

Economic Development and Trade

ANNUAL REPORT

2015-2016



Note to Readers:

Copies of the annual report are available on
the Economic Development and Trade website

<http://economic.alberta.ca/>

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Economic Development and Trade

Annual Report 2015-2016

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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 20 ministries.

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

On October 22, 2015, the government announced new ministry structures. The 2015-16 ministry annual reports and financial statements have been prepared based on the new ministry structure.

The Ministry of Economic Development and Trade is comprised of several programs formerly in the ministries of International and Intergovernmental Relations, Innovation and Advanced Education, and Jobs Skills Training and Labour.

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

This ministry annual report also includes:

- the financial statements of entities making up the ministry including the Department of Economic Development and Trade, Alberta Enterprise Corporation, and Alberta Innovates Corporations (including Alberta Innovates–Bio Solutions, Alberta Innovates–Energy and Environment Solutions and Alberta Innovates–Technology Futures) for which the minister is responsible; and
- other financial information as required by the *Financial and Administration Act and the Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

■ Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2016, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 2, 2016 with material economic or fiscal implications, of which I am aware, have been considered in the preparation of this report.

Original signed by

Honourable Deron Bilous

Minister of Economic Development and Trade

■ Message from the Minister of Economic Development and Trade



Honourable Deron Bilous

As part of our government's commitment to economic growth and diversification, the new Ministry of Economic Development and Trade was created to support economic development strategies and policies, and small and medium-sized enterprises, facilitate export development and investment attraction, and leverage science and innovation. As Minister, I am pleased to present our annual report, which outlines the department's accomplishments during the 2015-16 fiscal year.

Our work to ensure Alberta has a robust, diversified and resilient economy was highlighted by a number of new programs and initiatives. In October 2015 government announced an investment of \$50 million (\$25 million in each of 2015-16 and 2016-17) to Alberta Enterprise Corporation to help entrepreneurs access the capital and mentorship they need to take their ideas from concept to marketplace. My ministry also signed an agreement with the Business Development Bank of Canada to find new ways to work together to help Alberta companies by providing access to capital and loans, and business and technical services.

Science and innovation also played a large role in supporting Alberta's economy by supporting high-tech innovation and research. To this end, the Enhanced Innovation Voucher and SMEs support program received \$5 million in additional funding to help small innovative and technology-based businesses gain access to crucial services such as marketing, feasibility, prototyping, testing and more.

In partnership with Alberta Energy, we took a significant step toward building on our province's strengths by launching the Petrochemicals Diversification Program. The program capitalizes on the growing global demand for related higher value products and promotes greater energy processing right here in Alberta.

We have been looking outward beyond our provincial and national borders to explore market access opportunities, build our relationships with our trading partners and ensure Alberta's interests are represented in trade agreements. From my mission to Asia, as well as Premier Notley's missions to Eastern Canada, the United States and the United Nations Conference of the Parties in Paris, we have been actively looking for ways to capitalize on our province's strengths, get Alberta products to markets with high growth potential and attract investment to industries and sectors that offer the most promising returns.

The key to successfully carrying out our economic plan is strong partnerships and collaboration, and I have made engaging with stakeholders across the province and in all sectors of the economy a priority. I have had countless productive discussions that have given me a better understanding of the challenges we are facing as a province and how we can overcome them.

Albertans want an economy that is resilient to energy price swings, captures the full value of our resources, offers prosperous futures for our children, and shares its benefits widely and fairly. Achieving this is at the heart of what the staff in my ministry work toward every day. The progress we have made on this front is due to their knowledge, professionalism and dedication. I thank them and commend them for the work they do to strengthen and build our province's economy in the interests of all Albertans.

At Economic Development and Trade, building a more resilient and diversified economy will remain our priority. Our work will continue to be guided by what we hear from our stakeholders and partners across the province. I am excited to see what the next year will bring and look forward to working together to build on the entrepreneurial spirit and innovation that makes Alberta great.

Original signed by

Honourable Deron Bilous

Minister of Economic Development and Trade

■ Management's Responsibility for Reporting

The Ministry of Economic Development and Trade includes 12 international offices established in high priority markets, the department of Economic Development and Trade, the Alberta Enterprise Corporation, Alberta Innovates - Energy and Environment Solutions, Alberta Innovates - Technology Futures, and Alberta Innovates - Bio Solutions.

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

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

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

- **Reliability** – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- **Understandability** – the performance measure methodologies and results are presented clearly.
- **Comparability** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.

- **Completeness** – goals, performance measures and related targets match those included in the Ministry’s Budget 2015.

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, the Minister of Finance and the Minister of Economic Development and Trade the information needed to fulfil 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

■ Ministry Overview

Mission

On October 22, 2015, the Government of Alberta announced the creation of the Ministry of Economic Development and Trade. It brought under one umbrella several divisions from the former Ministries of Innovation and Advanced Education, International and Intergovernmental Relations, and Jobs Skills Training and Labour. The new ministry is supported by several agencies, including Alberta Innovates - Energy and Environment Solutions, Alberta Innovates - Technology Futures, Alberta Innovates - Bio Solutions, and the Alberta Enterprise Corporation¹.

Economic Development and Trade leads efforts to make Alberta's economy competitive, diverse and resilient. Building on Alberta's strengths and entrepreneurial spirit, it strives to catalyze opportunities that support trade, investment and jobs.

Organizational Structure

The ministry includes three operational divisions and one supporting division, as well as a communications branch. The responsibilities of these entities are as follows:

Economic Development and Small and Medium-sized Enterprises (SMEs)

In providing economic information and tools for businesses and investors, this division facilitates access to capital in Alberta, promotes the adoption of technology and productive business practices, and supports efforts to increase the resiliency and diversification of industry. The division assists small and medium-sized enterprises and collaborates with communities and stakeholders to foster regional economic development.

¹ For more information on the agencies annual report, please visit the Alberta Enterprise Corporation website, http://www.alberta-enterprise.ca/?page_id=13, and Alberta Innovates website, <http://www.albertainnovates.ca>.

Science and Innovation

Serving to capture more value from Alberta's innovation system, this division is a lead funder and proponent of government-sponsored research and innovation. It promotes a cohesive research ecosystem, commercialization of innovative products and processes, and solutions to challenges faced by Alberta industry. It promotes collaboration between Alberta's small and medium-sized enterprises and international industry partners and jurisdictions.

Trade and Investment Attraction

Supporting a whole-of-government approach to attract trade and investment, this division leads Alberta's participation in domestic and international trade negotiations, and it advances and develops Alberta's strategic international interests and relationships. The division, which includes Alberta's network of international offices, offers services and supports such as market intelligence and networking for export-ready firms.

Strategic Policy and Corporate Services

Working collaboratively within and outside the ministry, this division delivers integrated corporate services, including strategic planning and evaluation, legal, legislative and governance services, as well as finance, corporate administration, human resources, information and technology management, and compliance with the *Freedom of Information and Protection of Privacy Act*.

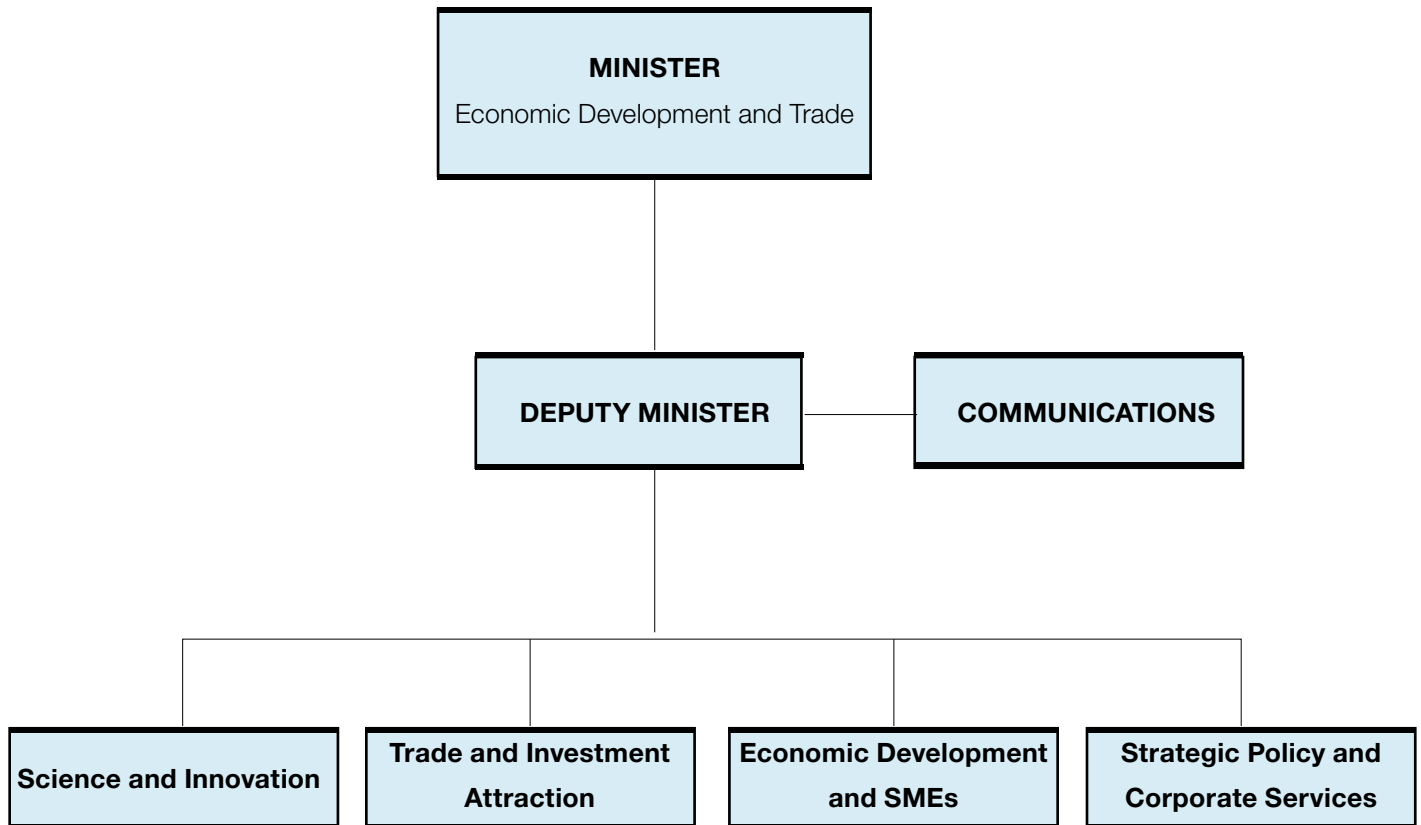
The division also provides these latter corporate services to the Ministry of Indigenous Relations, as formalized through a memorandum of understanding between Economic Development and Trade and Indigenous Relations.

Communications

The communications branch provides strategic communications planning and media relations support to the department and the minister.

■ Ministry of Economic Development and Trade Organization Structure

(for the year ended March 31, 2016)



■ Discussion and Analysis of Results

Alberta is facing challenging macro-economic conditions rooted in global commodity dynamics. In the last two years, oil prices have dropped by 70 per cent, and the unemployment rate has risen from 4.4 per cent in February 2014 to 7.1 per cent in March 2016. Investment in Alberta has declined from more than \$90 billion in 2013 and in 2014 to less than \$70 billion in 2016. With many major projects coming to completion over the next few years, investment and its related activity in Alberta is expected to continue to decline.

The Ministry of Economic Development and Trade was formed to address concerns of declining economic activity and the reliance on the oil and gas sector. With improved linkages between trade and investment attraction, economic development, and science and innovation, the ministry marshals government's interconnected resources and helps foster conditions for sustainable growth in both rural and urban Alberta. Strategies of the ministry include focusing on economic opportunities in the near term and, in the longer term, promoting initiatives that will diversify and grow Alberta's industry sectors, markets and investments.

Desired Outcome One :

Alberta's economic environment is sustainable, diversified and knowledge-intensive.

PERFORMANCE INDICATOR:

In 2014, there was a 3.1 per cent increase in the GDP in manufacturing, business and commercial services in Alberta.

Government is responsible for creating the right economic conditions for growth. Economic Development and Trade focuses on removing barriers to investment and encouraging growth in traditional and non-traditional sectors. To do this, the ministry brings together international and domestic efforts to attract investment, promote exports, expand access to capital, and encourage innovation.

Priority Initiative: *Establish a premier's advisory committee to provide counsel on economic growth and diversification strategies and policies.*

To help secure long-term prosperity for Alberta, the government sought independent expert counsel on economic development policies and strategies. The Premier's Advisory Committee on the Economy (PACE) was established in October 2015. Its members are Canadians respected for their achievements in industry, academia, labour, the not-for-profit sector, and research and innovation.

PACE met with Premier Notley, Minister Bilous and Finance Minister Ceci on November 4, 2015, and January 19, 2016, to discuss the government's priorities, including plans for growth and diversification and how the province can strengthen its innovation system in support of these plans.

Priority Initiative: *Create economic development strategies and policies to provide an overarching framework that identifies competitiveness challenges and sector opportunities for growth and investment.*

PERFORMANCE INDICATOR:

In 2012, 1.2 per cent of GDP was invested in research and development by public and private entities.

In the fall of 2015, the Government of Alberta introduced a number of measures under this initiative to stimulate the economy and help promote job creation and diversification. These included increased access to capital for businesses from the Alberta Enterprise Corporation, the Alberta Investment Management Corporation and Alberta Treasury Branches.

The ministry supported the development and implementation of the Petrochemicals Diversification Program, which is led by Alberta Energy. The program provides royalty credits to encourage companies to invest in new petrochemical facilities, which are expected to use methane or propane to produce materials such as plastics.

In preparation for Budget 2016, the ministry worked with other ministries to lead the development of a \$250 million Jobs and Diversification package to further support job creators. This package, supporting focused and strategic programming over the next two years, specifically provides:

- \$165 million for two new tax credits that encourage investors to support small and medium-sized companies and encourage business capital investment.
- \$25 million (over and above the \$50 million announced in October 2015) to be invested through Alberta Enterprise Corporation to spur innovation, growth and employment in areas such as clean technology.
- \$35 million to attract new businesses, enhance incubation, support entrepreneurship, and pursue regional economic development initiatives.
- \$25 million for new apprenticeship and training opportunities.

Priority Initiative: *Clarify roles and responsibilities within the research and innovation system, including key performance metrics for the Alberta Innovates corporations.*

Research and innovation activity has great potential to contribute to Alberta's economy. The Alberta Innovates corporations have created thousands of jobs. The ministry is striving for a stronger, more competitive system of research and innovation to attract people, investment and partnerships to Alberta.

Improvements to the research and innovation system are underway and will increase accountability, create efficiencies, accelerate achievement of outcomes, and increase Alberta's focus on leveraging its strengths. Examples include:

- Through its Research Capacity Program (RCP), the ministry committed to grant approximately \$18 million in 2016-17 to post-secondary institutions. With that money, these institutions will buy equipment to help advance cancer radiation therapy, pipeline integrity, and treatment for pediatric disorders. These investments leveraged an additional \$53.6 million from the federal Canada Foundation for Innovation (CFI) and \$70.9 million from other sources, enabling institutions to access research talent, national infrastructure, partnerships, and, eventually, breakthroughs in knowledge.
- Through the small equipment grants stream of RCP, the ministry awarded \$6.1 million to 33 post-secondary researchers, leveraging an additional \$6.1 million from the CFI and \$4.6 million from other sources to establish new laboratories and renew equipment. This enabled institutions to attract and train mid-career researchers who will advance research in nutrition, age-related diseases, solar and renewable energy, and animal health.
- Through Alberta Innovates, more than 800 clients from small to large Alberta enterprises accessed publicly funded research, testing and development space for projects.

Through the consolidation of the four Alberta Innovates corporations into a single one, including an applied research subsidiary, the ministry has streamlined Alberta's innovation agencies. The leaner, consolidated system makes it easier for Alberta companies, innovators and researchers to access opportunities and make stronger connections across the province, helping them to respond more effectively to key sector challenges and global priorities like climate change.

Using teams drawn from Alberta Innovates and partner government ministries, Economic Development and Trade initiated the development of targets for innovation, plus indicators for tracking progress. Within these teams, ministries, Alberta Innovates, post-secondary institutions and other stakeholders can rally to advance Alberta's interests, whether in energy, environment, fibre/bio-industries, food or health.

Also, similar collaboration worked to better align and measure the commercialization programs and services of Alberta Innovates. This will make it easier for entrepreneurs to navigate the commercialization system and provide more consolidated performance metrics to gauge success. Alberta Innovates is in the process of implementing this plan.

Priority Initiative: *Launch a Small Business Research Innovation program, modelled on successful examples in the United States and the United Kingdom, that will support the commercialization of new products and services by providing funding, mentoring and connections for businesses.*

Alberta Innovates–Technology Futures (ATF) launched a small business research and innovation pilot program. The program, with a budget of up to \$5.5 million, identifies significant challenges to the public sector or industry end-users and generates projects for local small businesses to address them. The program supports field-testing of SME products or services and potentially enables first purchases. It will lead to more economic diversification, improved performance for end-users, and stronger and more capable Alberta SMEs. Partners were engaged for the pilot in the health and environmental sectors.

Priority Initiative: *Consult with Alberta businesses and entrepreneurs to determine best practices for expanding access to early and late-stage venture and growth capital, including examining the potential for micro-financing initiatives such as marketplace loans and equity crowdfunding.*

PERFORMANCE MEASURE:

Since inception, the Alberta Enterprise Corporation has attracted 10 venture capital funds to Alberta. These funds and their partners, have invested over \$300 million in 28 Alberta companies creating 1,200 direct jobs.

In October 2015 government announced an investment of \$50 million (\$25 million in each of 2015-16 and 2016-17) to Alberta Enterprise Corporation (AEC). As part of Budget 2016, an additional \$25 million was announced, bringing total investment into AEC to \$75 million over the 2015-2016 and 2016-2017 fiscal years. AEC is a government agency responsible for promoting the development of knowledge-based industries and a venture capital industry to support them. On February 8, 2016, AEC announced that it had made its first investment after the new capital allocation. The investment in AVRIO Ventures III supports the agriculture sector and the diversification and creation of value-added agriculture products and technologies in Alberta.

On March 3, 2016, the ministry announced a letter of intent had been signed with the Business Development Bank of Canada (BDC) to support access to capital for Alberta entrepreneurs. Through this letter, BDC and the Government of Alberta will build on their existing supports to develop initiatives for small and medium-sized business innovation, increase export development, improve delivery of coordinated business services, and provide collaborative solutions for enhanced venture capital and other financing challenges facing Alberta businesses.

The ministry collaborated with Alberta Treasury Board and Finance on initiatives to increase loans for Alberta small and medium-sized enterprises. Alberta Treasury Branches Financial was given access to up to \$1.5 billion in liquidity and capital to expand the loans it offers entrepreneurs and job creators. In addition, the Alberta Investment Management Corporation was directed to invest three per cent of the Heritage Fund – approximately \$540 million – in growth-oriented Alberta companies.

Priority Initiative: *Foster small business growth in communities and regions throughout Alberta by providing client-centred supports and services.*

A variety of government-supported programs and services were administered and enhanced to ensure entrepreneurs and growing companies continued to have access to information and assistance they need to start and operate a business. This includes the Small Business Resources website, a one-stop-shop for small business information; the Business Advisor Program at the Business Link, providing one-business-day turnaround to small business questions; the Rural Alberta Business Centres, where business owners in Camrose, Cold Lake, Rocky Mountain House and Hanna can receive assistance in making informed business decisions; and a partnership was established with Futurpreneur to ensure better access to mentorship and capital for youth entrepreneurs in Edmonton and northern Alberta. With financial support from the ministry, Futurpreneur hired a business development manager stationed in Edmonton to supplement its capacity in Calgary. This provides youth entrepreneurs across the province access to resources, such as pre-launch coaching, business planning, financing, and mentoring. This in turn helps the province lever the innovative capacity of young Albertans.

BUSINESS LINKS:

In 2014-15, the Business Link interacted with clients for 5,972 times, including phone (3,606), Email (1,740), and walk-in (626); the Rural Alberta Business Centres supported approximately 2000 clients.

The ministry supported regional economic development by providing tailored initiatives, services, knowledge and expertise that help address Alberta’s key regional economic opportunities and challenges. Annual Regional Economic Development Alliance (REDA) funding, along with increased engagement with municipalities, not-for-profits and other economic development organizations assisted in ongoing efforts to diversify Alberta’s economy. By focusing on economic development literacy, innovation, investment attraction and collaboration, regional development benefited most from increased coordination of efforts and maximized efficiencies.

As part of a five-year funding agreement, in 2015-16, REDAs received \$1 million in aggregate (10 each received \$100,000) to support operations and ensure they could deliver economic development initiatives unique to each of their regions. For example, the Central Alberta Economic Partnership completed the Invest Central Alberta project (www.investcentralalberta.ca), a web-based site selection tool to assist prospective investors to identify investment-ready communities, sites and buildings in the central Alberta region. Also, the Palliser Economic Partnership recently undertook the Port of Wild Horse Feasibility Study and Business Plan to quantify the economic benefits required to build the case for expanded hours of operation at the Port of Wild Horse, which is an international port of entry located on the US-Canada border in northern Montana and southeastern Alberta.

The ministry provided \$2 million to Cybera Inc. to manage essential infrastructure to support post-secondary research, technology development and education for Alberta's small and medium-sized technology companies. Cybera's unmetered broadband network supports Campus Alberta, school boards (K-12), small and medium-sized enterprises and Alberta Innovates, resulting in considerable cost savings for these stakeholders.

Enhanced Innovation Vouchers and SME Support, a program administered by Alberta Innovates, helped small innovative and technology-based businesses gain access to business services (such as marketing, planning, feasibility or business formation), as well as accelerated technology and product development activities (such as prototyping, demonstration and testing). It builds on existing micro-voucher and voucher programs – two of the most-accessed and popular in Alberta's slate of programs to support commercialization of technology. As development milestones for new technology are met, this program advances SMEs through types and levels of funding and progressive support. In 2015-16, AITF is on track to complete 120 vouchers, up from 50 in 2014-15. Budget 2015 allocated an additional \$5 million for this new program, and it is expected it will support more than 200 projects per year.

Desired Outcome Two:

Trade and investment attraction contributes to Alberta's economic resilience and prosperity.

Attraction of trade and investment is vital to Alberta's economic success. In 2015, provincial exports totaled more than \$92 billion in goods to more than 195 countries. The ministry's Trade and Investment Division organizes its support for export promotion and investment attraction work across four strategic geographic regions, which are (in alphabetical order): Emerging Markets, Europe, Northeast Asia and the United States. Officials working on enhancing trade and increasing investment attraction are based in Edmonton, Calgary, and the cities where Alberta's International Offices are situated.

Alberta's International Offices are strong, on-the-ground resources placed in important markets where Alberta has a wide range of economic interests. The ministry's Alberta-based staff and staff in Alberta's International Offices work closely together under the same leadership to ensure timely and seamless exchange of market intelligence and trade and investment opportunities with Alberta-based officials and clients, and with potential investors. To promote Alberta's goods and services to target markets, the ministry provides commercial services such as market intelligence and networking opportunities for Alberta companies.

In addition, Economic Development and Trade leads Alberta's participation in domestic and international trade negotiations, protecting the public interest, ensuring that modern trade agreements are built on effective rules-based systems that support the flow of goods, services, resources, labour and capital.

Priority Initiative: *Foster small business growth in communities and regions throughout Alberta by providing client-centred supports and services.*

Market Intelligence

The ministry provides service and undertakes a number of market intelligence initiatives in Alberta and overseas throughout the year that help Alberta companies or international clients. Alberta companies are provided direct information and supports to assess their export readiness, learn about new markets for their products, and gain information about prospective international partners in targeted markets. International clients are provided information about Alberta that may stimulate action and interest and are provided with practical information on doing business in Canada including how to further get connected and explore interests.

Outside of direct client service interaction broader organized initiatives can reach multiple clients concurrently and can include organizing incoming or outgoing missions with information sharing and development as a focus, matching international stakeholders with Alberta small and medium-sized enterprises, and organizing seminars on targeted topics. In 2015-16 the ministry organized a number of incoming missions, video conferences and webinars under this category and a small selection of examples follows.

PERFORMANCE INDICATOR:

In 2015, a total of \$ 293.7 million in greenfield investment was attracted into Alberta. This type of investment is a form of foreign direct investment.

PERFORMANCE MEASURE:

In 2015, 68 per cent of trade and investment clients indicated that as a result of the information they received from EDT they were able to make an informed business decision.

PERFORMANCE MEASURE:

In 2015, 76 per cent of trade and investment clients indicated that EDT helped them connect with contacts who otherwise would have been difficult to identify/ access.

- In November 2015, Alberta businesses learned how to protect their intellectual property when doing business in China, including practical tips on identifying sources of information.
- The Alberta Beijing Office and Alberta Industrial Heartland organized a petrochemical development opportunities seminar in May 2015², and 80 professionals from China attended.

This process of sharing information can lead to outcomes, two examples follow.

- An Alberta company established an office in the United Kingdom after being connected to international partners through the ministry's matchmaking efforts and sharing of market information. Not only will the new office support company growth and resilience by increasing and diversifying its revenue stream, it will bring innovative ideas and concepts from international markets to Alberta, thereby increasing the capacity of local companies to do business globally.
- In September 2015³, the ministry organized an Alberta-Korea pipeline safety seminar which focused on pipeline inspection technologies, exportable research, education and engineering services. The audience from government, academia and industry totaled 100, double the number expected. As a result of the seminar, four Korean companies and organizations undertook missions of their own to Alberta in late 2015 and spring 2016 to explore opportunities for training, technology transfer and service procurement.

Facilitating Export Development and Investment Attraction - Trade Shows

An avenue in which the ministry provides export development service is by facilitating Alberta company involvement at sector-specific trade shows in targeted international markets. By attending trade shows, companies are able to make connections with potential buyers abroad, learn about industry-specific trends, and conduct sales. Where the Government of Alberta invests or partners in a presence at a trade show there can be branding, service and cost offset benefits for participating Alberta firms. Select examples of outcomes that resulted from trade shows throughout the year are noted below.

- The ministry led 10 Alberta technology companies February 22 to 25, 2016, on a trade mission to the Mobile World Congress – the largest trade show for mobile technologies. Twenty-five Canadian trade commissioners from around the world secured meetings with major carriers from both developed and emerging markets, while the ministry organized more than 40 meetings and introductions. In addition, the ministry identified over 30 tailored trade leads for Alberta companies there and at home.
- The Alberta Hong Kong Office, the Consulate General of Canada in Hong Kong, and Alberta staff collaborated with the Hong Kong Trade Development Council to support six Alberta ICT companies to

² This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

³ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

attend the International ICT Expo from April 12 to 17, 2015⁴. The ministry developed a custom business program of meetings and two networking events. Alberta companies established 27 new business contacts with three reporting a greater than 50 per cent probability of conducting a sale or investment.

- The International Builders Show in Las Vegas, Nevada from January 18 to 22, 2016, showcased more than 40 Alberta companies as part of the Alberta associate exhibitor program, as well as showcasing the capabilities of Alberta's building products industry. More than 150 contacts, sales leads and export opportunities were generated at the event.

Facilitating Export Development and Investment Attraction - Business Missions and Visits

The ministry plans, arranges, and facilitates business missions to priority markets. Ministry staff, at times in partnership with other government or private sector stakeholders, create tailored group programs that will be mutually beneficial for Alberta small and medium-sized businesses and international businesses or potential investors. Several examples are noted:

- During a business partnering and investment attraction mission to Asia January 11-21, 2016, the ministry connected 21 Alberta organizations (12 Alberta small and medium-sized enterprises, four regional economic development organizations and five virtual mission participants) to 370 potential business partners and investors in four global financial centres: Shanghai, Tokyo, Hong Kong and Singapore. The ministry hosted investment attraction (matchmaking) seminars in each of these financial centres, and in Hong Kong the seminar was anchored to the Asian Financial Forum to attract investment and raise Alberta's profile in the region. The ministry also met with each participant, provided relevant market intelligence, and organized a pre-mission seminar to enhance the participants' success on the mission. The Alberta international offices facilitated meetings between Asian investors and Alberta businesses seeking partnerships.
- The Alberta Japan Office collaborated with the Ministry of Agriculture and Forestry to facilitate a 13-member delegation representing 10 agri-food small and medium-sized enterprises. Coinciding with Japan FoodEx 2016, the ministry provided advance market intelligence; set up one-to-one business meetings; and facilitated and led market tours, a business reception and seminar. Immediate results included a contract renewal between a Japanese agri-food trading corporation and the Alberta Agrivalue Processing Business Incubator, more than 15 direct business leads for industry participants, and the potential for several trade deals in the coming year. Interim results also included opportunities for the Agrivalue Processing Business Incubator that may arise with the anticipated signing of the Trans-Pacific Partnership.

⁴ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

- In addition, the ministry organized a German mission to Alberta on grid integration of renewable energies on November 2, 2015. The event provided a networking platform for Canadian and German businesses, academia and policy makers. During the visit, the ministry met with the chief development and operating officer from GP Joule. The ministry discussed the value of GP Joule having a presence in Alberta given new policies related to climate change, and a visit to Calgary Economic Development's Global Business Centre was arranged. GP Joule has since established an office in the Global Business Centre in Calgary.
- The Calgary Stampede Investment Forum was held July 5-8, 2015⁵. The event was a partnership between the Government of Alberta, Calgary Economic Development and the Canadian Association of Petroleum Producers. More than 30 representatives from 25 international companies with technology, capital, or processes attended the forum. Its purpose was to create awareness of Alberta technology and attract investment by showcasing opportunities in environmentally responsible development of Alberta's energy resources.

Consult with SMEs to Ascertain and Address Export Barriers

Research has shown that companies with diverse markets are much more resilient than those reliant on a single market. Accordingly, Economic Development and Trade has held discussions with small and medium-sized enterprises (SMEs) on the barriers they face when seeking to move into a new export market. These include familiarity with regulatory process, knowledge of language and culture, and identification of markets. The ministry will continue to consult on export barriers for SMEs and will work to address them with new supports in the coming year.

Priority Initiative: *Reframe the Alberta International Offices as trade and investment hubs that provide on-the-ground commercial services for businesses active in or looking to enter priority markets.*

In response to the Alberta International Offices Review, the ministry has taken steps to enhance its effectiveness and streamline its resources. Highlights of actions taken to date are as follows:

- Implemented steps to achieve a 20 per cent savings (or \$3.1 million) of the total budget allocated to Alberta International Offices – phased in with \$2.2 million in 2015-16, and an additional \$0.9 million in 2016-17, by:
 - closing the Ottawa (March 2015)⁶, Chicago (March 2015)⁷, and Munich (July 2015)⁸ offices;

⁵ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

⁶ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

⁷ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

⁸ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

- freezing plans for the California and Brazil offices; and
- reducing expenses of the remaining international offices.
- Reallocated China-based operational resources to open a cost-effective office in Guangzhou (March 2016).
- Improved measurement and reporting of results through the implementation of a client relationship management system (January 2016) and the development of new performance measures for the offices (completed in December 2015, for implementation on April 1, 2016).
- Reconfigured the role of the Hong Kong Office as a regional coordination and leadership hub (December 2015).

Alberta's International Offices have refocused their efforts on positioning themselves to act as trade and investment hubs, providing on-the-ground commercial services for businesses active in or looking to enter priority markets. Several examples of outcome-oriented activities are noted below.

- On February 22 and 23, 2016, the eight managing directors of the international offices in the Asia region met in Hong Kong to establish clear priorities and develop a coordinated strategy for the Asia region with the context of that reframed lens. The ministry supports investment attraction into Alberta through a variety of means, including its strong international connections, that are complemented by Alberta's International Office staff.
- The Alberta Shanghai Office supported the sourcing, vetting and connecting of potential investors from the Shanghai region to projects in Alberta's petrochemical and agricultural sectors. This was achieved by organizing one-on-one meetings between Alberta and Chinese counterparts, focused investment seminars and visits of investors to Alberta. These investment leads are expected to result in visits of Chinese investors in 2016, and to yield commercial results in two to five years.
- The Alberta Japan Office facilitated commercial discussions between Alberta and Japanese businesses. On April 8, 2015, Japan Oil, Gas and Metals National Corporation entered into its first agreement with an Alberta company, Altitude Resources Inc., to jointly explore for coking coal⁹. This \$3 million venture originated in Tokyo in October 2014, when the Alberta Japan Office arranged for a presentation from Alberta Energy representatives to speak on coal opportunities in Alberta.
- Following assistance provided jointly by the Alberta Japan Office and Alberta Agriculture and Forestry, Hokuetsu Kishu Paper Company Limited officially acquired AI-Pac Forest Products Incorporated from Mitsubishi Corporation and Oji Holdings Corporation. The purchase included Alberta-Pacific Forest Industries (AI-Pac) pulp and woodlands operations based in Boyle, Alberta, together with AI-Pac Pulp Sales Inc. located in Vancouver, British Columbia.

⁹ *This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.*

Priority Initiative: *Advance and develop Alberta's strategic international interests and relationships, in collaboration with provincial and federal stakeholders in the public and private sectors.*

Economic Development and Trade works to proactively develop Alberta's strategic international relationships and interests, often in collaboration with provincial and federal stakeholders in the public and private sectors. Alberta's international relationships are integral to enhancing trade and investment as they provide a context within which the ministry can advocate on behalf of Alberta, focusing on diversification, job creation and innovation. By fostering strong relationships with foreign governments and policy-makers, the ministry creates opportunities for Albertans. Several avenues for this are described below.

Missions and Visits

The ministry supports Premier Notley's international missions, through which she shares Alberta's perspective on key international issues. The ministry coordinated and supported the premier's mission to the United Nations 21st Conference of the Parties on Climate Change in Paris, France, from November 28 to December 2, 2015, where she discussed Alberta's Climate Leadership Plan with international stakeholders, attracting global attention to Alberta's plan to take responsible action on climate change and transition to a low carbon economy. The ministry also supported Premier Notley's mission to Montreal, New York City and Toronto from September 27 to October 2, 2015¹⁰, where she spoke on Alberta's environmental initiatives, competitive investment climate, and commitment to working with the private sector to grow the economy.

The ministry plans for the minister's engagement in key international markets by building missions to support Alberta's international priorities. The Minister of EDT participated in a trade and investment mission to North Asia from March 18 to 31, 2016, which included stops in Hong Kong, Guangzhou, Shanghai, Hangzhou and Beijing, China; and Seoul, South Korea. The outcomes of the mission included: new investment initiatives in environmental technologies, innovation and petrochemicals; the establishment of formal relationships to open opportunities for trade and investment; and the facilitation of increased trade and investment in southern China through the opening of the Alberta International Office in Guangzhou.

In a whole-of-government approach, the ministry's support extends to other officials who pursue international engagement. From October 9 to 16, 2015¹¹, the Minister of Energy led a mission to Shanghai and Beijing, where the Alberta Shanghai Office secured a keynote address at the 5th Annual Shale Gas

¹⁰ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

¹¹ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

Summit and arranged meetings with key Chinese stakeholders, such as Dow Chemical. Ron Hoffmann, Alberta's senior representative for the Asia Pacific Basin, co-chaired the China-Alberta Petroleum Centre meeting, which is the centerpiece of Alberta-China energy relations, and he accompanied the Minister of Energy during the mission. In November 2015, the Alberta Japan Office executed a program for the Minister of Agriculture and Forestry, including governmental briefings, industry meetings, networking functions in Tokyo and Hokkaido, and a forestry seminar. Key results from the mission included: an additional investment lead; signing of an industry pilot agri-food externship program; and media coverage and increased inquiries stemming from a forestry roundtable and seminars held in Tokyo and Hokkaido.

The ministry also plays a large role in programs, discussions and briefings for delegations from international governments throughout the year. The ministry regularly supports meetings between the premier, ministers, and delegates and provides information regarding cooperation on trade and investment with jurisdictions represented by the delegates. For example, the ministry worked with municipal and federal partners to welcome two delegations from the UAE, on May 4 to 5, 2015¹², and on September 17, 2015¹³. Delegates from the free trade zones in Dubai attended the ministry's "Doing business in Dubai" seminar in Calgary and met with more than 40 companies. On September 17, 2015¹⁴, the UAE minister of Energy, His Excellency Suhail Mohamed Faraj Al Mazrouei, visited Edmonton to explore investment opportunities and meet with government officials.

Regional Organizations

Throughout 2015-16, the ministry engaged with U.S. administration officials, think tanks, Canadian consulates and stakeholder groups to highlight Alberta's Climate Leadership Plan, positioning Alberta as a partner in reducing greenhouse gas emissions and building a sustainable energy economy.

Alberta also participates in U.S. transboundary organizations that support communication of the positions of Canadian provinces and U.S. state governments; and ministry officials work to support the MLAs appointed to them. These organizations include Council of State Governments (CSG) National, CSG West, CSG Midwest; Pacific NorthWest Economic Region (PNWER); Canadian/American Border Trade Alliance; and Ports-to-Plains Alliance.

Collaboration with International Financial Institutions

The ministry collaborates with many stakeholders in order to deepen Alberta's strategic international engagement. Through Alberta's International Development Office, ministry staff integrate Alberta's public, private and institutional resources and expertise to pursue international development projects. These position Albertans and Alberta stakeholders for business development and for job opportunities in international trade and investment.

¹² This initiative was undertaken by the former ministry of International and Intergovernmental Relations.

¹³ This initiative was undertaken by the former ministry of International and Intergovernmental Relations.

¹⁴ This initiative was undertaken by the former ministry of International and Intergovernmental Relations.

An example of an event the ministry undertook through the Alberta International Development Office is a co-led energy mission to the International Financial Institutions (IFIs) along with Private Sector Liaison Officers (PSLO) for the World Bank from Nova Scotia, the Netherlands, France, Spain, Austria and the U.S from May 4 to 8, 2015¹⁵. The World Bank and the Inter-American Development Bank were both active partners in the mission. A total of 86 delegates from 67 companies attended the mission; 20 of these companies were from Canada. The delegates learned about IFI opportunities in the energy sector and identified potential partnerships. The ministry also organized a study tour that took place from May 25 to 27, 2015¹⁶, for the Government of the Philippines with the support of the Asian Development Bank to learn about Alberta's experience in public-private partnerships in the education sector. The engagement by the Alberta International Development Office increased commercial opportunities for Alberta in the Philippines.

Sister-province Relationships

The ministry supported its existing sister-province relationships, which have been established over the past 40 years. Sister provinces expand Alberta's influence and reputation by developing long-lasting relationships with key trade and investment partners. This year, the sister-province relationships Alberta has with Gangwon and Hokkaido were particularly active files.

The ministry celebrated the following sister-province anniversaries: the 40th anniversary for Alberta-Gangwon (June 30 to July 4, 2015¹⁷) and the 35th for Alberta-Hokkaido (October 10-23, 2015¹⁸). For both anniversaries, official celebrations were held in Alberta with the visit of vice-governors of Gangwon and Hokkaido. The Minister of Agriculture and Forestry participated in official celebrations in Hokkaido during his mission to Japan from November 11-21, 2015, and Ron Hoffmann, Alberta's senior representative for the Asia Pacific Basin, visited Gangwon in May 2015¹⁹, to participate in the opening of the Alberta Wood pavilion located near the site of the 2018 Olympic Winter Games.

Memorandums of Understanding

Signing memorandums of understanding (MOUs) or other forms of agreements with other jurisdictions, associations, or companies can be used as a means of formalizing the ministry's international relationships. They provide evidence that the ministry is committed to working together with another entity following a face-to-face meeting, and they can act as a framework to guide future cooperation. For example, the ministry arranged for the Minister of Economic Development and Trade to sign several agreements during his mission to South Korea and China in March, 2016, including the following:

¹⁵ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

¹⁶ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

¹⁷ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

¹⁸ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

¹⁹ This initiative was undertaken by the former Ministry of International and Intergovernmental Relations.

- An MOU on Economic and Trade Cooperation with the Shanghai Municipal Commission of Commerce that will increase cooperation in many sectors and create opportunities for Alberta companies in this growing and dynamic market.
- An MOU on a new International Technology Partnership between Alberta and Zhejiang, focusing on areas of life sciences, information and communications technology, and environmental technology.
- An MOU with the Korea Importers Association (KOIMA), which will lead to the development of a series of export missions in partnership with KOIMA.

Collaboration with Global Enterprises

In order to attract corporate investment and support local growth, the ministry developed partnerships with a number of multinational enterprises. These partnerships increased access to the expertise needed to reach global markets and accelerated the development, commercialization and potential adoption of new technologies in Alberta. Notable successes include the following:

Air Liquide

The Government of Alberta signed a memorandum of understanding with Air Liquide to develop new ideas and technologies to keep Alberta's environment clean, develop the energy sector responsibly, and help keep Albertans healthy. The ministry supported two technology collaboration projects as part of this partnership, including:

- a \$3.7 million collaborative project between the Northern Alberta Institute of Technology (NAIT) and Air Liquide to support validation and assessment of new technologies in the areas of oil sands process, affected water treatment and greenhouse gas emission reduction.
- a \$535,000 joint technology project between Air Liquide and the University of Alberta to further develop airway modelling technology for assessment of devices that administer medical gases used to treat patients with chronic respiratory diseases.

Siemens

As part of the ministry's memorandum of understanding with Siemens Canada in July 2015²⁰, Siemens Canada launched a pilot training program that integrates academic studies with education in the workplace and hands-on work experience. The ministry supported a \$2.62 million collaboration between NAIT and Siemens Canada to facilitate the establishment of the Western Canadian hub for the Siemens Canada Engineering and Technology Academy, as well as the creation of a Product Lifecycle Management application development initiative to enable productivity enhancements in Alberta's industry base.

²⁰ This initiative was undertaken by the former ministry of Innovation and Advanced Education.

Multiple Sclerosis Collaboration

The ministry provided \$500,000 to Campus Alberta Neuroscience to create a strategic collaboration between Alberta and Sanofi Genzyme Canada. It supports industry and academia in translational research and innovation that will lead to better outcomes for multiple sclerosis (MS) patients, as well as to economic and societal benefits for Alberta. It also connects the Alberta MS Network – a community of more than 170 MS researchers, graduate students and clinicians – to industry leaders to accelerate the translation of new solutions from bench to bedside, a priority for Alberta, the MS community and industry. The collaboration has attracted funds from multiple stakeholders with a total value of \$1,275,000.

International Technology Partnerships:

The ministry partnered with a number of foreign government agencies through its international technology partnerships initiative in 2015-16. These partnerships encourage collaboration between small and medium-sized technology companies in Alberta and other jurisdictions in order to develop and commercialize technologies for the benefit of each. Notable successes of collaboration with foreign government agencies includes the following:

- **Alberta-Jalisco:** The Alberta-Jalisco (Mexico) partnership was initiated under a memorandum of understanding between the Government of Alberta and the Government of Jalisco in January 2009, to encourage collaboration in science and technology development. The initiative has yielded 16 collaborative projects to date. Current status on the initiative is as follows:
 - Three projects are underway and 13 projects have been completed, and the commercialization outcomes are being tracked.
 - Four Alberta companies indicated positive benefit from the program claiming increased revenues (combined) of \$4.87 million, and projected revenues of \$26.4 million.
 - There were 14 new hires in Alberta, 15 new products/solutions developed, 13 prototypes developed, 13 technology demonstrations completed, and one spin-off company created.
- **Alberta-Germany:** The Alberta-Germany technology partnership supports joint research and commercialization activities between companies in Alberta and Germany in strategic areas of technology. Since 2012, 16 projects have been funded, resulting in the accelerated development of a product or proof of concept with commercial potential. The first four Alberta companies reported increased revenues attributable to the program of \$10.8 million, with \$155 million in revenues forecast over the next five years.

- **Alberta-Zhejiang:** The International Technology Partnership Program with the Department of Science and Technology of Zhejiang Province of China was signed in 2014. It was designed to accelerate the development of new technologies by Alberta companies; support company creation and growth; employ and develop high quality professional staff; attract investment; and open new markets in China. Alberta has committed \$2 million in funding.
- **Alberta-France:** The ministry established the Alberta-France Innovation and Commercialization Program in partnership with the French funding agency Bpifrance. Alberta has committed \$1.5 million for collaborative research, development and commercialization projects between Alberta's SMEs and French industry. Through this partnership, Alberta companies are connected to leveraged financial and technical resources from France, enabling them to bring products to market faster. Opportunities are also provided to showcase Alberta's innovation system and world-class technology industries to French and European industry participants, leading to potential investment in Alberta technology.

Priority Initiative: *Negotiate and advocate for trade rules and frameworks that enable economic prosperity while protecting Alberta's social programs, environmental priorities and labour and social standards.*

The ministry worked on domestic and international agreements:

Agreement on Internal Trade: The ministry represented Alberta's interests in negotiations among the federal, provincial and territorial governments to develop an agreement that would renew Canada's internal trade regime.

Federal, provincial and territorial negotiators met 12 times in 2015-16, and significant progress was made toward the renewed Agreement on Internal Trade, expected to be concluded in the summer of 2016. The ministry worked to maintain policy flexibility in the interest of Albertans, while also facilitating the flow of goods and services within Canada.

International Agreements: In 2015-16, the ministry focused on the Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP):

- Canada and the EU completed the legal review of the CETA, and the final legal text was released on February 29, 2016. Canada and the EU will proceed with translation of the text and signing, as well as domestic review and ratification procedures in the next reporting period.

- TPP members concluded negotiations on October 5, 2015²¹, and signed the agreement on February 4, 2016. TPP members will continue with their domestic review, ratification, and implementation procedures in the next reporting period.

Alberta provided input to the federal government on its economic and social policy priorities, through attendance at four rounds of TPP negotiations and another five federal/provincial/territorial (FPT) meetings, including one of the deputy minister level, that dealt, in whole or in part, with the TPP negotiations. This was supplemented by ad hoc FPT conference calls, as needed, and numerous other bilateral communications between Alberta and federal officials.

Ministry officials also met with and spoke to interested industry groups and other stakeholders to ensure that economic opportunities created by these agreements benefit Albertans once they come into force.

If ratified and fully implemented, the TPP and the CETA could enhance opportunities for Alberta exporters and investors in key markets. Alberta attended the tenth World Trade Organization (WTO) Ministerial Conference in Nairobi, Kenya, in December 2015. At this biennial conference, WTO members agreed on a number of items affecting trade in agricultural products, including the elimination of export subsidies for agricultural products, rules for the use of export credits, as well as food aid programs and agricultural state trading enterprises. Agricultural trade is important to Alberta, and these WTO decisions help ensure Alberta's agricultural exports compete on a level playing field.

Priority Initiative: *Anticipate, prevent and manage disputes and defend Alberta's interests under existing trade and investment agreements.*

The ministry worked with the federal government, other provinces and stakeholders to ensure Alberta's interests are reflected in Canada's trade and investment agreements, including dispute resolution proceedings.

The ministry worked with other ministries to inform them of international and domestic trade agreement obligations and to help maintain new Alberta measures consistent with those obligations. The ministry:

- Worked with industry groups in the province who have concerns about perceived non-compliance with international trade agreement commitments. The ministry facilitated meetings with Alberta government and federal representatives and communicated industry positions in discussions with federal trade officials.

²¹ This initiative was undertaken by the former ministry of Innovation and Advanced Education.

- Provided input to federal officials and provincial stakeholders regarding Alberta's position on any anticipated or actual international trade disputes, including information on tariffs, technical barriers to trade, the government's right to regulate in the public interest, investor-state disputes, intellectual property matters or any other aspect of international trade relations.
- Worked with the federal government, other provinces and stakeholders to encourage the compliance of Alberta's international trading partners with their trade agreement obligations. Alberta, for example, supported Canada's successful challenge to the U.S.'s mandatory country of origin labelling rules in the WTO.
- Worked with the Ministry of Environment and Parks and the Ministry of Agriculture and Forestry to ensure the provinces' continued compliance with the Canada-U.S. Softwood Lumber Agreement. The agreement expired on October 12, 2015, and now Alberta is working with the federal government, other provinces, and industry to negotiate a new agreement to manage lumber trade with the U.S..

In 2015-16, no Alberta measure was challenged under an international or domestic trade agreement.

As mentioned, the ministry successfully advocated for the removal of U.S. Country of Origin Labelling regulations impairing approximately \$650 million worth of Alberta cattle and swine exports in 2015. These regulations were found to be discriminatory by the WTO, which made its final ruling on the case in May 2015, and in December 2015, sanctioned Canada to apply \$1.055 billion worth of retaliation if the U.S. remained non-compliant. Working in cooperation with the Ministry of Agriculture and Forestry, departmental officials engaged with U.S. members of Congress, state legislators, industry, and other stakeholders to build support for removing the discriminatory aspects of the regulations from U.S. law. This was accomplished in December 2015 when the U.S. Congress voted to repeal these provisions.

Priority Initiative: *Assess foreign investment proposals to ensure alignment with Alberta's priorities.*

The ministry participates in the federal legislative review of foreign acquisitions of Canadian businesses to ensure that proposed transactions are of net benefit to Canada and in alignment with Alberta's priorities.

The ministry seeks input from all relevant provincial ministries and coordinates responses to the federal government to ensure all of the priorities and interests of the Government of Alberta are considered in the federal review process; it works with other branches and departments to assess foreign direct investment proposals that will benefit the province; it monitors and provides input to the Government of Canada on changes to the Investment Canada Act or associated regulations including thresholds for review of foreign investments in Canada.

In the reporting period, the ministry provided the federal government with assessments and commentary on eight proposals for acquisitions of Canadian business that were reviewed under federal legislation. In addition, 117 of the overall notifications of foreign direct investment received by the federal government indicated Alberta as their destination.

Alberta International Offices Report

Overview

As part of the Trade and Investment Attraction division within the ministry, the international offices work in partnership with the Alberta-based staff to achieve the ministry's desired outcomes, with a particular focus on Desired Outcome Two: "Trade and investment attraction contributes to Alberta's economic resilience and prosperity."

Alberta's international offices play a vital role in supporting economic growth, advancing trade opportunities, attracting investment, contributing valuable advice to the Government of Alberta on policy issues, and strengthening Alberta's presence and reputation globally. Some of the services that the international offices provide include strategic advice, key contact searches, visit information, trouble-shooting, referrals, event development and execution, and product information. Clients include Alberta companies, other Alberta government ministries, federal and provincial partners, and industry partners.

In 2015-16, Alberta's international office network consisted of 13 offices, operating in three continents. The international office network includes the Alberta Beijing Office (ABO)²², Alberta Germany Office (AGO) (closed in July 2015)²³. Alberta Guangzhou Office (AGZO), Alberta Hong Kong Office (AHKO), Alberta Japan Office (AJO), Alberta Korea Office (AKO), Alberta Mexico Office (AMO), Alberta New Delhi Office (ANDO), Alberta Shanghai Office (ASHO), Alberta Singapore Office (ASPO), Alberta Taiwan Office (ATO), Alberta United Kingdom Office (AUKO), as well as the Alberta Washington Office (AWO). Currently, there are 12 Canadian-based staff posted abroad and 38 locally-hired employees who promote Alberta's interests around the world.

Highlights of ministry results achieved by and with the support of the international offices are included in the Results Analysis section in the main body of this report. This appendix provides additional performance information for each of the offices, including budget performance measures and highlights of services provided and results achieved in 2015-16²⁴.

²² The Alberta Beijing Office was formerly referred to as the Alberta China Office (ACO). Alberta now supports a number of offices in China, so for clarity, the office was renamed.

²³ See footnote 22.

²⁴ For detailed Alberta International Offices budget information, please see page 65 to 111.

Discussion and Analysis of Results

For fiscal year 2015-16, as with the Government of Alberta as a whole, the international offices were operating within a context of significant shifts in the global economy, including: intensifying competition, the spread of complex global supply chains, pressure to shift to lower-carbon energy sources, significant advances in technology and efficiency, changes in emerging global trade patterns, a highly volatile natural resource market, and a low Canadian dollar. Also, local trends of culture, market, and geography affect the bilateral trade and investment decisions that firms make.

In order to meet the objectives in each market of the office network, targets are set and reviewed annually to respond to changes in market demand and variability of performance. When setting each office's targets, past performance, office size and resources are taken into consideration.

The targets set for the Alberta International Offices were ambitious given the changes mentioned. However, the AIO network showed agility and resilience, as in most instances the offices met or exceeded their annual performance targets.

AIO Performance Measure Variance Summary

Targets for thirteen activities and services are set to measure annual achievement²⁵. To factor in market variability and changes in the demand for services requested by clients and stakeholders, a variance level of 25 per cent of an unmet target has been set as standard. Because targets are set based on past performance, establishing a trend of exceeding service targets will produce higher targets in future years creating an upward trend in number of services provided. The goal of the targets is to set a direction for the AIOs, and it is up to the managing directors to focus the staff on achieving the targets. Note that changes in resources such as number of staff²⁶ can affect each international office's ability to achieve annual performance targets.

²⁵ Definitions for performance measures can be found on pages 59-60.

²⁶ The AIOs have between two and ten employees, so staff vacancies have a significant impact on the operations of an office.

■ Alberta International Offices – Results Analysis

1. Alberta Beijing Office (ABO) (formerly Alberta China Office)

The Alberta Beijing Office (ABO) was established in 2000 and is located within the Embassy of Canada in Beijing, China.

ABO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 1,283 | 881 |

ABO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 9 |

ABO Performance Results

| ABO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 4000 | 3830 |
| Intelligence documents | 20 | 5 |
| Client meetings | 500 | 142 |
| Delegations to Alberta | 15 | 13 |
| In market companies | 35 | 22 |
| Delegations to market | 30 | 20 |
| Alberta companies | 60 | 63 |
| New contacts | no target | 119 |
| Seminars, trade shows and events | 70 | 38 |
| Leads/Negotiations generated | 25 | 43 |
| Economic outcomes facilitated | 6 | 1 |
| Activities with partner ministries | no target | 34 |
| Activities with SME focus | no target | 101 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Beijing Office focused on the areas of oil and gas, education and training programs, and agriculture. The services provided by the Alberta Beijing Office that were in highest demand included: key contacts search, strategic advice, and logistical coordination.

A highlight of 2015-16 for the Alberta Beijing Office was the support the office provided to an Alberta-based soil remediation company, Trium Environmental Inc. Trium participated in a series of events organized by the Alberta Beijing Office, assisting Trium in targeting new markets and identifying potential business partners in China, as well as providing memorandums of understanding (MOU) and an opportunity to gain first-hand knowledge and experience of China's environmental industry. Through the Alberta Beijing Office's introductions, Trium has established ties with several Chinese companies and has signed two MOUs with two companies: one is a state-owned environmental remediation company, and the other is a large scale multi-sector investment group. The first MOU states that Trium will provide technologies and partner with the Chinese companies to develop China's soil remediation market. The second MOU, with the investment group, has paved the way for discussions between Trium and the investment group on a potential investment worth CAD \$5 million for Trium's newly developed technology, and it is expected to be commercialized in six months.

The ABO exceeded several targets including leads and negotiations generated and the number of Alberta companies taken to market. The following factors likely impacted the results of the performance measures for the Alberta Beijing Office:

- The managing director vacancy for approximately six months, as well as other staffing vacancy issues, accounted for performance and annual budget variance.
- Decreased travel of high level officials from Alberta to market in 2014 resulted in lower reciprocal visits in 2015-16.
- The anti-corruption campaign in China under Xi Jinping affected both industry and government staff, causing a decrease in visits to Alberta compared to previous years.

2. Alberta Germany Office (AGO)

The Alberta Germany Office (AGO) was established in 2002 and closed on July 31, 2015. During this time, AGO was housed in the Consulate of Canada in Munich, Germany. The closure of the AGO was recommended in the *Alberta International Offices Review*²⁷.

AGO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 258 | 110 |

AGO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 1 |

AGO Performance Results

| AGO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 400 | 801 |
| Intelligence documents | 3 | 5 |
| Client meetings | 30 | 71 |
| Delegations to Alberta | 2 | 4 |
| In market companies | 5 | 8 |
| Delegations to market | 3 | 8 |
| Alberta companies | 7 | 18 |
| New contacts | no target | 33 |
| Seminars, trade shows and events | 7 | 8 |
| Leads/Negotiations generated | 2 | 2 |
| Economic outcomes facilitated | 1 | 1 |
| Activities with partner ministries | no target | 9 |
| Activities with SME focus | no target | 43 |

Highlights and Analysis:

The Alberta Germany Office closed in July 2015. The data presented reflects work completed between April 1, 2015 and July 31, 2015.

²⁷ Recommendation 10 states: "Close the Munich Office in view of fiscal pressures and in the context of rebalancing resources to faster growing and high potential emerging markets," (page 10). Government of Alberta (2014) *Alberta International Offices Review*. Prepared by R. Hoffmann

3. Alberta Guangzhou Office (AGZO)

The Alberta Guangzhou Office (AGZO) was officially opened in March 2016. The AGZO is co-located within the Consulate General of Canada in Guangzhou, China. The direction to open AGZO was outlined in recommendation 1 from the *Alberta International Offices Review*²⁸.

AGZO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 275 | 131 |

AGZO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 0 | 3 |

Highlights and Analysis:

There are no highlights or analysis for this section as neither target nor performance measures were stated for the 2015-16 fiscal year.

²⁸ Recommendation 1 states: “To maximize success in China, proceed with opening the Guangzhou Office on a co-located basis with the Canadian Consulate General by re-allocating planned expenditures from within existing operations” (page 8). Government of Alberta (December 2014) *Alberta International Offices Review*. Prepared by Ron Hoffmann. <http://economic.alberta.ca/documents/AlbertaInternationalOfficesReview.pdf>

4. Alberta Hong Kong Office (AHKO)

The Alberta Hong Kong Office (AHKO) was established in 1980 and is a stand-alone office located in Hong Kong.

AHKO Office Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 412 | 483 |

Alberta Senior Representative to Asia Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 959 | 746 |

AHKO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 3 |

AHKO Performance Results

| AHKO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 2000 | 2347 |
| Intelligence documents | 15 | 9 |
| Client meetings | 100 | 213 |
| Delegations to Alberta | 5 | 5 |
| In market companies | 15 | 23 |
| Delegations to market | 25 | 32 |
| Alberta companies | 70 | 98 |
| New contacts | no target | 124 |
| Seminars, trade shows and events | 45 | 56 |
| Leads/Negotiations generated | 30 | 33 |
| Economic outcomes facilitated | 3 | 10 |
| Activities with partner ministries | no target | 23 |
| Activities with SME focus | no target | 71 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Hong Kong office focused on supporting oil and gas, multi-sector/cross promotional sector²⁹, and economic development. The services provided by the Alberta Hong Kong Office that were in highest demand included: strategic advice, key contact search, and product information.

The senior representative for the Asia Pacific Basin, together with the Alberta Hong Kong Office, played a pivotal role in fostering a new investment partnership between the Can-China Global Resource Fund and Alberta Industrial Heartland Association. The results of their efforts include the development and execution of a strategic memorandum of understanding aimed at finalizing an expanded investment in Alberta in 2016.

During this fiscal year, the Alberta Hong Kong Office exceeded their targets in economic outcomes facilitated, client meetings, and in-market companies. The following factors likely impacted the results of the performance measures for the Alberta Hong Kong Office:

- The senior representative to the Asia Pacific Basin relocated to Hong Kong only in September 2015, resulting in two fiscal quarters with no senior official located in Hong Kong.
- The senior representative's mandate and geographical role were expanded to include active engagement across high priority Asian markets. Consequently, the senior representative's activities and results are now included in the reporting of multiple Alberta international offices rather than being concentrated in the Alberta Hong Kong Office data.
- The senior representative was required to split his time over the second half of the year supporting the Alberta Beijing Office due to the vacancy in the managing director position.
- The Alberta Hong Kong Office dedicated considerable time and energy to the opening of the new Alberta Guangzhou Office, including staffing the new operation in the last quarter of fiscal year 2015-16.

²⁹ Multi-sector/cross promotional sector refer to those with delegations involved in more than one industry or sector.

5. Alberta Japan Office (AJO)

The Alberta Japan Office (AJO) was one of the earliest international offices created and it was established in 1970. The AJO is a stand-alone office and is located in Place Canada in Tokyo, Japan.

AJO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 1,148 | 1,162 |

AJO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 6 |

AJO Performance Results

| AJO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 8500 | 9314 |
| Intelligence documents | 25 | 31 |
| Client meetings | 200 | 301 |
| Delegations to Alberta | 25 | 21 |
| In market companies | 50 | 100 |
| Delegations to market | 55 | 45 |
| Alberta companies | 90 | 146 |
| New contacts | no target | 280 |
| Seminars, trade shows and events | 50 | 118 |
| Leads/Negotiations generated | 20 | 54 |
| Economic outcomes facilitated | 6 | 8 |
| Activities with partner ministries | no target | 170 |
| Activities with SME focus | no target | 196 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Japan Office focused on the areas of oil and gas, agriculture (related to crop, livestock, food and beverage), and also multi-sector/cross promotional sectors³⁰. The services provided by the Alberta Japan Office that were in highest demand included: product information and strategic advice.

In part through introductions that were initiated during a highly successful Alberta Japan Office energy seminar in 2014, and following two years of missions and meeting facilitation, market intelligence and heavy advocacy work in collaboration with the embassy of Canada in Japan and Alberta Energy, the Calgary-based company, Veresen Inc. has established long-term liquefied natural gas terminal capacity agreements with JERA Co. and Itochu Corporation. The preliminary agreements signed by JERA and Itochu cover 3.0 million tonnes per annum of natural gas liquefaction capacity for an initial term of 20 years. It is estimated that 50 per cent or more of the supply of natural gas for this project will be sourced from Alberta. The value of the announced contracts, regarding estimated natural gas, pipeline transportation, and LNG terminal facility costs, translates to approximately CAD\$1.8 billion per annum (potentially CAD\$36 billion over 20 years).

The Alberta Japan Office met or exceeded their annual targets in most of the reportable measures with their greatest achievements in terms of percentage in the number of leads and negotiations generated, number of seminars, trade shows, and events, and number of client meetings.

³⁰ Multi-sector/cross promotional sector refer to those with delegations involved in more than one industry or sector.

6. Alberta Korea Office (AKO)

The Alberta Korea Office (AKO) was established in 1988 and is co-located within the Embassy of Canada in Seoul, Korea.

AKO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 790 | 533 |

AJO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 3 |

AJO Performance Results

| AKO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 4500 | 3669 |
| Intelligence documents | 10 | 1 |
| Client meetings | 100 | 38 |
| Delegations to Alberta | 12 | 8 |
| In market companies | 50 | 76 |
| Delegations to market | 20 | 27 |
| Alberta companies | 40 | 45 |
| New contacts | no target | 17 |
| Seminars, trade shows and events | 20 | 20 |
| Leads/Negotiations generated | 10 | 1 |
| Economic outcomes facilitated | 3 | 6 |
| Activities with partner ministries | no target | 20 |
| Activities with SME focus | no target | 24 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Korea Office focused on agriculture, crop, livestock, food and beverages, as well as education and training programs. The service in highest demand was key contacts searches.

With the new market access opportunities provided by the Canada-Korea Free Trade Agreement (CKFTA), Alberta exporters have a need to develop strong networks and linkages with agents, distributors and clients in Korea. By actively developing a relationship with the Korea Importers Association (KOIMA), the Alberta Korea Office was able to successfully negotiate the signing of a memorandum of understanding (MOU) between Alberta Economic Development and Trade and KOIMA in March 2016. This MOU will promote cooperation on trade-related activities between Alberta and Korea. Leveraging this partnership will give Alberta-based export companies in multiple sectors a ready-made link into the Korean import market for goods and services.

The Alberta Korea Office exceeded targets on several performance measures, including: economic outcomes facilitated, in-market companies, and delegations to market. Of the 35 delegations, the majority were related to business, but also included education, and ministerial or premier delegations.

The following factors likely impacted the results of the performance measures for the Alberta Korea Office:

- The Alberta Korea Office consists of four staff – a managing director and three locally engaged. However, over the 2015-16 fiscal year the office experienced staffing vacancies.
- Alberta was shut out of the Korean market due to the temporary suspension of beef imports, which as a key agri-food product in the region has had a significant impact for the Alberta Korea Office market relations.

7. Alberta Mexico Office (AMO)

The Alberta Mexico Office (AMO) was established in 2002 and is comprised of two offices: the head office is co-located within the Embassy of Canada in Mexico City and the satellite office is located in Guadalajara, Mexico.

AMO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 627 | 455 |

AMO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 2 |

AMO Performance Results

| AMO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 5000 | 9023 |
| Intelligence documents | 20 | 23 |
| Client meetings | 250 | 458 |
| Delegations to Alberta | 15 | 13 |
| In market companies | 50 | 697 |
| Delegations to market | 26 | 50 |
| Alberta companies | 75 | 400 |
| New contacts | no target | 491 |
| Seminars, trade shows and events | 25 | 50 |
| Leads/Negotiations generated | 50 | 68 |
| Economic outcomes facilitated | 3 | 2 |
| Activities with partner ministries | no target | 57 |
| Activities with SME focus | no target | 117 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Mexico Office focused on the areas of oil and gas, education and training programs, and information and communication technologies. The services in highest demand included: strategic advice, key contacts searches, and product information.

Endurance Technologies, a Calgary-based oil and gas SME with offices in Canada and the United States, had tried to enter the Mexican market for some time. After taking part in a number of Government of Alberta-led trade missions into Mexico, Endurance validated that Mexico was a definite market for them and it established a connection with the Alberta Mexico Office. It became involved in a successful field trial with state oil and gas company PEMEX, concluding May 2016. The assistance of the Alberta Mexico Office was critical in introducing Endurance Technologies to a reputable and well-connected agent and in facilitating the signing of an agreement between Endurance Technologies and that local agent.

The Alberta Mexico Office exceeded the majority of its targets over this fiscal year; most notably in in-market companies, Alberta companies, and client meetings. When performance measures targets were not met, the following factors likely affected the results:

- The Alberta Mexico Office has been without an in-market managing director since the summer of 2014. While the new managing director joined the Government of Alberta in November 2015, he was unable to relocate until all security clearances were in place.
- The Alberta Mexico Office was also understaffed for part of the year due to a vacancy.

8. Alberta New Delhi Office (ANDO)

The Alberta New Delhi Office (ANDO) was established in 2014. ANDO is co-located in the High Commission of Canada in New Delhi, India.

ANDO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 595 | 596 |

ANDO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 2 |

ANDO Performance Results

| ANDO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 1500 | 3981 |
| Intelligence documents | 10 | 13 |
| Client meetings | 50 | 84 |
| Delegations to Alberta | 3 | 4 |
| In market companies | 5 | 186 |
| Delegations to market | 5 | 11 |
| Alberta companies | 10 | 48 |
| New contacts | no target | 305 |
| Seminars, trade shows and events | 35 | 45 |
| Leads/Negotiations generated | 10 | 22 |
| Economic outcomes facilitated | 3 | 1 |
| Activities with partner ministries | no target | 154 |
| Activities with SME focus | no target | 4 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta New Delhi Office focused on agriculture related to crop, livestock, food and beverage, education and training programs, and multi-sector/cross promotional sectors³¹. The services in highest demand included: product information, strategic advice, and visitor information.

The Alberta New Delhi Office has worked closely with Ministry of Agriculture and Forestry to assist a large agriculture firm in establishing a canola crushing facility in Alberta, with the aim of exporting the produced canola to the Indian market. The Alberta New Delhi Office met and worked with all senior levels of the company to assist in developing their visits to Alberta, and Ministry of Agriculture and Forestry provided full support to the Indian-based firm on the ground. A major part of the work was introductions for Alberta canola producers, and this led to a sale of a shipment of canola from Alberta to India that this in-market firm used for product testing with their distribution channel with great success. This was an extremely vital step toward a major investment into Alberta from India in the coming months, as a new plant would help create jobs and increase exports from Alberta.

The Alberta New Delhi Office exceeded several reported measure targets including the number of in-market companies involved in delegations to Alberta, number of Alberta companies involved in delegations to market, and number of website users. The following factors likely impacted the results of the performance measures for the Alberta New Delhi Office:

- As a new office, the Alberta New Delhi Office has worked to build awareness of Alberta within the Indian market through participation in several focused activities throughout the past year. This is evident in the number of office meetings, vastly exceeding all but one target.
- The Alberta New Delhi Office has generated a large number of leads – more than double the target, with many of them expected to become significant wins in the upcoming fiscal year.

³¹ Multi-sector/cross promotional sector refer to those with delegations involved in more than one industry or sector.

9. Alberta Shanghai Office (ASHO)

The Alberta Shanghai Office (ASHO) was established in 2010 and is co-located in the Consulate General of Canada in Shanghai, China.

ASHO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 434 | 442 |

ASHO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 0 | 3 |

ASHO Performance Results

| ASHO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 1500 | 1369 |
| Intelligence documents | 10 | 10 |
| Client meetings | 50 | 92 |
| Delegations to Alberta | 5 | 6 |
| In market companies | 20 | 109 |
| Delegations to market | 5 | 8 |
| Alberta companies | 10 | 77 |
| New contacts | no target | 553 |
| Seminars, trade shows and events | 30 | 34 |
| Leads/Negotiations generated | 10 | 38 |
| Economic outcomes facilitated | 3 | 1 |
| Activities with partner ministries | no target | 6 |
| Activities with SME focus | no target | 41 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Shanghai Office focused largely on oil and gas, agriculture, and multi-sector/cross promotional sectors³². The services in highest demand included: strategic advice, key contact search, and other services to clients during this fiscal year.

A highlight from the Alberta Shanghai Office in 2015-16 included initiating and supporting the signing of a Memorandum of Understanding (MOU). The Alberta Shanghai Office initiated a meeting between Shanghai Municipal Commission of Commerce (SCOFCOM) and the ministry, during which time representatives from the Government of Alberta brought up the idea of having an MOU between two governments. Subsequently, working with the broader ministry, the Alberta Shanghai Office played a substantial role in the intergovernmental discussions, as well as document drafting and revisions for the MOU between SCOFCOM and Ministry of Economic Development and Trade, signed by the minister on March 24, 2016. The MOU is designed to forge expanded commercial partnerships in trade, investment, technology, logistical cooperation, and policy collaboration in high priority sectors such as agri-food, energy, advanced manufacturing, information technologies, and environmental and life science.

- The Alberta Shanghai Office exceeded the target for the fiscal year in all but two performance measures, and ASHO continues to work on opportunities that will result in trade and investment wins in the future.

³² Multi-sector/cross promotional sector refer to those with delegations involved in more than one industry or sector.

10. Alberta Singapore Office (ASPO)

The Alberta Singapore Office (ASPO) was established in 2014 and it is located within the High Commission of Canada in Singapore.

ASPO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 653 | 455 |

ASPO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 1 | 2 |

ASPO Performance Results

| ASPO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 1500 | 4206 |
| Intelligence documents | 10 | 16 |
| Client meetings | 50 | 108 |
| Delegations to Alberta | 5 | 12 |
| In market companies | 15 | 36 |
| Delegations to market | 15 | 14 |
| Alberta companies | 50 | 62 |
| New contacts | no target | 555 |
| Seminars, trade shows and events | 50 | 62 |
| Leads/Negotiations generated | 10 | 54 |
| Economic outcomes facilitated | 3 | 7 |
| Activities with partner ministries | no target | 58 |
| Activities with SME focus | no target | 107 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Singapore Office covered the markets of Southeast Asia and Oceania and focused on oil and gas, crop and livestock agriculture, food and beverage, and multi-sector/cross-promotional sectors³³. The services in highest demand included: product information, referrals, and logistical coordination advice.

The Alberta Singapore Office focused on promoting investment opportunities in Alberta at an investment seminar held in January 2016, and it conducted targeted outreach meetings during the year. These efforts resulted in announced plans for significant expansion of grain and pulses terminals in Alberta by a Singapore investor, as well as preliminary discussions between Alberta and regional counterparts on strategic alliances and investment in the food and life science sectors.

In 2015-16, the Alberta Singapore Office exceeded the majority of their annual targets, in particular for leads/negotiations generated, website users, in-market companies, and delegations to Alberta. Of the delegations to market and to Alberta, approximately half were from business, one third from other sectors, and several from education and the minister or premier. This reflects Southeast Asia's growing interest in Canada and ongoing efforts by the new Alberta office to profile the province among strategic partners in the region prior to missions to Canada.

³³ Multi-sector/cross promotional sector refer to those with delegations involved in more than one industry or sector.

11. Alberta Taiwan Office (ATO)

The Alberta Taiwan Office (ATO) was established in 1988 and is co-located within the Canadian Trade Office in Taipei, Taiwan.

ATO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 269 | 253 |

ATO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 0 | 2 |

ATO Performance Results

| ATO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 2000 | 3064 |
| Intelligence documents | 10 | 7 |
| Client meetings | 100 | 89 |
| Delegations to Alberta | 4 | 4 |
| In market companies | 6 | 18 |
| Delegations to market | 12 | 10 |
| Alberta companies | 20 | 27 |
| New contacts | no target | 79 |
| Seminars, trade shows and events | 20 | 37 |
| Leads/Negotiations generated | 10 | 25 |
| Economic outcomes facilitated | 3 | 4 |
| Activities with partner ministries | no target | 22 |
| Activities with SME focus | no target | 129 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta Taiwan Office focused on a range of sectors but agriculture represented the largest share, followed by life sciences and health technology. The services in highest demand included: referrals, strategic advice, logistical coordination, and other services to clients.

A Taiwan-based meat processing company is now working with the Food Processing Development Centre in Leduc on product development. The ultimate plan is to manufacture meat products not only for the domestic market in Canada, but also for export, since Taiwan is prohibited from exporting pork products. Alberta Taiwan Office has been instrumental in facilitating this opportunity and is working closely with Alberta Agriculture and Forestry on the project.

The Alberta Taiwan Office exceeded its targets for in-market companies, leads/negotiations generated, and seminars, trade shows, and events facilitated. The ATO supported both delegations to market and to Alberta, of which the vast majority were business delegations. The following factors likely affected the results of the performance measures for the Alberta Taiwan Office:

- Due to changes in China's economic performance and policy, more Taiwanese companies were willing to spend time exploring other markets for potential business collaboration rather than directing all efforts toward developing interests in the Chinese market.
- The Taiwanese government took an interest in studying how other countries regulate and monitor pipeline safety as a precaution to pipeline safety issues in Taiwan. Because of Alberta's reputation for pipeline safety and regulation, Alberta companies had a unique opportunity to contribute to this project. Companies in this sector, including petrochemical companies, required pipeline inspection technology and services to ensure safety and to comply with government requirements.

12. Alberta United Kingdom Office (AUKO)

The Alberta United Kingdom Office (AUKO) was established in 2003 and is housed in the High Commission of Canada in London, England. With the closure of the Alberta Germany Office, the AUKO supports all trade and investment interests in the United Kingdom and other parts of Europe.

AUKO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 915 | 655 |

AUKO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 2 | 2 |

AUKO Performance Results

| AUKO Reported Measures | 2015-16 Target | 2015-16 Last Actual |
|------------------------------------|----------------|---------------------|
| Website users | 3000 | 2269 |
| Intelligence documents | 15 | 31 |
| Client meetings | 150 | 260 |
| Delegations to Alberta | 3 | 12 |
| In market companies | 10 | 7 |
| Delegations to market | 10 | 18 |
| Alberta companies | 20 | 44 |
| New contacts | no target | 328 |
| Seminars, trade shows and events | 50 | 123 |
| Leads/Negotiations generated | 14 | 13 |
| Economic outcomes facilitated | 3 | 3 |
| Activities with partner ministries | no target | 80 |
| Activities with SME focus | no target | 252 |

Highlights and Analysis:

In 2015-16, the activities of the Alberta United Kingdom Office focused on the areas of oil and gas, economic development, and sustainable technologies and cleantech. The services in highest demand included: strategic advice, referrals, and visitor information.

Surerus Pipeline of Fort St. John, BC, and J. Murphy & Sons of London, UK, formed Surerus-Murphy Joint Venture and opened an office in Calgary. It won several high profile contracts and has expanded quickly. The Alberta United Kingdom Office and the ministry's Alberta-based staff have worked with Murphy to highlight the opportunities available in Alberta and to facilitate the set-up of operations in Alberta.

The Alberta United Kingdom Office met or exceeded several targets, including delegations to Alberta, seminars, trade shows, and events, and Alberta companies involved in delegations to market. Delegations to market and to Alberta during fiscal year 2015-16 were predominantly from business, education, ministerial or premier representations. Also, with the closing of the Alberta Germany Office in July 2015, the Alberta United Kingdom Office became Alberta's only office in Europe and entry point into the European markets. The following factors likely impacted the results of the performance measures for the Alberta United Kingdom Office:

- The managing director position was vacant for the year which accounts for performance and annual budget variance.
- The oil and gas sector has been the most significant sector of focus for the Alberta United Kingdom Office, both for Alberta companies exporting to the United Kingdom and for United Kingdom companies investing in Alberta. The fall in oil prices has seen a decrease in energy firms from the United Kingdom and Alberta travelling to respective markets

13. Alberta Washington Office (AWO)

The Alberta Washington Office (AWO) was established in 2003 and is housed in the Embassy of Canada in Washington, D.C..

AWO Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 820 | 730 |

Alberta Senior Representative to the United States of America Budgetary Financial Resources (thousands)

| 2015-16 Budget | 2015-16 Actual |
|----------------|----------------|
| 505 | 415 |

AWO Staff

| GoA Employee | Locally-hired |
|--------------|---------------|
| 3 | 1 |

Highlights and Analysis:

Alberta firms have a long history of bilateral trade and investment with the United States, so to complement these relationships the Alberta Washington Office is uniquely focused on trade and investment policy and advocacy issues. In 2015, 100 per cent of client survey respondents indicated that they were satisfied with the services of the Alberta Washington Office.

The Alberta Washington Office worked with the Ministry of Agriculture and Food and the Ministry of Economic Development and Trade to successfully advocate for the removal of Country of Origin Labelling (COOL) regulations, which had impaired approximately \$650 million worth of Alberta cattle and swine exports in 2015. These regulations were found to be discriminatory by the World Trade Organization, which made its final ruling on the case in May 2015 and which in December 2015 sanctioned Canada to apply \$1.055 billion worth of retaliation if the United States remained non-compliant. The Alberta Washington Office, in cooperation with Edmonton government staff, engaged with United States members of Congress, state legislators, industry, and other stakeholders to build support for removing the discriminatory aspects of COOL from United States law. This was accomplished in December 2015, when the United States Congress voted to repeal these provisions.

The Alberta Washington Office continues to play an important role in negotiating agreements to promote Alberta's trade and investment interests. One of the key ongoing negotiations is the Canada-U.S. Softwood Lumber Agreement.

Methodology

Each of the Alberta international offices (AIOs) maintains records indicating their activities, services, leads, and economic outcomes which are reported biweekly, monthly, quarterly, and annually in various internal and external documents. The following pages include the performance measures definitions, target setting for fiscal year 2015-16, interpreting the summary dashboard, variance analysis, AIO performance measure variance summary, budget information for fiscal year 2015-16, and Alberta international office locations.

Performance Measure Definitions:

In this document,

1. "Website users" means the number of unique users on the AlbertaCanada.com/AIO websites. Statistics are collected by Google Analytics and reported monthly.
2. "Intelligence documents" means the number of the informative documents produced for clients and stakeholders of the AIO. This includes documents created, translated, provided to clients by email list or by posting to the website. The AIO does not have to generate original content under this category. Contribution to briefing material for the ministry is not reported under this category.
3. "Client meetings" means the number of in person or tele-meetings between an AIO staff member and a client or potential client of the AIO. A client is defined as a person or organization using the services of the AIO and may include organizations and companies in Alberta or in-market clients. This measures the top level of the service funnel from initial contact to successful outcome.
4. "Delegations to Alberta" means the number of all international missions or delegations to Alberta.
5. "In market companies" means the count of the number of in-market companies participating in delegations reported under performance measure 4 above.
6. "Delegations to market" means the number of all international missions or delegations from Alberta to market for which the AIO was a participant or organizer.
7. "Alberta companies" means the number of in-market companies participating in delegations to market.
8. "New contacts" means the number of new business contacts made by the AIO. Measured by new entries into the office client relationship management system or submitted via monthly reports.
9. "Seminars, trade shows and events" means the count of the number of seminars and workshops where AIO staff attended, or where AIO staff organized/hosted. Details of each event and the role of the AIO are provided in monthly reporting

10. "Leads/Negotiations generated" means the number of negotiations entered into between two or more parties (one of which being from Alberta) which can be partially attributed to AIO activities or services. Negotiations are aimed at reaching mutually acceptable terms for joint venture, partnering agreements, strategic alliance or trade and investment contracts.
- a. Each negotiation may be reported only once (e.g., If company A and company X were introduced in 2006 and entered negotiations for a joint venture, their further collaborative projects should not be reported in future fiscal years under this category.)
 - b. Items in this category should be reported at the time the lead/negotiation occurs. Please note that successful outcomes are not reported under this category. In the case where a negotiation immediately leads to a 'win,' it should be reported as such and not reported under this category.
 - i. Example 1: Introduction leads to joint venture negotiations.
 - ii. Example 2: Company A from Alberta attended a matchmaking session during a visit to market and is providing sample product to an in market firm.
11. "Economic outcomes facilitated" means the number of economic outcomes (export win or investment win) that can be partially attributed to activities of the office (services provided to a client, introductions, delegations, events or seminars). When available, estimated dollar values are reported.
- a. Outcomes fall under the following two categories:
 - i. FDI win – FDI in Alberta including for example: establishment of a subsidiary or associate company, expanding a current establishment, acquisition of a subsidiary or part interest through a merger or joint venture.
 - ii. Export win – An Alberta company successfully completes an agreement for export or completes a shipment to market.
12. "Activities with partner ministries" means the number of reported events, activities or delegations in which another GOA ministry also participated (other than EDT or formerly IIR).
13. "Activities with SME focus" means the number of reported events or activities with a focus on small or medium-sized enterprises where:
- a. Small = 1-99 employees;
 - b. Medium = 100-499 employees;
 - c. Large = 500 employees and more.

Target Setting for Fiscal Year 2015-16

Notes to Target Setting:

- Target trending above includes eight Alberta international offices that have been in operation continuously and three offices that were in operation for a portion of the 2014/15 fiscal year so they have not developed a four-year performance history. The Alberta Washington Office is not included in target trending, as they have not participated in performance measure reporting in the past.
- New measures: Performance measures that have not been collected in previous years (new measures or definition change) are shown in grey in the table above.
 - Number of client meetings – target set based on information available from previous year and compared to results under the previous definition of ‘networking sessions.’
 - Number of new clients – Information was collected on this measure for 2014-15, however one year of information may not be sufficient to set reliable targets. As such, no targets have been set for the 2015-16 fiscal year.
 - Number of leads/negotiations generated – previously, leads and ‘wins’ were reported together – as such, previous information was not available on which to base targets for the 2015-16 fiscal year.
 - Number of economic outcomes facilitated – ‘wins’ were previously reported under ‘negotiations generated’ – as such, there was some historical data on which to set targets. Targets have been set modestly as we transition staff to ensure that they can capture wins relevant for reporting. These targets are for internal use only unless it is determined that the targets should be included in public reporting.
 - Number of activities with partnering GOA Ministries – information was collected for the 2014-15 fiscal year; however, one year of data may not be sufficient to set reliable targets. This measure can vary significantly and tracking compared to other activity levels will provide valuable information even without a target.
 - Number of activities with SME focus - information was collected for the 2014-15 fiscal year; however, one year of data may not be sufficient to set reliable targets. Tracking this measure will provide valuable information even without a target.

- Target setting procedure: After calculating the four-year average, the AIO operations unit completed an intra-office comparison (looking at previous years' targets, actual results and considering current staffing conditions of the office) and inter-office comparison (comparing offices of similar size/staffing levels). Some targets have also been adjusted upon recommendation from managing directors based on planned activities.
- Where 'missions to market' and 'number of participating companies' targets deviate from the four-year average, targets were set based on advice from managing directors and planned missions for fiscal year 2015-16.
- There is a large range of targets for website hits between offices. As such, an inter-office comparison was not a large factor. Targets for each office are set to build or maintain website traffic compared to previous year's performance.
- For all offices, minimum 'Number of intelligence/market reports generated' target is 10.

**Ministry of Economic
Development and Trade**

**Audited Consolidated Financial Statements
Year Ended March 31, 2016**

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2016**

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Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Economic Development and Trade, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Economic Development and Trade as at March 31, 2016, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by

Auditor General

June 2, 2016

Edmonton, Alberta

MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2016

| | 2016 | | 2015 |
|--|-----------------------|---------------------|--------------------------------|
| | Budget | Actual | Actual (Restated Note 3) |
| | <i>(in thousands)</i> | | |
| Revenues (Schedule 1) | | | |
| Government Transfers | | | |
| Government Alberta Grants | \$ 34,800 | \$ 40,588 | \$ 40,018 |
| Federal Government Grants | - | 40 | 145 |
| Investment Income/Loss | 1,437 | 672 | (1,320) |
| Premiums, Fees and Licences | 2,742 | 1 | 260 |
| Donations, Grants and Contributions | - | 918 | 1,850 |
| Contract and Other Revenue | 58,714 | 62,707 | 65,321 |
| | 97,693 | 104,926 | 106,274 |
| Expenses - Directly Incurred (Schedule 2 & 3) | | | |
| Ministry Support Services | 9,724 | 6,937 | 6,265 |
| Trade Policy | 2,031 | 1,782 | 1,415 |
| International Relations | 23,650 | 20,174 | 21,038 |
| Economic Development and Innovation | 78,368 | 72,446 | 75,591 |
| Jobs, Investment and Diversification | 22,250 | - | - |
| Alberta Enterprise Corporation | 25,850 | 1,189 | 817 |
| 2013 Alberta Flooding | 75 | 75 | 275 |
| Alberta Innovates Corporations | 228,106 | 200,208 | 212,037 |
| | \$ 390,054 | \$ 302,811 | \$ 317,438 |
| Annual Deficit | \$ (292,361) | \$ (197,885) | \$ (211,164) |

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

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

| | 2016 | 2015 |
|---|-----------------------|---|
| | Actual | Actual (Restated Note 3) |
| | <i>(in thousands)</i> | |
| Financial Assets | | |
| Cash and Cash Equivalents (Note 4) | \$ 209,556 | \$ 171,565 |
| Accounts Receivable (Note 5) | 14,581 | 18,418 |
| Investments (Schedule 5) | 62,984 | 57,301 |
| Advances (Note 6) | 721 | 751 |
| | <u>287,842</u> | <u>248,035</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities (Note 7) | 36,966 | 27,339 |
| Deferred Revenue (Note 9) | 19,595 | 19,265 |
| | <u>56,561</u> | <u>46,604</u> |
| Net Financial Assets | <u>231,281</u> | <u>201,431</u> |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 8) | 31,310 | 31,149 |
| Prepaid Expenses | 887 | 4,255 |
| | <u>32,197</u> | <u>35,404</u> |
| Net Assets | <u>263,478</u> | <u>236,835</u> |
| Net Assets | | |
| Net Assets, Beginning of Year (Note 3) | 236,835 | 235,028 |
| Annual Deficit | (197,885) | (211,164) |
| Net Financing Provided from General Revenues | 224,528 | 212,971 |
| Net Assets, End of Year | <u>\$ 263,478</u> | <u>\$ 236,835</u> |

Contractual Obligations and Contingent Liabilities (Note 10 and 11)

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

MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2016

| | 2016 | | 2015 |
|--|-----------------------|--------------|--------------------------------|
| | Budget | Actual | Actual (Restated Note 3) |
| | <i>(in thousands)</i> | | |
| Annual Deficit | \$ (292,361) | \$ (197,885) | \$ (211,164) |
| Acquisition of Tangible Capital Assets (Note 8) | (4,821) | (4,962) | (4,847) |
| Amortization of Tangible Capital Assets (Note 8) | (5,381) | 4,723 | 4,670 |
| Loss on Disposal of Tangible Capital Assets | | 36 | 54 |
| Proceeds on Sale of Tangible Capital Assets | | 42 | 41 |
| Change in Prepaid Expenses | | 3,368 | (3,483) |
| Net Financing provided from General Revenues | | 224,528 | 212,971 |
| Increase in Net Financial Assets | | 29,850 | (1,758) |
| Net Financial Assets, Beginning of Year | | 201,431 | 144,634 |
| Adjustment to Opening Net Assets (Note 3) | | - | 58,555 |
| Net Financial Assets, End of Year | | \$ 231,281 | \$ 201,431 |

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

MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016

| | 2016 | 2015 (Restated Note 3) |
|---|-----------------------|---|
| | <i>(in thousands)</i> | |
| Operating Transactions | | |
| Net Operating Results | \$ (197,885) | \$ (211,164) |
| Non-cash Items included in Net Operating Results | | |
| Amortization of Tangible Capital Assets (Note 8) | 4,723 | 4,670 |
| Deferred Revenue recognized as revenue (Note 9) | 6,748 | 3,595 |
| Investment loss | 351 | 3,177 |
| Write-down and Loss on Disposal of Tangible Capital Assets (Note 8) | 36 | 54 |
| | (186,027) | (199,668) |
| Decrease (Increase) in Accounts Receivable | 3,837 | 3,173 |
| Decrease (Increase) in Prepaid Expenses | 3,368 | (3,483) |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 9,627 | (9,587) |
| Decrease in Deferred Revenue | (6,418) | (4,517) |
| Cash Applied to Operating Transactions | (175,613) | (214,082) |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Note 8) | (4,962) | (4,847) |
| Proceeds from Disposal of Tangible Capital Assets | 42 | 41 |
| Cash Applied to Capital Transactions | (4,920) | (4,806) |
| Investing Transactions | | |
| Decrease (Increase) in Loans and Advances made | 30 | (22) |
| Purchases of Investments | (11,051) | (15,412) |
| Distributions from Limited Partnerships | 5,017 | 1,013 |
| Cash Applied to Investing Transactions | (6,004) | (14,421) |
| Financing Transactions | | |
| Net Financing Provided from General Revenues | 224,528 | 212,971 |
| Cash Provided by Financing Transactions | 224,528 | 212,971 |
| Increases (Decrease) in Cash and Cash Equivalents | 37,991 | (20,338) |
| Cash and Cash Equivalents at Beginning of Year | 171,565 | 191,903 |
| Cash and Cash Equivalents at End of Year | \$ 209,556 | 171,565 |

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

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016**

NOTE 1 AUTHORITY AND PURPOSE

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity and Method of Consolidation

The reporting entity is the Ministry of Economic Development and Trade, for which the Minister of Economic Development and Trade is accountable. The accounts of the department are fully consolidated with Alberta Enterprise Corporation and Alberta Innovates – Bio Solutions, Alberta Innovates – Energy and Environment Solutions, Alberta Innovates – Technology Futures on a line-by-line basis.

Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated. The threshold for eliminating inter-entity transactions among SUCH (School, Universities, Colleges and Hospitals) sector entities and between SUCH sector entities and other government controlled entities is \$1,000,000 for particular transaction types and balances. Transactions involving school boards are subject to a \$100,000 threshold for particular transaction types and balances.

(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 recorded as deferred revenue.

Investment income earned from restricted sources are deferred and recognized when the stipulations imposed have been met. Gains and losses on investments are not recognized in the Consolidated Statement of Operations until realized.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

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

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and the Ministry meets the eligibility criteria.

Expenses

Directly Incurred

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

- amortization of tangible capital assets,
- pension costs, which comprise the cost of employer contributions for current service of employees during the year, and
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

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

Incurred by others

Services contributed by other related entities in support of the Ministry's operations are not recognized, and are allocated to programs to show the full cost in Schedule 3.

Valuation of Financial Assets and Liabilities

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

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the for value with sufficient reliability.

Financial Assets

Financial assets are the Ministry's financial claims on external organizations and individuals at year end.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Cash and Cash Equivalents

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

Accounts receivable

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

Investments

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

Advances

Advances are recorded at cost.

Liabilities

Liabilities represent present obligations of the Ministry to external organizations and individuals arising from transactions or events occurring before year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:

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

Non-Financial Assets

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

Tangible Capital Assets

Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems developments is \$250,000 and the threshold for major enhancement is \$100,000. The threshold for capitalizing all other tangible capital assets is \$5,000. All land is capitalized.

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

Prepaid Expense

Prepaid expense are recorded at cost and amortized based on the terms of the agreement.

Foreign Currency Transactions

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Change in Accounting Policy

Adoption of the Net Debt Presentation

The net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net debt or net financial assets is measured as the difference between the Ministry's financial assets and liabilities.

The effect of this change results in changing the presentation of the Consolidated Statement of Financial Position and adding the Consolidated Statement of Change in Net Financial Assets.

Future Accounting Changes

In June 2015 the Public Sector Accounting Board issues these following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (Effective April 1, 2017)**
PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.
- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPT, section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.
- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard effective April 1, 2019.

The Ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation; PS 1201 Financial Statement Presentation; and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3**PROGRAM TRANSFER/GOVERNMENT REORGANIZATION***(in thousands)***Program Transfer**

As a result of government restructuring on October 22, 2015, responsibility was transferred to the newly formed Ministry of Economic Development and Trade (EDT) for the following programs - Technology and Industry Partnerships, Economic Development and Innovation, 2013 Alberta Flooding. The following Corporations were also transferred to EDT: Alberta Innovates – Bio Solutions, Alberta Innovates – Energy and Environment Solutions, Alberta Innovates – Technology Futures and Alberta Enterprise Corporation. Responsibility of administration of Intergovernmental Relations was transferred to the Ministry of Executive Council. The responsibility of administering the Job Creation Incentive Program was also transferred from the former Ministry of Jobs, Skills, Training and Labour to the Ministry of Economic Development and Trade.

Government Reorganization

The Ministry of Economic Development and Trade was established as a result of restructuring of government ministries announced on October 22, 2015 and other transfer of responsibilities to and from other ministries. Comparatives for 2015 have been restated as if the Ministry had always been assigned with its current responsibilities.

Net assets on March 31, 2014 are comprised as follows:

| | <u>As Restated</u> |
|--|--------------------|
| Net liabilities as previously reported by the former Ministry of International and Intergovernmental Relations | \$ (1,347) |
| Adjustments to opening Net Assets due to government reorganization | 58,555 |
| Transfer from the Ministry of Advanced Education | 177,599 |
| Transfer to the Ministry of Executive Council | 221 |
| Transfer from the former Ministry of Jobs, Skills, Training and Labour | - |
| Net assets of the Ministry of Economic Development and Trade at March 31, 2014 | <u>\$ 235,028</u> |

Net financial assets on March 31, 2014 is made up as follows:

| | |
|---|-------------------|
| Net debt as previously reported by the former Ministry of International and Intergovernmental Relations | \$ (1,480) |
| Transfer from the Ministry of Advanced Education | 145,893 |
| Transfer to the Ministry of Executive Council | 221 |
| Transfer from the former Ministry of Jobs, Skills, Training and Labour | - |
| Net financial assets of the Ministry of Economic Development and Trade at March 31, 2014 | <u>\$ 144,634</u> |

NOTE 4 CASH AND CASH EQUIVALENTS*(in thousands)*

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2016 securities held by the Fund have a time-weighted return of 0.8% (2015: 1.2%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

| | 2016 | 2015 (Restated Note 3) |
|-------------------------------|-------------------|---------------------------------------|
| Cash and cash equivalents (a) | <u>\$ 209,556</u> | <u>\$ 171,565</u> |

(a) Cash and cash equivalents includes \$112,410 (2015: \$113,605) of restricted cash.

NOTE 5 ACCOUNTS RECEIVABLE*(in thousands)*

| | 2016 | 2015 (Restated Note 3) |
|---------------------|---------------------------------|---------------------------------------|
| | <u>Net Realizable Value</u> | <u>Net Realizable Value</u> |
| Accounts Receivable | <u>\$ 14,581</u> | <u>\$ 18,418</u> |

Accounts receivable are unsecured and non-interest bearing.

NOTE 6 ADVANCES*(in thousands)*

Advances include type A and B accountable advances as well as type C Advances are primarily for operational use for the co-located international offices.

| | 2016 | 2015 |
|----------|---------------------------------|-----------------------------|
| | <u>Net Realizable Value</u> | <u>Net Realizable Value</u> |
| Advances | <u>\$ 721</u> | <u>\$ 751</u> |

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES*(in thousands)*

| | 2016 | 2015 (Restated Note 3) |
|---------------------------|------------------|---------------------------------------|
| Accounts payable | \$ 7,002 | \$ 1,852 |
| Other Accrued Liabilities | 29,964 | 25,487 |
| | <u>\$ 36,966</u> | <u>\$ 27,339</u> |

NOTE 8 TANGIBLE CAPITAL ASSETS
(in thousands)

| | Land | Building & Improvements | Equipment ⁽¹⁾ | Computer Hardware and Software | 2016 Total | 2015 (Restated Note 3) Total |
|--|---------------|-------------------------|--------------------------|--------------------------------|------------------|------------------------------|
| Estimated Useful Life | Indefinite | 25-30 yrs | 3-40 yrs | 3-10 yrs | | |
| Historical Cost | | | | | | |
| Beginning of year | \$ 566 | \$ 8,914 | \$ 64,101 | \$ 8,694 | \$ 82,275 | \$ 76,808 |
| Additions | - | 232 | 3,778 | 952 | 4,962 | 4,847 |
| Disposals, including write-downs | - | (44) | (5,098) | (1,527) | (6,669) | (364) |
| Adjustments | - | - | - | - | - | 984 |
| | <u>566</u> | <u>9,102</u> | <u>62,781</u> | <u>8,119</u> | <u>80,568</u> | <u>82,275</u> |
| Accumulated Amortization | | | | | | |
| Beginning of year | - | 2,764 | 43,713 | 4,649 | 51,126 | 45,741 |
| Amortization expense | - | 494 | 3,431 | 798 | 4,723 | 4,670 |
| Effect of disposals, including write-downs | - | (44) | (5,039) | (1,508) | (6,591) | (269) |
| Adjustments | - | - | - | - | - | 984 |
| | <u>-</u> | <u>3,214</u> | <u>42,105</u> | <u>3,939</u> | <u>49,258</u> | <u>51,126</u> |
| Net Book Value at March 31, 2016 | <u>\$ 566</u> | <u>\$ 5,888</u> | <u>\$ 20,676</u> | <u>\$ 4,180</u> | <u>\$ 31,310</u> | |
| Net Book Value at March 31, 2015 | <u>\$ 566</u> | <u>\$ 6,150</u> | <u>\$ 20,388</u> | <u>\$ 4,045</u> | | <u>\$ 31,149</u> |

(1) Equipment includes vehicles, heavy equipment, office equipment and furniture, and other equipment.

NOTE 9 DEFERRED REVENUE
(in thousands)

| | 2016 | 2015 (Restated Note 3) |
|---------------------------|------------------|---------------------------------------|
| Deferred Contract Revenue | \$ 11,052 | \$ 7,676 |
| Deferred revenue (a) | 8,543 | 11,589 |
| | <u>\$ 19,595</u> | <u>\$ 19,265</u> |

(a) Deferred revenue represents unexpended, externally restricted funds.

| | 2016 | | | | 2015 (Restated Note3) |
|--|-----------------------|--------------------|-----------------------------|-----------------|--------------------------------------|
| | Federal government | Non- government | Government of Alberta | Total | Total |
| Balance, beginning of year | \$ 40 | \$ 730 | \$ 10,819 | \$ 11,589 | \$ 12,132 |
| Received/receivable during year | - | 515 | 3,102 | 3,617 | 3,052 |
| Restricted Realized Investment Income | - | - | 84 | 84 | - |
| Less amounts recognized as revenue | (40) | (909) | (5,798) | (6,747) | (3,595) |
| Balance, end of year | <u>\$ -</u> | <u>\$ 336</u> | <u>\$ 8,207</u> | <u>\$ 8,543</u> | <u>\$ 11,589</u> |

NOTE 10 CONTRACTUAL OBLIGATIONS
(in thousands)

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

| | 2016 | 2015 (Restated Note 3) |
|---|-------------------|---------------------------------------|
| Obligations under operating leases, contracts and programs | <u>\$ 132,748</u> | <u>\$ 189,218</u> |

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

| Obligations under operating leases, contracts, and programs | Total |
|--|-------------------|
| 2016-17 | \$ 78,189 |
| 2017-18 | 42,441 |
| 2018-19 | 8,117 |
| 2019-20 | 3,001 |
| 2020-21 | 400 |
| Thereafter | 600 |
| | <u>\$ 132,748</u> |

NOTE 11 **CONTINGENT LIABILITIES**
(in thousands)

The Ministry is involved in three legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Ministry has been named in three (2015-one) claim of which the outcome is not determinable. Of these claims, two (2015- nil) have specific amount totaling \$631 (2015 - \$0). The resolution of indeterminable claims may result in a liability.

NOTE 12 **BENEFIT PLANS**
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$11,079 for the year ended March 31, 2016 (Restated 2015: \$11,434).

At December 31, 2015, the Management Employees Pension Plan reported a surplus of \$299,051 (2014 – surplus \$75,805), the Public Service Pension Plan reported a deficiency of \$133,188 (2014 – deficiency \$803,299).

At December 31, 2015, Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$16,305 (2014 – deficiency \$17,203).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported a surplus of \$83,006 (2015 – surplus \$86,888) and the Management, Opted out and Excluded Plan an surplus of \$29,246 (2015 – surplus \$32,343). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 13 **SUBSEQUENT EVENTS**

Program Transfers

As of April 1, 2016 the Ministry of Economic Development and Trade will assume the responsibility of Northern Alberta Development Council from the Ministry of Indigenous Relations. Also effective April 1, 2016 Ministry support services of 13 Full Time Equivalents (FTE) will be transferred from the Ministry of Advanced Education to the Ministry of Economic Development and Trade.

Amalgamation of Alberta Innovates corporations

On April 14, 2016, the Government of Alberta announced the amalgamation of the four Alberta Innovates corporations, BIO Solutions, Technology Futures, Energy and Environment Solutions, and Health Solutions into one, along with a wholly owned subsidiary corporation to provide specialized applied research services. Government will introduce legislation later in 2016 to legally create the new entity. Until then, each of the four existing corporations will retain their legal identity.

NOTE 13 SUBSEQUENT EVENTS (continued)

As the four Alberta Innovates corporations are still legal entities until legislation to create the new corporation is passed and in force later this fiscal year, the Lieutenant Governor in Council has appointed a new Board of Directors to serve for all four of the Alberta Innovates corporations.

This amalgamation will have a significant financial impact on future operations of the four Corporations but an estimate of the financial impact cannot be made at this time.

2016 Fort McMurray Wildfire

In May 2016, wildfires seriously affected Fort McMurray and surrounding communities. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, may recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, pending approval through its Order in Council.

The financial impact on the government and Ministry of Economic Development and Trade may be significant but is uncertain at this stage.

NOTE 14 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the senior financial officer and the deputy minister.

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED REVENUES
YEAR ENDED MARCH 31, 2016**

| | 2016 | 2015 |
|---|--------------------------|---|
| | Actual | Actual (Restated Note 3) |
| | <i>(in thousands)</i> | |
| Government Transfers | | |
| Government of Alberta Grants: | | |
| Alberta Heritage Science and Engineering Research | \$ 37,606 | \$ 35,000 |
| Alberta Innovates Corporations | 2,982 | 5,018 |
| | <u>\$ 40,588</u> | <u>\$ 40,018</u> |
| Federal Government Grants | 40 | 145 |
| Investment Income/Loss | 672 | (1,320) |
| Premiums, Fees and Licences | 1 | 260 |
| Donations, Grants and Contributions | 918 | 1,850 |
| Contract and Other Revenue | | |
| Contract Revenue, Sales, Rentals and Services | 61,081 | 64,636 |
| Refunds of Expenditure | 1,008 | 147 |
| Revenues from Agreements | 278 | 435 |
| Miscellaneous | 340 | 103 |
| | <u>\$ 62,707</u> | <u>\$ 65,321</u> |
| Total Revenues | <u><u>\$ 104,926</u></u> | <u><u>\$ 106,274</u></u> |

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
YEAR ENDED MARCH 31, 2016**

| | 2016 | 2015 |
|--|-----------------------|---|
| | Actual | Actual (Restated Note 3) |
| | (in thousands) | |
| Salaries, Wages and Employee Benefits | \$ 114,950 | \$ 121,185 |
| Supplies and Services | 46,066 | 50,530 |
| Grants | 139,877 | 143,754 |
| Amortization of Tangible Capital Assets (Note 8) | 4,723 | 4,669 |
| Other | 83 | 47 |
| Total expenses before recoveries | <u>305,699</u> | <u>320,185</u> |
| Less: Recoveries from Support Service Arrangements with Related Parties (a) | <u>(2,888)</u> | <u>(2,747)</u> |
| | <u>\$ 302,811</u> | <u>\$ 317,438</u> |

(a) The Ministry of Economic Development and Trade provides information management technology, freedom of information and protection of privacy, finance, administration and human resource services for the Ministry of Indigenous Relations.

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED ALLOCATED COSTS
YEAR ENDED MARCH 31, 2016**

| Program | 2016 | | 2015 (Restated Note 3) | | | |
|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|-------------------------------------|-------------------|-------------------|
| | <u>Expenses - Incurred by Others</u> | | | | | |
| | Expenses ⁽¹⁾ | Accommodation Costs ⁽²⁾ | Legal Services ⁽³⁾ | Business Services ⁽⁴⁾ | Total Expenses | Total Expenses |
| | <i>(in thousands)</i> | | | | | |
| Ministry Support Services | \$ 6,937 | \$ 904 | \$ 57 | \$ 247 | \$ 8,145 | \$ 7,303 |
| Trade Policy | 1,782 | 141 | 139 | 39 | 2,101 | 1,740 |
| International Relations | 20,174 | 1,198 | 43 | 328 | 21,743 | 22,771 |
| Economic Development and Innovation | 72,446 | 1,668 | 327 | 456 | 74,897 | 77,723 |
| Jobs, Investment and Diversification | - | - | - | - | - | - |
| Alberta Enterprise Corporation | 1,189 | - | - | - | 1,189 | 817 |
| 2013 Alberta Flooding | 75 | - | - | - | 75 | 275 |
| Alberta Innovates Corporations | 200,208 | 20,937 | - | - | 221,145 | 232,603 |
| | <u>\$ 302,811</u> | <u>\$ 24,848</u> | <u>\$ 566</u> | <u>\$ 1,070</u> | <u>\$ 329,295</u> | <u>\$ 343,232</u> |

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

(2) Costs shown for Accommodation on Schedule 4, allocated by full time equivalent.

(3) Costs shown for Legal Services on Schedule 4, allocated by estimated costs incurred by each program.

(4) Costs shown for Business Services include charges for IT Support, vehicles, air transportation, internal audit services and other services on schedule 4, allocated by costs in certain programs

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2016**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

The ministry 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.

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

| | 2016 | 2015 (Restated Note3) |
|---|-----------------------|-----------------------------|
| | <i>(in thousands)</i> | |
| Revenues | | |
| Grants | \$ 40,529 | \$ 40,018 |
| Other | 3,823 | 3,174 |
| | <u>\$ 44,352</u> | <u>\$ 43,192</u> |
| Expenses – Directly Incurred | | |
| Grants | 72,773 | 89,508 |
| Other Services | 1,735 | 2,367 |
| | <u>\$ 74,508</u> | <u>\$ 91,875</u> |
| Receivables from | <u>\$ 1,110</u> | <u>\$ 679</u> |
| Tangible Capital Assets Transferred In (out) | <u>\$ (87)</u> | <u>\$ -</u> |
| Payables to | <u>\$ 569</u> | <u>\$ 3,407</u> |
| Deferred Revenue | <u>\$ 8,901</u> | <u>\$ 11,247</u> |
| Contractual Obligations | <u>\$ 49,879</u> | <u>\$ 103,190</u> |

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
RELATED PARTY TRANSACTIONS (cont'd)
FOR THE YEAR ENDED MARCH 31, 2016**

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the Consolidated financial statements and are disclosed in Schedule 4.

| | 2016 | 2015 (Restated Note 3) |
|-------------------------------|-----------------------|---------------------------------------|
| | <i>(in thousands)</i> | |
| Expenses – Incurred by Others | | |
| Accommodation | \$ 24,848 | \$ 24,292 |
| Legal | 566 | 300 |
| Business Services | 1,070 | 1,202 |
| | <u>\$ 26,484</u> | <u>25,794</u> |

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
CONSOLIDATED INVESTMENTS
AS AT MARCH 31, 2016**

| | 2016 | | 2015 (Restated Note 3) | |
|-------------------|-----------------------|------------------|------------------------------|------------------|
| | Value at Cost | Fair Value | Value at Cost | Fair Value |
| | <i>(in thousands)</i> | | | |
| Equities | | | | |
| Canadian Equities | \$ 39,249 | \$ 46,718 | \$ 36,230 | \$ 42,903 |
| Foreign Equities | 23,735 | 36,839 | 21,071 | 28,274 |
| | <u>\$ 62,984</u> | <u>\$ 83,557</u> | <u>\$ 57,301</u> | <u>\$ 71,177</u> |

**MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE
ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2016**

Department of Economic Development and Trade

Fund and Agencies

Alberta Enterprise Corporation

Alberta Innovates Corporations

Alberta Innovates - Bio Solutions

Alberta Innovates - Energy and Environment Solutions

Alberta Innovates - Technology Futures

**Department of Economic
Development and Trade**

**Audited Financial Statements
Year Ended March 31, 2016**

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE

FINANCIAL STATEMENTS

Year Ended March 31, 2016

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Independent Auditor's Report

To the Minister of Economic Development and Trade

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Economic Development and Trade, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development and Trade as at March 31, 2016, and the results of its operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by

Auditor General

June 2, 2016

Edmonton, Alberta

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
STATEMENT OF OPERATIONS
Year Ended March 31, 2016

| | 2016 | | 2015 |
|--|-----------------------|--------------|--------------------------------|
| | Budget | Actual | (RESTATED Note 3) Actual |
| | <i>(in thousands)</i> | | |
| Revenues (Schedule 1) | | | |
| Government transfers | | | |
| Government of Alberta Grants | \$ 34,800 | \$ 34,800 | \$ 35,000 |
| Other Revenue | 327 | 1,034 | 521 |
| | 35,127 | 35,834 | 35,521 |
| Expenses - Directly Incurred (Note 2b and Schedule 6) | | | |
| Programs (Schedules 2 and 3) | | | |
| Ministry Support Services | 9,724 | 6,937 | 6,265 |
| Trade Policy | 2,031 | 1,782 | 1,415 |
| International Relations | 23,650 | 20,174 | 21,040 |
| Economic Development and Innovation | 243,337 | 239,589 | 218,378 |
| Jobs, Investment and Diversification | 22,250 | - | - |
| 2013 Alberta Flooding | 75 | 75 | 275 |
| | 301,067 | 268,557 | 247,373 |
| Annual Deficit | \$ (265,940) | \$ (232,723) | \$ (211,852) |

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

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
STATEMENT OF FINANCIAL POSITION
As At March 31, 2016

| | 2016 | 2015 (RESTATED Note 3) |
|---|-----------------------|------------------------------|
| | <i>(in thousands)</i> | |
| Financial Assets | | |
| Cash | \$ 1,923 | \$ 1,935 |
| Accounts Receivable (Note 4) | 208 | 412 |
| Advances (Note 5) | 721 | 751 |
| | <u>\$ 2,852</u> | <u>\$ 3,098</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities (Note 7) | \$ 19,527 | \$ 11,594 |
| Net Debt | (16,675) | (8,496) |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 6) | \$ 81 | \$ 97 |
| Net Liabilities | <u>(16,594)</u> | <u>(8,399)</u> |
| Net Liabilities | | |
| Net Liabilities at Beginning of Year (Note 3) | (8,399) | (9,518) |
| Annual Deficit | (232,723) | (211,852) |
| Net Financing Provided from General Revenues | 224,528 | 212,971 |
| Net Liabilities at End of Year | <u>(16,594)</u> | <u>(8,399)</u> |

Contingent Liabilities (Note 9) and Contractual Obligations (Note 8)

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

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
STATEMENT OF CHANGE IN NET DEBT
Year Ended March 31, 2016

| | 2016 | | 2015 |
|---|-----------------------|--------------|----------------------|
| | Budget | Actual | (RESTATED Note 3) |
| | <i>(in thousands)</i> | | |
| Annual Deficit | \$ (265,940) | \$ (232,723) | \$ (211,852) |
| Acquisition of Tangible Capital Assets (Note 6) | (25) | (25) | - |
| Amortization of Tangible Capital Assets (Note 6) | 50 | 20 | 36 |
| Write down of Tangible Capital Assets | | 21 | - |
| Net Financing Provided from General Revenue | | 224,528 | \$ 212,971 |
| (Increase)Decrease in (Net debt)/ Net financial assets | | (8,179) | 1,155 |
| Net Debt at Beginning of Year (Note 3) | | (8,496) | (9,651) |
| Net Debt at End of Year | | (16,675) | (8,496) |

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

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
STATEMENT OF CASH FLOWS
Year ended March 31, 2016

| | 2016 | 2015 (RESTATED Note 3) |
|--|-----------------------|------------------------------|
| | <i>(in thousands)</i> | |
| Operating Transactions | | |
| Annual Deficit | \$ (232,723) | \$ (211,852) |
| Non-cash items included in Net Operating Results | | |
| Amortization of Tangible Capital Assets (Note 6) | 20 | 36 |
| | <u>(232,703)</u> | <u>(211,816)</u> |
| Decrease (Increase) in Accounts Receivable | 204 | (357) |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 7,933 | (769) |
| Cash Applied to Operating Transactions | <u>(224,566)</u> | <u>(212,942)</u> |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Note 6) | (25) | - |
| Proceeds on Disposal of Tangible capital assets | 21 | - |
| Investing Transactions | | |
| Decrease (Increase) in Advances | 30 | (22) |
| Financing Transactions | | |
| Net Financing Provided from General Revenues | 224,528 | 212,971 |
| (Decrease)Increase in Cash | <u>(12)</u> | <u>7</u> |
| Cash at Beginning of Year | 1,935 | 1,928 |
| Cash at End of Year | <u>\$ 1,923</u> | <u>\$ 1,935</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY AND PURPOSE

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

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

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

NOTE 2 SUMMARIES 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 Department of Economic Development and Trade which is part of the Ministry of Economic Development and Trade, for which the Minister of Economic Development and Trade is accountable. Other entities reporting to the minister are the Alberta Enterprise Corporation and Alberta Innovates – Bio Solutions, Alberta Innovates – Energy and Environment Solutions and Alberta Innovates – Technology Futures. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of the departments are deposited into the Fund and all cash disbursements made by the departments are paid from the Fund. Net Financing Provided from general revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

NOTE 2**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

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

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria.

ExpensesDirectly Incurred

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

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

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year, and
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the department's operations are not recognized and are disclosed in Schedule 5 and allocated to programs in Schedule 6.

Valuation of Financial Assets and liabilities

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

The fair values of cash and cash equivalents, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to their being no organized financial market for the instruments and its not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Financial Assets

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

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

Cash

Cash consist of deposits held with financial institutions.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Advances

Advances are recorded at cost.

Accounts receivable

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

Liabilities

Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Non-Financial Assets

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

- are normally employed to deliver government services
- may be consumed in the normal course of operations and
- are not for sale in the normal course of operations.

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

Tangible capital assets

Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing tangible capital assets is \$5,000.

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

Measurement Uncertainty

(in thousands)

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

Accounts payable and accrued liabilities include measurement uncertainty of \$824 (2015: \$735) related to separation allowances calculated for Locally Engaged staff (LES) located at our international offices. Separation allowances include the LES vacation liabilities and potential severance payments as required by the local international jurisdiction's labour law.

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

Foreign Currency Transactions

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

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

NOTE 2**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)****(c) Change in Accounting Policy**

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Debt or Net Financial Assets is measured as the difference between the department's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Debt

(d) Future Accounting Changes

In June 2015 the Public Sector Accounting Board issues these following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (Effective April 1, 2017)**
PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for a report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.
- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPT, section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.
- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3**GOVERNMENT REORGANIZATION AND PROGRAM TRANSFER**

(in thousands)

As a result of government restructuring on October 22, 2015, responsibility was transferred to the newly formed Department of Economic Development and Trade (EDT) for the following programs - Technology and Industry Partnerships, Economic Development and Innovation, 2013 Alberta Flooding, Intergovernmental Relations related to Trade Policy, International Relations. Responsibility of administration of Intergovernmental Relations was transferred to the Ministry of Executive Council. The responsibility of administering the Job Creation Incentive Program was also transferred from the former Department of Jobs, Skills, Training and Labour to the Department of Economic Development and Trade.

Effective April 1, 2015, responsibility for funding of the communications directors and assistant communications director positions was transferred from the Ministry of Executive Council to the Department of Economic Development and Trade.

NOTE 3 GOVERNMENT REORGANIZATION AND PROGRAM TRANSFER (continued)

Comparatives for 2015 have been restated as if the Department had always been assigned with its current responsibilities.

Net liabilities on March 31, 2014 are made up as follows:

| | |
|--|-------------------|
| Net liabilities as previously reported by the former Department of International and Intergovernmental Relations | \$ (1,347) |
| Transfer to the Ministry of Executive Council | 221 |
| Transfer from the Department of Advanced Education | (8,392) |
| Net liabilities at March 31, 2014 | <u>\$ (9,518)</u> |

Net debt on March 31, 2014 is made up as follows:

| | |
|---|-------------------|
| Net debt as previously reported by the former Department of International and Intergovernmental Relations | \$ (1,480) |
| Transfer to the Ministry of Executive Council | 221 |
| Transfer from the Department of Advanced Education | (8,392) |
| Net debt at March 31, 2014 | <u>\$ (9,651)</u> |

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

| | <u>2016</u> | <u>2015</u> |
|--------------------|-----------------------------|-----------------------------|
| | <u>Net Realizable Value</u> | <u>Net Realizable Value</u> |
| Accrued Receivable | \$ 208 | \$ 412 |

NOTE 5 ADVANCES

(in thousands)

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

| | <u>2016</u> | <u>2015</u> |
|----------|-----------------------------|-----------------------------|
| | <u>Net Realizable Value</u> | <u>Net Realizable Value</u> |
| Advances | \$ 721 | \$ 751 |

NOTE 6 TANGIBLE CAPITAL ASSETS
(in thousands)

| | Equipment (a) | Computer hardware and software | 2016 Total | 2015 (Restated Note 3) Total |
|---|------------------|---|---------------|---------------------------------------|
| Estimated Useful Life | 3-40 Years | 3-10 Years | | |
| Historical Cost | | | | |
| Beginning of Year | \$ 817 | \$ 516 | \$ 1,333 | \$ 1,333 |
| Additions | - | 25 | 25 | - |
| Disposals, including write-down | (295) | (159) | (454) | - |
| | <u>\$ 522</u> | <u>\$ 382</u> | <u>\$ 904</u> | <u>\$ 1,333</u> |
| Accumulated Amortization | | | | |
| Beginning of Year | \$ 752 | \$ 484 | \$ 1,236 | \$ 1,200 |
| Amortization Expense | 8 | 12 | 20 | 36 |
| Effect of Additions and Disposals | (294) | (139) | (433) | - |
| | <u>\$ 466</u> | <u>\$ 357</u> | <u>\$ 823</u> | <u>\$ 1,236</u> |
| Net book value at March 31, 2016 | <u>\$ 56</u> | <u>\$ 25</u> | <u>\$ 81</u> | |
| Net book value at March 31, 2015 | <u>\$ 65</u> | <u>\$ 32</u> | | <u>\$ 97</u> |

(a) Equipment includes office equipment and furniture

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

| | 2016 | 2015 (Restated Note 3) |
|---------------------|------------------|------------------------------|
| Accounts Payable | \$ 2,915 | \$ 1,171 |
| Accrued Liabilities | 16,612 | 10,423 |
| Total | <u>\$ 19,527</u> | <u>\$ 11,594</u> |

NOTE 8 CONTRACTUAL OBLIGATIONS
(in thousands)

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

| | 2016 | 2015 (Restated Note 3) |
|-------------------|------------------|---------------------------------------|
| Service Contracts | \$ 753 | \$ 3,099 |
| Grants | 35,675 | 52,097 |
| | <u>\$ 36,428</u> | <u>\$ 55,196</u> |

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

| | Service Contracts | Grants | Total |
|------------|------------------------------|------------------|------------------|
| 2016 – 17 | \$ 467 | \$ 21,768 | \$ 22,235 |
| 2017 – 18 | 282 | 9,769 | 10,051 |
| 2018 – 19 | 4 | 2,069 | 2,073 |
| 2019 – 20 | - | 2,069 | 2,069 |
| 2020 – 21 | - | - | - |
| Thereafter | - | - | - |
| | <u>\$ 753</u> | <u>\$ 35,675</u> | <u>\$ 36,428</u> |

NOTE 9 CONTINGENT LIABILITIES
(in thousands)

The department is involved in one legal matter where damages are being sought. This matter may give rise to contingent liabilities.

The department has been named in one (2015-one) claim of which the outcome is not determinable. This claim has a specific amount of \$199 (2015 - 0). The resolution of the indeterminable claim may result in a liability.

NOTE 10 BENEFIT PLANS
(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$4,666 for the year ended March 31, 2016 (Restated 2015 - \$4,428). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

NOTE 10 **BENEFIT PLANS (continued)**
(in thousands)

At December 31, 2015, the Management Employees Pension Plan reported a surplus of \$299,051 (2014 – surplus \$75,805), the Public Service Pension Plan reported a deficiency of \$133,188 (2014 – deficiency \$803,299) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$16,305 (2014 – deficiency \$17,203).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported a surplus of \$83,006 (2015 – surplus \$86,888) and the Management, Opted Out and Excluded Plan a surplus of \$29,246 (2015– surplus \$32,343). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 11 **SUBSEQUENT EVENTS**

Program Transfers

As of April 1, 2016 the Department of Economic Development and Trade will assume the responsibility of Northern Alberta Development Council from the Ministry of Indigenous Relations.

Also effective April 1, 2016 ministry support services of 13 Full Time Equivalents (FTE) will be transferred from the Department of Advanced Education to the Department of Economic Development and Trade.

2016 FORT MCMURRAY WILDFIRE

In early May, wildfires seriously affected Fort McMurray and parts of the Regional Municipality of Wood Buffalo. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, will recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, after approval through its Order in Council.

The financial impact on the government department may be significant. However, its full extent is uncertain at this stage.

NOTE 12 **COMPARATIVE FIGURES**

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

NOTE 13 **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the senior financial officer and the deputy minister.

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
 SCHEDULE TO FINANCIAL STATEMENTS
 REVENUES
 Year ended March 31, 2016

| | 2016 | | 2015 |
|------------------------------|-----------------------|------------------|--------------------------------|
| | Budget | Actual | (RESTATED Note 3) Actual |
| | <i>(in thousands)</i> | | |
| Government Transfers | | | |
| Government of Alberta Grants | 34,800 | 34,800 | 35,000 |
| Other Revenue | | | |
| Refund of Expenditure | - | 754 | 78 |
| Revenue from Agreements | 327 | 278 | 435 |
| Other | - | 2 | 8 |
| | | | - |
| Total Revenues | <u>\$ 35,127</u> | <u>\$ 35,834</u> | <u>\$ 35,521</u> |

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2016

| | 2016 | | 2015 |
|--|-----------------------|-------------------|--------------------------------|
| | Budget | Actual | (RESTATED Note 3) Actual |
| | <i>(in thousands)</i> | | |
| Salaries, Wages and Employee Benefits | \$ 45,975 | \$ 39,677 | \$ 39,464 |
| Supplies and Services | 24,229 | 10,677 | 12,508 |
| Grants | 233,622 | 221,023 | 198,056 |
| Financial Transactions and Other | 94 | 47 | 57 |
| Amortization of Tangible Capital Assets | 50 | 21 | 35 |
| Total Expenses before recoveries | <u>303,970</u> | <u>271,445</u> | <u>250,120</u> |
| Less Recovery from Support Service Agreements with Related Parties ^(a) | (2,903) | (2,888) | (2,747) |
| | <u>\$ 301,067</u> | <u>\$ 268,557</u> | <u>\$ 247,373</u> |

(a) The Department of Economic Development and Trade provides information management technology, freedom of information and protection of privacy, finance, administration and human resource services for the Ministry of Indigenous Relations.

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
 SCHEDULE TO FINANCIAL STATEMENTS
 LAPSE/ENCUMBRANCE
 Year ended March 31, 2016

| | Voted Estimate ⁽¹⁾ | Adjustments | Adjusted Voted Estimate <i>(in thousands)</i> | Voted Actual ⁽²⁾ | Unexpended (Over Expended) |
|---|-------------------------------|-------------|--|-----------------------------|-------------------------------|
| Program - Operating Expense | | | | | |
| 1.0 Ministry Support Services | | | | | |
| 1.1 Minister's Office | \$ 632 | \$ - | \$ 632 | \$ 357 | \$ 275 |
| 1.2 Associate Minister's Office | 250 | - | 250 | 150 | 100 |
| 1.3 Deputy Minister's Office | 797 | - | 797 | 775 | 22 |
| 1.4 Communications | 1,025 | - | 1,025 | 943 | 82 |
| 1.5 Corporate Services | 6,970 | - | 6,970 | 4,523 | 2,447 |
| | \$ 9,674 | \$ - | \$ 9,674 | \$ 6,748 | \$ 2,926 |
| 2.0 Trade Policy | \$ 2,031 | \$ - | \$ 2,031 | \$ 1,782 | \$ 249 |
| 3.0 International Relations | | | | | |
| 3.1 International Relations | \$ 13,673 | \$ - | \$ 13,673 | \$ 12,851 | \$ 822 |
| 3.2 International Offices | 9,977 | - | 9,977 | 7,346 | 2,631 |
| | \$ 23,650 | \$ - | \$ 23,650 | \$ 20,197 | \$ 3,453 |
| 4.0 Economic Development and Innovation | | | | | |
| 4.1 Program Delivery Support | \$ 8,011 | \$ - | \$ 8,011 | \$ 4,843 | \$ 3,168 |
| 4.2 Secretariat Support | 1,079 | - | 1,079 | 605 | 474 |
| 4.3 Industry Development | 12,990 | - | 12,990 | 8,380 | 4,610 |
| 4.4 Entrepreneurship and Regional Development | 6,125 | - | 6,125 | 5,091 | 1,034 |
| 4.5 Innovation and System Engagement | 32,335 | - | 32,335 | 32,212 | 123 |
| 4.6 Science and Innovation Policy and Strategy | 8,122 | - | 8,122 | 7,787 | 335 |
| 4.7 Technology Partnerships and Investments | 47,356 | - | 47,356 | 48,252 | (896) |
| 4.8 Transfer to Alberta Enterprise Corporation | 850 | - | 850 | 850 | - |
| 4.9 Grants to Alberta Innovates Corporation | 126,469 | - | 126,469 | 131,469 | (5,000) |
| | \$ 243,337 | \$ - | \$ 243,337 | \$ 239,489 | \$ 3,848 |
| 5.0 Jobs, Investment and Diversification | \$ 22,250 | \$ - | \$ 22,250 | \$ - | \$ 22,250 |

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
 SCHEDULE TO FINANCIAL STATEMENTS
 LAPSE/ENCUMBRANCE
 Year ended March 31, 2016

| | Voted Estimate ⁽¹⁾ | Adjustments | Adjusted Voted Estimate | Voted Actual ⁽²⁾ | Unexpended (Over Expended) |
|--------------------------------------|-------------------------------|-------------|-------------------------|-----------------------------|----------------------------|
| 6.0 2013 Alberta Flooding | | | | | |
| 6.1 Economic Renewal Initiative | \$ 75 | - | 75 | 75 | - |
| Total | \$ 75 | - | 75 | 75 | - |
| Lapse/(Encumbrance) | \$ 301,017 | - | 301,017 | 268,291 | \$ 32,726 |
| | | | | | \$ 32,726 |
| Program - Capital Investment | | | | | |
| 1.0 Ministry Support Services | | | | | |
| 1.0.5 Corporate Services | \$ 25 | - | 25 | - | 25 |
| Total | \$ 25 | - | 25 | - | 25 |
| Lapse/(Encumbrance) | | | | | \$ 25 |

(1) As per "Expense Vote by Program", "Voted Capital Vote by Program" and "Financial Transaction Vote by Program" page 76-77 of 2015 - 16 Government Estimates.

(2) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

(3) There are no budget adjustments for 2015-16.

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
SCHEDULE TO FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year Ended March 31, 2016

| | 2016 | | | 2015 | |
|--|----------------------------|------------------------------------|--|------------|-------------------------|
| | Base Salary ⁽¹⁾ | Other Cash Benefits ⁽²⁾ | Other Non-cash Benefits ⁽³⁾ | Total | Total (RESTATED Note 3) |
| Deputy Minister | \$ 257,241 | \$ 2,452 | \$ 65,985 | \$ 325,678 | \$ 343,275 |
| Alberta Representative to United States ⁽⁴⁾ | 183,202 | 40,489 | 49,556 | 273,247 | 494,807 |
| Alberta Representative in Asia ⁽⁵⁾ | 72,047 | 218,942 | 10,819 | 301,808 | 450,724 |
| Alberta Representative for Asia Pacific Basin | 245,793 | 27,440 | 68,302 | 341,535 | 147,671 |
| Assistant Deputy Minister - | | | | | |
| Trade and Investment Attraction - ⁽⁶⁾ | 170,088 | - | 47,923 | 218,011 | 283,161 |
| Strategic Policy and Corporate Services ⁽⁷⁾ | 203,454 | 7,708 | 54,858 | 266,020 | 249,075 |
| Science & Innovation Division ⁽⁸⁾ | 203,454 | 7,708 | 53,205 | 264,367 | 245,000 |
| Economic Development & SME's division ⁽⁹⁾ | 120,559 | 26,811 | 8,250 | 155,620 | 254,000 |

- (1) Base salary includes pensionable base pay and earnings such as acting pay.
- (2) Other cash benefits include vacation payouts, lump sum payments and allowances paid to internationally posted employees. There were no bonuses paid in 2016.
- (3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuitions. In addition, internationally posted employees are reimbursed for tuition fees for dependent children residing with employee and home leave travel.
- (4) The position was occupied by two individuals.
- (5) The position was terminated during the year. Included in other cash benefits is \$139,793 in severance benefits paid as a result of the termination.
- (6) This position was occupied by five individuals during the year of which two were on interim basis.
- (7) The incumbent's services are shared with the Ministry of Indigenous Relations which contributes its own share of the cost of salary and benefit. Full salary and benefits are disclosed in this Schedule.
- (8) The position was renamed from "Assistant Deputy Minister, Economic Development and Innovation" to "Assistant Deputy Minister, Science and Innovation" on October 22, 2015.
- (9) This position was occupied by two individuals during the year. The first individual retired on July 31, 2015 when the division was called "Technology and Industry Partnerships" As a result of the reorganization, the new division was established and the second individual started on December 21, 2015

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year Ended March 31, 2016
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Department.

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

| | Entities in the Ministry | | Other Entities Outside the Ministry | |
|---|---------------------------------|---------------------------------------|--|---------------------------------------|
| | 2016 | 2015 (RESTATED Note 3) | 2016 | 2015 (RESTATED Note 3) |
| Revenues | | | | |
| Grants | - | - | \$ 34,800 | \$ 35,000 |
| Other | - | - | \$ 51 | - |
| | <u>-</u> | <u>-</u> | <u>\$ 34,851</u> | <u>\$ 35,000</u> |
| Expenses - Directly Incurred | | | | |
| Grants | \$ 166,944 | \$ 142,690 | \$ 29,467 | \$ 32,553 |
| Other Services | 155 | 96 | 616 | 427 |
| | <u>\$ 167,099</u> | <u>\$ 142,786</u> | <u>\$ 30,083</u> | <u>\$ 32,980</u> |
| Tangible Capital Assets Transferred in (out) | <u>-</u> | <u>-</u> | <u>(87)</u> | <u>-</u> |
| Payables to | <u>\$ 535</u> | <u>\$ 2,400</u> | <u>\$ 75</u> | <u>\$ 2,075</u> |
| Contractual Obligations | <u>\$ 500</u> | <u>\$ 12,875</u> | <u>-</u> | <u>\$ 28,593</u> |

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 6.

| | 2016 | 2015 RESTATED Note 3 |
|--------------------------------|-----------------|-------------------------------------|
| Expenses – Incurred by Others: | | |
| Accommodation | \$ 3,911 | \$ 3,736 |
| Legal services | 566 | 300 |
| Business services & other | 1,070 | 1,202 |
| | <u>\$ 5,547</u> | <u>\$ 5,238</u> |

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2016
(in thousands)

| Program | Expenses - Incurred by Others | | | | | Total Expenses |
|--------------------------------------|-------------------------------|------------------------------------|-------------------------------|--|-------------------|-------------------|
| | Expenses ⁽¹⁾ | Accommodation Costs ⁽²⁾ | Legal Services ⁽³⁾ | Business Services & Other ⁽⁵⁾ | Total Expenses | |
| | | | | | | |
| Ministry Support Services | \$ 6,937 | \$ 904 | \$ 57 | \$ 247 | \$ 8,145 | \$ 7,306 |
| Trade Policy | 1,782 | 141 | 139 | 39 | 2,101 | 1,740 |
| International Relations | 20,174 | 1,198 | 43 | 328 | 21,743 | 22,776 |
| Economic Development and Innovation | 239,589 | 1,668 | 327 | 456 | 242,040 | 220,514 |
| Jobs, Investment and Diversification | - | - | - | - | - | - |
| 2013 Alberta Flooding | 75 | - | - | - | 75 | 275 |
| | <u>\$ 268,557</u> | <u>\$ 3,911</u> | <u>\$ 566</u> | <u>\$ 1,070</u> | <u>\$ 274,104</u> | <u>\$ 252,611</u> |

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

(2) Costs shown for Accommodation on Schedule 5, allocated by full time equivalent.

(3) Costs shown for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

(4) Costs shown for Business Services include charges for IT Support, vehicles, air transportation, internal audit services and other services on schedule 5, allocated by costs in certain programs

ALBERTA ENTERPRISE CORPORATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2016

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Independent Auditor's Report

To the Board of Directors of the Alberta Enterprise Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Enterprise Corporation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Enterprise Corporation as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original signed by

Auditor General

May 31, 2016

Edmonton, Alberta

ALBERTA ENTERPRISE CORPORATION
STATEMENT OF OPERATIONS
Year Ended March 31

| | 2016 | | 2015 |
|--|-----------------------|------------|------------|
| | Budget | Actuals | Actuals |
| | <i>(in thousands)</i> | | |
| Revenues | | | |
| Government Transfers | | | |
| Government of Alberta Grants | \$ 25,850 | \$ 25,909 | \$ 850 |
| Other Revenue | - | 9 | 30 |
| | 25,850 | 25,918 | 880 |
| | | | |
| Expenses - Directly Incurred (Note 2, Schedule 1) | | | |
| Operating Costs | 850 | 1,189 | 817 |
| | 850 | 1,189 | 817 |
| | | | |
| Annual Operating Surplus | 25,000 | 24,729 | 63 |
| Investments Loss (Note 6) | - | (350) | (3,177) |
| Annual Surplus (Deficit) | \$ 25,000 | \$ 24,379 | \$ (3,114) |
| | | | |
| Accumulated Surplus, Beginning of year | | 91,477 | 94,591 |
| Accumulated Surplus, End of year | | \$ 115,856 | \$ 91,477 |

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

ALBERTA ENTERPRISE CORPORATION
STATEMENT OF FINANCIAL POSITION
As at March 31

| | 2016 | 2015 |
|--|-----------------------|------------|
| | <i>(in thousands)</i> | |
| Financial Assets | | |
| Cash and cash equivalents (Note 5) | \$ 53,694 | \$ 34,865 |
| Investments (Note 6) | 83,557 | 71,176 |
| | 137,251 | 106,041 |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | 381 | 688 |
| Deferred Revenue | 441 | - |
| | 822 | 688 |
| Net Financial Assets | 136,429 | 105,353 |
| Net Assets | 136,429 | 105,353 |
| Net Assets | | |
| Accumulated Surplus | 115,856 | 91,477 |
| Accumulated Remeasurement Gains | 20,573 | 13,876 |
| | \$ 136,429 | \$ 105,353 |

Contractual Obligations (Note 7)

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

Approved by the Board of Directors:

Original signed by
Paul G. Haggis
Chair of the Board of Directors

Original signed by
Barry Heck
Vice Chair of the Board of Directors
Chair of the Audit Committee

ALBERTA ENTERPRISE CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended March 31

| | 2016 | | 2015 |
|---|-----------------------|------------|------------|
| | Budget | Actual | Actual |
| | <i>(in thousands)</i> | | |
| Annual Surplus (Deficit) | \$ 25,000 | \$ 24,379 | \$ (3,114) |
| Net Remeasurement Gains for the Year | - | 6,697 | 9,182 |
| Increase in Net Financial Assets in the Year | 25,000 | 31,076 | 6,068 |
| Net Financial Assets, Beginning of Year | 105,353 | 105,353 | 99,285 |
| Net Financial Assets, End of Year | \$ 130,353 | \$ 136,429 | \$ 105,353 |

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

ALBERTA ENTERPRISE CORPORATION
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year Ended March 31

| | 2016 | 2015 |
|---|-----------------------|-----------|
| | <i>(in thousands)</i> | |
| Unrealized Gains Attributable to: | | |
| Investments | \$ 6,129 | \$ 5,857 |
| Foreign Exchange | 568 | 3,325 |
| Net Remeasurement Gains for the Year | 6,697 | 9,182 |
| Accumulated Remeasurement Gains at the Beginning of Year | 13,876 | 4,694 |
| Accumulated Remeasurement Gains at the End of Year | \$ 20,573 | \$ 13,876 |

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

ALBERTA ENTERPRISE CORPORATION
STATEMENT OF CASH FLOWS
Year Ended March 31

| | 2016 | 2015 |
|---|-----------------------|------------|
| | <i>(in thousands)</i> | |
| Operating Transactions | | |
| Annual Surplus (Deficit) | \$ 24,379 | \$ (3,114) |
| Non-cash items: | | |
| Investment Loss | 350 | 3,177 |
| Decrease in Accounts Receivable | - | 327 |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (307) | 445 |
| Increase in Deferred Revenue | 441 | - |
| Cash Provided by Operating Transactions | 24,863 | 835 |
| Investing Transactions | | |
| Purchase of Investments | (11,051) | (15,412) |
| Distributions received from Limited partnerships | 5,017 | 1,013 |
| Cash Applied to Investing Transactions | (6,034) | (14,399) |
| Increase (Decrease) in Cash | 18,829 | (13,564) |
| Cash and cash equivalents at Beginning of Year | 34,865 | 48,429 |
| Cash and cash equivalents at End of Year | \$ 53,694 | \$ 34,865 |

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

**ALBERTA ENTERPRISE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016**

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 Alberta Enterprise 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 and for which the Minister of Economic Development and Trade "Minister" is accountable. Other entities accountable to the Minister are the Department of Economic Development and Trade, Alberta Innovates – Bio Solutions, Alberta Innovates – Energy and Environment Solutions, Alberta Innovates – Technology Futures. 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 recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta are referred to as government transfers.

Government transfers are recorded 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 the transfer.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd) (in thousands)

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

Investment Income

Investment income includes realized gains or losses on the sale of investments. Unrealized gains and losses on 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.

Expenses

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

Valuation of Financial Assets and Liabilities

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

| Financial Statement Component | Measurement |
|--|--------------------|
| Cash | Amortized Cost |
| 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 the Corporation's financial claims on external organizations and individuals.

Cash and Cash Equivalents

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

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)**

Investments

The Corporation records investments using Public Sector Accounting Board (PSAB) Standard PS 3450 – Financial Instruments and PS 2601-Foreign Currency Translation.

The Corporation records investments in limited partnerships on a fair value basis. 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 changes in the fair value of 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 recorded in investment income. Purchases and dispositions of investments are recorded on the trade date. Management fee paid are expensed in the year.

Liabilities

Liabilities represent present obligations of the Corporation to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:

- all financial claims payable by the Corporation at the year end;
- accrued employee vacation entitlements

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Investments recorded at \$83,557 (March 31, 2015 - \$71,176) 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) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate.

Revenues and expenses are translated at the average exchange rate for the year. Unrealized gains and losses due to foreign currency fluctuations are recorded in the Statement of Remeasurement Gains and Losses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

d) Change in Accounting Policy

Adoption of the Net Debt Presentation

The net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net debt or net financial assets is measured as the difference between the Corporation's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding the Statement of Change in Net Financial Assets.

Note 3 FUTURE ACCOUNTING CHANGES

In June 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**

PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**

PS3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**

This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 BUDGET (in thousands)

A business plan with a budgeted surplus of \$25,000 was approved by the Board on November 25, 2015 and the full financial plan was submitted to the Minister of Economic Development and Trade.

NOTE 5 CASH AND CASH EQUIVALENTS
(in thousands)

As at March 31, 2016, cash held by the Corporation had a time weighted return of 0.83% per annum (2015 - 1.20% per annum). Due to the short term nature of the CCITF investments, the carrying value approximates fair value. Interest earned is returned directly to the General Revenue Fund of the Government of Alberta.

As at March 31, 2016 the Corporation has \$53,694 (2015 - \$34,865) in Cash. \$33,263 (2015 – \$38,638) has been 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 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. In the current year an additional \$25,000 was allocated for 2016 and \$25,000 committed for 2017 in additional investments in Limited Partnerships.

The Corporation is a Limited Partner in ten (2015 – nine) Limited Partnerships and \$111,379 (2015 - \$ 105,823) has been disbursed 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 Partnership's funding requirements. Distributions from the Limited Partnerships can be used toward future cash calls from the fund which distributed the capital. The Corporation's disbursements to date and commitments are as follows:

NOTE 6 INVESTMENTS (Cont'd)
(in thousands)

| | Chrysalix Energy III Fund (a) | Yaletown Ventures II | iNovia Fund III | Enertech Capital Partners IV (a) | Azure Capital Partners (a) | 32 Degrees D.E.Fund II (S&T AIV) LP | Avrio Ventures II | Accelerate Fund | McRock iNfund | Avrio Ventures LP III | 2016 Total | 2015 Total |
|---|-------------------------------------|-------------------------|--------------------|---|-------------------------------------|--|-------------------------|--------------------|------------------|-----------------------------|------------|------------|
| Funds disbursed to partnership for Investments (b) | \$ 11,776 | \$ 12,277 | \$ 8,300 | \$ 9,354 | \$ 9,487 | \$ 9,446 | \$ 5,816 | \$ 10,000 | \$ 1,660 | \$ - | \$ 78,116 | \$ 67,185 |
| Remaining Commitment | 5,068 | 1,723 | 1,700 | 8,912 | 1,782 | 554 | 184 | - | 8,340 | 5,000 | 33,263 | 38,638 |
| Total Funds Disbursed and Committed (c) | \$ 16,844 | \$ 14,000 | \$10,000 | \$ 18,266 | \$ 11,269 | \$ 10,000 | \$ 6,000 | \$ 10,000 | \$ 10,000 | \$ 5,000 | \$ 111,379 | \$ 105,823 |

- (a) Commitments are payable in US dollars. Remaining commitments are based upon the exchange rate on March 31, 2016.
- (b) Funds disbursed to partnership for Investments include management fees of \$14,615 (including \$3,049 in 2016).
- (c) A \$5,000 commitment was made for a new Partnership with Avrio Ventures LP III with the initial capital call made on April 5, 2016.

The Corporation's investment in Limited Partnerships is as follows:

| | 2016 | | 2015 | |
|-----------------------------------|--------------------|---------------------------------|--------------------|------------------------------|
| | Share of Equity | Percentage in Partnership | Share of Equity | Percentage in Partnership |
| Chrysalix Energy III Fund | \$ 16,486 | 10.32% | \$ 11,427 | 10.32% |
| Yaletown Ventures II | 12,352 | 15.58% | 10,657 | 15.58% |
| iNovia Fund III | 13,242 | 9.04% | 8,528 | 9.04% |
| Enertech Capital Partners IV | 7,870 | 12.66% | 7,630 | 12.66% |
| Azure Capital Partners III | 12,483 | 12.42% | 9,217 | 12.42% |
| 32 Degrees D.E. Fund II (S&T AIV) | 5,589 | 99.99% | 9,043 | 99.99% |
| Avrio Ventures II | 6,279 | 6.56% | 5,499 | 6.56% |
| Accelerate Fund | 7,957 | 99.99% | 8,676 | 99.99% |
| McRock iNfund | 1,299 | 15.33% | 499 | 19.22% |
| Total | \$ 83,557 | | \$ 71,176 | |

NOTE 6 INVESTMENTS (Cont'd)
(in thousands)

The changes in fair values of the investments in Limited Partnerships since April 1, 2015 are as follows:

| | Chrysalis Energy III Fund | Yaletown Ventures II | iNovia Fund III | Enertech Capital Partners IV | Azure Capital Partners III | 32 Degrees D.E.Fund II (S&T AIV) | Avrio Ventures II | Accelerate Fund | McRock iNfund | 2016 Total | 2015 Total |
|--|---------------------------|----------------------|-----------------|------------------------------|----------------------------|----------------------------------|-------------------|-----------------|---------------|------------|------------|
| Investment in Partnership, Beginning of Year | \$ 11,427 | \$ 10,657 | \$ 8,528 | \$ 7,630 | \$ 9,217 | \$ 9,043 | \$ 5,499 | \$ 8,676 | \$ 499 | \$ 71,176 | \$ 50,772 |
| Funds disbursed to Partnership for Investments (a) | 800 | 1,540 | 2,250 | 2,139 | 1,294 | 1,192 | 729 | - | 1,107 | 11,051 | 15,412 |
| Distributions received from Limited partnerships | - | (1,146) | (58) | (832) | - | (2,439) | (542) | - | - | (5,017) | (1,013) |
| Remeasurement Gain (Loss) | 4,667 | 595 | 3,936 | (1,076) | 2,310 | (4,010) | 300 | (37) | 12 | 6,697 | 9,182 |
| Investments Income (Loss) | (408) | 706 | (1,414) | 9 | (338) | 1,803 | 293 | (682) | (319) | (350) | (3,177) |
| Investment in Partnership, End of Year | \$ 16,486 | \$ 12,352 | \$ 13,242 | \$ 7,870 | \$ 12,483 | \$ 5,589 | \$ 6,279 | \$ 7,957 | \$ 1,299 | \$ 83,557 | \$ 71,176 |
| Funds disbursed to Partnership for Investments | \$ 11,776 | \$ 12,277 | \$ 8,300 | \$ 9,354 | \$ 9,487 | \$ 9,446 | \$ 5,816 | \$ 10,000 | \$ 1,660 | \$ 78,116 | \$ 67,185 |

(a) Amounts include management fees of \$3,049 paid by Limited Partnerships to General Partners. Management fees may be recovered from limited partnerships in accordance with the Limited Partnership agreements.

NOTE 6 INVESTMENTS (Cont'd)
(in thousands)

Fair Value Hierarchy

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

| | |
|---------|--|
| Level 1 | 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 2 | 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. |
| Level 3 | 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.

NOTE 6 **INVESTMENTS (Cont'd)**
(in thousands)

The Corporation's investments have all been classified within level 3 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 3, 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.

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 currency risk. Liquidity risk is the risk the fund will not be able to meet its obligations as they fall due.

a) Price Risk

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

b) Foreign Currency Risk

The value of the Corporation's investments in Limited Partnerships denominated in foreign currencies may change due the changes in exchange rates. \$36,839, or 44% of the Corporation's investment, are denominated in US dollars (2015-\$28,274, or 40%)

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 4.0% of total investments (2015- 4.0%).

NOTE 6 INVESTMENTS (Cont'd)
(in thousands)

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.

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 7 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 are met. The Corporation has committed funds to be paid into limited partnerships. The details of the commitments are listed in Note 6.

| | 2016 | 2015 |
|-------------------------------------|---------------|---------------|
| Obligations under Operating Leases | \$ 119 | \$ 151 |
| Obligations under Service Contracts | 243 | 134 |
| | <u>\$ 362</u> | <u>\$ 285</u> |

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

| | Operating Leases | Service Contracts | Total |
|---------|---------------------|----------------------|---------------|
| 2016-17 | \$ 32 | \$ 134 | \$ 166 |
| 2017-18 | 32 | 109 | 141 |
| 2018-19 | 32 | - | 32 |
| 2019-20 | 23 | - | 23 |
| | <u>\$ 119</u> | <u>\$ 243</u> | <u>\$ 362</u> |

NOTE 8 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors.

ALBERTA ENTERPRISE CORPORATION
EXPENSES - DETAILED BY OBJECT
YEAR ENDED MARCH 31, 2016

| | 2016 | | 2015 |
|--|-----------------------|----------|--------|
| | Budget | Actual | Actual |
| | <i>(in thousands)</i> | | |
| Salaries, Wages, Benefits, & Payments to Consultants | \$ 544 | \$ 526 | \$ 435 |
| Supplies & Services | 246 | 534 | 323 |
| Grants and sponsorships | 60 | 119 | 52 |
| Financial Transactions and Other | - | 10 | 7 |
| | \$ 850 | \$ 1,189 | \$ 817 |

ALBERTA ENTERPRISE CORPORATION
SALARY AND BENEFITS DISCLOSURE
YEAR ENDED MARCH 31, 2016

| | 2016 | | | 2015 | |
|--|-----------------------|---------------------------------------|---|--------|--------|
| | Base Compensation | Other Cash Benefits ⁽²⁾ | Other Non- Cash Benefits ⁽³⁾ | Total | Total |
| | <i>(in thousands)</i> | | | | |
| Chair of the Board | \$ - | \$ 45 | \$ 1 | \$ 46 | \$ 43 |
| Board Members (four) | - | 100 | 5 | 105 | 51 |
| Executives: | | | | | |
| Chief Executive Officer ⁽¹⁾ | 196 | 4 | 20 | 220 | 123 |
| Interim Managing Director ⁽⁴⁾ | - | - | - | - | 33 |
| Director, Investments and Interim Manager ⁽⁵⁾ | - | - | - | - | 69 |
| Director, Investments | 104 | - | - | 104 | 109 |
| Director, Industry Development ⁽⁶⁾ | 48 | 7 | 4 | 59 | - |
| | \$ 347 | \$ 156 | \$ 30 | \$ 534 | \$ 428 |

- (1) Base compensation was established through employer and employee arrangements in February 2015.
- (2) Other Cash Benefits for Board members include honoraria payments and per diem allowances. Other cash benefits for Chief Executive Officer include Life and disability allowance. There were no discretionary amounts paid to executives in 2016. (2015- nil)
- (3) Other Non-Cash Benefits include Canada Pension Plan, Retirement Savings Plan and Employment Insurance payments.
- (4) This position was terminated effective September 2014.
- (5) This position was occupied on a part time basis until September 2014, and then terminated.
- (6) This position was created effective November 17, 2015.

ALBERTA ENTERPRISE CORPORATION
RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2016

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel of the Corporation.

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 the following transactions with related parties which are recorded in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities Outside of the Ministry | |
|-------------------------------------|---------------------------------|--------|---|--------|
| | 2016 | 2015 | 2016 | 2015 |
| | <i>(in thousands)</i> | | | |
| Revenues | | | | |
| Grants | \$ 25,909 | \$ 850 | \$ - | \$ - |
| Expenses – Directly Incurred | | | | |
| Other Services | \$ 30 | \$ 26 | \$ 40 | \$ 33 |
| Payables to | \$ - | \$ - | \$ - | \$ 1 |
| Deferred Revenue | \$ - | \$ - | \$ 441 | \$ - |
| Contractual Obligations | \$ 25 | \$ 25 | \$ 337 | \$ 260 |

Alberta Innovates Corporations
Summary Financial Statements ⁽¹⁾
For March 31, 2016
(in thousands)

| | Alberta Innovates - Bio Solutions | Alberta Innovates - Energy and Environment Solutions | Alberta Innovates - Technology Futures | 2016 Totals | 2015 Totals (Restated) |
|---|-----------------------------------|--|--|-------------------|------------------------|
| Statement of Financial Position | | | | | |
| Financial Assets | | | | | |
| Cash | \$ 22,932 | \$ 59,089 | \$ 71,918 | \$ 153,939 | \$ 134,766 |
| Accounts Receivable | 176 | 202 | 14,543 | 14,921 | 20,667 |
| | <u>\$ 23,108</u> | <u>\$ 59,291</u> | <u>\$ 86,461</u> | <u>\$ 168,860</u> | <u>\$ 155,433</u> |
| Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 982 | \$ 837 | \$ 15,239 | \$ 17,058 | \$ 17,728 |
| Deferred Contract Revenue | - | - | 11,062 | 11,062 | 7,681 |
| Deferred Revenue | 13,322 | 21,775 | 45,600 | 80,697 | 78,016 |
| | <u>\$ 14,304</u> | <u>\$ 22,612</u> | <u>\$ 71,901</u> | <u>\$ 108,817</u> | <u>\$ 103,425</u> |
| Net Financial Assets | <u>\$ 8,804</u> | <u>\$ 36,679</u> | <u>\$ 14,560</u> | <u>\$ 60,043</u> | <u>\$ 52,008</u> |
| Non-Financial Assets | | | | | |
| Tangible Capital Assets | \$ - | \$ 17 | \$ 31,212 | \$ 31,229 | \$ 31,052 |
| Prepaid Expenses | - | - | 887 | 887 | 4,255 |
| | <u>\$ -</u> | <u>\$ 17</u> | <u>\$ 32,099</u> | <u>\$ 32,116</u> | <u>\$ 35,307</u> |
| Net Assets | <u>\$ 8,804</u> | <u>\$ 36,696</u> | <u>\$ 46,659</u> | <u>\$ 92,159</u> | <u>\$ 87,315</u> |
| Statement of Operations | | | | | |
| Revenue | \$ 20,032 | \$ 22,514 | \$ 163,119 | \$ 205,665 | \$ 208,683 |
| Expenses | 19,867 | 18,696 | 162,258 | 200,821 | 213,086 |
| Annual Surplus (Deficit) | <u>\$ 165</u> | <u>\$ 3,818</u> | <u>\$ 861</u> | <u>\$ 4,844</u> | <u>\$ (4,403)</u> |
| Statement of Changes in Financial Position | | | | | |
| Cash and Short-Term Investments, Beginning of Year | \$ 23,067 | \$ 55,934 | \$ 55,765 | \$ 134,766 | \$ 141,545 |
| Cash Provided from (Used in) Operating Activities | (135) | 3,160 | 21,063 | 24,088 | (1,973) |
| Cash Generated (Used) by Organizational Activities | - | (5) | (4,910) | (4,915) | (4,806) |
| Cash and Short-Term Investments, End of Year | <u>\$ 22,932</u> | <u>\$ 59,089</u> | <u>\$ 71,918</u> | <u>\$ 153,939</u> | <u>\$ 134,766</u> |
| Statement of Changes in Net Financial Assets | | | | | |
| Net Financial Assets, Beginning of Year | \$ 8,639 | \$ 32,848 | \$ 10,521 | \$ 52,008 | \$ 60,012 |
| (Decrease) Increase in Net Financial Assets in the Year | 165 | 3,831 | 4,039 | 8,035 | (8,004) |
| Net Financial Assets, End of Year | <u>\$ 8,804</u> | <u>\$ 36,679</u> | <u>\$ 14,560</u> | <u>\$ 60,043</u> | <u>\$ 52,008</u> |
| Salary and Benefits of CEO Positions | | | | | |
| Base Salary | \$ 226 | \$ 276 | \$ 346 | | |
| Other Cash Benefits ⁽²⁾ | - | 74 | 82 | | |
| Non-Cash Benefits ⁽³⁾ | 61 | 13 | 11 | | |
| | <u>\$ 287</u> | <u>\$ 363</u> | <u>\$ 439</u> | | |

(1) Financial statements for these entities are prepared in accordance with Canadian Public Sector Accounting Standards. Full audited financial statements for these entities are available on their websites.

(2) Other Cash Benefits include vacation payouts and bonuses (where applicable).

(3) Non-Cash Benefits include the employer portions of such items as pension contributions, medical and dental benefits, disability insurance, etc.

■ 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 2015-16 for the department, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office. For entities consolidated by the ministry, please see their individual annual report for the disclosure under this act.

Economic Development and Trade

ANNUAL REPORT

2015-2016