legal action. No specified amount has yet been claimed; the amount of the claim will be determined at trial. The resulting loss from this claim, if any, cannot be determined.

Note 15 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under Operating Leases and Contracts</td>
<td>$134,577</td>
<td>$228,384</td>
</tr>
</tbody>
</table>

Estimated payment requirements for each of the next five years and thereafter are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Leases and Contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018-19</td>
<td>$91,156</td>
<td></td>
</tr>
<tr>
<td>2019-20</td>
<td>29,780</td>
<td></td>
</tr>
<tr>
<td>2020-21</td>
<td>8,919</td>
<td></td>
</tr>
<tr>
<td>2021-22</td>
<td>3,489</td>
<td></td>
</tr>
<tr>
<td>2022-23</td>
<td>983</td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$134,577</td>
<td></td>
</tr>
</tbody>
</table>

Note 16 ALBERTA CARBON CONVERSION TECHNOLOGY CENTRE
(in thousands)

The Alberta Carbon Conversion Technology Centre (ACCTC) is a commercialization and testing centre designed to advance CO2 capture and conversion technologies, and conduct related research. InnoTech Alberta Inc, a wholly owned subsidiary of the Corporation, completed the purchase and transfer of the ACCTC on March 15, 2018, for which $17,464 is recorded in tangible capital assets in Note 12. $2,158 of related deferred revenue, $2,213 of related unspent deferred capital contributions and $14,915 of related spent deferred capital contributions, are recorded in Note 10. There were no in-kind contributions received at March 31, 2018 (2017 - $nil).
Note 16 ALBERTA CARBON CONVERSION TECHNOLOGY CENTRE (continued)

(in thousands)

From June 2018 until March 2020 the ACCTC will be the host site for the NRG COSIA Carbon XPRIZE – a competition to pilot various carbon capture and conversion technologies. InnoTech will not be directly involved in supervising or overseeing the XPRIZE Competition, aside from its day to day role as the owner and operator of the ACCTC. After the XPRIZE competition, InnoTech will own and operate the ACCTC, which will be marketed to industry and government as a carbon capture testing site until December 2027. At that time, exclusive use of the site and ownership of the ACCTC will pass back to the owner of the land, who may elect to wholly or partially de-commission the ACCTC. Accordingly, $2,549 of asset retirement obligations have been recorded in Note 9.

The corporation has entered into various contractual arrangements with respect to ACCTC including a license of occupation, an operating costs recovery agreement, and a repayable contribution agreement. The impact on contractual rights, contractual obligations, contingent assets, and contingent liabilities, when known, has been reflected in these consolidated financial statements in accordance with the accounting policies described in Note 2.

Note 17 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

Note 18 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on May 24, 2018.
### ALBERTA INNOVATES

**CONSOLIDATED EXPENSES - DETAILED BY OBJECT**

**YEAR ENDED MARCH 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 141,116</td>
<td>$ 165,152</td>
<td>$ 181,503</td>
</tr>
<tr>
<td>Salaries, Wages and Employee Benefits</td>
<td>87,794</td>
<td>74,550</td>
<td>77,477</td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>51,871</td>
<td>32,449</td>
<td>34,088</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 12)</td>
<td>5,209</td>
<td>5,193</td>
<td>5,298</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 285,990</strong></td>
<td><strong>$ 277,344</strong></td>
<td><strong>$ 298,366</strong></td>
</tr>
</tbody>
</table>
## SCHEDULE 2

### 2018

<table>
<thead>
<tr>
<th>Position</th>
<th>Base Salary (1)</th>
<th>Other Cash Benefits (2)</th>
<th>Other Non-Cash Benefits (3)</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair of the Board</td>
<td>$ -</td>
<td>$ 21</td>
<td>$ 21</td>
<td>$ 31</td>
<td></td>
</tr>
<tr>
<td>Board Members</td>
<td>$ -</td>
<td>$ 72</td>
<td>$ 1</td>
<td>$ 73</td>
<td>151</td>
</tr>
<tr>
<td>Chief Executive Officer (4)</td>
<td>$ 369</td>
<td>$ 130</td>
<td>$ 10</td>
<td>$ 509</td>
<td>348</td>
</tr>
<tr>
<td>Vice Presidents:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Vice President, Operations (5)</td>
<td>$ 37</td>
<td>$ -</td>
<td>$ 11</td>
<td>$ 48</td>
<td></td>
</tr>
<tr>
<td>Executive Vice President, Strategic Initiatives &amp; Special Projects (6)</td>
<td>$ 8</td>
<td>$ 296</td>
<td>$ 1</td>
<td>$ 305</td>
<td>88</td>
</tr>
<tr>
<td>Vice President, Clean Energy (7)</td>
<td>$ 225</td>
<td>$ 63</td>
<td>$ 60</td>
<td>$ 348</td>
<td>307</td>
</tr>
<tr>
<td>Vice President, Marketing &amp; Communications (Acting) (8)</td>
<td>$ 70</td>
<td>$ -</td>
<td>$ 5</td>
<td>$ 75</td>
<td>75</td>
</tr>
<tr>
<td>Vice President, Finance &amp; Corporate Secretary (9)</td>
<td>$ 225</td>
<td>$ 22</td>
<td>$ 14</td>
<td>$ 261</td>
<td>268</td>
</tr>
<tr>
<td>Vice President, Health (10)</td>
<td>$ 199</td>
<td>$ 62</td>
<td>$ 13</td>
<td>$ 274</td>
<td>267</td>
</tr>
<tr>
<td>Vice President, Investments (11)</td>
<td>$ 209</td>
<td>$ -</td>
<td>$ 50</td>
<td>$ 259</td>
<td>104</td>
</tr>
<tr>
<td>Vice President, Provincial Platforms &amp; SPOR</td>
<td>$ 250</td>
<td>$ 62</td>
<td>$ 16</td>
<td>$ 328</td>
<td>295</td>
</tr>
</tbody>
</table>

(1) Base salary includes regular salary and retro active payments.

(2) Other cash benefits include honoraria for the Chair and Board Members. Other cash benefits for the Chief Executive Officer and Vice Presidents include vacation payouts, car and living allowance, payments in lieu of pension and lump sum amounts. Also included in other cash benefits for the year ended March 31, 2018 is $263 in termination benefits paid as a result of termination agreements.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, employee health care expense accounts, dental coverage, major medical, group life insurance, short term disability plan, CPP, EI, Workers Compensation Board premiums and professional memberships.

(4) Chief Executive Officer (CEO) position was occupied by two different people in 2017. The transition CEO was effective May 2, 2016 to December 31, 2016. The Permanent CEO was effective January 1, 2017.

(5) Executive Vice President, Operations position was effective February 15, 2018.

(6) Executive Vice President, Strategic Initiatives & Special Projects position was effective January 1, 2017 and vacated April 12, 2017.

(7) Vice President, Clean Energy position was effective November 1, 2016. This position was also Acting CEO-Energy & Environment Solutions until October 31, 2016.

(8) Vice President, Marketing & Communications (Acting) position was effective December 4, 2017.

(9) Vice President, Corporate Services was reclassified as Vice President, Finance & Corporate Secretary on November 1, 2016.

(10) Vice President, Initiatives and Innovation position was reclassified as Vice President, Health on November 1, 2016. This position was vacated February 16, 2018.

(11) Vice President, Investment position was effective November 1, 2016.
SCHEDULE 3

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta’s consolidated financial statements. Related parties also include key management personnel and close family members of those individuals in the Corporation. The Corporation and its employees paid or collected certain taxes and fees set by regulation for premiums, licences 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 Corporation had a shared service agreement with the Ministry of Economic Development and Trade for Information Technology and Management Services at the rate of Service Alberta consumption costs and projects indicated by the Corporation.

The Corporation had the following transactions with related parties recognized in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

<table>
<thead>
<tr>
<th></th>
<th>Entities in the Ministry</th>
<th>Other Entities Outside of the Ministry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 190,432</td>
<td>$ 195,206</td>
</tr>
<tr>
<td>Other</td>
<td>101</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td><strong>$ 190,533</strong></td>
<td><strong>$ 195,249</strong></td>
</tr>
<tr>
<td><strong>Expenses - Directly Incurred</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Other Services</td>
<td>30</td>
<td>(83)</td>
</tr>
<tr>
<td></td>
<td><strong>$ 30</strong></td>
<td><strong>(83)</strong></td>
</tr>
<tr>
<td><strong>Receivables from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 2,310</td>
<td>$ 54</td>
</tr>
<tr>
<td><strong>Payable to</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 55</td>
<td>$ 1,013</td>
</tr>
<tr>
<td><strong>Unspent Deferred Capital Contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 10</td>
<td>$ 258</td>
</tr>
<tr>
<td><strong>Spent Deferred Capital Contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 10,665</td>
<td>$ 1,702</td>
</tr>
<tr>
<td><strong>Deferred Revenue</strong></td>
<td>$ 74,879</td>
<td>$ 59,930</td>
</tr>
<tr>
<td><strong>Deferred Contract Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 30</td>
<td>-</td>
</tr>
<tr>
<td><strong>Contractual Obligations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td><strong>Contractual Rights</strong></td>
<td>$ 114,407</td>
<td>$ 54,975</td>
</tr>
</tbody>
</table>
Schedule 3 - Related Party Transactions (Cont'd)

The above transactions do not include support service arrangement transactions disclosed below. The Corporation 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 reported in the consolidated financial statements. Accommodation expenses incurred by others are disclosed in Schedule 4.

<table>
<thead>
<tr>
<th></th>
<th>Other Entities Outside of the Ministry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Expenses - Incurred by Others (1)</td>
<td>(in thousands)</td>
</tr>
<tr>
<td>Accommodation (2)</td>
<td>22,376</td>
</tr>
<tr>
<td></td>
<td>22,376</td>
</tr>
</tbody>
</table>

(1) During the year, the Corporation received financial processing and reporting services from Service Alberta and the Department of Economic Development & Trade at no cost. The dollar value of these services cannot be accurately determined.

(2) The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.
## ALBERTA INNOVATES
### CONSOLIDATED ALLOCATED COSTS
### YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenses 2018 (in thousands)</th>
<th>Expenses 2017 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Sectoral Innovation Enablers</td>
<td>$121,341</td>
<td>$121,341</td>
</tr>
<tr>
<td>Health Innovation</td>
<td>84,773</td>
<td>84,773</td>
</tr>
<tr>
<td>Clean Energy</td>
<td>22,698</td>
<td>22,698</td>
</tr>
<tr>
<td>Bio Sector</td>
<td>19,472</td>
<td>19,472</td>
</tr>
<tr>
<td>Administration</td>
<td>29,060</td>
<td>51,436</td>
</tr>
<tr>
<td></td>
<td>22,376</td>
<td>59,018</td>
</tr>
<tr>
<td></td>
<td>$277,344</td>
<td>$299,720</td>
</tr>
</tbody>
</table>

### Expensed - Incurred by Others

(1) Expenses - Directly Incurred as per Consolidated Statement of Operations.

(2) During the year, the Corporation received financial processing and reporting services from Service Alberta and the Department of Economic Development & Trade at no cost. The dollar value of these services cannot be accurately determined.

(3) The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.
Statutory Report

Public Interest Disclosure Act

Section 32 of the Public Interest Disclosure Act requires the ministry to report annually on the following parts of the Act:

(a) the number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) the number of investigations commenced by the designated officer as a result of disclosures; and

(c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2017-18, the ministry had no disclosures of wrongdoing filed with the Public Interest Disclosure Office.
Economic Development and Trade

ANNUAL REPORT
2017-18