

# Economic Development and Trade

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Annual Report **2018–2019**

**Note to Readers:**

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

**Economic Development and Trade****Communications**

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# Preface

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 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.

On April 30, 2019, the government announced new ministry structures for some ministries. The former ministry of Economic Development and Trade became the current ministry of Economic Development, Trade and Tourism. Given that the 2018-19 Annual Report focuses on the 2018-21 ministry Business Plan and the ministry's activities and accomplishments during the 2018-19 fiscal year, which ended on March 31, 2019, this annual report retains the Economic Development and Trade branding and does not include the activities and priorities of the new ministry of Economic Development, Trade and Tourism. The new ministry structures will be reflected in the 2019-20 annual report.

**This annual report of the Ministry of Economic Development and Trade contains the financial information 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 Alberta Innovates and Alberta Enterprise Corporation;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report.**

In December 2018, government announced changes to the 2018-19 ministry annual reports. Ministry and department audited financial statements previously included in the annual report of the Ministry of Economic Development and Trade have been replaced with the financial information of the ministry in the Financial Information section.

Key information previously contained in the annual reports of each of the 21 ministries is now included in the audited consolidated financial statements of the province.

# Message from the Minister



The 2018-19 Annual Report reflects work that was undertaken by a previous government.

Moving forward, the newly formed ministry of Economic Development, Trade and Tourism will focus on returning Alberta to a free enterprise economy through bold, positive actions that will restore jobs and growth, and renew the Alberta Advantage.

This government will work to drive innovation and job creation by making Alberta the most attractive place in North America to live, visit, work, start a business, and raise a family.

We will be carefully reviewing all programs and services to ensure they align with government priorities.

The work of Economic Development, Trade and Tourism will be grounded by a common-sense plan to get our economy back on track and show the world that Alberta is open for business, open to investment, open to innovation, and open to a prosperous future for generations to come.

[ Original signed by Tanya Fir Minister of Economic Development, Trade and Tourism ]

Honourable Tanya Fir

Minister of Economic Development, Trade and Tourism

# Management's Responsibility for Reporting

The Ministry of Economic Development and Trade (EDT) includes the Department of EDT, Alberta Enterprise Corporation, Alberta Innovates, the Alberta Research and Innovation Advisory Committee, and the Northern Alberta Development Council.

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 EDT. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including the financial information and performance results. The financial information and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on 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 2018*.

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 EDT 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  
June 7, 2019

# Results Analysis

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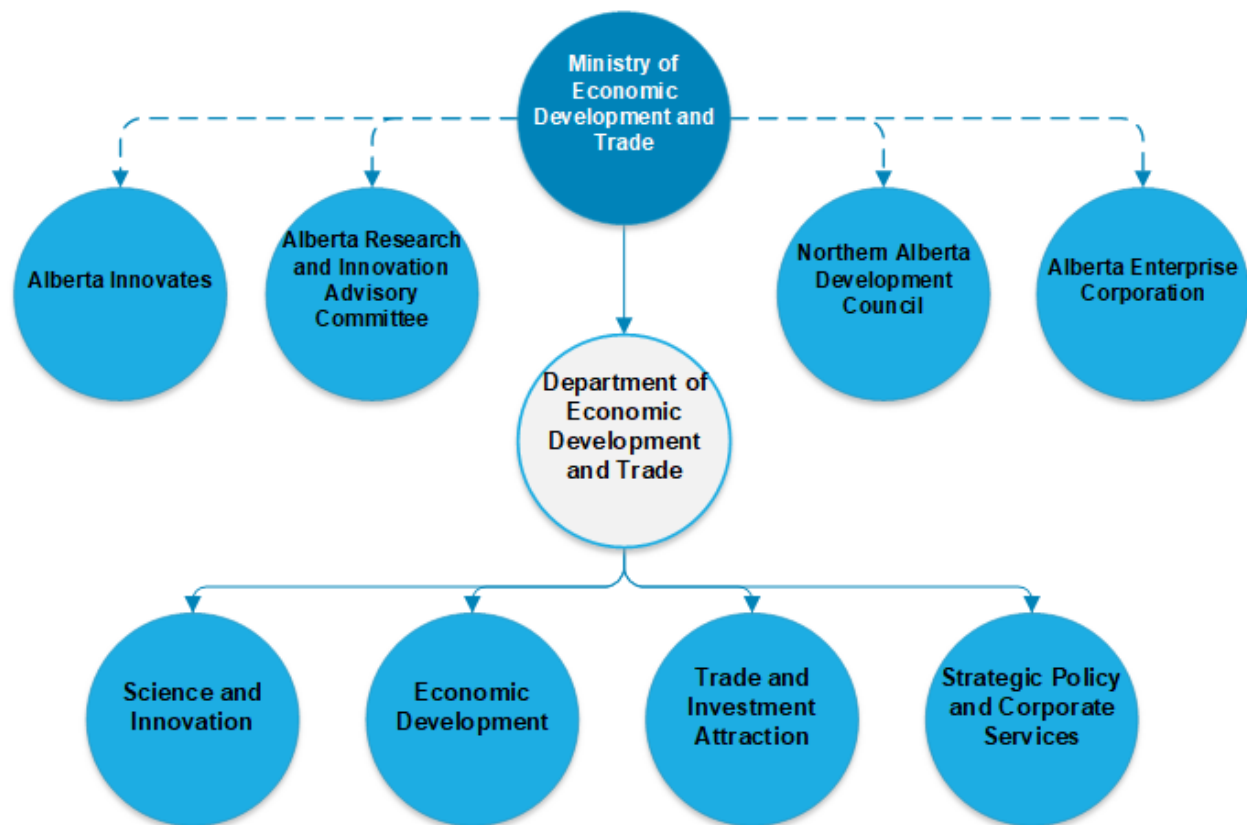
# Ministry Overview

The Ministry of EDT 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 and implements 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.

## Organizational Structure

The ministry consists of the department of EDT, as well as Alberta Innovates, the Alberta Research and Innovation Advisory Committee, the Northern Alberta Development Council, and the Alberta Enterprise Corporation.

Figure One – Ministry of EDT 2018-19 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 (S&I)

The Science and Innovation Division leads the government's investments in research and innovation to support the growth of Alberta's research and innovation system. The division promotes commercialization of innovative products, processes and solutions for Alberta's industry. It stimulates 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 (ED)**

By providing economic information and tools for businesses, investors, and municipalities, 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 development and implementation of 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 businesses and collaborates with communities and stakeholders to foster regional economic development and job growth.

## **Trade and Investment Attraction (TIA)**

The Trade and Investment Attraction Division supports a government-wide approach to promote trade and attract investment to Alberta. It leads Alberta's participation in domestic and international trade negotiations, advocates for Alberta's international interests, and fosters relationships. The division offers services and supports such as market intelligence, mission supports, and networking opportunities for export-ready firms.

## **Strategic Policy and Corporate Services (SPCS)**

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 delivers integrated corporate services for the ministry, including finance and corporate administration, as well as legislative services through a shared services agreement with Alberta Advanced Education.

## **Alberta Innovates (AI)**

Alberta Innovates plays an important role in the province's research and innovation system. 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)**

Alberta Research and Innovation Advisory Committee provides expert and independent strategic advice and recommendations to the minister on research and innovation. Alberta Research and Innovation Advisory Committee'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)**

Alberta Enterprise Corporation 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. Alberta Enterprise Corporation prepares an annual report separate from this one.

## **Northern Alberta Development Council (NADC)**

Northern Alberta Development Council identifies, promotes, and advises on practical measures to advance social and economic development in northern Alberta. It provides a northern lens on existing and proposed government services and programs, while providing opportunities for stakeholders to connect and collaborate on northern issues of common interest. Northern Alberta Development Council prepares an annual report separate from this one.

# Strategic Context

The Ministry of Economic Development and Trade leads the government's economic development efforts by supporting Alberta businesses to reach new markets by attracting new investment from around the globe, by building economic development capacity in communities, and by leveraging science and innovation to grow the research and innovation system.

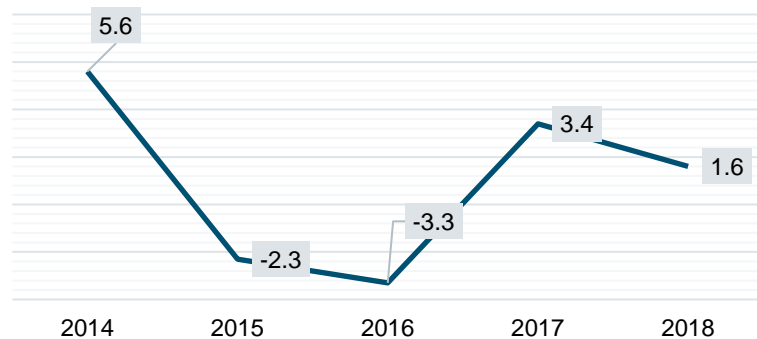
## Performance Indicators

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.

### 2018-21 Economic Development and Trade Business Plan Performance Indicator 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. Gross Domestic Product in the manufacturing and business services industry grew by 1.6 per cent in 2018 after an increase of 3.4 per cent in 2017, after a 3.3 per cent decline in 2016, and a 2.3 per cent decline in 2015, brought about by steeply lower oil prices.

***Percentage of manufacturing, business and commercial services gross domestic product growth in Alberta***



- 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 6.0 per cent respectively.
- Arts, entertainment, and recreation also saw significant growth of 6.8 per cent, while finance and insurance grew 2.7 per cent.
- Two sectors that are most closely linked to the oil and gas sector, excluding manufacturing, are 1) professional, scientific and technical services, and 2) administrative and support, waste management and remediation services – both were relatively unchanged from 2016.

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 Performance Measure and Indicator Methodology section for more information.*

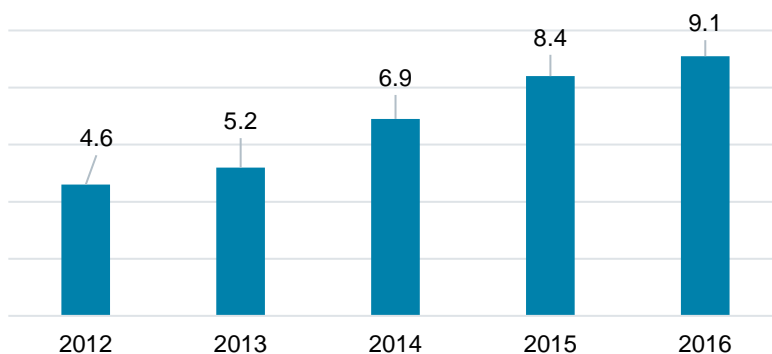
*Note: Statistics Canada periodically revises its previously posted data, which accounts for some data changes from data reported in previous years. In November 2017, Statistics Canada revised the data for years 2014, 2015, 2016.*

### 2018-21 Economic Development and Trade Business Plan Performance Indicator 1.b: Start-ups licensing university technology per million population

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.

In 2016, Alberta continued its upward trend in the number of start-up firms licensing university technology (last five years) 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.

**Start-ups licensing university technology**  
(per million population)



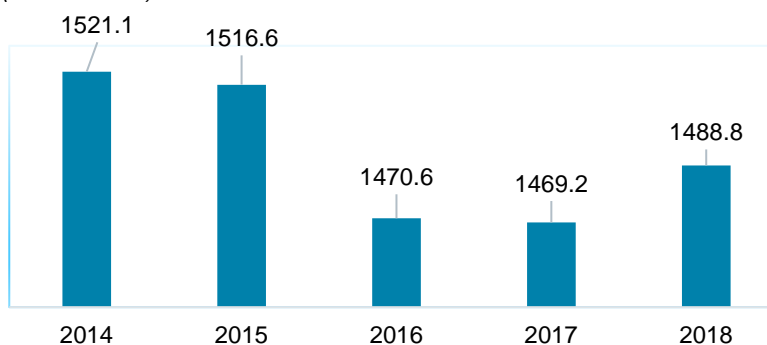
*Source: Report on Competitiveness: Association of University Technology Managers, Licensing Surveys Database. See Performance Measure and Indicator Methodology section for more information.*

## 2018-21 Economic Development and Trade Business Plan Performance Indicator 2.a: Private sector employment

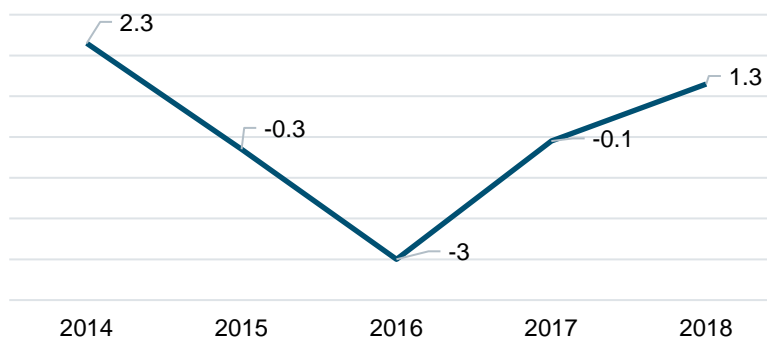
This indicator measures those who work as employees of a private firm or business. It is a measure of economic growth.

In 2018, there were 1.489 million private sector employees in Alberta, a 1.3 per cent increase compared to 2017. This latest figure indicates a continued reversal of a downward trend that peaked in 2016, though Alberta has not yet reached employment levels seen in 2014.

**Private sector employment**  
(in thousands)



**Private sector employment**  
(per cent change year-over-year)



Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker. See Performance Measure and Indicator Methodology section for more information.

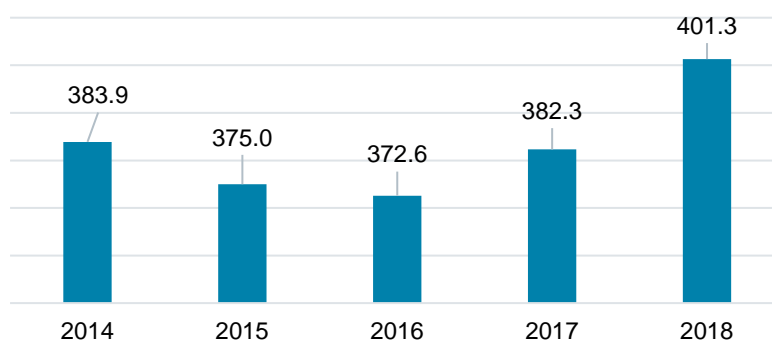
## 2018-21 Economic Development and Trade Business Plan Performance Indicator 2.b: Self-employment

An increase in self-employed individuals is an indicator of the health of the entrepreneurial ecosystem, and is associated with increases in income, employment growth, and the economic diversification of a jurisdiction.

Numbers of self-employed individuals in Alberta increased by 19,000, or 5.0 per cent, between 2017 and 2018, indicating that Albertans are finding more opportunities to be self-employed.

This is a marked increase from 2015 and 2016, when Alberta's economy contracted significantly as a result of lower oil prices, and the number of people identifying as self-employed fell.

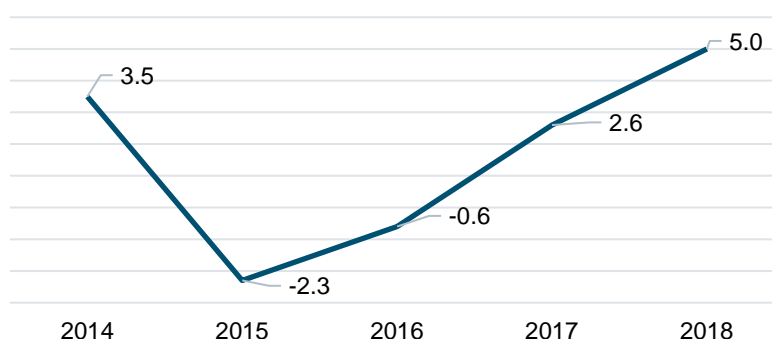
**Self-employment**  
(in thousands)



The category of self-employment includes:

- Self-employed, incorporated, with paid help.
- Self-employed, incorporated, no paid help
- Self-employed, unincorporated, with paid help.
- Self-employed, unincorporated, with no paid help.
- Unpaid family worker.

**Self-employment**  
(per cent change year-over-year)

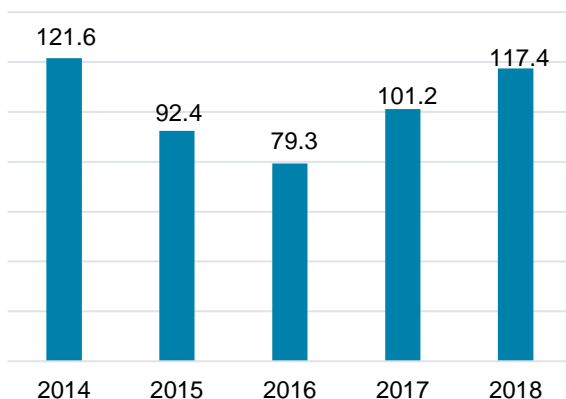


Source: Statistics Canada table 14-10-0027-01 – Employment by Class of Worker. See Performance Measure and Indicator Methodology section for more information.

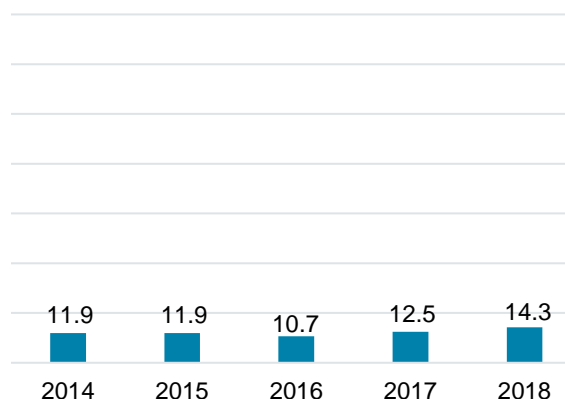


**2018-21 Economic Development and Trade Business Plan Performance Indicators:**  
**3.a Total value of Alberta's exported products (\$ billions);**  
**3.b Total value of Alberta's exported products outside of the United States (\$ billions)**

**Total value of Alberta's exported products**  
(\$ billions)



**Total value of Alberta's exported products outside the United States**  
(\$ billions)



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

Alberta international goods exports increased 16.0 per cent in 2018, driven mainly by increased crude oil exports to the U.S. However, overall exports to Alberta's major trading partners also increased.

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 United States, increased 14.7 per cent in 2018, 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 Performance Measure and Indicator Methodology section for more information.*

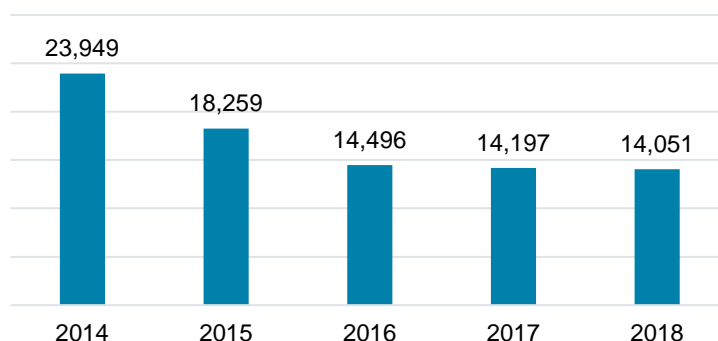
*Note: Trade Data is updated by Statistics Canada on a monthly and annual basis, with revisions in March, April, May, August and November to previous years' data; this accounts for differences between numbers currently reported and those reported in previous business plans and annual reports.*

### 2018-21 Economic Development and Trade Business Plan Performance Indicator 3.c: 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 one per cent, from \$14,197 in 2017 to \$14,051 in 2018. This is also down from Alberta's peak of \$23,949 in 2014. Falling capital expenditures in the oil and gas extraction sector was the largest driver of the decrease. This marks the fourth consecutive year of a decline in non-residential investment per capita.

**Total non-residential investment in Alberta per capita**  
(\$ thousands)



Source: Statistics Canada's CANSIM table 34-10-0035-01 – Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions (CAPEX). See Performance Measure and Indicator Methodology section 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 2018-19 included the following risks identified in the ministry's business plan:

- 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.
- Alberta will be vulnerable to geopolitical uncertainty and commodity price volatility without focused and sustained action to diversify the province's economy.

EDT considered these strategic risks in developing the ministry's 2018-21 business plan and 2018-19 operational plan. Actions taken by EDT to mitigate the adverse effects of these risks are outlined in the Discussion and Analysis of Results section of this report.

## Economic Development and Trade Trading Blocs

Economic Development and Trade coordinates 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, 12 international offices, and two investment attraction and trade promotion services:

### Americas Trading Bloc

- Alberta-based staff
- Alberta Mexico Office
- Alberta Washington Office and Office of the Senior Alberta Representative
- Investment attraction and trade promotion service in San Francisco

### 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
- Investment attraction and trade promotion service in the United Arab Emirates

Accessing new markets around the world will continue to play a key role in helping Alberta to grow, diversify its economy and create jobs for Albertans. Alberta's international offices and investment attraction and trade promotion services are located in markets where there is the highest potential for growth, where Alberta has a range of economic interests in play, and where complex business environments and cultures justify having on-the-ground staff.

Alberta's international network staff are on-the-ground ambassadors for Alberta and they play a role in advocating on behalf of Albertans, making trade connections, and attracting investment in key markets around the globe. Together, Alberta-based and international-based staff lead Alberta businesses on international missions, support business-to-business relationships in the pursuit of securing trade and foreign direct investment for Alberta, and advocate for Alberta 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, former ministry of Culture and Tourism (now Culture, Multiculturalism and Status of Women), Education, Advanced Education, former ministry of Labour (now Labour and Immigration), Health and Energy, as well as Alberta Innovates, Alberta business development associations and entities, and Alberta and international businesses.

# Discussion and Analysis of Results

## Introduction

This section outlines the ministry's work during the 2018-19 fiscal year and how it has addressed the outcomes and key strategies set out in the ministry's 2018-21 business plan. Economic Development and Trade's three 2018-21 business plan outcomes are:

1. Diversification is increased through the implementation of focused strategies.
2. Jobs are supported through the fostering of opportunities for businesses.
3. Growth is stimulated in key sectors and markets.

### 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, which identify a desired level of performance to be achieved in each year of the business plan.

#### Note:

- *For the purposes of this section, EDT refers to the Department of Economic Development and Trade, as defined on pages 10 through 12. Whenever other components of the ministry participate in the achievement of a result, those components will be explicitly identified.*

## Outcome One

### Diversification is increased through the implementation of focused strategies

#### Our responsibilities:

Economic Development and Trade provides leadership in efforts to make Alberta's economy competitive, diverse and resilient.

The development and delivery of focused, integrated and coordinated frameworks and strategies, such as the Alberta Research and Innovation Framework and international market strategies, and supporting policies and programs stimulate the diversification of economic activities, markets and revenue sources for the private sector, and enable Alberta's innovators and job creators to succeed.

The ministry also plays an important role in assessing the economic development implications of government policies and activities, and in collaborating with other ministries with an economic mandate, as well as federal-provincial-territorial and private sector stakeholders.

### Key strategies to support this outcome included:

1.1 Provide leadership on the development of sector strategies for sector development as Alberta works towards reducing vulnerability to boom-and-bust cycles and diversifying its economic base.

1.2 Prioritize and coordinate Government of Alberta trade, investment and advocacy actions in priority markets.

1.3 Develop and implement strategic frameworks, policies and action plans, such as the Alberta Research and Innovation Framework that outline government direction, and guides actions and investments to achieve research and innovation outcomes.

1.4 Increase Alberta's partnerships and leverage research and innovation funding through strengthened relationships with federal, provincial, municipal government agencies and the private sector to enhance Alberta's position as a globally competitive research and innovation jurisdiction.

1.5 Facilitate the implementation of a Climate Change Innovation and Technology Framework to focus on a coordinated approach to innovation and technology development funding under Alberta's Climate Leadership Plan.

1.6 Provide leadership for Alberta's approach to international engagement to diversify Alberta's exports and foster strategic relationships.

## Key Strategy 1.1: Provide leadership on the development of sector strategies for sector development as Alberta works towards reducing vulnerability to boom-and-bust cycles and diversifying its economic base.

### Economic Sector Strategies (SI, SPCS)

To improve Alberta's economic future and to reduce vulnerability to boom-and-bust cycles, Economic Development and Trade led the development of nine sector strategies (Table 1), in collaboration with all ministries involved.

Economic Sector Strategy	Lead Ministry
Agriculture and Food	Agriculture and Forestry
Clean Technology	Economic Development and Trade
Cultural Industries	Culture and Tourism
Energy	Energy
Forestry	Agriculture and Forestry
Health Sciences	Health
Industrial and Advanced Manufacturing	Economic Development and Trade
Technology and Digital Media	Economic Development and Trade
Tourism	Culture and Tourism

Table 1

Economic Development and Trade collaborated with cross-government working groups to investigate opportunities for investment focused around key strategic sectors. The sectors represent industries in Alberta that are at various stages of development, each with unique challenges and opportunities. A sector-based approach represents a deliberate method of ensuring that focus is placed on further strengthening of both Alberta's established industries, and fostering new strengths in emergent areas.

With the support of the government departments involved, EDT identified several established sectors in which Alberta has an existing competitive advantage including energy, agriculture and food, forestry, manufacturing, and tourism. Focusing on these areas of the economy allows the province to build on existing strengths, while diversifying Alberta's economic base.

Economic Development and Trade further identified emerging sectors where the province has the opportunity to establish or enhance competitive advantages, including the clean technology, technology and digital media, cultural industries, and health sciences sectors. These sectors represent industries with innovative practices and technologies with high potential to foster a more resilient, competitive, and prosperous provincial economy.

Together, these sectors represent the majority of economic activity in Alberta, and provide a balance between mature, established sectors, and newly emergent sectors. This composition creates a balanced portfolio that offers economic growth potential in the short and long term. A portfolio approach ensures that Alberta continues to build on its strengths while supporting emergent areas of the economy.

Over the past year, EDT and partner ministries have identified key linkages, common barriers, and potential enablers across the economy. By leveraging these insights, EDT has the opportunity to work with its partner ministries to develop integrated solutions with cross-ministry working groups, and provide a platform for collaboration.

## Clean Technology Sector Strategy (SI)

The Clean Technology Sector Strategy (CTSS) aligns with the Alberta Research and Innovation Framework. The CTSS focuses on the transition of Alberta to a low-carbon economy and to develop the existing Clean Technology innovation system. CTSS focuses on:

- creating a supportive business environment through regional clusters and networks, and commercialization and demonstration;
- fostering investment into development, expertise, and research capacity by building public research and development, increasing capital investment, and encouraging private research and development; and
- increasing local and international demand for Alberta's clean technology.

A clean technology sector strategy was completed and presented to the Climate Change and Innovation Framework (CCITF) Steering Committee on June 19, 2018.

## Energy Diversification Initiative (ED)

The Energy Diversification Initiative activities largely revolve around the leveraging of extensive technical sector knowledge and networks to help inform government strategy, policy, and programs, as well as enhancing industry competitiveness and resilience. Emphasis is placed on adopting new technologies, improving overall competitiveness, expanding foreign market presence, reducing environmental and climate impacts, and ensuring collaboration across government, academia, and industry. This entails three broad areas of work separated across the oil and gas value chain, including upstream, midstream, and downstream.

Economic Development and Trade supported the lead Ministry, the Ministry of Energy, in stakeholder engagement and administration, for the Partial Upgrading Program and the second round of the Petrochemicals Diversification Program (PDP).

Through regular outreach efforts, EDT supported successful applicants of the first round of the PDP during their pre-final investment decision stages.

In February, Canada Kuwait Petrochemical Corporation (CKPC) sanctioned a \$4.5 billion integrated propane dehydrogenation (PDH) and polypropylene (PP) facility in Sturgeon County that will lead to more than 3,000 jobs at peak construction and 200 permanent positions over the life of the facility. CKPC was approved in 2016 to receive up to \$300 million in royalty credits under the first round of the PDP. This follows Inter Pipeline's final investment decision on a \$3.5 billion facility that was announced in December 2017.

Economic Development and Trade is working with InnoTech Alberta to engage and increase Indigenous business participation in the midstream and downstream energy sectors. InnoTech Alberta will work with established Indigenous businesses and start-ups to provide training, networking and promotional opportunities for them.



Other outcomes in 2018-19 include the publication of the Oil Sands and Oil and Gas Quarterlies, reports on projects and related activities in the oil and gas and oil sands sectors in Alberta, and the development of the Petrochemical and Midstream Regulatory Road Maps, designed to support industry development and investment attraction.

## Quick Fact

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Economic Development and Trade publishes the Oil and Gas Quarterly. It can be accessed at:

- <https://investalberta.ca/publications/oil-and-gas-quarterly/>.

## **Key Strategy 1.2: Prioritize and coordinate Government of Alberta trade, investment and advocacy actions in priority markets.**

### **Alberta Market Access Task Force (SPCS)**

The Market Access Task Force was established 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. Advice provided by the Task Force supported the decision to apply pressure on the B.C. and federal governments for pipeline tide water access.

### **International Market Playbooks (TIA)**

The International Market Playbooks are intended to serve as a guide for future trade, investment, and advocacy initiatives for the Government of Alberta. Economic Development and Trade consulted with market and sector leads across government to gather intelligence on priority markets and sectors. Additionally, EDT conducted an extensive economic analysis of trade data, tariffs, and economic complexity modeling to prioritize international markets for future trade development and investment attraction. This analysis, along with extensive consultation, has been consolidated into succinct market papers identifying target markets and key initiatives.

## Key Strategy 1.3: Develop and implement strategic frameworks, policies and action plans, such as the Alberta Research and Innovation Framework, that outline government direction, and guides actions and investments to achieve research and innovation outcomes.

### Alberta Research and Innovation Framework and System Planning (SI)

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 EDT 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).

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. Implementation of ARIF is underway with continued discussions with key partners in identifying ongoing and proposed initiatives that will contribute to the innovation targets.



In 2018-19, EDT provided system leadership through cross-ministry, post-secondary institution and Alberta Innovates collaboration and engagement to promote and support an aligned, accountable and effective research and innovation system.

### Alberta Water Research and Innovation Strategy (AWRIS)

The Alberta's Water Research and Innovation Strategy 2014: A Renewal (AWRIS) was released in 2014 and supports the Water for Life (WFL) knowledge and technology gaps, and the Alberta's Our Water, Our Future: A Plan for Action. The strategy guides the water research and innovation system; enables a higher level of collaboration; and demonstrates the relationship between policy and innovation agendas. It also directly guides a six year, \$28.3 million provincial investment in research and innovation over six years through the Water Innovation Program (WIP). In September 2018 an annual progress report for AWRIS was released and based upon the review of this and previous reports, modifications were made to the WIP. The annual reports reflect the collective efforts of researchers, service providers and various private and public organizations. Based upon the report review, the WIP program call for 2018-19 put enhanced emphasis on knowledge generation and technology translation into applications.

## **Alberta Bio Future Program**

The Alberta Bio Future (ABF) program is a co-funded program between Alberta Innovates and EDT with funding ending in 2018-19. The ABF was launched in 2014 with funding from Alberta Innovates (\$8 million) and EDT (\$12.5 million) and will now focus on completing remaining projects. The work of ABF encompasses the program funding from both partners and is completely aligned with the core work of the Bioindustrial Team within Alberta Innovates. The ABF program to date has delivered on the key areas of knowledge and linkages, technology development, innovation and in leveraging funds to advance bioindustrial innovation in Alberta. To date, \$24 million in ABF funding has resulted in \$77 million in total project value for 78 projects.

## **Talent Advisory Council on Technology (S&I)**

The ministries of EDT and Labour supported Advanced Education to establish the Talent Advisory Council on Technology (TACT) to provide guidance and advice on meeting key skills needs in Alberta's technology industry.

Talent Advisory Council on Technology's creation in 2018-19 brought together experienced players from industry, experts in post-secondary skills development, and representatives from labour organizations who together formulated recommendations to government on how to address important challenges to developing and retaining the province's technology talent. Economic Development and Trade co-led and contributed to committees and workshops and provided information to inform and support TACT's activities.

## **Key Strategy 1.4: Increase Alberta's partnerships and leverage research and innovation funding through strengthened relationships with federal, provincial, municipal government agencies and the private sector to enhance Alberta's position as a globally competitive research and innovation jurisdiction.**

### **Research Capacity Program (SI)**

The Research Capacity Program (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 (CFI) and other sources. The RCP has four competition streams:

- college-industry innovation;
- cyber infrastructure;
- research infrastructure; and
- small equipment grants.

In 2018-19, the RCP awarded \$11.9 million to Alberta post-secondary institutions, leveraging over \$19 million from the CFI and \$11.9 million from institutions, industry, and non-profit organizations bringing the total investment to \$42.8 million to support research and innovation in Alberta.

### **Research Capacity Program in the News:**

University of Lethbridge professor, Dr. Olga Kovalchuk, was featured on Global News for her recent advancements in a new cancer therapy which regulates the reproduction of cancerous cells to a normal rate, and causes them to die when unhealthy.

Dr. Kovalchuk and researchers from medical institutes and universities in China, Michigan, and Boston have seen optimistic outcomes in their first tests in breast cancer therapy. If they can show positive results with other types of cancers, their next step will be proceeding to clinical trials.

In 2002, Dr. Kovalchuk received funding through the [Research Capacity Program \(RCP\)](#) of \$171,825 and continues to contribute to the [Alberta Research and Innovation Framework \(ARIF\)](#) Health Innovation Targets of reducing the burden of disease and improving the quality of care.

### **Strategic System Engagement, Post-Secondary System Engagement (SI)**

To support a strong research and innovation system, EDT strategically engages with internal and external stakeholders, such as post-secondary institutions and other Government of Alberta ministries, on research and innovation to discuss opportunities for collaboration and to ensure alignment with the Alberta Research and Innovation Framework. Examples of work supporting this initiative in 2018-19 includes the following:

- Economic Development and Trade launched the GreenSTEM pilot program in partnership with the University of Alberta, the University of Calgary, and the University of Lethbridge. GreenSTEM is intended to support the attraction and retention of high-quality STEM (Science Technology Engineering and Mathematics) graduates in Alberta by lowering barriers to technology entrepreneurship and spurring the translation of lab research to commercial opportunities relevant to industry. The program is operated under the Climate Change Innovation and Technology Framework (CCITF), which is funded by the Climate Leadership Plan, and leverages existing

investments and supports new investments in Alberta's research and development infrastructure, expertise and capacity.

- Economic Development and Trade's Major Innovation Fund (MIF) is designed to lead and seed outcomes-focused, transformative research projects at Alberta's post-secondary institutions to advance Alberta's Research and Innovation Framework, build expertise, attract and retain top talent, support our industries and local businesses, and provide the opportunity for increased federal investments. In 2018-19, the department committed \$19.3 million over three years in funding for three research initiatives, leveraging \$25.3 million in funding from other sources including the federal government, industry, and non-profit contributors.
- Alberta Innovates and EDT have developed a joint impact measurement framework that guides how we measure and report the value of our investment programs and operations in contributing to economic, environmental, and social benefits to Albertans.

## **Federal, Provincial and Territorial (FPT) Engagement (SI)**

Increased leveraging of federal funds on provincial investments maximizes beneficial impacts of government investments on the provincial economy, environment, and quality of life, and strengthens Alberta's innovation system and capacity. Since multiple organizations have an influence on research and innovation funding, EDT is working proactively with provincial and federal partners to develop partnerships and opportunities that meet our collective interests. Examples of work supporting this initiative in 2018-19 includes the following:

- Natural Resources Canada (NRCan) requests annual information about Alberta's energy research, development and demonstration expenditures (actual and estimated) in order to report in the annual survey produced by the International Energy Agency (IEA). Economic Development and Trade collaborated to collect information from other organizations and provided aggregate data to NRCan, which is also being shared with the contributing organizations.
- The ministry supported Alberta's participation on the FPT Ministers table responsible for Innovation and Economic Development. The FPT Ministers meeting was held in October 2018 with an agreement that included: a) developing a long-term strategy to improve access to high-speed Internet services for all Canadians; b) setting an ambitious and collaborative work plan with a focus on skills and talent; c) providing support for company growth and scale-up; and d) supporting indigenous partnerships.
- The Alberta Clean Innovation Office continues to meet regularly with federal secretariat members in support of the Alberta-Canada Collaboratory on Clean Energy Research and Technology. The Collaboratory's objectives are defined in the Memorandum of Understanding that was signed by the Minister in February of 2017. Accomplishments facilitated in 2018-19 include:
  - Joint work with Natural Resources Canada (NRCan), Alberta Innovates and Emissions Reduction Alberta led to approximately \$50 million of federal investments in Alberta projects under the federal Clean Growth Program;
  - Launched the Alberta Innovates / NRCan jointly-funded \$12 million Canadian Emissions Reduction Innovation Network call. Results are expected by fall 2019;
  - Jointly-supported research relating to up to \$1 billion in financial incentives toward the goal of partially-upgrading 20 per cent of in-situ bitumen production in Alberta, including a \$440 million loan guarantee to build and operate the first commercial-scale bitumen partial upgrader in the world; and
  - Supported demonstrations focusing on commercialization of aviation biofuels through the Alberta Innovates / WestJet Biofuel Challenge (up to \$2 million), and the NRCan / Impact Canada The Sky's The Limit Challenge (\$6 million).

## **Commercialization Centres (SI)**

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. EDT supported key organizations that provide these services and resources to companies that work in advanced technology sectors.

In 2018-19 EDT led development and refinement of a pilot competitive renewal process for research and innovation centres' operational funding. Using the process, renewed funding for Alberta Centre for Advanced MNT Products (ACAMP) (\$1.0 million) and Genome Alberta (\$0.95 million) was provided for the coming year. This is expected to help accelerate the commercialization of emerging technologies and improve productivity and competitiveness across a wide range of sectors.

## 2018-21 Economic Development and Trade Business Plan Performance Measure 1.a:

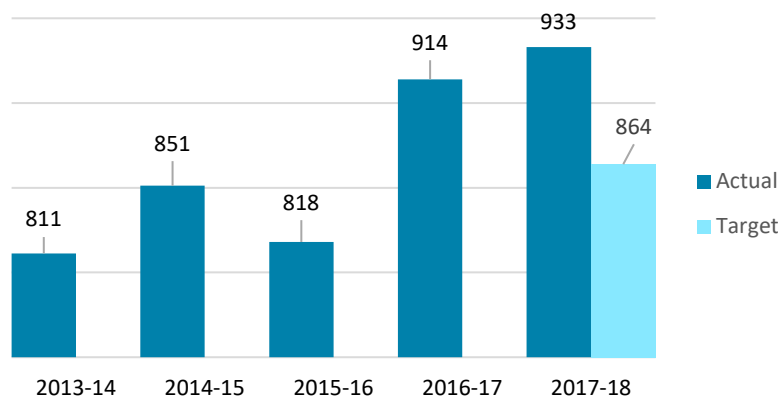
### Sponsored research revenue attracted by Alberta's comprehensive academic and research Universities (\$ millions)

Sponsored research revenue (SRR) is funding received outside of the university base operating grant and includes research grants, contracts, and donations. Sponsored research revenue data describes funding from provincial and federal governments, industry, and non-profit organizations, endowments, municipal and international jurisdictions. Success in acquiring and increasing SRR is accomplished through highly competitive, excellence-driven research activities. The ability of institutions to attract research funding is a measure of the quality of their 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. Strengthening Alberta's innovation capacity is critical to ensuring long-term economic competitiveness.

Total sponsored research revenue over the past 10 years shows an upward trend, with an average yearly increase of 2.7 per cent over that time.

- Total sponsored research revenue for the 2017-18 fiscal year was \$933 million, an approximate 2.0 per cent increase from 2016-17.
- The increase in total sponsored research revenue in 2017-18 was primarily related to increased research revenue from Provincial government and non-government sources.
- A number of internal and external factors influence results for this measure, such as the provincial investment climate, which impacts returns on endowments and subsequent budget allocations, as well as the availability of federal research funding.

**Sponsored research revenue attracted by Alberta's comprehensive academic and research institutions**  
(\$ millions)



Source: *Comprehensive Academic Research Universities*, collected by Ministry of Economic Development and Trade. See *Performance Measure and Indicator Methodology* section 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 2017-18 fiscal year.



## **Key Strategy 1.5: Facilitate the implementation of a Climate Change Innovation and Technology Framework to focus on a coordinated approach to innovation and technology development funding under Alberta's Climate Leadership Plan.**

### **Climate Change Innovation and Technology Framework (SI)**

In 2017-18, the Ministers of EDT, Environment and Parks, and Energy announced a \$1.4 billion energy innovation fund. The Climate Change Innovation and Technology Framework (CCITF) and the Climate Technology Task Force Report were publically released at that time. Because CCITF programming was formally launched in the last quarter of 2017-18, results reported below will reflect cumulative progress from program launch to end of March 2019.

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.

In 2018-19 EDT led the implementation of the CCITF in partnership with Alberta Innovates. By end of March 2019, 57 per cent of the \$145 million funding envelope was committed to 78 projects cutting across multiple industries making up Alberta's clean technology sector. These new commitments will attract more than \$600 million in clean innovation investment in Alberta, at a leverage ratio of 6.2:1 and drive estimated direct GHG emissions reductions of up to 5.9 million tons by 2030. Below are key results at the individual program level:

- **Clean Technology Development Program:** \$20.6 million was committed to 31 projects.
- **Clean Technology Networks and Emerging Partnerships Program:** \$8.6 million was committed to 13 projects.
- **Clean Technology Commercialization Program:** \$3.5 million was committed to eight projects.
- **Clean Technology Business Innovation Program:** \$27.3 million was committed to 18 projects.
- **Clean Technology Facilities Support Program:** \$23.2 million was committed to eight projects.

## **Key Strategy 1.6: Provide leadership for Alberta's approach to international engagement to diversify Alberta's exports and foster strategic relationships.**

Economic Development and Trade provides leadership and guidance to support Alberta's approach to international engagement including supporting international missions for Premier and Minister, missions, trade shows and events, and incoming visits to Alberta.

### **Premier and Minister: International Missions (TIA)**

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

The Premier and the Minister travelled to strategic markets in the U.S. and Asia, 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.

### **Missions, Trade Shows, and Events (TIA)**

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 clean-tech.

Economic Development and Trade's international network supports 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 in evaluating 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 EDT organized include:

#### Europe, Middle East and Africa

- IFAT (Internationale Fachmesse für Abwassertechnik) 2018 (Munich, Germany, May 2018).
- Mobile World Congress (Barcelona, Spain, February 2019).
- European Utility Week (Vienna, November 2018).
- Medica (Dusseldorf, Germany, November 2018).
- Farnborough International Air (Farnborough, UK, July 2018).
- Europe Energy Mission (Spain and Kazakhstan, September 2018).
- Private Sector Liaison Office (PSLO) Agriculture Mission to Africa (May 2018).
- Africa Energy Forum and Mission to Kenya (June 2018).
- Team Canada Mission to Africa (October 2018).
- Municipalika (Mumbai, India, September 2018).
- Abu Dhabi International Petroleum Exhibition Conference, Kuwait Trade Mission (UAE and Kuwait, November 2019).

### Asia Pacific

- China International Petroleum & Petrochemical Technology and Equipment Exhibition (March 2019).
- China International Import Expo (Chengdu & Shanghai, October-November 2018).
- Medical Fair Asia & Life Sciences Trade Mission (Singapore, August 2018).
- Enhanced Oil Recovery focused trade mission (Malaysia and Indonesia, January 2019).
- Petrotech Mission (Noida, India, February 2019).
- Information and Communications Technology trade and investment attraction mission to Southeast Asia (June 2018).
- Pipeline Safety and Downstream mission (Korea, Taiwan and Vietnam, February 2019).

### Americas

- Unmanned Aerial Vehicles (UAV) Nevada Mission (October 2018).
- Water Environmental Forum's Technical Exhibition and Conference (New Orleans, June 2018).
- Argentina Energy Mission (September 2018).
- Feria Internacional Del Aire y del Espacio, (Argentina, April 2018).
- Oil and Gas Mission to Ecuador and Colombia (February 2019).

## **Incoming Visits (TIA)**

When foreign government representatives travel to Alberta, they gain positive impressions of Alberta, and a 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. Some examples include:

- Official Visit Ambassador of Germany to Canada (April 2018).
- Official Visit Consul General of Ukraine (May 2018).
- Official Visit High Commissioner India (May 2018).
- The Ambassador of Thailand to Canada visit (June 2018).
- Vice Governor Jia Yumei of Heilongjiang visit (August 2018).
- Official Visit UK High Commissioner (October 2018).
- Official Visit Ambassador of Burkina Faso to Canada (October 2018).
- Official Visit Ambassador of France to Canada (November 2018).
- Official Visit High Commissioner of New Zealand to Canada (November 2018).

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:

- Saudi Aramco (April 2018).
- Artificial Intelligence Mission from Germany (June 2018).
- PETRONAS executives from Malaysia visit (June 2018).
- Multiple delegations during the Global Petroleum Show (June 2018).
- Canada UAE Business Council Board Members (July 2018).
- Delegation from Senegal (July 2018).
- Bolivian Delegations (July 2018).
- Edo State Delegation (September 2018).

- President, Africa Development Bank (September 2018).
- Nevada Delegation (October 2018).
- Ukraine Delegations (September 2018; October 2018).
- Kenya Delegations (September 2018; November 2018).
- Mongolia Delegations (November 2018; December 2018).

## **Trade and Investment Representatives in the United Arab Emirates and San Francisco (TIA)**

In September 2018, the department entered into a three-year contract with Connection Silicon Valley Inc. to provide representational support to Alberta in the San Francisco/Silicon Valley region. The contract was purposefully designed to place a significant focus on outcomes beneficial to Alberta, including export expansion by Alberta firms, and targeted inward investment to Alberta from Silicon Valley. Since beginning the contract, the contractor has significantly increased Alberta's profile in the region, and has facilitated numerous programs and meetings in both Silicon Valley and Alberta.

In December 2018, the Government of Alberta signed a three-year contract with the Canada-United Arab Emirates Business Council for trade promotion, organizing trade missions and helping Canadian investors navigate opportunities in the Middle East, primarily the United Arab Emirates (UAE). Since beginning the contract, the contractor has significantly increased Alberta's profile in the region, and has facilitated numerous programs and meetings in both UAE and Alberta.

## Outcome Two

### Jobs are supported through the fostering of opportunities for businesses

#### Key strategies to support this outcome included:

2.1 Deliver programs to stimulate private sector capital investment, encourage investment by businesses in non-traditional sectors, and increase diversification by assisting businesses to create sustainable jobs across the province; such as the Capital Investment Tax Credit (CITC) program.

2.2 Deliver strategies and programs that ensure resilience by enabling business expertise and entrepreneurship start-up and scale-up success in changing economic circumstances; such as the Alberta Investor Tax Credit (AITC).

2.3 Enhance the business portal to provide current, comprehensive and easy-to-use business, economic and innovation related information to support business development and attract investment.

2.4 Facilitate connections for Alberta business in international markets by leveraging our international offices and relationships with international development organizations, to attract investment and grow exports.

#### Our responsibilities:

Building on Alberta's strengths, EDT strives to stimulate opportunities that support trade and investment that lead to jobs.

It works to ensure Alberta's businesses have improved access to centralized and comprehensive services, through tools such as the Alberta business portal, to assist them in undertaking advanced research, commercializing new products or processes, locating investment capital in the province and exploring new export opportunities.

In collaboration with other ministries and the private sector, the ministry generates and implements policies and strategies aimed at improving opportunities for Albertans to enter the workforce and keep pace with changing needs of the job market.

The ministry works to enable businesses and sectors to grow and expand, while implementing initiatives to increase high quality job opportunities for Albertans, and contribute to strong regions and a healthy provincial economy.

## Key Strategy 2.1: Deliver programs to stimulate private sector capital investment, encourage investment by businesses in non-traditional sectors, and increase diversification by assisting businesses to create sustainable jobs across the province; such as the Capital Investment Tax Credit (CITC) program.

### Interactive Digital Media Tax Credit (ED, SPCS)

Economic Development and Trade led the development and implementation of the Interactive Digital Media Tax Credit (IDMTC), announced on March 14, 2018, which provides 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 also provides an additional five per cent tax credit to companies that hire people from underrepresented groups. The Interactive Digital Media tax credit program was open for applications until January 31, 2019, and received 34 applications. Based on preliminary information found in the applications, the IDMTC will support over 600 jobs and help IDM companies hire over 100 developers and programmers in the next few years. With these numbers, Alberta's IDM industry is finally growing in line with its counterparts in other parts of Canada.

The IDM industry contributes between \$50 million and \$80 million to Alberta's annual GDP. The tax credit is intended to level the playing field with other jurisdictions, and to encourage companies, tech innovators and entrepreneurs, to invest, grow and stay in Alberta.

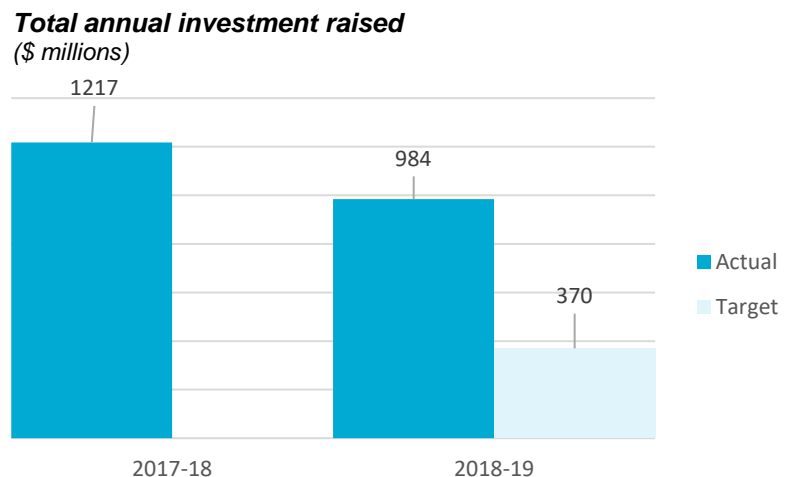
### 2018-21 Economic Development and Trade Business Plan Performance Measure 2.b:

#### Capital Investment Tax Credit Program (CITC): Total annual investment raised (\$ millions); leveraged ratio

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 promotes investment in more capital-intensive industries, leading to diversification and the creation of sustainable jobs across the province. This program provides a 10 per cent tax credit, with a \$5 million tax credit cap.

The CITC had 21 successful applications in 2018-19. Since its launch in 2017-18, the CITC has leveraged investments over \$2.2 billion.

In the first intake (2017-18) the largest sector supported was food manufacturing with 35 per cent of projects, followed by manufacturing at 24 per cent and tourism at 18 per cent. For intake two (2017-18), 28 per cent of projects were from the chemical manufacturing sector, while 17 per cent were wood product manufacturing and another 17 per cent mining, quarrying, and oil and gas support industries. In intake three (2018-19), 19 per cent of projects were food manufacturing, while 14 per cent



were from the chemical manufacturing sector. The variation in sectors supported across the three intakes displays the breadth of the program and its ability to target multiple strategic sectors.

	2017-18	2018-19	Target 2018-19
<b>Leveraged Ratio</b>	20.5:1	26.4:1	10:1

*Source: EDT Customer Relationship Management System and CITC internal program dataset. See Performance Measure and Indicator Methodology section for more information.*

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## **Key Strategy 2.2: Deliver strategies and programs that ensure resilience by enabling business expertise and entrepreneurship start-up and scale-up success in changing economic circumstances, such as the Alberta Investor Tax Credit (AITC).**

### **Small Business Partnerships and Supports (ED)**

Small businesses, defined as those with less than 50 employees, make up about 95.5 per cent of all Alberta businesses, and in 2018, employed 538,796 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.<sup>1</sup>

#### **Small Business Steward Pilot**

The Small Business Steward Pilot was a two-year initiative that provided Alberta businesses with a responsive point of entry into Alberta's small business service provider ecosystem, delivered in collaboration with the University of Calgary and select Alberta registry agents. 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 took place at 12 participating registry agencies across Alberta between October 2017 and October 2018. More than 800 business clients enrolled, and are receiving resources and supports.

#### **Partnership with Small Business Service Providers**

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. Supports can include, but are not limited to: business planning, business launch and growth, 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.

- **Partnership with Business Link:** Business Link has a team of business services and advisory specialists who offer free or low-cost mentoring, coaching and advice to any small business or entrepreneur looking for supports and regulatory navigation expertise. Services are provided by phone, online including webinars, and in-person across the province. In 2018-19, Business Link hosted 489 events that reached 16,596 people. In their 2018-19 operational year, Business Link responded to over 15,600 client inquiries by phone, email and in person; and registered 132,468 website visits. Business Link has experienced activity growth each year. Clients express a satisfaction rating of more than 80 per cent for the services received from the business advisory team.

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<sup>1</sup> For more information and resources on small business supports, go to: <https://www.alberta.ca/small-business-resources.aspx>



- Additionally, EDT and Status of Women partnered to provide funding over two years for Business Link to deliver the Immigrant Entrepreneur Program. The supports are directly targeting the unique needs of immigrant entrepreneurs with additional focus for the unique challenges of rural and women immigrant entrepreneurs. Since September 2018, Business Link has had 171 interactions with immigrant entrepreneurs. They have launched a dedicated web page within their website that includes the newly completed guidebooks and checklists tailored to immigrant entrepreneurs.
- **Futurpreneur:** In July 2018, Economic Development and Trade renewed its partnership with Futurpreneur, a non-profit organization that provides financing, mentoring and support tools to aspiring young business owners aged 18-39. Since the beginning of the partnership in 2016, Futurpreneur has helped 180 young entrepreneurs launch 134 new youth-led businesses across Alberta, 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.
- **Rural Alberta Business Centres (RABCs):** RABCs received approximately \$75,000 in operational funding per year from Economic Development and Trade. The RABCs, located in Hanna, Camrose, Cold Lake, and Rocky Mountain House, provide 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. The RABCs had 2,134 interactions with small businesses in their regions including one on coaching, events, and advice between April 1 and March 31, 2019.

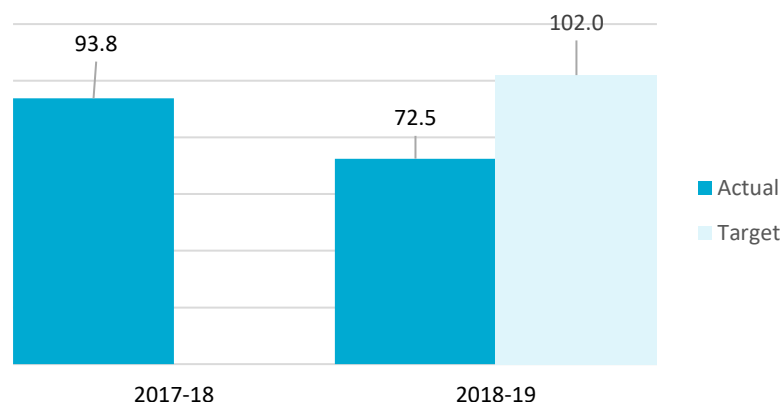
## 2018-21 Economic Development and Trade Business Plan Performance Measure 2.a:

### Alberta Investor Tax Credit Program (AITC): Total annual investment raised (\$ millions); Leveraged Ratio

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. EDT anticipates that companies participating in the program will have faster revenue and employment growth than companies that do not participate.

The AITC launched in January 2017 and delivers a 30 per cent tax credit to individual and corporate investors of eligible Alberta businesses. As of 2018-19, the program has received investments totaling \$166 million from over 1,850 investors, and seven Venture Capital Corporations investing in 150 Alberta-based small and medium sized enterprises. On average, over \$1 million is invested into each company that received tax credits. In terms of sectors supported via direct investment into Eligible Business Corporations (EBCs), 35 per cent of approved tax credits are for EBCs in the professional, scientific and technical services sector; the next most popular sectors being information and cultural industries at 24 per cent, and general manufacturing at 21 per cent.

**Total annual investment raised**  
(\$ millions)



In 2018-19 there was less than full expenditure of the annual tax credit budget. Possible factors accounting for the variance between target and actuals are:

- The CEDC program, which was allocated AITC budget, was launched in the fall of 2018 but did not issue any tax credits in this first year.
- The first year of the program benefitted from pent up demand and a longer timeframe for eligible investments due to the inclusion of a retroactive period.
- Venture Capital Corporations did not come online as expected.

	2017-18	2018-19	Target 2018-19
<b>Leveraged Ratio</b>	3.33:1	3.33:1	3.33:1

Source: EDT Customer Relationship Management System. See Performance Measure and Indicator Methodology section for more information.

Note: The AITC program started accepting applications in January 2017 and delivers a 30 per cent tax credit to investors of eligible businesses.

## **Key Strategy 2.3: Enhance the business portal to provide current, comprehensive and easy-to-use business, economic and innovation related information to support business development and attract investment.**

### **Business Portal (SPCS)**

The Alberta Business Portal brings economic development-related information from across the Government of Alberta together in one place. As the government's flagship website for economic development in Alberta, it consolidates economic development related content and integrates new and existing web-applications to provide information to help businesses and investors make informed decisions.

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.

In 2018-19, EDT undertook work to continuously improve and enhance the business portal, including the addition of the following new features:

- **Why Alberta** section to showcase Alberta strengths and competitive advantages based on four key selling points: maximize return on investment, get the support needed to succeed, connect with the world, and live in a great place.
- **Standardized template** for key industries: oil and gas, petrochemicals, information and communications technology, clean-tech, aerospace and defence, interactive digital media, agriculture and agri-foods, and tourism.
- **Subscription capacities** – provide subscriber access to major project updates and weekly economic highlights.

The business portal can be accessed at <https://investalberta.ca>.

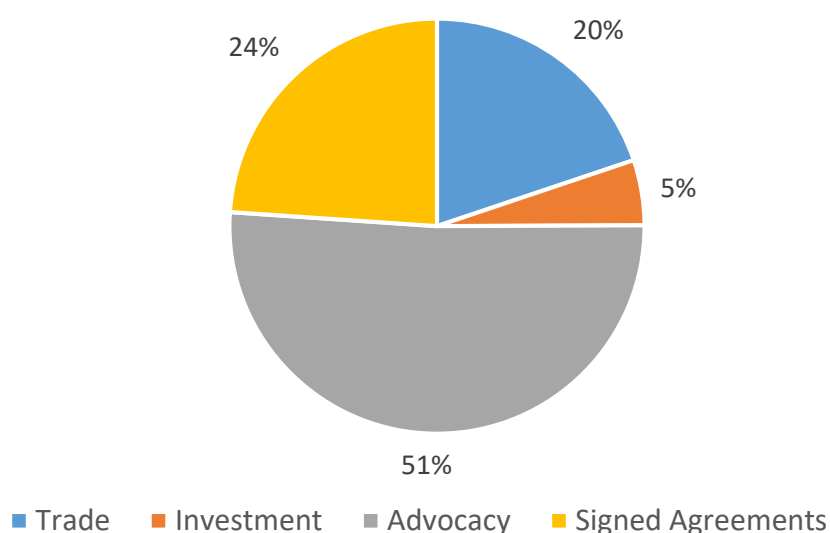
## Key Strategy 2.4: Facilitate connections for Alberta business in international markets by leveraging our international offices and relationships with international development organizations, to attract investment and grow exports.

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.

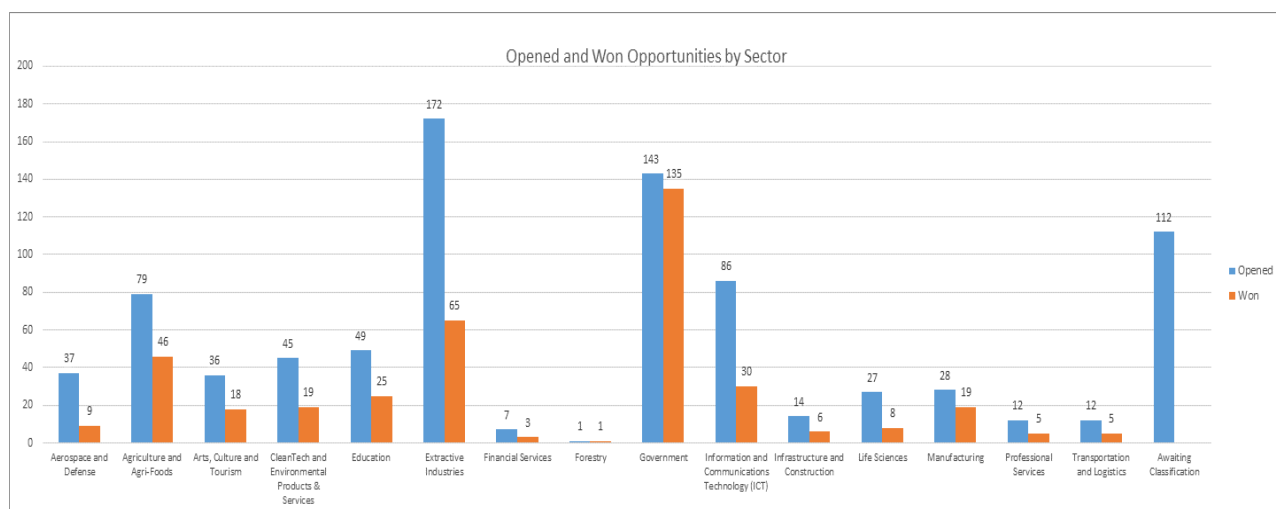
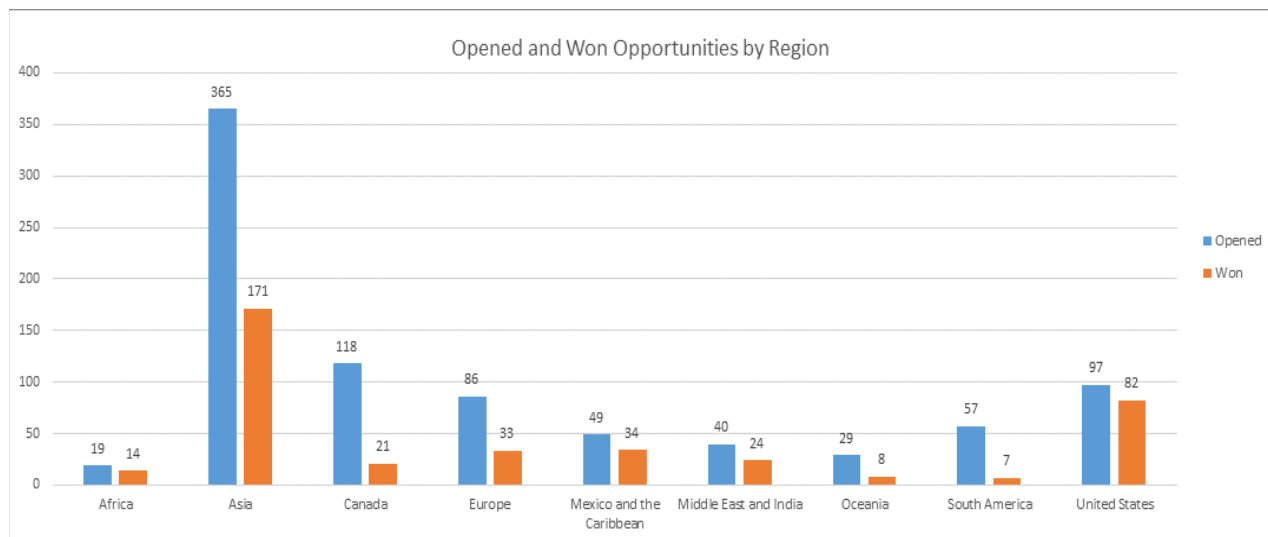
Opportunity Type	Verified Value of Won Opportunities (\$ millions to two significant digits) <sup>2</sup>	
	2017-18	2018-19
Trade	\$66	\$62
Greenfield Foreign Direct Investment	\$220 <sup>2</sup>	\$4,600
Brownfield Foreign Direct Investment	\$720	\$630
Signed Agreements	\$3	\$6
Advocacy	N/A	N/A
<b>Total</b>	<b>\$1,000</b>	<b>\$5,300</b>

### Wins by Type

Total Number of Wins = 393



<sup>2</sup> EDT periodically revises historical results when new information is received. Where new information has become available, adjustments have been made and are noted. Further, on April 1, 2018, the policy for the greenfield foreign direct investment category changed. Under the new policy, investment originating from within Canada but outside of Alberta is considered greenfield foreign direct investment. Prior to this change, these investments were captured in a different category, which has not been included in this table.



## **Missions to Key Markets**

Trade and investment missions are instrumental to connecting with the right people and identifying how to harness that potential so we can create more jobs and opportunities for Albertans. Missions build on each other to generate significant economic impact through the new relationships and collaborative opportunities. Listed below are a few examples of some of our significant missions in the past year.

### **Petrotech India**

This mission was a collaboration between EDT and the Alberta-India Office that saw over 50 participants with 25 Alberta companies exhibited within the Alberta pavilion. Alberta technologies and expertise were extremely well received with over 375 direct business to business meetings, and significant government to government engagements. As a result, a memorandum of understanding was signed between the Government of Alberta and the Ministry of Technical Education & Industrial Training of Punjab on sharing education and skills training, to encourage sharing of best practices and to promote commercial development.

### **China International Petroleum and Petrochemical Technology and Equipment Exhibition**

The China International Petroleum and Petrochemical Technology and Equipment Exhibition (CIPPE) is the largest annual petroleum exhibition in Asia, an important platform and opportunity to support Alberta's energy and environmental companies' products, technologies and services to gain access into the Chinese/Asian markets. This year's CIPPE Mission (March 17-30, 2019) included 59 participants from 21 Alberta companies. In addition to participation in the trade show, the delegation also participated in Alberta seminars, a business tour and meetings in Chengdu, Xian and Beijing, China.

### **Alberta International Development Office**

The Alberta International Development Office (AIDO) coordinates the Government of Alberta's participation in global development work and helps identify new areas of collaboration between the public and private sectors, educational institutions, foreign governments and international financial institutions. The AIDO engages appropriate partners around the world, particularly, but not limited to, international financial institutions such as the World Bank, the African Development Bank, and the Asian Development Bank, to glean and communicate information about international development projects. Alberta companies can contribute to and bid on these projects. The AIDO also engages Alberta businesses in all sectors to educate them on available development opportunities.

This year, AIDO facilitated trade-focussed missions with Alberta businesses to West Africa (Ghana and Cote d'Ivoire) and Washington, DC, and received high-level delegations from Ethiopia and Kenya. The AIDO also conducted a two-day workshop in Red Deer that taught Alberta businesses how to engage international development banks. Sixty Alberta delegates attended the event and interacted with guest speakers from five countries.

### **Global Petroleum Show (TIA)**

The Global Petroleum Show (GPS), North America's largest oil and gas exhibition, was held in Calgary in June 2018, where EDT delivered and hosted events and meetings to advance opportunities for companies looking to trade internationally or attract investment into Alberta. Economic Development and Trade officials secured the largest Argentinian delegation ever for the GPS, as well as more than 20 Chinese organizations and companies, and delegates from key international markets, including the United Arab Emirates, Mexico, South Korea, Kenya and South Africa.

A long-term collaborative memorandum of understanding was signed between Alberta and Texas in energy, advanced technologies, and trade and investment. The agreement reaffirms the strong economic relationship between Texas and Alberta that contributes to jobs and economic prosperity in both jurisdictions.

Economic Development and Trade collaborated with a wide variety of internal and external partners including Alberta Climate Change Office, Culture and Tourism, Energy, Environment and Parks, Labour, Emissions Reduction Alberta, Edmonton Global, Joint Economic Development Initiative, and the Northern Transportation Advocacy Bureau to present an Alberta Pavilion. Alberta's Regional Economic Development Alliances were also out in full force at the Global Petroleum Show, with representation from Palliser Economic Partnership Ltd., Peace River Economic Development Alliance, and the Regional Economic Development Initiative for Northwest Alberta.

Global Petroleum Show celebrated its 50th year in 2018, and Alberta has been officially participating since 1978. Over the years, the Alberta government has attracted significant delegations from international markets, including energy ministers, national oil company CEOs, international media, academics and other VIPs.

### **Stampede Investment Forum (TIA)**

The sixth annual Stampede Investment Forum (SIF) was a four-day event in July 2018, delivered by EDT and its partners to attract targeted foreign investment to Alberta in key growth sectors: SIF 2018 focussed on opportunities for agri-foods, oil and gas, petrochemicals, renewable energy, clean tech and tourism.

Sixty-nine delegates, including senior officials, from 46 companies and 15 countries spent four days in Calgary. Attendees spent time learning about the tremendous business and investment opportunities that make Alberta one of the most attractive places to invest in Canada and North America.

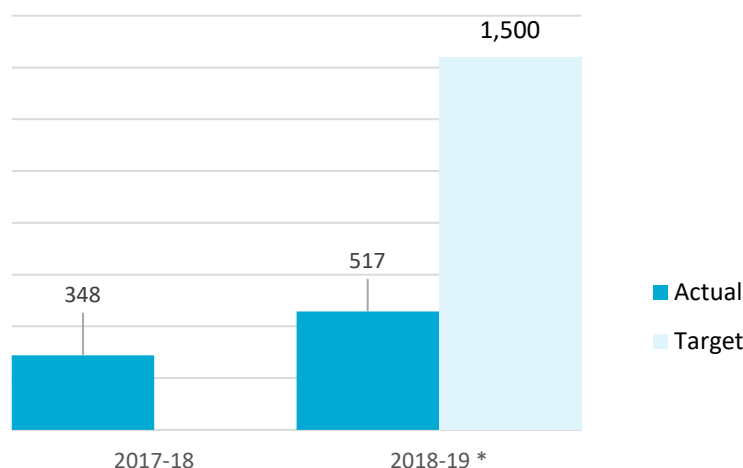
## 2018-21 Economic Development and Trade Business Plan Performance Measure 2.c:

### Alberta Export Expansion Package (AEEP): Number of Alberta businesses and associations receiving funding and supports through 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:

#### *Number of Alberta businesses and associations receiving funding and supports through the AEEP*

- **Export Support Fund (ESF):** The ESF is comprised of three parts: Small Medium Enterprise – Export Support Fund (SME-ESF), which provides qualifying companies matching grant funding up to \$20,000 annually for international export-related travel. The second part is the Industry Association Support Fund (IASF), which reimburses industry associations up to 75 per cent of the costs related to international travel to market Alberta products and services. The third part is the Exhibition Support Fund (ExSF), which funds exhibition space for Alberta-led trade missions. It allows companies to pay a discounted rate for participating in the trade show.



\* Actual numbers reflect only Export Support Fund (SME-ESF, ExSF, IASF). These numbers have been revised to reflect discontinuation of Export Readiness Micro-voucher Program for seminars and events (still reflected in the targets).

- **Export Readiness Micro-voucher Program (ERP):** The ERP provides one-on-one consulting services to Alberta small and medium-sized enterprises to make more informed decisions when entering new markets. The program is currently administered by Alberta Innovates.
- **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 2018-19, the AEEP SME-ESF was accessed by 152 separate companies, with 46.8 per cent of applications having some connection to Government of Alberta organised trade missions. The most popular country of travel for applicants was the United States, accounting for 43.6 per cent of trips supported by AEEP, followed by China with 11.3 per cent. Germany, Singapore, and the UAE tied for third, with each country appearing in 6.3 per cent of applications.

Source: AEEP internal program dataset. See Performance Measure and Indicator Methodology section for more information.



## Outcome Three

### Growth is stimulated in key sectors and markets

#### Key strategies to support this outcome included:

3.1 Lead a whole-of-government approach to incent and promote investment in Alberta.

3.2 Expand access to seed, early and late-stage venture and expansion finance and investment capital for Alberta's businesses in key sectors and markets.

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

3.4 Build on current and create new relationships and partnerships with agencies, industry associations, globally connected enterprises, and foreign governments to promote collaboration that generates economic benefit for Alberta.

3.5 Provide regional economic development support to assist municipalities, communities and regions across the province in carrying out initiatives, including the Community and Regional Economic Support (CARES) initiative, that contribute to sustainable growth and increased diversification.

3.6 Lead Alberta's participation and ensure Alberta's interests are advanced in trade and investment negotiations, including the negotiation of the North American Free Trade Agreement and the Trans-Pacific

#### Our responsibilities:

Economic Development and Trade focuses on creating economic opportunities through programs such as Invest Alberta and initiatives that will diversify and grow Alberta's industry sectors, including work to:

- incent access to capital markets and investments;
- bring together international and domestic efforts to attract investment;
- promote Alberta's exports; and
- support innovation and commercialization.

The ministry, together with other Government of Alberta ministries, is responsible for creating the right conditions for economic growth by removing barriers to investment and encouraging economic activity in key sectors.

## **Key Strategy 3.1: Lead a whole-of-government approach to incent and promote investment in Alberta.**

### **Invest Alberta (TIA)**

Invest Alberta is a one-stop government connection to doing business in Alberta. Through its extensive network of international and local contacts, its team of investment professionals provides a centralized, coordinated service to support foreign investors throughout the investment and business expansion process. Invest Alberta works closely with Alberta's international network to introduce companies to the benefits of investing in Alberta and help investors develop productive business relationships.

In 2018-19, Invest Alberta tracked 206 investment opportunities. Of these, Invest Alberta and partners were actively involved in facilitating 16 investment wins, representing over \$5 billion in capital investment and over 4,000 new jobs. Fourteen of these wins represent investments outside traditional oil and gas, supporting the province's economic diversification goals. Examples of 2018-19 investment wins include:

- Flair Air moving its headquarters to Edmonton, the relocation will bring about 75 jobs from Kelowna;
- Amazon opening a second fulfillment centre warehouse in Leduc County, providing 600 new full-time permanent jobs;
- CST Group Limited re-opening the Grande Cache Coal mine, a \$632 million investment that put over 100 people in the community back to work; and
- Pembina Pipeline Corporation, along with Petrochemical Industries Company K.S.C. of Kuwait (PIC), constructing a \$4.5 billion petrochemical facility in Sturgeon County through their joint venture entity, Canada Kuwait Petrochemical Corporation (CKPC). The estimated job creation number is 2,500 jobs.

## **Key Strategy 3.2: Expand access to seed, early and late-stage venture and expansion finance and investment capital for Alberta's businesses in key sectors and markets.**

### **Access to Capital**

EDT develops options and approaches to enhance access to capital for strategic sectors and opportunities and provides advice, guidance and contacts to foster access to capital and investment attraction to grow Alberta's enterprises and job creators. The ministry works with key partners to increase angel and venture capital investor activity, and to improve deal flow, business development, and marketing and management skills.

The objectives of fostering investor growth in Alberta include:

- Expanding access to seed, early and late-stage venture and expansion finance and investment capital for Alberta's businesses in key sectors and markets;
- Increasing company ability to access patient capital to scale-up their Alberta businesses;
- Improving and building new relationships and partnerships with agencies, industry associations, globally connected enterprises and foreign governments to promote collaboration that generates economic benefit for Alberta;
- Building angel capital provider awareness and connectivity to Alberta's ecosystem and companies;
- Attract venture capital (VC) to support knowledge-based companies through Alberta Enterprise Corporation investments in VC funds with commitment to Alberta; and
- Increasing capital available to Alberta small and medium-sized enterprises, especially fast growth companies, to enable them to scale-up, grow exports and create jobs in Alberta.

These activities support enhanced access to capital solutions for strategic talent development, economic diversification, climate change leadership and investment attraction.

Some key outcomes of this work in 2018-19 include:

- Improved access to capital for Alberta companies across a range of sectors and stages of development;
- Stimulated investment in knowledge-based industries;
- Improved the international profile of Alberta's venture capital and technology ecosystem;
- Attracted external investment capital; and
- Addressed gaps in the VC investment ecosystem.

## 2018-19 Economic Development and Trade Business Plan Performance Measure 3.a:

Cumulative value of AEC (and their syndicate partners) funds invested in Alberta Businesses (\$ millions)

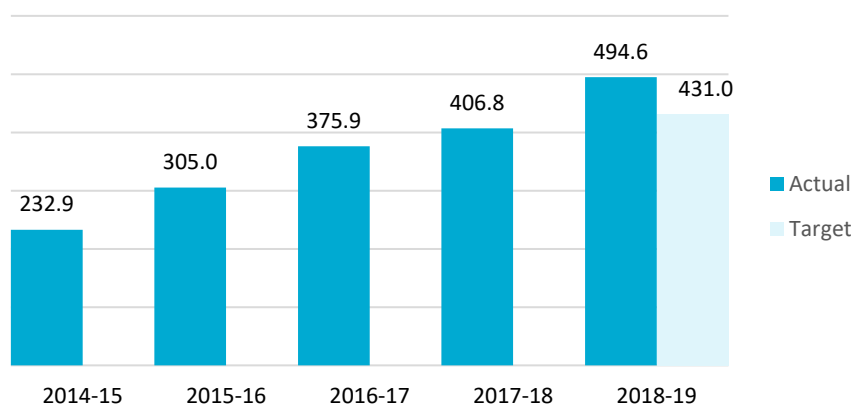
Access to capital enables Alberta businesses to start up and grow, which supports economic growth and diversification in the province. Alberta Enterprise Corporation is a fund-of-funds that invests in venture capital funds and angel co-investment funds that subsequently invest into technology companies. As of March 31, 2019, AEC has invested in 17 venture capital funds, including two angel co-investment funds.

The Government of Alberta has invested a total of \$175 million in AEC. Alberta Enterprise Corporation funds and their syndicate partners have invested \$494.6 million in 42 Alberta technology companies as of March 31, 2019. Every \$1 invested by AEC has resulted in more than \$4 of investment into Alberta companies.

Alberta Enterprise Corporation has attracted and retained 17 funds as a direct result of the Government of Alberta's investment in AEC, thereby increasing access to capital for businesses, investments, mentors, strategic partners and investors. These funds invest in seed and early stage knowledge-based companies that support investment attraction and economic growth.

The 2018-19 result of \$494.6 million investment cumulatively by AEC venture capital funds and their partners into Alberta companies exceeds the target of \$431 million.

**Cumulative Value of AEC (and their syndicate partners) funds invested in Alberta businesses**  
(\$ millions)



Source: Alberta Enterprise Corporation 2019-20 Business Plan

## **Key Strategy 3.3: Support the growth of globally-competitive enterprises in Alberta through enhanced innovation and technology commercialization programs and partnerships.**

### **International Technology Partnerships (SI)**

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 2018-19 include:

- Expansion of the existing Alberta-Germany and Alberta-France technology partnerships to include all European Union countries as well as Switzerland, Norway and the United Kingdom under the new Alberta-Europe Technology Collaboration Fund. The first match-making mission under the new model took 14 Alberta companies to five locations across the continent and the first two collaboration projects were approved for funding.
- The Alberta-Mexico technology partnership was created as an expansion to the Alberta-Jalisco technology partnership that will now enable company engagement with other key regions of Mexico including the State of Nuevo Leon that signed a collaboration agreement with Alberta in February 2019.
- The Alberta-China technology partnership continued through collaboration activities with the China Ministry of Science and Technology (MOST) and the provinces of Zhejiang and Guangdong.
  - In May 2018, Alberta held a matchmaking session in Guangzhou with 13 Alberta companies and issued the first call for proposals for collaborative technology development projects;
  - Alberta signed a memorandum of understanding with China MOST to continue cooperation in scientific, technological and industrial research and commercialization; and
  - A matchmaking session with 11 Alberta companies took place in Hangzhou, Zhejiang in November 2018. The program approved three companies for support through the second call for proposals and issued a third call for new proposals.

### **Technology Commercialization System Management (SI)**

Technology Commercialization System Management (TCSM) provides strategic guidance and oversight, monitors progress and reports on the results of commercialization support programs. The goal is the cost effective and impactful management and evolution of key innovation-related investments and programs based upon a common performance measurement methodology, comparisons to other jurisdictional comparisons, and stakeholder consultations to establish best practices for the system.

The two TCSM initiatives - Alberta Entrepreneurship Incubator program and the Alberta Small Business Innovation and Research Initiative are aimed at providing effective technology commercialization supports for innovative small and medium-sized enterprises across Alberta, delivering job creation and diversification outcomes. Economic Development and Trade continues to work with Alberta Innovates - the delivery agency for these programs – for successful implementation of these programs.

## **The Alberta Entrepreneurship Incubator (SI)**

The Alberta Entrepreneurship Incubator (AEI) program's Accelerator Expansion Stream is funding incubators in seven regions - Edmonton, Calgary, Grande Prairie, Lloydminster, Lethbridge, Medicine Hat and Red Deer. The incubators were launched between February and December 2017 and since then have seen a strong increase in demand for their business and entrepreneur support services.

The AEI program progress report submitted by Alberta Innovates in July 2018 highlights the following:

- 4,378 entrepreneurs have accessed the AEI programs and successfully completed courses, training, or one-on-one mentoring;
- 817 entrepreneurs met with the Business Development Advisors (BDAs); and
- preliminary output data indicates that entrepreneurs and new companies have created over 69 new products and 209 new jobs over a period of six to 12 months depending on the start date of individual incubators in 2017.

Alberta Innovates awarded 65 vouchers in the period from April 1 to Aug. 30, 2018 (no new applications accepted after July 31, 2018). The Accelerator Expansion Stream also provided matching funds for the Energy Accelerator in Calgary and Health Accelerator in Edmonton.

Energy (Kinetica) Accelerator: AEI program provided \$500,000 for the 2018 calendar year. The Energy Accelerator has interacted with 69 clients that have:

- raised \$12.8 million (including grants, awards, loans and equity);
- generated \$10 million in revenue; and
- identified 518 industry challenges.

Health Accelerator (TEC Edmonton Health Accelerator): AEI program provided \$500,000 for the fiscal year 2018/19. The Health Accelerator is operated by the business development unit of TEC. The Health Accelerator has interacted with 80 new clients with 14 being focus companies for the Accelerator. These clients have:

- raised \$6.4 million in financing (including grants, awards, loans and equity);
- applied for or received seven regulatory approvals;
- companies created 44 new jobs; and
- companies commercialized four new products.

## **Alberta Small Business Innovation and Research Initiative (SI)**

On September 19, 2017, the Minister launched the Alberta Small Business Innovation and Research Initiative (ASBIRI) to enable Small and Medium-Sized Enterprises (SMEs) to successfully commercialize technologies by providing them funding support, mentorship and connection to a large end user. This pilot program is modeled after the successful Small Business Innovation Research (SBIR) program in the United States and creates a "market pull" mechanism for developing solutions with commercial potential that are relevant for Alberta.

All funds committed by Alberta Innovates and EDT to ASBIRI have been spent.

Some of the projects funded by the program include the DynaLIFE Medical Labs' Early Detection of Cancer project with Nanostics and Syantra; Hypertension ICT Technologies project with PharmaSmart and mmHg Inc.; and the Natural gas odor detection project, with ATCO and Nanotools.

## **Strategic Partnerships with Global Enterprises (SI)**

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 SMEs to the global value chains of multinational enterprises.

Some examples of strategic relationships with multinational enterprises developed or enhanced in 2018-19 include:

- Established strategic technology partnerships with large corporations such as Merck, Novo Nordisk, Pfizer, and Boheringer Ingelhiem that connects innovators to the commercialization expertise of a global partner.
- Continued support for the Advanced Systems for Transportation Consortium initiative led by Alberta Centre for Advanced MNT Products<sup>3</sup>, which brings together multinational companies working in the automotive supply chain industry together with Alberta technology-focused SMEs. The initiative supports Alberta's efforts to diversify the economy, while working on technologies, creating new companies, business opportunities for existing companies, and high-quality jobs.

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<sup>3</sup> MNT stands for Micro Nano Technology.

## **Key Strategy 3.4: Build on current and create new relationships and partnerships with agencies, industry associations, globally connected enterprises, and foreign governments to promote collaboration that generates economic benefit for Alberta.**

### **Technology Sector Development (SI)**

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 2018-19 included:

- Economic Development and Trade supported the rollout of the Innovation Affiliates Program at the Alberta Machine Intelligence Institute to facilitate the development and adoption of artificial intelligence and machine learning technology with industry partners of all scales in Alberta.
- Provided \$1 million to the University of Calgary Life Sciences Innovation Hub to accelerate the growth of life sciences companies in Alberta as well as attract new companies to Alberta.
- Provided \$2.286 million to the SMART Network, University of Alberta to establish the SMART Technology Innovation Centre. The Centre will support commercialization of health technologies and their clinical implementation.
- As an initiative under the EDT funded project, the Alberta Clean Technology Industry Alliance hosted the Alberta Clean Tech Conference in October 2018. The event profiled service providers and programming related to clean technology and served as a forum for discussions on areas critical to growth of the cleantech sector in Alberta.
- In collaboration with the Future Energy Systems at the University of Alberta, EDT co-organized a technical workshop on Vanadium Redox-Flow Batteries, an emerging energy storage technology that has a potential to address some of Alberta's needs in integrating renewables. The workshop brought together non-traditional partners from mining, technology development and utilities to discuss opportunities in an emerging energy storage technology.
- GreenSTEM pilot initiated in 2018 addresses an identified gap in Alberta's innovation system and supports creation of high-quality, science-based companies as spin-outs from Alberta institutions.

### **Development of Catalyst Sectors that Enable Broad Economic Growth**

Economic Development and Trade leverages industry intelligence and relationships to identify challenges, opportunities, and gaps where government strategies can stimulate growth and development of key enabling industrial sectors. The ministry develops and implements collaborative strategies to support sustained competitiveness improvements for sectors that enable Alberta's industrial growth and drive key industrial sectors such as the oil and gas value chain. Economic growth and diversification facilitated through integrated industry development of large industrial sectors, such as:

- Construction and Engineering – this sector accounts for \$33.8 billion of Alberta GDP, 282,000 employees.
- Manufacturing – this sector accounts for \$6.2 billion of Alberta GDP, 57,000 employees.
- Transportation – this sector accounts for \$12.7 billion of Alberta GDP, 140,000 employees.

These enabling sectors serve as catalysts for other key sectors of Alberta's economy, such as energy diversification, petrochemicals, oil and gas, agriculture, forestry, and renewable energy.

Some outcomes of this work in 2018-19 include:

- Economic Development and Trade worked with the Canadian Institute of Steel Construction to develop the Enhancing Competitive Project Delivery for Alberta Firms, which will allow the manufacturing industry to empirically gauge Alberta's competitiveness through a body of research



that demonstrates the total value impact Alberta manufacturers can deliver. Alberta manufacturers will be able to quantify and demonstrate their value to international and domestic investors, and identify opportunities to improve their industrial processes to become more competitive.

- Economic Development and Trade supported programs, such as the Alberta Manufacturing Innovation Accelerator, which help firms develop innovative business models and new products. The project will help industries prepare their production facilities for the future, so they may more successfully compete in global markets.
- 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. The University also worked with the ministry on a business model innovation program for rail transportation manufacturing, which aims to support and diversify the manufacturing sector while stimulating innovation in the transportation sector.
- Economic Development and Trade continued to support 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. Economic Development and Trade worked with the Construction Owners Association of Alberta and partners on information integration to improve capital project performance which provides a practical framework to help companies to identify and implement appropriate digital technologies.

## **Channel Management (TIA)**

Invest Alberta has embarked on a channel partner outreach strategy, which formalizes contact with over 200 investment partners worldwide to grow the pipeline of potential investment leads for Alberta. In 2018-2019, 146 channel partners were in contact with Invest Alberta, and 111 presentations were delivered to channel partners. These activities led to the generation of over 150 investment opportunities and resulted in 10 investment wins, representing over \$1 billion in new investment and over 550 new jobs for the province.

## **Key Strategy 3.5: Provide regional economic development support to assist municipalities, communities and regions across the province in carrying out initiatives, including the Community and Regional Economic Support (CARES) initiative, that contribute to sustainable growth and increased diversification.**

### **Support Regional Growth and Investment Opportunities**

Economic Development and Trade has eight regional offices throughout the province: McLennan, Grande Prairie, Bonnyville, Edmonton, Red Deer, Calgary, Medicine Hat, and Lethbridge. Economic Development and Trade staff in these locations support regional and local economic development practitioners by helping them move their economic priorities and plans forward.

Developed in Alberta, the Regional Economic Development Alliance (REDA) model has been recognized as a unique solution to support economic development at a regional level. Regional Economic Development Alliances are autonomous, grassroots, member-directed, non-profit organizations. Regional Economic Development Alliances 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.

Key outcomes of this work in 2018-19 include:

- Alberta Hub partnered with the Van Horne Institute and the University of Alberta to host the 9<sup>th</sup> Digital Futures Symposium. This forum brought together community leaders, government officials, academics, industry and broadband champions to exchange knowledge and insight on trends, issues, and potential policy that will help shape broadband development and delivery across and in all parts of the province.
- Alberta Southwest and SouthGrow, in partnership with the cities of Lethbridge, Calgary and Medicine Hat, will see 20 level three, fast-charging electric vehicle stations installed at key locations in southern Alberta to promote economic opportunities by the end of 2019.
- The Central Alberta Economic Partnership implemented a Municipal Investment Attraction Assessment and Coaching initiative to support its membership. This initiative included: mock site selection inquiry, mock site visit, overall assessment, debrief and action plan. Many of CAEP members have a better understanding of the importance of business expansion as well as local to global investment inquiries.

### **Community Economic Development Corporation Program**

The Community Economic Development Corporation (CEDC) program provides a 30 per cent tax credit to local investors who provide equity capital to small Alberta businesses and co-operatives engaged in rural economic development or social impact initiatives. 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.

Since the launch of the program in fall 2018, there has been interest from community organizations and investors across the province. To date, there have been four applications and one CEDC successfully registered under the program. At this time, no tax credits have been requested or approved.

Uptake is expected to increase as community organizations start forming eligible entities and become more familiar with the program.

## **Other Economic Development Partnerships**

The Northern Alberta Development Council (NADC) identifies socio-economic priorities, opportunities, and strategies through engagement with northern stakeholders, most recently through hosting the Northern Leaders' Summit in Slave Lake in December of 2018. Additionally, the NADC coordinated Alberta's participation in the 2019 Northern Development Ministers Forum. A study on the potential for geothermal energy production within the NADC region was completed in 2018, as well as a report outlining the potential in northern Alberta for growing flax and utilizing its fibre. Full reports can be found here: <https://nadc.ca/our-actions/annual-reports/>

## **Northern Alberta Development Council Bursary Programs**

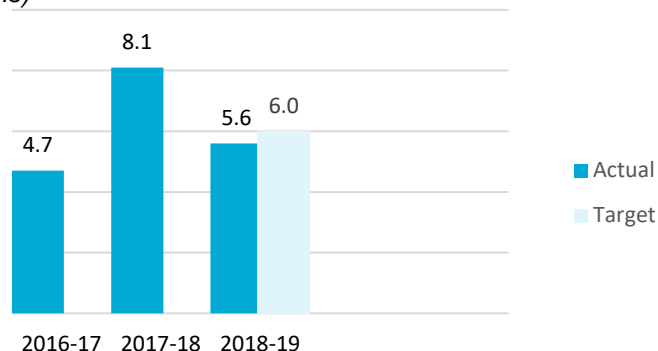
Northern Alberta Development Council partnered with Alberta Advanced Education to provide \$1.2 million to 202 students through the NADC and First Nations, Métis and Inuit (FNMI) bursary programs. The purpose of the bursaries is to attract and retain professionals for occupations that are in high demand within the NADC region. Additionally, NADC contributed \$50,000 to Alberta Health Services for the Health Care Practicum Funding Program. This program provides financial assistance for individuals completing a practicum placement within the NADC boundary who require support for costs such as travel or accommodations. In the 2018-2019 fiscal year, this funding supported 54 recipients.

## 2018-19 Economic Development and Trade Business Plan Performance Measure 3.b:

### Community and Regional Economic Supports (CARES) Program: Total value of projects funded (\$millions)

Community and Regional Economic Supports 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.

**Community and Regional Economic Supports (CARES) Program: Total value of projects funded (\$ millions)**



A series of program enhancements were incorporated to the program for the 2018-19 intakes to maximize and build on the program accomplishments. The program outcomes were revised to encourage partnership with private industry, reduce matching funding required by First Nations and Métis Settlements from 50 per cent to 25 per cent of the total project cost, and extend eligibility to national not-for-profit organizations, associations or societies that partner with a provincially registered organization to undertake Alberta-based projects.

The CARES intakes saw 117 applicants and 87 successful applications in 2018-19. The total participation from rural area applicants increased to 50 per cent from the summer intake to the fall intake, showing that CARES support continues to leverage communities and regions across the province, to grow and succeed. Funding was requested for projects related to business community development and enhancement, economic planning, marketing, and capacity building. The intakes are competitive and only the best projects are funded.

*Source: EDT Customer Relationship Management System and CARES internal program dataset. See Performance Measure and Indicator Methodology section for more information.*

## Key Strategy 3.6: Lead Alberta's participation and ensure Alberta's interests are advanced in trade and investment negotiations, including the negotiation of the North American Free Trade Agreement and the Trans-Pacific Partnership.

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.

### Negotiations

- **Canada-U.S.-Mexico Agreement (CUSMA):** Canada, the U.S. and Mexico concluded their renegotiation of the North American Free Trade Agreement (NAFTA) and signed the new agreement, now referred to in Canada as the CUSMA, on November 30, 2018. The three countries must now ratify this agreement through their respective internal processes before it can come into effect. Economic Development and Trade coordinated Alberta's engagement in these negotiations, including with stakeholders and with the federal government and other provinces and territories. This included developing and communicating Alberta's position on key interests such as agriculture, energy, state-owned enterprises, and environment and labour. Economic Development and Trade officials also attended the September 2018 Canada-U.S. negotiations as well as additional federal-provincial-territorial meetings.
- **Trade Negotiations with Latin America:** Canada launched trade agreement negotiations with the Pacific Alliance countries (Chile, Colombia, Mexico, and Peru) in October 2017 and with the Southern Common Market countries (MERCOSUR – Argentina, Brazil, Paraguay, and Uruguay) in March 2018. Economic Development and Trade worked cooperatively with the federal government and other provinces and territories during this reporting period to identify provincial interests in these negotiations.
- **Canada-Association of Southeast Asian Nations (ASEAN) Exploratory Discussions:** Canada and the ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) launched exploratory discussions in September 2017 to determine the potential for a bilateral trade agreement. Alberta indicated support for these negotiations in December 2018 in a letter to the federal government. Economic Development and Trade officials subsequently identified and communicated provincial market access priorities.
- **Canada-United Kingdom Discussions:** After the "Brexit" referendum on June 23, 2016, the United Kingdom invoked Article 50 of the Treaty on European Union on March 29, 2017 requiring it to leave the European Union by March 29, 2019. In 2018, the United Kingdom engaged in negotiations with European Union authorities about the manner of its exit from the European Union trading and customs union. As the United Kingdom cannot negotiate any free trade agreements until it has left the European Union, Canada and the United Kingdom have undertaken bilateral discussions in 2018 on a transitional agreement to ensure a seamless transition in trade relations between the two countries. Economic Development and Trade officials monitored Brexit events and participated in discussions with the federal government and also met with United Kingdom representatives during visits to the province in 2018.

### Implementation

- **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP):** The CPTPP was signed in March 2018 (by Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam). Canada ratified the agreement on October 29, 2018. The agreement then entered into force for Canada, Australia, New Zealand, Japan, Mexico, and Singapore on December 30, 2018, followed by Vietnam on January 14, 2019. This agreement

will give Canadians preferential access to a trading bloc with a combined annual GDP worth approximately USD\$11.1 trillion in 2018 (International Monetary Fund). For Alberta, enhanced access to Japan is the most significant outcome. Economic Development and Trade engaged in CPTPP promotion efforts, including a February 2019 seminar for Alberta companies on CPTPP opportunities.

- **Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA):** The CETA came into provisional effect in September 2017 (with the exception of the investment provisions, which will not come into effect until all member states have ratified them). Alberta now enjoys preferential access to a trading bloc with a combined annual GDP of USD\$18.8 trillion in 2018.<sup>4</sup> With CETA, 98 per cent of EU tariff lines became duty-free for Canadian goods.
  - Economic Development and Trade coordinated efforts to ensure that Alberta was in compliance with the provisions of this agreement. Economic Development and Trade officials participated in CETA governance committees, including the first meeting of the CETA Joint Committee, held on September 26, 2018. Economic Development and Trade worked with Global Affairs Canada and Calgary Economic Development and participated in CETA information workshops held on January 16, 2018 and March 22, 2018. Economic Development and Trade staff answered inquiries from other ministries, businesses and other stakeholders about CETA opportunities and obligations in areas such as government procurement opportunities in the EU.
- **Canadian Free Trade Agreement (CFTA):** Signed by the federal government, the ten provinces and three territories, the Canadian Free Trade Agreement came into effect on July 1, 2017 with the intent to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investments within Canada. Certain sectors of the economy were not covered by the CFTA at that time. Instead, the CFTA provided that future negotiations would take place to develop provisions for these sectors. The future negotiations that Alberta is engaged in are outlined below.
  - Financial Services: Economic Development and Trade, supported by Treasury Board and Finance, represented Alberta in the negotiation of provisions under the CFTA to cover financial services. Exploratory discussions took place until September 2018 after which negotiations began with a view to having final provisions complete by November 2019.
  - Alcoholic Beverages: The CFTA required the Parties to the CFTA to develop recommendations to improve the trade in alcoholic beverages within Canada. EDT, supported by the Alberta Gaming, Liquor and Cannabis Commission, represented Alberta in these negotiations. Negotiators made recommendations to federal/provincial and territorial ministers of trade in July 2018 and in December 2018. Premiers directed ministers to develop an action plan to put the recommendations in place in each jurisdiction. Work continues with various subgroups established to address each individual recommendation.
  - Cannabis: Economic Development and Trade, supported by other departments and the Alberta Gaming, Liquor and Cannabis Commission, represented Alberta's interests in preliminary discussions on developing CFTA trade rules for non-medicinal cannabis and cannabis-related trade and investment. These negotiations are ongoing.
  - Regulatory Reconciliation and Cooperation Table (RCT): The CFTA established a process to reconcile regulatory measures that act as a barrier to trade, investment or labour mobility within Canada. The RCT, composed of a senior representative of the federal, provincial and territorial governments, was put in place to develop and oversee this process. After stakeholder consultation, the RCT developed its first work plan, identifying 23 items for reconciliation within a three-year period. Work commenced on all 23 items

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<sup>4</sup> International Monetary Fund

resulting in reconciliation agreements being completed for three of these items by the end of 2018. In preparation for the second annual work plan, the RCT formally consulted with 17 national business associations, and work to prepare the second annual work plan is underway.

- **New West Partnership Trade Agreement (NWPTA):** The parties to the NWPTA have established a new bid protest mechanism that can be used by suppliers that believe a government entity in Alberta, British Columbia, Saskatchewan or Manitoba has conducted a procurement in a manner contrary to the:
  - New West Partnership Trade Agreement (NWPTA);
  - Canadian Free Trade Agreement (CFTA);
  - Canada-EU Comprehensive Economic and Trade Agreement (CETA);
  - Comprehensive and Progressive Trans Pacific Partnership (CPTPP); and the
  - WTO Government Procurement Agreement (GPA).

This new bid protest mechanism took effect on January 1, 2019.

## International Trade Disputes

- **U.S. Section 232 Tariffs on Steel and Aluminum:** Economic Development and Trade staff liaised with other ministries and managed Alberta's response to U.S. imposed tariffs on steel and aluminum and Canadian retaliatory tariffs and subsequent Canadian global steel safeguards on non-U.S. imports, including through five letters to federal Ministers.
- **NAFTA Investment (Chapter 11) Dispute:** Economic Development and Trade staff has worked closely with the federal government and has coordinated Alberta's input into the preliminary legal opinion regarding a NAFTA Investment Chapter 11 dispute by U.S.-based Westmoreland Coal Company claiming it was harmed by Alberta measures that were allegedly inconsistent with NAFTA obligations.
- **U.S. Trade Remedy Cases on Softwood Lumber and Fabricated Steel Products:** Economic Development and Trade staff consulted with other ministries to defend Alberta's interests in U.S. Anti-dumping and Countervailing Duties investigations regarding fabricated steel products and softwood lumber, including in NAFTA and WTO challenges.

## Domestic Trade Disputes

- **Trade Challenge of Alberta's Beer Policies:** In May 2018, an appeal panel established under the dispute provisions of the interprovincial Agreement on Internal Trade (AIT) to adjudicate a complaint brought by an Alberta beer importer, ruled that some of Alberta's beer policies were not trade compliant. It gave Alberta six months to bring itself into compliance. The province brought itself into compliance by December 2018. In January 2019, the complainant requested that a compliance panel examine matters related to Alberta's compliance. Economic Development and Trade has led Alberta's defence. The outcome is pending with a ruling expected later in the spring of 2019.
- **Alberta's Dispute against Ontario's Liquor Practices:** Economic Development and Trade is leading Alberta's challenge of Ontario's liquor regime under the CFTA. The November 2018 announcement of this challenge identified numerous Ontario policies and practices that Alberta considers restrict Alberta liquor producers' access to the Ontario market.
- **Trade Challenge by a BC Dentist:** A BC dentist was refused a license to practice in Alberta by the Alberta Dental Association and College (ADA&C), which regulates dentists in Alberta, and subsequently launched a claim disputing the ADA&C's decision. Economic Development and Trade, supported by Alberta Health and Alberta Labour, led Alberta's defense of the regulator's decision. A dispute panel hearing was held in October 2018 and the panel ruling was released in December 2018 upholding the decision to not grant the licence.



## Other Trade Activity

- ***Investment Canada Act Reviews of Proposed Foreign Acquisitions***

Under the Investment Canada Act, Alberta continued to provide input to the federal government on their reviews of foreign acquisitions of Canadian businesses that have a connection to Alberta. In 2018, EDT coordinated a comprehensive analysis of the proposed foreign acquisition of a large company headquartered in Alberta and provided input to the federal government regarding the potential impact on the province and factors, including employment continuity, that should be included in their analysis of the transaction. Alberta also continued to monitor the federal review of this acquisition, reviewed federal notifications of other foreign acquisitions falling below the statutory threshold for review under the Investment Canada Act and analyzed global trends in foreign direct investment.



# Performance Measure and Indicator Methodology

## Performance Measure 1.a:

**Sponsored research revenue attracted by Alberta's comprehensive academic and research institutions (\$ millions)**

### Methodology

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 EDT were developed to augment the guidelines in place for corresponding annual reporting submissions by the CARIs to the Canadian Association of University Business Officers (CAUBO) 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 EDT in the Research Funding at Alberta's Comprehensive Academic and Research Institutions report.

### Source

Comprehensive Academic Research Institutions, collected by EDT

## Performance Measure 2.a:

**Alberta Investor Tax Credit Program (AIRC): Total annual investment raised (\$ millions)  
Leveraged Ratio**

### Methodology

The total investment raised for AIRC is tracked in the Customer Relationship Management (CRM) system. Investments in AIRC 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.

### Source

EDT Customer Relationship Management System

## Performance Measure 2.b:

**Capital Investment Tax Credit Program (CITC): Total annual investment raised (\$ millions)  
Leveraged Ratio**

### Methodology

The total investment raised for CITC is tracked in the Customer 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.

#### Source

EDT Customer Relationship Management System

#### Performance Measure 2.c:

**Alberta Export Expansion Package (AEEP): Number of Alberta businesses and associations receiving funding and supports through AEEP – Export Support Fund**

#### Methodology

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 is 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 through the Export Support Fund is determined by doing a count of the successful applications in each of the program streams/sub-streams and finding their overall sum. The forecast for future fiscal years is an estimation based roughly on previous year's actuals.

#### Source

AEEP Internal Program Dataset

#### Performance Measure 3.a:

**Cumulative value of AEC (and their syndicate partners) funds investment in Alberta businesses (\$ millions)**

#### Methodology

This measure is reported to the Government of Alberta by AEC as required by the legislation (*Alberta Enterprise Corporation 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 2017-18, published in July 2018.

#### Source

Alberta Enterprise Corporation

#### Performance Measure 3.b:

**Community and Regional Economic Support (CARES) Program: Total value of projects funded (\$ millions)**

#### Methodology

Data are collected from applications submitted to the CARES program in EDT's Customer Relationship Management system (CRM). Funding data is stored on CRM for all CARES intakes, with additional information about the application kept in the notes section. Community and Regional Economic Support 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.

#### Source

EDT Customer Relationship Management System and CARES Internal Program Dataset

**Performance Indicator 1.a:****Percentage of manufacturing, business and commercial services Gross Domestic Product growth in Alberta****Methodology**

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.

**Source**

Statistics Canada table 379-0030 – Gross Domestic Product (GDP) at basic prices, by North American Industry Classification System, provinces and territories.

**Performance Indicator 1.b:****Start-ups licensing university technology per million population****Methodology**

The data on university technology licensing comes from the Association of University Technology Managers (AUTM), a US-based non-profit formed to support and advance academic technology transfer globally. Association of University Technology Managers 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. Thirty-six institutions responded to the survey.

**Source**

Association of University Technology Managers, Licensing Surveys Database

**Performance Indicator 2.a:****Private sector employment: thousands; per cent change year-over-year****Methodology**

Data for this table comes from the Labour Force Survey, a mandatory survey with data collected directly from respondents. The survey is conducted in 54,000 households across Canada, and information collected is for those members of the household aged 15 years and over. Households are chosen for the survey by randomly sampling the Canadian population.

**Source**

Statistics Canada table 14-10-0027-01 – Employment by Class of Worker

**Performance Indicator 2.b:****Self-employment: thousands; per cent change year-over-year****Methodology**

Data for this table comes from the Labour Force Survey, a mandatory survey with data collected directly from respondents. The survey is conducted in 54,000 households across Canada, and information collected is for those members of the household aged 15 years and over. Households are chosen for the survey by randomly sampling the Canadian population.

**Source**

**Performance Indicator 3.a:**

**Total value of Alberta's exported products (\$ billions)**

**Methodology**

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.

**Source**

Data comes 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.

**Performance Indicator 3.b:**

**Total value of Alberta's exported products outside of United States (\$ billions)**

**Methodology**

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.

**Source**

Data comes 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>).

**Performance Indicator 3.c:**

**Total non-residential investment in Alberta per capita (\$)**

**Methodology**

The survey is administered as part of the Integrated Business Statistics Program. The target population comprises all business and government entities operating in Canada according to the North American Industry Classification System 2012 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.

#### Source

Statistics Canada Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions

# Financial Information

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# Ministry Financial Highlights

## Statement of Revenues and Expenses (unaudited)

	2019		2018	Change from	
	Budget	Actual	Actual	Budget	2018 Actual
<b>Revenues</b>	<i>(in thousands)</i>				
Government transfers					
Government of Alberta grants	\$ 119,973	\$ 119,134	\$ 119,737	\$ (839)	\$ (603)
Federal and other government grants	5,369	5,244	2,691	(125)	2,553
Investment income	801	369	(2,895)	(432)	3,264
Premiums, fees and licences	3,835	-	-	(3,835)	-
Other revenue	50,898	55,327	49,972	4,429	5,355
Ministry total	180,876	180,074	169,505	(802)	10,569
Inter-ministry consolidation adjustments	(120,579)	(121,316)	(122,406)	(737)	1,090
Adjusted ministry total	60,297	58,758	47,099	(1,539)	11,659
<b>Expenses - directly incurred</b>					
<b>Programs</b>					
Ministry Support Services	12,399	11,720	10,350	(679)	1,370
Economic Development	24,264	22,015	24,571	(2,249)	(2,556)
Trade and Investment Attraction	29,866	26,400	26,544	(3,466)	(144)
Science and Innovation	49,124	57,832	58,889	8,708	(1,057)
Jobs, Investment and Diversification	30,543	24,688	39,169	(5,855)	(14,481)
Alberta Enterprise Corporation	2,000	1,847	1,887	(153)	(40)
Climate Leadership Plan	5,020	2,866	3,550	(2,154)	(684)
Alberta Innovates	288,216	278,135	277,344	(10,081)	791
Ministry total	441,432	425,503	442,304	(15,929)	(16,801)
Inter-ministry consolidation adjustments	(110,837)	(125,201)	(150,808)	(14,364)	25,607
Adjusted ministry total	330,595	300,302	291,496	(30,293)	8,806
<b>Annual deficit</b>	<u>\$(270,298)</u>	<u>\$(241,544)</u>	<u>\$(244,397)</u>	<u>\$ 28,754</u>	<u>\$ 2,853</u>

## Revenue and Expense Highlights

### Revenues

Ministry total revenues were \$0.8 million lower than budgeted due to reduced Government of Alberta Grants mainly because of lower revenue from other ministries. Premiums, fees and licences revenue was reclassified to Other Revenue due to its nature. Other revenue mostly represents revenue generated by Alberta Innovates and its subsidiaries working with industry partners.

Revenues totaled \$180.1 million in 2018-19, an increase of \$10.6 million from 2017-18.

Government of Alberta grants totaled \$119.1 million. This amount includes \$35.5 million from Alberta Heritage Science and Engineering Research Endowment Fund and \$71.3 million from Alberta Heritage Foundation for Medical Research Endowment Fund, which was provided to Alberta Innovates to fund program initiatives. The remaining \$12.3 million is revenues received from other ministries.

Federal and other government grant transfers totaled \$5.2 million received by Alberta Innovates. This is an increase of \$2.6 million from 2017-18 primarily due to funding the Strategy for Patient Oriented Research program.

Investment income totaled \$0.4 million. This is \$0.4 million lower than budget primarily due to gains and losses recognized by Alberta Enterprise Corporation (AEC). Actuals are \$3.3 million higher than prior year due to an increase of \$1.2 million for Alberta Innovates and \$2.1 million more recognized by the Limited Partnerships in AEC.

Other Revenue totaled \$55.3 million. This is \$4.4 million higher than budget due to increased external revenue and industry funding generated by Alberta Innovates. Actuals increased by \$5.4 million from 2017-18 mostly due to an increase in external revenue and industry funding in Alberta Innovates. As well, the department of Economic Development and Trade (EDT) had an increase in refunds of expenditures from grant recipients returning unused grant funds.

### Expenses

Expenses were \$15.9 million lower than the budget. The main reasons for the variance are \$10.0 million surplus in Alberta Innovates, mainly due to lower spending in Climate Leadership Plan; \$6.0 million less spending in Jobs, Investment and Diversification mainly due to later than anticipated implementation of the Interactive Digital Media Tax Credit program; \$3.5 million surplus in Trade and Investment Attraction due to vacancies, reduced contracts and travel; \$2.2 million surplus in Climate Leadership Plan primarily due to less individual Alberta Investor Tax Credits - Clean Tech stream grants (Climate Change Innovation and Technology Framework); \$2.9 million lower spending throughout the ministry on salaries, travel, supplies and contracts; offset by \$8.7 million higher spending in Science and Innovation directed to external entities for initiatives such as Artificial Intelligence, cyber infrastructure and genomics research to enhance Alberta's competitiveness.

Expenses totaled \$425.5 million, reflecting decreases of \$15.9 from budget 2018-19 and \$16.8 million from 2017-18 actuals.

2018-19 expenses were \$16.8 million lower than in prior year. This is primarily due to a \$23 million decrease in grants resulting from the end of the Entrepreneurship Incubator Program and Regional Economic Development Program, and lower spending in the Community and Regional Economic Support (CARES) program. This is offset by a \$6 million increase in tax credits issued due to the implementation of the Interactive Digital Media Tax Credit program.

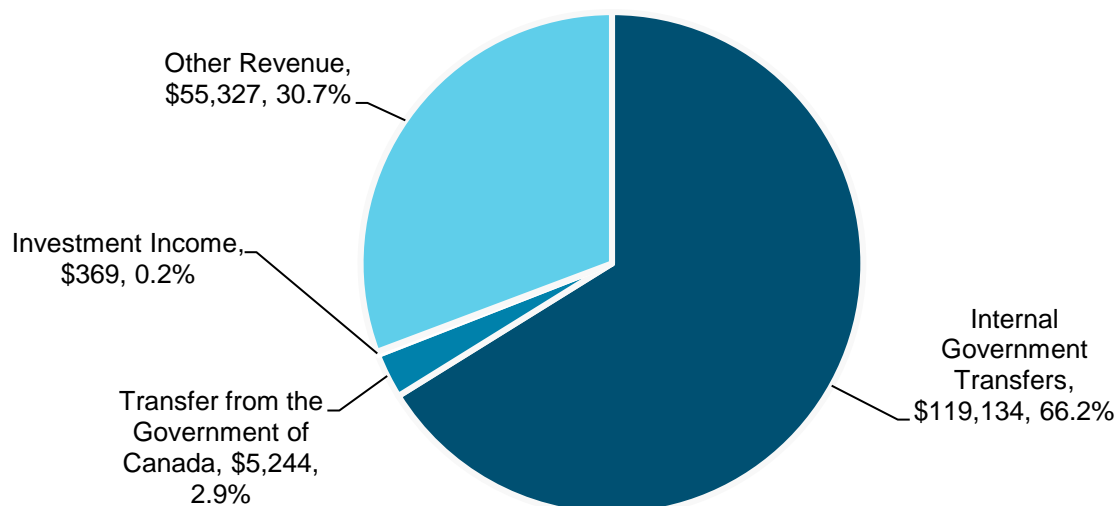


## Breakdown of Revenues (unaudited)

The following information represents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of the ministry's revenue.

### 2019 Actual

(in thousands)



Revenues totalled \$180.1 million, an increase of \$10.6 million from prior year.

In 2018-19, Internal Government Transfers totalled \$119.1 million, which was \$0.8 million lower than the budgeted amount due to lower revenues received from other ministries. Actuals consist of transfers from Alberta Heritage Science and Engineering Research Endowment Fund for \$35.5 million, Alberta Heritage Foundation for Medical Research Endowment Fund for \$71.3 million and \$12.3 million in revenues from other ministries.

Federal and other government grant transfers totalled \$5.2 million. This is \$0.1 million lower than budget due to less federal grants received by Alberta Innovates. There was an increase of \$2.6 million from 2017-18 primarily due to funding the Strategy for Patient Oriented Research program.

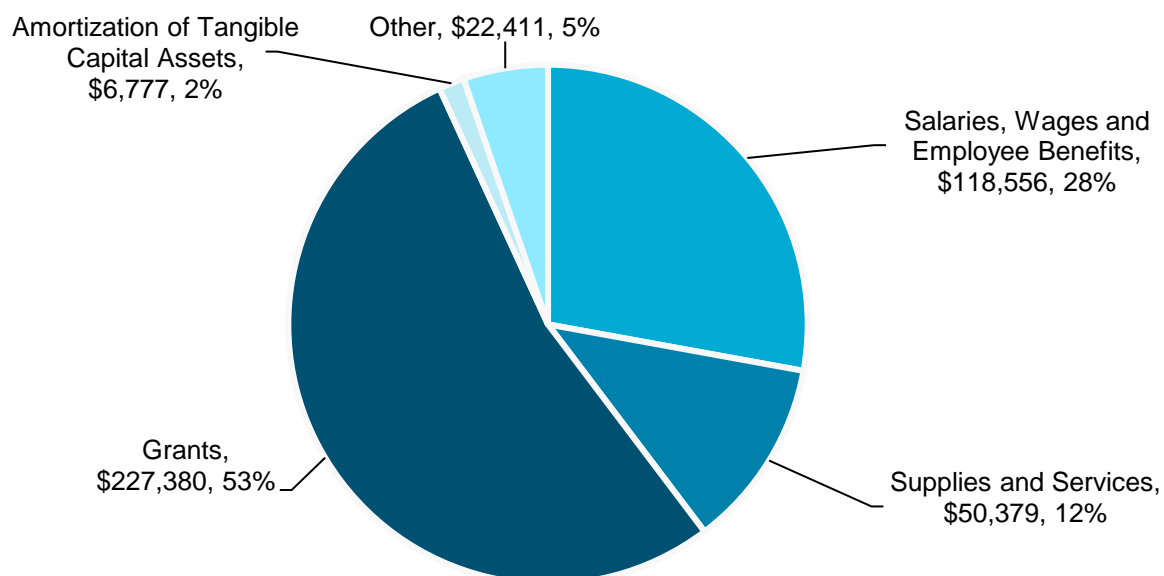
Investment income in the ministry's funds and agencies amounted to \$0.4 million. This is \$0.4 million lower than budget primarily due to gains and losses recognized by AEC. Actuals of \$2.3 million investment income in Alberta Innovates was offset by \$1.9 million in losses recognized by the Limited Partnerships in AEC.

Other Revenue totalled \$55.3 million. This is \$4.4 million higher than budget primarily due to increased external revenue and industry funding generated by Alberta Innovates. Actuals increased by \$5.4 million from 2017-18 primarily due to \$2.2 million increase in refund of expenditures from prior year, as grant recipients returned unused grant funds. The remainder \$3.2 million is due to increased external revenue and industry funding generated by Alberta Innovates.

## Expenses – Directly Incurred Detailed by Object (unaudited)

The following information presents expenses of the ministry that were directly incurred by object. The objective of the disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.

### 2019 Actual (in thousands)



The ministry's largest operating expense was grants, which made up 53 per cent of total operating expense. In 2018-19, \$227.4 million was provided to support individuals, organizations and communities through grant programs administered through the department and Alberta Innovates.

Expenditures for salaries, wages and employee benefits totalled \$118.6 million (28 per cent), which includes \$71.8 million for Alberta Innovates and \$46.8 million in support of the ministry's operations, programs and administration of grants.

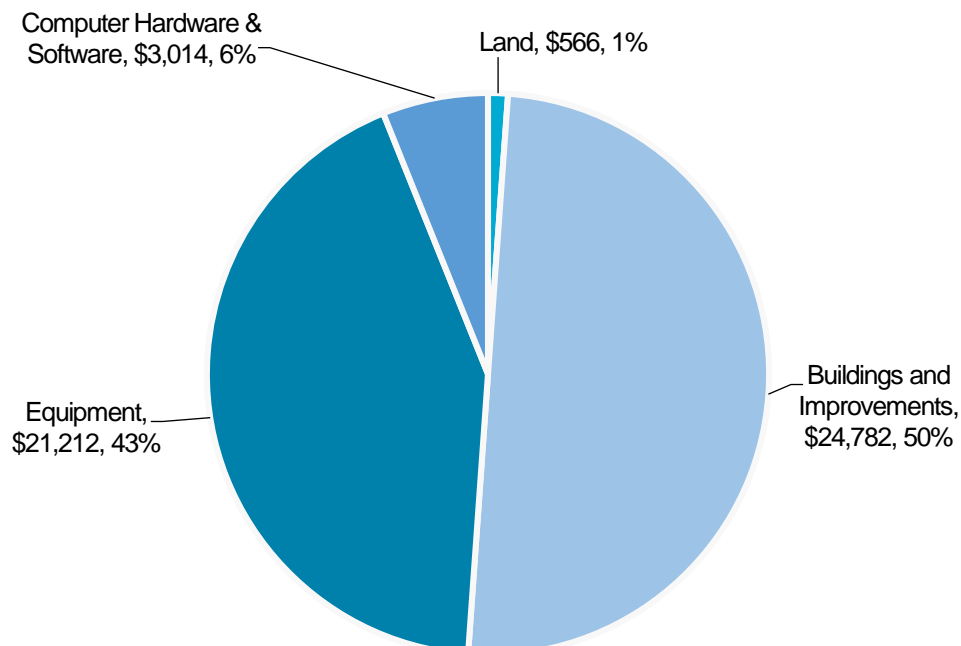
Supplies and services of \$50.4 million (12 per cent), which includes \$38.1 million for Alberta Innovates and \$12.3 million for the administration of Ministry programs.

The remainder of ministry expenses were classified as amortization of capital assets (\$6.8 million) and other expenses (\$22.4 million), which includes Alberta Investor Tax Credits and Interactive Digital Media Tax Credits.

# Supplemental Financial Information

## Tangible Capital Assets (unaudited)

### Net Book Value as of March 31, 2019



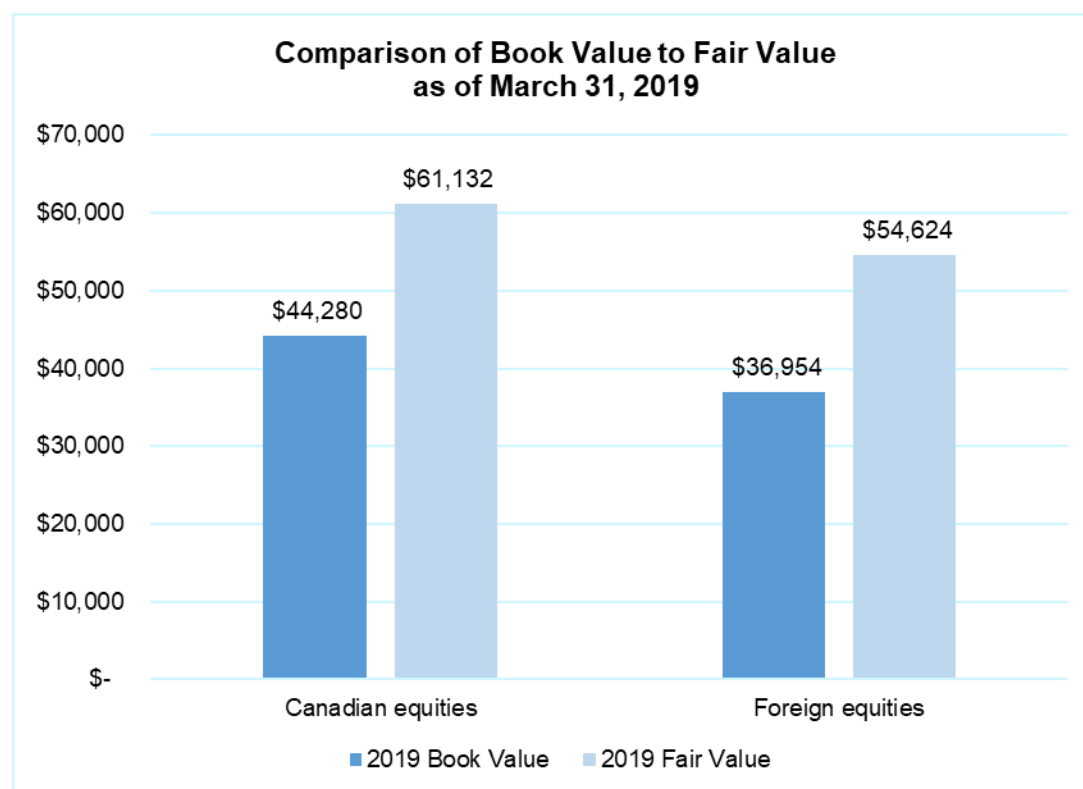
Equipment includes vehicles, heavy equipment, office equipment and furniture, and other equipment. The net book value of capital assets under construction that are not currently being amortized is \$3,299 (2018 - \$18,351).

Buildings includes costs of \$20 million for the Alberta Carbon Conversion Technology Centre (ACCTC) and \$2.0 million for the C-FER Technologies building. In addition, there are several leasehold improvements with a net book value of \$5 million covering several assets such as improvements to leased space in Bell Tower, lab facilities in Vegreville, Devon and Millwoods. Total amortization for this category amounts to \$2.0 million.

Equipment includes 60 different classes of equipment, with analyzing and testing equipment making up the majority of the value at about \$13.0 million, followed by fermenters/reactors at \$3.2 million, field and farm equipment at \$1.2 million and pumps at about \$0.8 million. The remaining \$3.0 million encompasses the other classes of equipment.

\$566 in land is the land portion of the C-FER Technologies Inc. building.

## Portfolio Investments (unaudited)



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.

## Portfolio Investments (unaudited) – Continued

Included in investment income is \$2,288 (2018 - \$1,016) of other investment income that is not related to portfolio investments.

# Financial Statements of Other Reporting Entities

## Index of Audited Financial Statements

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## Financial Statements

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# Independent Auditor's Report



To the Board of Directors of the Alberta Enterprise Corporation

## Report on the Financial Statements

### Opinion

I have audited the financial statements of the Alberta Enterprise Corporation (the Corporation) which comprise the statement of financial position as at March 31, 2019, and the statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, 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.

### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

June 4, 2019  
Edmonton, Alberta

# Statement of Operations

## ALBERTA ENTERPRISE CORPORATION STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2019

	2019	2018	
	Budget	Actual	Actual
	(in thousands)		
<b>Revenues</b>			
Government Transfers			
Government of Alberta Grants	\$ 750	\$ 5,750	\$ 11,066
Other Revenue	-	3	1
	750	5,753	11,067
<b>Expenses (Note 2(b), Schedule 1)</b>			
Operating Costs	2,000	1,847	1,896
<b>Annual Operating Surplus</b>	(1,250)	3,906	9,171
<b>Net Investment Income (Loss) (Note 7)</b>			
Investment Income (Loss)		3,105	(2,005)
Investment Expenses		(5,025)	(2,084)
		(1,920)	(4,089)
<b>Annual Surplus</b>	(1,250)	1,986	5,082
<b>Accumulated Surplus at Beginning of Year</b>		156,098	151,016
<b>Accumulated Surplus at End of Year</b>		\$ 158,084	\$ 156,098

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

# Statement of Financial Position

## ALBERTA ENTERPRISE CORPORATION STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	2019	2018
	Actual (in thousands)	Actual
<b>Financial Assets</b>		
Cash (Note 5)	\$ 27,094	\$ 36,551
Accounts Receivable (Note 6)	50,000	50,004
Portfolio Investments (Note 7)	115,756	96,987
	<u>192,850</u>	<u>183,542</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	434	478
Deferred Revenue (Note 8)	-	5,000
	<u>434</u>	<u>5,478</u>
<b>Net Financial Assets</b>	<u>192,416</u>	<u>178,064</u>
<b>Non-Financial Assets</b>		
Prepaid Expenses	191	4
<b>Net Assets</b>	<u>192,607</u>	<u>178,068</u>
<b>Net Assets</b>		
Accumulated Surplus	158,084	156,098
Accumulated Remeasurement Gains	34,523	21,970
	<u>\$ 192,607</u>	<u>\$ 178,068</u>

Contractual Obligations (Note 9)

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

# Statement of Change in Net Financial Assets

ALBERTA ENTERPRISE CORPORATION  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
YEAR ENDED MARCH 31, 2019

	2019		2018
	Budget	Actual	Actual
	<i>(in thousands)</i>		
<b>Annual (Deficit)/Surplus</b>	\$ (1,250)	\$ 1,986	\$ 5,082
Net Remeasurement Gains/(Losses) (Note 7)		12,553	(13)
Increase in Prepaid Expenses		(187)	(4)
<b>Increase in Net Financial Assets in the Year</b>		14,352	5,065
<b>Net Financial Assets at Beginning of Year</b>		178,064	172,999
<b>Net Financial Assets at End of Year</b>		<u>\$ 192,416</u>	<u>\$ 178,064</u>

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

# Statement of Cash Flows

## ALBERTA ENTERPRISE CORPORATION STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2019

	2019	2018
	Actual (in thousands)	Actual
<b>Operating Transactions</b>		
Annual Surplus	\$ 1,986	\$ 5,082
Non-cash Items included in annual surplus:		
Deferred Contributions recognized as Revenue (Note 8)	(5,000)	(10,231)
Loss on Sale of Portfolio Investments (Note 7)	1,920	4,089
	(1,094)	(1,060)
Decrease in Accounts Receivable	4	196
(Decrease)/Increase in Accounts Payable and Accrued Liabilities	(44)	108
Increase in Prepaid Expense	(187)	(4)
Cash Applied to Operating Transactions	(1,321)	(760)
<b>Investing Transactions</b>		
Purchase of Portfolio Investments (Note 7)	(17,410)	(12,186)
Distributions received from Limited Partnerships (Note 7)	9,274	1,269
Cash Applied to Investing Transactions	(8,136)	(10,917)
<b>Decrease in Cash</b>	(9,457)	(11,677)
<b>Cash at Beginning of Year</b>	36,551	48,228
<b>Cash at End of Year</b>	\$ 27,094	\$ 36,551

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

# Statement of Remeasurement Gains and Losses

**ALBERTA ENTERPRISE CORPORATION**  
**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
	<u>Actual</u>	<u>Actual</u>
	<i>(in thousands)</i>	
Unrealized Gains/(Losses) Attributable to:		
Portfolio Investments	\$ 15,178	\$ 2,959
Foreign Exchange	1,689	(1,534)
Amounts Reclassified to the Statement of Operations:		
Portfolio Investments - Realized Gains on Investments	(4,314)	(1,438)
Net Remeasurement Gains/(Losses) for the Year (Note 7)	<u>12,553</u>	<u>(13)</u>
<b>Accumulated Remeasurement Gains at Beginning of Year</b>	<u>21,970</u>	<u>21,983</u>
<b>Accumulated Remeasurement Gains at End of Year</b>	<u><u>\$ 34,523</u></u>	<u><u>\$ 21,970</u></u>

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

# Notes to the Financial Statements

## ALBERTA ENTERPRISE CORPORATION NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019

### 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:

Financial Statement Component	Measurement
Cash	Cost
Accounts Receivable	Lower of cost or net recoverable value
Portfolio investments	Fair value
Accounts payable and accrued liabilities	Cost

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 Corporations 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 past 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 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 \$115,756 (2018 - \$96,987) 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 standard from April 1, 2018: PS 3430 Restructuring Transactions. The adoption of this standard did not affect the financial statements.

**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 liabilities for retirement of a tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2022)**  
This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

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)

	2019	2018
Cash	\$ 27,094	\$ 36,551

\$62,033 (2018 - \$45,565) (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.

	2019	2018
Grant Receivable	\$ 50,000	\$ 50,000
Other Receivable	-	4
	\$ 50,000	\$ 50,004

**ALBERTA ENTERPRISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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 seventeen (2018 – fourteen) Limited Partnerships and \$183,411 (2018 - \$149,533) 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:

<b>Limited Partnerships</b>	<b>Funds Disbursed to Partnerships for Investments <sup>(a)</sup></b>	<b>Remaining Commitments</b>	<b>Total Funds Disbursed and Committed, End of the Year</b>
32 Degrees D.E.Fund II (S&T AIV)	\$ 9,799	\$ 201	\$ 10,000
Accelerate Fund I	10,000	-	10,000
Accelerate Fund II	3,800	6,200	10,000
Avrio Ventures II	5,965	35	6,000
Avrio Ventures III	3,570	1,430	5,000
Azure Capital Partners III (b)	10,685	624	11,309
Builders VC Fund (b)	3,802	6,203	10,005
Chrysalix Energy III Fund (b)	15,219	1,708	16,927
EnerTech Capital Partners IV (b)	16,151	2,355	18,506
Inovia Fund 2018 (b)	-	13,363	13,363
iNovia Fund III	10,000	-	10,000
McRock iNfund	6,598	3,402	10,000
Panache Ventures Investment Fund	2,250	2,750	5,000
Relay Ventures Fund III (b)	7,439	5,862	13,301
RIO I Limited Partnership	200	9,800	10,000
Yaletown Innovation Growth	1,900	8,100	10,000
Yaletown Ventures II	14,000	-	14,000
<b>Total</b>	<b>\$ 121,378</b>	<b>\$ 62,033</b>	<b>\$ 183,411</b>

<sup>(a)</sup> Funds disbursed during the year include management fees of \$2,889 (2018 - \$2,712). 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 \$22,804 (2018 Restated - \$19,915).

<sup>(b)</sup> Commitments payable in USD. Remaining commitments based on the exchange rate at March 31, 2019.

ALBERTA ENTERPRISE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
MARCH 31, 2019

**Note 7 PORTFOLIO INVESTMENTS (Continued)**  
(in thousands)

The changes in the fair values of the Corporation's investments in Limited Partnerships since April 1, 2018 are as follows:

Limited Partnerships	Investment in Partnerships, beginning of year	Funds Disbursed to Partnerships for Investments	Distributions received from Limited Partnerships	Remeasurement Gain (Loss)	Net Investment Income (Loss)	Investment in Partnership, end of year	Percentage share of Partnership, 2019	Percentage share of Partnership, 2018
32 Degrees D.E. Fund II (S&T AIV)	7,379	107	(4,345)	(1,982)	2,026	3,185	99.99%	99.99%
Accelerate Fund I	7,713	-	-	2,153	(182)	9,684	99.99%	99.99%
Accelerate Fund II	1,513	1,700	-	710	(657)	3,266	99.99%	99.99%
Avrio Ventures II	4,967	22	(2,061)	2,476	133	5,537	6.56%	6.56%
Avrio Ventures III	1,612	1,230	(156)	(371)	(57)	2,258	4.90%	4.90%
Azure Capital Partners III (a)	13,641	79	-	667	(265)	14,122	12.42%	12.42%
Builders VC Fund (a)	-	3,802	-	384	(543)	3,643	32.67%	0.00%
Chrysalix Energy III Fund (a)	17,705	688	-	57	(285)	18,165	10.32%	10.32%
EnerTech Capital Partners IV (a)	9,177	868	(927)	4,531	(1,422)	12,227	12.66%	12.66%
iNovia Fund 2018 (a)	-	-	-	-	-	-	6.67%	0.00%
iNovia Fund III	14,731	400	(867)	2,478	623	17,365	9.04%	9.04%
McRock iFund	4,921	1,259	(590)	(9)	(133)	5,448	14.22%	14.22%
Panache Ventures Investment Fund	-	2,250	-	12	(266)	1,996	12.12%	18.99%
Relay Ventures Fund II (a)	4,077	2,943	-	(101)	(452)	6,467	7.30%	7.30%
RIO I Limited Partnership	-	200	-	-	-	200	6.06%	0.00%
Yaletown Innovation Growth	362	1,400	-	673	(274)	2,161	8.47%	10.00%
Yaletown Ventures II	9,189	462	(328)	875	(166)	10,032	15.58%	15.58%
Total Portfolio Investments 2019	96,987	17,410	(9,274)	12,553	(1,920)	115,756		
Total Portfolio Investments 2018	90,172	12,186	(1,269)	(13)	(4,089)	96,987		

(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)**

*(in thousands)*

**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.

**(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. \$54,625, or 47% of the Corporation's investment, are denominated in US dollars (2018 - \$44,600, or 46%).

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 4.7% of total investments (2018 - 4.6%).

**(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.

**ALBERTA ENTERPRISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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 DEFERRED REVENUE**

*(in thousands)*

	<b>2019</b>	<b>2018</b>
	<b>Government of Alberta</b>	<b>Government of Alberta</b>
Balance, beginning of year	\$ 5,000	\$ 15,231
Contributions receivable during the year	-	(15)
Less: amounts recognized as revenue	(5,000)	(10,216)
Balance, end of year	<u>\$ -</u>	<u>\$ 5,000</u>

**ALBERTA ENTERPRISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**Note 9 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 8. Other contractual obligations are:

	<b>2019</b>	<b>2018</b>
Obligations under Operating Leases	\$ 210	\$ 152
Obligations under Service Contracts	33	115
	<u>\$ 243</u>	<u>\$ 267</u>

	<b>Leases</b>	<b>Contracts</b>	<b>Total</b>
2019-20	70	23	93
2020-21	70	10	80
2021-22	70	-	70
Thereafter	-	-	-
	<u>\$ 210</u>	<u>\$ 33</u>	<u>\$ 243</u>

**Note 10 COMPARATIVE FIGURES**

Certain 2018 figures have been reclassified to conform to the 2019 presentation.

**Note 11 APPROVAL OF FINANCIAL STATEMENTS**

The Board approved the financial statements of Alberta Enterprise Corporation.



## Schedule 1 – Expenses – Detailed by Object

ALBERTA ENTERPRISE CORPORATION  
EXPENSES - DETAILED BY OBJECT  
YEAR ENDED MARCH 31, 2019

Schedule 1

	<u>2019</u>		<u>2018</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	
		<i>(in thousands)</i>		
Salaries, Wages, Benefits and Payments to Consultants		\$ 919	\$ 881	
Supplies and Services		770	690	
Grants and Sponsorships		158	325	
	<u>\$ 2,000</u>	<u>\$ 1,847</u>	<u>\$ 1,896</u>	

## Schedule 2 – Salary and Benefits Disclosure

ALBERTA ENTERPRISE CORPORATION  
SALARY AND BENEFITS DISCLOSURE  
YEAR ENDED MARCH 31, 2019

Schedule 2

	2019			2018	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non- cash Benefits <sup>(4)</sup>	Total	Total
	<i>(in thousands)</i>				
Chair of the Board	\$ -	\$ 41	\$ 2	\$ 43	\$ 44
Board Members (six) <sup>(3)</sup>	-	88	2	90	81
Executives:					
Chief Executive Officer <sup>(1)</sup>	283	-	26	309	305
Directors, Investments <sup>(5)</sup>	315	-	6	321	294
Director, Industry Development <sup>(6)</sup>	160	-	9	169	138
	<u>\$ 758</u>	<u>\$ 129</u>	<u>\$ 45</u>	<u>\$ 932</u>	<u>\$ 862</u>

<sup>(1)</sup> Base salary includes regular salary, holiday pay, and life and disability allowances.

<sup>(2)</sup> Other cash benefits for Board Members include honoraria payments and per diem allowances. There were no discretionary amounts paid to executives in 2019 (2018 - nil).

<sup>(3)</sup> At any given time, the Board of Directors consisted of no more than six members in 2019 (2018 - four) plus the chair, whose remuneration is disclosed separately.

<sup>(4)</sup> Other non-cash benefits include Canada Pension Plan, Retirement Savings Plans, Employment Insurance payments, and parking benefits.

<sup>(5)</sup> This position consisted of two members (2018 - two).

<sup>(6)</sup> The position was occupied by two individuals during the year with a transition period from December 3, 2018 to February 28, 2019.

## Schedule 3 – Related Party Transactions

### ALBERTA ENTERPRISE CORPORATION RELATED PARTY TRANSACTIONS YEAR ENDED MARCH 31, 2019

### 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, 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.

	Entities in the Ministry		Other Entities Outside of the Ministry	
	2019	2018	2019	2018
	<i>(in thousands)</i>			
<b>Revenues</b>				
Grants	\$ 5,750	\$ 11,066	\$ -	\$ -
<b>Expenses</b>				
Other Services	\$ -	\$ 9	\$ 7	\$ 1
<b>Receivable from/(Payable to)</b>	\$ 50,000	\$ 50,000	\$ (5)	\$ -
<b>Deferred Revenue</b>	\$ -	\$ 5,000	\$ -	\$ -

## Financial Statements

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# Independent Auditor's Report



To the Board of Directors of Alberta Innovates

## Report on the Consolidated Financial Statements

### Opinion

I have audited the consolidated financial statements of Alberta Innovates (the Group), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019, 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.

### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

May 30, 2019  
Edmonton, Alberta

# Consolidated Statement of Operations

## ALBERTA INNOVATES CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2019

	2019		2018
	Budget	Actual	Actual
	(in thousands)		
<b>Revenues</b>			
Government Transfers			
Funding from Economic Development and Trade			
Base Grant	\$ 160,249	\$ 160,249	\$ 160,849
Restricted Grant from Prior Years	22,229	35,590	19,742
Other Grants	54,100	20,654	9,497
Restricted Capital Contribution	1,475	1,341	344
Funding from Other Government of Alberta Entities -			
Other Grants	13,193	12,354	12,957
Federal Government Transfers	5,369	5,245	2,691
External Revenue and Industry Funding	50,282	49,191	45,866
Investment Income	801	2,288	1,016
Other Revenue	3,835	3,192	3,329
	311,533	290,104	256,291
<b>Expenses (Note 2 (b) and Schedule 1)</b>			
Applied Research	67,170	65,930	63,614
Clean Energy	61,616	52,868	22,698
Health Innovation	61,348	55,821	84,773
Entrepreneurial Investments	26,938	35,613	33,172
Post-Secondary Investments Team	21,047	21,486	24,308
Bio	18,957	17,514	19,472
Emerging Technologies	1,110	-	-
Administration	30,030	28,913	29,307
	288,216	278,145	277,344
<b>Annual Surplus (Deficit)</b>	23,317	11,959	(21,053)
<b>Accumulated Surplus, Beginning of Year</b>	56,770	56,770	77,823
<b>Accumulated Surplus, End of Year</b>	\$ 80,087	\$ 68,729	\$ 56,770

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

# Consolidated Statement of Financial Position

## ALBERTA INNOVATES CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	2019	2018
	<i>(in thousands)</i>	
<b>Financial Assets</b>		
Cash (Note 5)	\$ 154,670	\$ 148,240
Accounts Receivable (Note 6)	15,117	21,437
	<u>169,787</u>	<u>169,677</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 9)	18,142	30,876
Unspent Deferred Capital Contributions (Note 10)	808	2,223
Deferred Revenue (Note 10)	104,230	105,816
Deferred Contract Revenue (Note 10)	8,655	6,384
	<u>131,835</u>	<u>145,299</u>
<b>Net Financial Assets</b>	<u>37,952</u>	<u>24,378</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 12)	49,463	48,904
Prepaid Expenses	1,637	1,660
	<u>51,100</u>	<u>50,564</u>
<b>Net Assets Before Spent Deferred Capital Contributions</b>	<u>89,052</u>	<u>74,942</u>
Spent Deferred Capital Contributions (Note 10)	20,323	18,172
<b>Net Assets</b>		
Accumulated Surplus	<u>\$ 68,729</u>	<u>\$ 56,770</u>

Contingent assets (Note 7)

Contractual rights (Note 8)

Contingent liabilities (Note 14)

Contractual obligations (Note 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

ALBERTA INNOVATES  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
YEAR ENDED MARCH 31, 2019

	2019		2018
	Budget	Actual	Actual
	<i>(in thousands)</i>		
<b>Annual Surplus (Deficit)</b>	\$ 23,317	\$ 11,959	\$ (21,053)
Acquisition of Tangible Capital Assets (Note 12)	(10,500)	(7,310)	(16,987)
Amortization of Tangible Capital Assets (Note 12)	7,506	6,750	5,193
Net Gain on Disposal of Tangible Capital Assets		(8)	(43)
Proceeds on Sale of Tangible Capital Assets		9	43
Decrease (Increase) in Prepaid Expenses		23	(426)
Net Increase in Spent Deferred Capital Contributions (Note 10)		2,151	11,204
<b>Increase (Decrease) in Net Financial Assets</b>	20,323	13,574	(22,069)
<b>Net Financial Assets, Beginning of Year</b>	24,378	24,378	46,447
<b>Net Financial Assets, End of Year</b>	<u>\$ 44,701</u>	<u>\$ 37,952</u>	<u>\$ 24,378</u>

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

# Consolidated Statement of Cash Flows

## ALBERTA INNOVATES CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2019

	2019	2018
	(in thousands)	(Restated)
<b>Operating Transactions</b>		
Annual Surplus (Deficit)	\$ 11,959	\$ (21,053)
Non-Cash Items included in Annual Surplus (Deficit):		
Amortization of Tangible Capital Assets (Note 12)	6,750	5,193
Deferred Contributions Recognized as Revenue (Note 10)	(178,923)	(148,807)
Net Gain on Disposal of Tangible Capital Assets	(8)	(43)
	(160,222)	(164,710)
Decrease in Accounts Receivable	6,320	1,073
Decrease (Increase) in Prepaid Expenses	23	(426)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(12,734)	2,915
Increase (Decrease) in Deferred Contract Revenue	2,271	(788)
Contributions Restricted for Operating (Note 10)	176,778	161,295
Cash Provided by (Applied to) Operating Transactions	12,436	(641)
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets (Note 12)	(7,310)	(16,987)
Proceeds on Sale of Tangible Capital Assets	9	43
Cash Applied to Capital Transactions	(7,301)	(16,944)
<b>Financing Transactions</b>		
Contributions Restricted for Capital (Note 10)	1,295	13,642
Cash Provided by Financing Transactions	1,295	13,642
<b>Increase (Decrease) in Cash</b>	6,430	(3,943)
<b>Cash, Beginning of Year</b>	148,240	152,183
<b>Cash, End of Year</b>	<u>\$ 154,670</u>	<u>\$ 148,240</u>

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

# Notes to the Consolidated Financial Statements

## ALBERTA INNOVATES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019

### 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 Corporation").

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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)**

**(b) Basis of Financial Reporting (Continued)**

**Revenues (Continued)**

External revenue is contract revenue that 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.

Other revenue is contract and fee for service work billed to Alberta Government ministries and agencies, post secondary institutions and school divisions. Other revenue also includes revenue from the sale of products the Corporation has built.

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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash	Cost
Accounts Receivable	Lower of Cost or Net Recoverable Value
Accounts Payable and Accrued Liabilities	Cost

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 maintaining 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 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 past 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.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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/or unexpected events 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 less accumulated amortization, 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 Expenses

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

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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**

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Asset retirement obligations recorded in accounts payable and accrued liabilities are \$2,549 (2018 - \$2,549). This balance is for estimated decommissioning costs for the Alberta Carbon Capture Technology Centre and is subject to measurement uncertainty.

**(c) Change in Accounting Policy**

The Corporation has prospectively adopted the following standard from April 1, 2018: PS 3430 Restructuring Transactions. The adoption of this standard did not affect the Consolidated financial statements.

**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 liabilities for retirement of tangible capital assets.

- **PS 3400 Revenue (effective April 1, 2022)**

This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

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

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**Note 4 BUDGET**  
*(in thousands)*

A preliminary business plan with a budgeted surplus of \$23,317 was approved by the Board on March 28, 2018 and the full financial plan was submitted to the Minister of Economic Development & Trade. The budget reported in the statement of operations reflects the \$23,317 surplus.

**Note 5 CASH**  
*(in thousands)*

	2019	2018
Cash	\$ 154,670	\$ 148,240

Cash in the amount of \$154,670 (2018 - \$148,240) includes deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta amounting to \$141,324 (2018 - \$134,843). As at March 31, 2019, \$113,693 of the cash balance is restricted as it represents grants received that have restrictions on their use (2018 - \$114,423)

As at March 31, 2019, securities held by the Corporation had a time-weighted rate of return of 1.8% per annum (2018 – 1.1% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

**Note 6 ACCOUNTS RECEIVABLE**  
*(in thousands)*

	2019		2018	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 11,670	\$ 321	\$ 11,349	\$ 13,462
Alberta Government Departments and Agencies	1,254		1,254	4,893
Accrued Income Receivable	2,514		2,514	3,082
	\$ 15,438	\$ 321	\$ 15,117	\$ 21,437

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 three insurance claims where possible assets are being sought (2018 - one). The outcome from this matter will likely result in recognition of assets. The Corporation anticipates receiving a specified amount of \$3 (2018 - \$1). These amounts have not been recognized in the consolidated 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.

	2019	2018
Contractual Rights from Operating Contracts	\$ 94,591	\$ 145,138
	\$ 94,591	\$ 145,138



**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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:

	<b>Operating Contracts</b>
2019-20	\$ 71,227
2020-21	12,929
2021-22	4,853
2022-23	1,834
2023-24	1,533
Thereafter	2,215
	<u>\$ 94,591</u>

**Note 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	<b>2019</b>	<b>2018</b>
Accounts Payable and Accrued Liabilities	\$ 15,006	\$ 22,362
Alberta Government Departments and Agencies	587	5,965
Asset Retirement Obligations	2,549	2,549
	<u>\$ 18,142</u>	<u>\$ 30,876</u>

**Note 10 DEFERRED CONTRIBUTIONS**  
*(in thousands)*

	<b>2019</b>	<b>2018</b>
Unspent Deferred Capital Contributions (a)	\$ 808	\$ 2,223
Spent Deferred Capital Contributions (b)	20,323	18,172
Deferred Revenue (c)	104,230	105,816
Deferred Contract Revenue	8,655	6,384
	<u>\$ 134,016</u>	<u>\$ 132,595</u>

(a) Unspent Deferred Capital Contributions

	2019			2018
	Government of Alberta	Other	Total	Total
Balance, Beginning of the Year	\$ 10	\$ 2,213	\$ 2,223	\$ 258
Cash Contributions Received/Receivable During the Year	1,295	-	1,295	13,642
Transfers from Deferred Revenue	1,470	-	1,470	-
Interest Income	-	-	-	-
Transferred to Spent Deferred Capital Contributions	(1,967)	(2,213)	(4,180)	(11,677)
Balance, End of Year	\$ 808	\$ -	\$ 808	\$ 2,223

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**Note 10 DEFERRED CONTRIBUTIONS (Continued)**  
*(in thousands)*

(b) Spent Deferred Capital Contributions

	2019			2018	
	Government of Alberta	Other	Total	Government of Alberta	Total
Balance, Beginning of the Year	\$ 10,715	\$ 7,457	\$ 18,172	\$ 6,968	
Transferred from Unspent Deferred Capital Contributions	1,967	2,213	4,180	11,677	
Less Amounts Recognized as Revenue	(1,391)	(638)	(2,029)	(473)	
Balance, End of Year	\$ 11,291	\$ 9,032	\$ 20,323	\$ 18,172	

(c) Deferred Revenue

	2019			2018 (Restated)	
	Government of Alberta	Other	Total	Government of Alberta	Total
Balance, Beginning of the Year	\$ 92,825	\$ 12,991	\$ 105,816	\$ 92,855	
Cash Contributions Received/Receivable During the Year	174,449	929	175,378	160,822	
Interest Income	1,400	-	1,400	473	
Transfers to Unspent Deferred Capital Contributions	(1,470)		(1,470)	-	
Recognized as Revenue:					
Grants	(170,353)	(5,152)	(175,505)	(147,892)	
Interest Income	(1,389)	-	(1,389)	(442)	
Balance, End of Year	\$ 95,462	\$ 8,768	\$ 104,230	\$ 105,816	

**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 \$6,228 for the year ended March 31, 2019 (2018 - \$6,532)

At December 31, 2018, the Management Employees Pension Plan reported a surplus of \$670,700 (2017 – surplus \$866,006), the Public Service Pension Plan reported a surplus of \$519,218 (2017 – surplus \$1,275,843) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$70,310 (2017 – deficiency \$54,984). The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**Note 11 BENEFIT PLANS (continued)**  
*(in thousands)*

(b) 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, 2019 these plans have net accrued liability of \$36 (2018 - \$92).

	2019	2018
Benefit Plans, Beginning of Year	\$ 92	\$ 148
Benefits Paid	(56)	(56)
Benefit Plans, End of Year	<u>\$ 36</u>	<u>\$ 92</u>

**Note 12 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	Land	Building and Improvements <sup>(2)</sup>	Equipment <sup>(3)</sup>	Computer Hardware & Software	2019 Total	2018 Total
<b>Estimated Useful Life</b>	Indefinite	10-30 years	3-25 years	3-10 years		
<b>Historical Cost <sup>(1)</sup></b>						
Beginning of Year	\$ 566	\$ 27,639	\$ 70,092	\$ 11,038	\$ 109,335	\$ 92,697
Additions	-	4,302	2,683	325	7,310	16,987
Disposals, including Write-downs	-	-	(221)		(221)	(349)
	<u>566</u>	<u>31,941</u>	<u>72,554</u>	<u>11,363</u>	<u>116,424</u>	<u>109,335</u>
<b>Accumulated Amortization</b>						
Beginning of Year	-	5,130	48,162	7,139	60,431	55,587
Amortization Expense	-	2,029	3,496	1,225	6,750	5,193
Effect Disposals, including Write-downs	-	-	(220)		(220)	(349)
	<u>-</u>	<u>7,159</u>	<u>51,438</u>	<u>8,364</u>	<u>66,961</u>	<u>60,431</u>
<b>Net Book Value at March 31, 2019</b>	<u>\$ 566</u>	<u>\$ 24,782</u>	<u>\$ 21,116</u>	<u>\$ 2,999</u>	<u>\$ 49,463</u>	
<b>Net Book Value at March 31, 2018</b>	<u>\$ 566</u>	<u>\$ 22,509</u>	<u>\$ 21,930</u>	<u>\$ 3,899</u>		<u>\$ 48,904</u>

<sup>(1)</sup> Historical costs includes work-in-progress at March 31, 2019 totaling \$3,299 (2018 - \$18,351) comprised of building and improvements \$2,725 (2018 - \$17,464), equipment \$483 (2018 - \$887), and computer hardware and software \$91 (2018 - nil).

<sup>(2)</sup> Buildings and improvements include leasehold improvements (amortized over the life of the lease).

<sup>(3)</sup> Equipment includes laboratory equipment, heavy equipment, vehicles, office equipment, and other equipment.

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**Note 13 ACCUMULATED SURPLUS**  
*(in thousands)*

	<b>2019</b>			<b>2018</b>
	<b>Investments in Tangible Capital Assets</b>	<b>Unrestricted Surplus</b>	<b>Total</b>	<b>Total</b>
Balance, Beginning of Year <sup>(a)</sup>	\$ 30,732	\$ 26,038	\$ 56,770	\$ 77,823
Annual Surplus (Deficit)	(6,751)	18,710	11,959	(21,053)
Net Investments in Capital Assets	7,310	(7,310)	-	-
Transfers to Spent Deferred Capital Contributions	(4,180)	4,180	-	-
Spent Deferred Recognized in Revenue	2,029	(2,029)	-	-
Balance, End of Year	\$ 29,140	\$ 39,589	\$ 68,729	\$ 56,770

<sup>(a)</sup> Balance, beginning of year has been restated to reclassify balances between Investments in Tangible Capital Assets and Unrestricted Surplus.

**Note 14 CONTINGENT LIABILITIES**

The Corporation has been named as defendant in one (2018 - 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.

	<b>2019</b>	<b>2018</b>
Obligations under Operating Leases and Contracts	\$ 123,074	\$ 134,577

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

	<b>Operating Leases and Contracts</b>
2019-20	\$ 64,782
2020-21	32,472
2021-22	22,153
2022-23	3,373
2023-24	294
	<u>\$ 123,074</u>

**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. \$20,345 (2018 - \$17,464) is recorded in tangible capital assets in Note 12. \$462 (2018 - \$2,158) of related deferred revenue, \$803 (2018 - \$2,213) of related unspent deferred capital contributions and \$17,796 (2018 - \$14,915) of related spent deferred capital contributions, are recorded in Note 10. There were no in-kind contributions received at March 31, 2019 (2018 - \$nil).

**ALBERTA INNOVATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**MARCH 31, 2019**

**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 (2018 - \$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 2018 figures have been reclassified to conform to the 2019 presentation.

**Note 18 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The Board approved the consolidated financial statements of Alberta Innovates.

## Schedule 1 – Consolidated Expenses – Detailed by Object

**ALBERTA INNOVATES**  
**CONSOLIDATED EXPENSES - DETAILED BY OBJECT**  
**YEAR ENDED MARCH 31, 2019**

**SCHEDULE 1**

	<u>2019</u>	<u>2019</u>	<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<i>(in thousands)</i>	
Grants	\$ 160,732	\$ 161,560	\$ 165,152
Salaries, Wages and Employee Benefits	76,881	71,770	74,550
Supplies and Services	43,097	38,065	32,449
Amortization of Tangible Capital Assets (Note 12)	7,506	6,750	5,193
	<u>\$ 288,216</u>	<u>\$ 278,145</u>	<u>\$ 277,344</u>

## Schedule 2 – Salary and Benefits Disclosure

**ALBERTA INNOVATES**  
**SALARY AND BENEFITS DISCLOSURE**  
**YEAR ENDED MARCH 31, 2019**  
(dollars in thousands)

**SCHEDULE 2**

	2019			2018 (restated)	
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board	\$ -	\$ 39	\$ 2	\$ 41	\$ 21
Board Members	-	73	3	76	75
Chief Executive Officer	396	144	11	551	509
Vice Presidents:					
Executive Vice President, Operations (4)	300	-	76	376	48
Vice President, Clean Energy	225	-	63	288	348
Vice President, Marketing & Communications (5)	214	21	9	244	75
Vice President, Finance & Corporate Secretary	225	22	16	263	261
Vice President, Health (6)	255	26	14	295	276
Vice President, Investments	215	-	55	270	259
Vice President, Provincial Platforms & SPOR (7)	10	1	1	12	328

(1) Base salary includes regular salary.

(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.

(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) Executive Vice President, Operations position was effective February 15, 2018.

(5) Vice President, Marketing & Communications position was effective December 4, 2017.

(6) Vice President, Health position was vacated February 16, 2018 and effective on April 16, 2018.

(7) Vice President, Provincial Platforms & SPOR was vacated April 16, 2018.

## Schedule 3 – Related Party Transactions

### ALBERTA INNOVATES RELATED PARTY TRANSACTIONS YEAR ENDED MARCH 31, 2019

### 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.

	<b>Entities in the Ministry</b>		<b>Other Entities Outside of the Ministry</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<i>(in thousands)</i>			
<b>Revenues</b>				
Grants	\$ 217,834	\$ 190,432	\$ 12,354	\$ 12,957
Other	10	101	2,182	2,942
	<u>\$ 217,844</u>	<u>\$ 190,533</u>	<u>\$ 14,536</u>	<u>\$ 15,899</u>
<b>Expenses - Directly Incurred</b>				
Grants	\$ -	\$ -	\$ 89,011	\$ 113,671
Other Services	17	30	1,363	937
	<u>\$ 17</u>	<u>\$ 30</u>	<u>\$ 90,374</u>	<u>\$ 114,608</u>
<b>Receivables from</b>	<u>\$ 250</u>	<u>\$ 2,310</u>	<u>\$ 1,004</u>	<u>\$ 2,583</u>
<b>Payable to</b>	<u>\$ 10</u>	<u>\$ 55</u>	<u>\$ 577</u>	<u>\$ 5,910</u>
<b>Unspent Deferred Capital Contributions</b>	<u>\$ 808</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Spent Deferred Capital Contributions</b>	<u>\$ 11,291</u>	<u>\$ 10,665</u>	<u>\$ -</u>	<u>\$ 50</u>
<b>Deferred Revenue</b>	<u>\$ 78,273</u>	<u>\$ 74,879</u>	<u>\$ 17,189</u>	<u>\$ 17,946</u>
<b>Deferred Contract Revenue</b>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 206</u>	<u>\$ 119</u>
<b>Contractual Obligations</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,627</u>	<u>\$ 79,592</u>
<b>Contractual Rights</b>	<u>\$ 59,126</u>	<u>\$ 114,407</u>	<u>\$ 6,286</u>	<u>\$ 3,297</u>



### 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

	<b>Other Entities Outside of the Ministry</b>	
	<b>2019</b>	<b>2018</b>
	<b>(in thousands)</b>	
Expenses - Incurred by Others <sup>(1)</sup>		
Accommodation <sup>(2)</sup>	\$ 23,095	\$ 22,376
	<u>\$ 23,095</u>	<u>\$ 22,376</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.

## Schedule 4 – Consolidated Allocated Costs

**ALBERTA INNOVATES  
CONSOLIDATED ALLOCATED COSTS  
YEAR ENDED MARCH 31, 2019**

**SCHEDULE 4**

Program	2019		2018	
	Expenses - Incurred by Others <sup>(2)</sup>			
	Expenses <sup>(1)</sup>	Accommodation Costs <sup>(3)</sup>	Total Expenses	Total Expenses
<i>(in thousands)</i>				
Applied Research	\$ 65,930	\$ -	\$ 65,930	\$ 63,614
Clean Energy	52,868	-	52,868	22,698
Health Innovation	55,821	-	55,821	84,773
Entrepreneurial Investments	35,613	-	35,613	33,172
Post-Secondary Investments Team	21,486	-	21,486	24,308
Bio	17,514	-	17,514	19,472
Administration	28,913	23,095	52,008	51,683
	<u>\$ 278,145</u>	<u>\$ 23,095</u>	<u>\$ 301,240</u>	<u>\$ 299,720</u>

<sup>(1)</sup> Expenses - Directly Incurred as per Consolidated Statement of Operations.

<sup>(2)</sup> 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.

<sup>(3)</sup> The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.

# Other Financial Information

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# Lapse/Encumbrance (unaudited)

## DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE FOR THE YEAR ENDED MARCH 31, 2019

	Voted Estimate <sup>(1)</sup>	Supplementary Supply <sup>(2)</sup>	Adjustments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	(Over Expended)/ Unexpended
<i>(in thousands)</i>						
<b>Program - Operating Expense</b>						
<b>1.0 Ministry Support Services</b>						
1.1 Minister's Office	\$ 954	-	\$ -	\$ 954	\$ 1,147	\$ (193)
1.2 Deputy Minister's Office	852	-	-	852	846	6
1.3 Human Resources	-	-	-	-	-	-
1.4 Strategic Policy and Corporate Services	10,568	-	-	10,568	9,580	988
	12,374	-	-	12,374	11,573	801
<b>2.0 Economic Development</b>						
2.1 Program Delivery Support	10,076	-	-	10,076	9,809	267
2.2 Industry Development	7,038	500	-	7,538	5,725	1,813
2.3 Entrepreneurship and Regional Development	4,832	-	-	4,832	4,617	215
2.4 Northern Alberta Development Council	2,318	-	-	2,318	2,211	107
2.5 Transfer to Alberta Enterprise Corporation	750	-	-	750	750	-
	25,014	500	-	25,514	23,112	2,402
<b>3.0 Trade and Investment Attraction</b>						
3.1 Program Delivery Support	3,782	-	-	3,782	3,362	420
3.2 Trade Policy	2,055	-	-	2,055	1,547	508
3.3 Investment Attraction and Export Development	13,658	-	-	13,658	11,696	1,962
3.4 International Offices	10,371	-	-	10,371	9,710	661
	29,866	-	-	29,866	26,315	3,551
<b>4.0 Science and Innovation</b>						
4.1 Program Delivery Support	563	-	-	563	433	130
4.2 Innovation and System Engagement	32,511	-	-	32,511	31,815	696
4.3 Science and Innovation Policy and Strategy	7,953	-	-	7,953	7,802	151
4.4 Technology Partnerships and Investments	21,096	-	-	21,096	20,841	255
4.5 Grants to Alberta Innovates Corporation	175,749	-	-	175,749	175,749	-
	237,872	-	-	237,872	236,640	1,232
<b>5.0 Jobs, Investment and Diversification</b>						
	2,203	-	-	2,203	2,757	(554)

## Lapse/Encumbrance (unaudited) – Continued

### DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE FOR THE YEAR ENDED MARCH 31, 2019

	Voted Estimate <sup>(1)</sup>	Supplementary Supply <sup>(2)</sup>	Adjustments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	(Over Expended)/ Unexpended
<i>(in thousands)</i>						
<b>6.0 Climate Leadership Plan</b>						
6.1 Innovation and Technology	44,020	-	-	44,020	43,359	661
	44,020	-	-	44,020	43,359	661
<b>Total</b>	<b>\$ 351,349</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ 351,849</b>	<b>\$ 343,756</b>	<b>\$ 8,093</b>
<b>Lapse</b>						<b>\$ 8,093</b>
<b>Program - Capital Investment</b>						
<b>1.0 Ministry Support Services</b>						
1.4 Strategic Policy and Corporate Services	25	-	-	25	24	1
	25	-	-	25	24	1
<b>4.0 Science and Innovation</b>						
4.5 Grants to Alberta Innovates Corporation	1,590	-	-	1,590	1,595	(5)
<b>6.0 Climate Leadership Plan</b>						
6.1 Innovation and Technology	1,000	-	-	1,000	1,000	-
<b>Total</b>	<b>\$ 2,615</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,615</b>	<b>\$ 2,619</b>	<b>\$ (4)</b>
<b>(Encumbrance) <sup>(5)</sup></b>						<b>\$ (4)</b>

## Lapse/Encumbrance (unaudited) – Continued

### Department of Economic Development and Trade For the year ended March 31, 2019

(1) As per “Expense Vote by Program”, “Capital Investment Vote by Program” and “Financial Transaction Vote by Program” pages 88-89 of the 2018-19 *Government Estimates*.

Per Order in Council No. 297/2018 transfer of Freedom of Information and Protection of Privacy services, Information Management and Technology services, and Human Resources services is restated by (\$4,660).

(2) Per the Special Warrant (No. 001/2019) for Supplementary Supply approved on March 29, 2019 (Order in Council No. 084/2019). This disclosure is made pursuant to section 30 of the *Financial Administration Act*.

(3) Adjustments include encumbrances, capital carry over 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.

(5) Exceeded spending authority due to overpayment of capital grants to Alberta Innovates. Alberta Innovates has agreed to offset this overpayment by spending less by the equivalent amount in operating expenses.

# Annual Report Extracts and Other Statutory Reports

## 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 2018-19, the department had no disclosures of wrongdoing filed with the Public Interest Disclosure Office.