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# **Alberta International Offices Review**

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Prepared by:  
Ron Hoffmann

December 2014

Honourable Jim Prentice  
Premier of Alberta  
Minister of International and Intergovernmental Relations  
Minister of Aboriginal Relations

Dear Premier,

I am pleased to submit for your consideration the results of my review of Alberta's international offices network and of the Ottawa office.

I am honoured to have been tasked with this important and timely project. The review was undertaken as an unexpected and precipitous drop in the price of oil reminded us all of the impact global markets can have on our fortunes and of our society's reliance on the energy sector. It is perhaps clearer today than at any previous juncture that we must expand and diversify our trading relationships, including the energy sector itself. We must also, however, respond to the serious impact on public finances by reducing overall spending.

This means increasing our success in growing Alberta's exports and attracting more foreign capital, technology, students, tourists and skills to the province. It is also vital that a higher proportion of Alberta's small and medium-sized enterprises are fostered to succeed in the international marketplace. These goals matter to the daily lives of all Albertans. This is about creating jobs in all regions of the province, sustaining world-class public services and striving to give our children and grandchildren the same standard of living that we now enjoy.

Alberta's international offices network, comprising 13 active operations and three which are planned, represents one important tool to help us succeed. My review concludes, however, that we can take steps to tangibly increase the effectiveness and service levels of our offices abroad. It also identifies several measures to reduce ongoing operating costs and defer some expenditures until the province's economic conditions can support them.

The following are highlights of the recommendations contained in this report:

- shifting a higher proportion of office investments to emerging markets;
- achieving a 20 per cent projected savings of the total allocated Alberta International Offices budget or \$3.1 million - phased in with \$2.2 million in 2015-16 and an additional \$0.9 million in 2016-17 by:
  - closing the Ottawa, Munich and Chicago offices;
  - freezing plans for the California and Brazil offices; and
  - reducing expenses of the remaining international offices;
- re-allocating China operational resources to open a cost-effective office in Guangzhou;
- developing an India market strategy and supporting the development of an Asia Regional Strategy;
- increasing office effectiveness and improving client service by introducing a new Client Service Charter and establishing an internal Red Tape Reduction Task Force;
- improving measurement and reporting of results, and
- providing better support to small and medium-sized enterprises.

Premier, Alberta offices are staffed with talented and hard-working personnel who are keen to get on with the job of helping to build Alberta's prosperity. The proposed measures in this review will increase our impact in the markets that count most to our future. These recommendations also concretely respond to the expectations of Albertans that their public finances be prudently managed, particularly in challenging economic times.

Ron Hoffmann, Alberta's Senior Representative to the Asia Pacific Basin  
December 2014

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## Introduction

In September 2014, two days after being sworn in as Alberta's 16<sup>th</sup> Premier, the Honourable Jim Prentice initiated a review of Alberta's international offices.

In short, the exercise sought to determine if Alberta's network of existing and planned offices are in the right places and doing the right things to support Alberta's prosperity for today and in the future. The objective was to ensure Alberta's offices have a clear sense of purpose, offer high-impact services to Albertans, are structured and staffed to deliver their mandate and are operating in the most effective and efficient manner possible.

**“Albertans rightly expect their government to use taxpayers’ dollars wisely and achieve the best possible outcomes for money spent.”**

**Alberta Throne Speech, November 2014**

Equally important was the need to ensure sound financial stewardship at a time when Albertans are justifiably demanding accountability for their public expenditures and optimal impacts of public investments. With acute pressures now on public finances, the review looked hard at how ongoing costs could be reduced by setting clearer priorities and making tough choices Albertans expect of their government in difficult times.

**“Trade continues to define this country’s economic geography and prosperity. However, the global economy is changing and Canada must adapt.”**

**Canada’s Global Markets Action Plan, 2013**

To meet these needs, Alberta's international offices network must continually reflect the opportunities and challenges of a rapidly transforming global landscape. Alberta's evolving international strategy should continually be tested against trends and developments unfolding outside of Alberta's domestic borders. It is important the Government of Alberta, together with its partners across the province, understands and responds to this shifting international environment.

Alberta's future success will reflect the degree to which Albertans are working together to benefit from global change and opportunity.

Every effort was made in this relatively quick 10-week review to hold direct consultations with as many stakeholders as possible - within the Government of Alberta and in the wider public and private sector. An in-person review took place in six international offices in Asia and the office in Ottawa. In addition, extensive interviews occurred with staff in the remaining international offices network. Partnering Government of Alberta ministries provided detailed input into the review to support decision-making, identify strengths, areas for improvement and opportunities. Interviews were also conducted with Government of Canada officials both in Ottawa and abroad, including heads of mission.

Notwithstanding the completion of this initial review process, ongoing consultations with stakeholders and partners, proactive feedback by clients and the continuing pursuit of best practices are vital to ensuring Alberta's international offices network remains relevant going forward.

The report includes:

- a review of Alberta's place in a changing world;
- measures to increase Alberta's success internationally;
- a recommendation on the Alberta office in Ottawa;
- an improved operational and financial approach; and
- a summary of key recommendations and a timetable for implementation.

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## Positioning Alberta in a Transforming World

The international environment is experiencing an increasingly rapid transformation of economic and political power, economic volatility and growing competition by both traditional and new economic actors. It presents Alberta with significant new commercial opportunities, but also enduring and unforeseen challenges.

The traditional markets of Europe and the United States remain important to Alberta's future welfare. The United States is Alberta's most important single trading partner, and it will continue to play this role for many years to come – even with our neighbour's growing energy self-sufficiency. Economic activity is once again picking up in the United States – creating renewed opportunity for our private sector, particularly our smaller companies. There remains an acute need for active Alberta engagement of American decision-makers and opinion formers to present an up-to-date and comprehensive profile of Alberta society and public policy to address a lack of awareness of outdated perceptions and misinformation, and to reaffirm the deep bonds of common interest between our two societies.

Europe, meanwhile, is the second largest source of foreign direct investment (FDI) into Canada and the second most important destination for Canadian FDI after the United States. The European Union (EU) is Alberta's fourth largest export destination after the United States, China and Japan. While its economy will likely suffer from slow growth in the years ahead, defined new opportunities are nevertheless on the horizon.

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will provide a framework for Alberta exporters to enhance their existing market access in the EU and help exporters establish new markets. One of Alberta's key objectives is to facilitate and encourage more investment in Alberta. The CETA will contribute to this goal through the creation of predictable rules, transparency and protection of investment for both EU investors and Canadian companies seeking investment in the EU.

Alberta's future is now increasingly and inextricably tied to new economies and emerging markets. Latin America, the Middle East and Africa are offering important new business opportunities, but the greatest shift in world affairs continues to take place in Asia. Continuing robust economic growth in the Asia region, a path of reform now underway in several key Asian economies, a burgeoning middle class, rapid urbanization and strengthening Asia-based global value chains point to an Asia-centric future for global economic activity. Citizens and consumers are calling for better air and water quality, and safer and more diverse food products. They are also pursuing greater options for world-class education and international travel options and are determined to capitalize upon global digital connectivity.

**“The Asia-Pacific region alone will add 1.7 billion consumers to the global middle class by 2030.”**

**Dominic Barton, Global Managing Director  
McKinsey & Company**

**“Our success in the 21st century will depend on how well we seize the opportunities that exist in the Asia Pacific Region.”**

**Alberta Throne Speech, November 2014**

The Asia region is fast becoming a global driver of innovation. There are already more Fortune 500 companies in Asia than in the United States or Europe. Of the world's 100 most innovative companies, a full third are now Asian, 50 per cent more than in Europe. Asia-based global value chains are growing in number, which in turn is increasing the proportion of foreign value in goods exported from Asia economies. The percentage of foreign content in exports by key Asian manufacturers has more than doubled between 1995 and 2009 increasing prospects for Alberta-based enterprises to benefit.

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Alberta's first hundred years of international trade concentrated on relationships with the United States and Europe. Alberta's next hundred years must involve diversifying business linkages with the world's new centres of economic growth and dynamism.

It is clearer than ever that Alberta's future prosperity depends not only on expanded exports, but also on the province's ability to attract foreign direct investment, technology, skills, students and tourists. Only in realizing a multi-faceted expansion and deepening of international economic relations will Alberta realize its full potential to secure the future prosperity it is counting upon.

**“Emerging markets are important to SMEs because they can allow companies the opportunity to get in on the ‘ground floor’ and establish a larger presence in the market before it is saturated.”**

**Garett Cupples,  
Co-Chair of the Alberta SME Export Council**

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## A More Successful Alberta: Exploiting New Opportunities

Alberta has what it takes to adjust to changing market circumstances and capitalize on new opportunities. But it won't happen automatically. Alberta must continue to modernize its economic business plan, including international dimensions. The degree to which Alberta succeeds in the international marketplace will reflect the extent that Albertans in all walks of life understand and embrace the challenges and opportunities, and come together in common purpose. Public policy tools and instruments can play an important role; Alberta's international offices are one that makes a difference. The investments made in these offices have the potential to be repaid multiple-fold.

The Alberta international offices could be further aligned to Alberta's strategic international interests. Optimal impact will result from the degree to which the international offices network is connected to the broad range of Government of Alberta ministries and agencies mandated to advance successful international engagement. The offices must also be positioned to provide defined and high-impact services to private sector clients, business and sector associations, the education sector and municipalities.

Alberta's international offices network has an important and direct role in connecting clients to the changing global landscape and key economic actors and decision-makers to Alberta. The offices need to be in markets with the highest potential for growth, where Alberta has a range of economic interests in play, and where business environments and culture justify the establishment of on-the-ground staff who can serve as intelligence brokers, business advisors and relationship managers.

**“While activity in traditional markets has been flat since 2000, Canadian exports to emerging markets have grown 11% annually.”**  
**Export Development Canada**

The work of Alberta's offices is an important complement to the services provided by Canadian diplomatic missions, notably Canada's long-standing Trade Commissioner Service. Alberta's office personnel provide more in-depth support to priority relationships and initiatives than federal staff are often able to offer given their need to serve Canadian clients widely. Alberta's international offices network should continue to reflect the aspirations of Alberta's 2013 International Strategy<sup>1</sup>, evolving Government of Alberta priorities and an ongoing transformation in the international environment.

Choices inevitably need to be made and clear priorities established when faced with finite resources. This is especially true today given current pressures on public sector finances and the Government of Alberta's strong commitment to fiscal prudence and responsible financial stewardship. The review reflects these principles and needs, and presents a series of recommendations on office locations and operational dimensions. The geographic and management recommendations are based on assessments of how international office budgets can be deployed for maximum impact - considering not only the nature of trading patterns today, but what they will look like in the future.

**“A stronger awareness of Asia, including cultural and language competencies, is a key ingredient in Alberta's ability to capitalize on emerging business opportunities.”**

**The Honourable Teresa Woo-Paw**  
**Associate Minister of Asia Pacific Relations**

Special attention has been paid in this review to China, which will soon surpass the United States as the world's largest economy. China has emerged as Alberta's most important market after the United States, and it holds significant potential for expansion. China itself is emerging as a network of dynamic sub-national markets with a handful of key regional hubs playing an increasingly strategic role. As any enterprise with China experience knows, it is also a highly complex and

dynamic market. On-the-ground support and strategic business advice, identifying potential partners and helping navigate the country's business rules and practices can be invaluable.

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<sup>1</sup> Alberta's International Strategy 2013: Building Markets – International Strategy

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## Recommendations

1. **To maximize success in China, proceed with opening the Guangzhou<sup>2</sup> office on a co-located basis with the Canadian Consulate General by re-allocating planned expenditures from within existing operations.**
  - 1.1 Cover the projected costs of the Guangzhou office by re-allocating staff positions from the much larger office in Beijing and by reducing costs of the Hong Kong operation.
  - 1.2 Establish prime responsibility for the Guangzhou office to the Alberta Hong Kong office, but in close coordination with Beijing.
  - 1.3 Maintain the Shanghai and Taipei operations as they now are configured. Shanghai is the centre of a dynamic and significant Chinese regional economy and accounts for rapid growth in trade and investment leads. Taipei is the main business centre of Taiwan, which has emerged as a vital gateway to greater China, a technology and research hub, and one of the most important centres for Asia-based global value chains. Alberta exports to Taiwan are higher than to India, Brazil, the United Kingdom and Germany<sup>3</sup> respectively.
  
2. **Strengthen the operating effectiveness of the high-volume Beijing office.**
  - 2.1 Provide enhanced support to the Beijing operation through occasional temporary duty assignments in peak periods, senior management visits for mentoring purposes and additional training of staff.
  - 2.2 The Senior Representative for the Asia Pacific Basin should regularly visit Beijing and other key centres in China to support high-level outreach and priority market development.
  
3. **Maintain the Hong Kong operation, but reconfigure its role as a regional coordination and leadership hub.**
  - 3.1 Alberta's Senior Representative to the Asia Pacific Basin should be based in Hong Kong to contribute to the development and implementation of an Alberta Asia Strategy. Hong Kong is seen across the region as a relatively neutral location to serve Alberta's interests in markets such as Japan, India and Southeast Asia. It is also geographically central to Alberta's priority markets, has efficient and reliable logistics infrastructure and low-cost flights and represents a priority market in its own right.
  - 3.2 The Hong Kong<sup>4</sup> office should play an expanded role in supporting market development in China, notably through active oversight of Alberta's China operation and regular high-level engagement of Chinese decision-makers and senior business partners.
  - 3.3 Although the Hong Kong office is well located for client outreach and the rent costs are below the average market price for the area, a further review of the Hong Kong office premises should be undertaken to explore options to reduce costs prior to the expiration of the lease.
  - 3.4 Efforts should be made to reduce rental costs of the Hong Kong staff quarters and the benefits package of the Managing Director position.

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<sup>2</sup> Within China, Guangzhou is the business nerve centre for the south, comprising a regionally distinct economy roughly the size of Russia and a population the size of the United States. It is a highly prosperous, consumption-based, higher-value and services-based economy. Guangdong, the province where Guangzhou is located, represents 25 per cent of China's total imports/exports, is the largest recipient of foreign direct investment in China, contributes one-seventh of the nation's fiscal revenue, and, by Chinese statistics, the gross domestic product (GDP) represents about 20 per cent of the trade volume with Canada. Guangdong, China's largest province by both GDP and population is also its richest, has China's largest middle class, is the most outwardly oriented and linked, and is the most consumption-based, services-based economy in China. Alberta has a notable advantage in its disproportionately rich diaspora links with the south where most Chinese Albertans trace their roots.

<sup>3</sup> Based on the most recent five-year annual average (2009-13).

<sup>4</sup> China has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's exports by value. Hong Kong is an increasingly integrated part of greater China economically, and a progressively greater number of internationally oriented Chinese enterprises are present. It remains a vibrant regional finance centre for mainland China and for the wider Asian region and a centre for China insight and intelligence. Hong Kong is the world's ninth largest trading economy and the world's 11<sup>th</sup> largest exporter of commercial services. It is the third largest foreign exchange market in Asia and the fifth largest in the world. Multinational companies often choose Hong Kong as a venue for setting up regional headquarters or representative offices to manage their businesses in the Asia Pacific region, particularly their Chinese operations. Hong Kong is geographically central, is a base to serve mainland China efficiently and effectively while serving as a more neutral base to support other Asian markets and it has excellent infrastructure and logistics.



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4. **Maintain the Tokyo office, but review its rental space to reduce costs.**
    - 4.1 As the number of Alberta staff has been reduced since the current location opened in 1991, there is more space than required. The office is in an ideal location with ready access to the Canadian Embassy personnel and infrastructure while benefitting from the independence of a stand-alone operation.
  
  5. **Complete staffing of the new Singapore office.**
    - 5.1 This operation, in place since early 2014, has two of three staff in place and would benefit from a full complement of staff. This would capitalize on emerging opportunities across its designated region of Southeast Asia and Oceania, a region with a population of more than 600 million and fast-growing export and investment linkages for Alberta.
  
  6. **Maintain the Seoul, South Korea, operation.**
    - 6.1 Develop Alberta promotional and market awareness activities to target Alberta companies at home and potential business partners in South Korea in preparation for expanded opportunities under the Canada-Korea Free Trade Agreement which comes into force in 2015.
  
  7. **Maintain the New Delhi operation and develop an India Market Strategy.**
    - 7.1 The two-person operation will contribute to helping Alberta agriculture, energy, education and technology companies stay on top of the new government's reform process, and identify defined opportunities in the world's most populous and regionally and ethnically diverse democracy. The office would also benefit from a clear India Market Strategy identifying a limited number of sectors, activities and targeted sub-national regions.
  
  8. **Maintain the Mexico offices and proceed with staffing the Managing Director position as soon as practical.**
    - 8.1 Given the heavy demands on the two offices (Mexico City and a small satellite office in Guadalajara) and the small number of staff, consideration should be given, when Alberta economic conditions permit, to hire additional personnel. The office faces a high volume of client requests, including those from the Alberta private sector, and the ongoing economic reform process in Mexico (e.g. energy sector) is expected to fuel additional demands going forward.
  
  9. **Bring greater focus to the London operation and hire a Managing Director on a local-hire basis.**
    - 9.1 Position the London operation as Alberta's regional hub for Europe and ensure an appropriate balance between advocacy activities, trade and investment.
    - 9.2 Develop a more precise advocacy strategy with identified priorities and outcomes.
    - 9.3 Seek concurrence from the federal Department of Foreign Affairs, Trade and Development (DFATD) to convert the Managing Director position to a local-hire model based on the DFATD Locally Engaged Professional Framework. Doing so would enable hiring above the LE1-LE9 salary scale, capitalizing on London's unique talent pool and resulting in engagement of a manager with appropriate experience and leadership competencies while achieving significant cost savings.
    - 9.4 Additional savings will be realized by taking advantage of the lower costs associated with the Canadian High Commission's planned move to new premises adjacent to Canada House on Trafalgar Square, which conform to the federal Treasury Board's 2.0 office space plan.

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10. Close the Munich office in view of fiscal pressures and in the context of rebalancing resources to faster growing and high-potential emerging markets.

11. Close the Chicago office and designate the Alberta Washington, D.C., office as the regional hub for the United States.

This recommendation reflects fiscal pressures and a rebalancing of limited resources to high-growth emerging markets. The Alberta Washington, D.C., office, led by an Alberta Senior Representative and supported by a small team, will continue to lead Alberta's high priority advocacy strategy aimed at U.S. decision-makers and opinion formers, and work in close concert with personnel in Alberta and with the Canadian government's diplomatic network across the United States.

12. Suspend plans to open new offices in Brazil and San Francisco:

- 12.1 Delay further consideration of a San Francisco office until economic conditions are more favourable. Given Alberta's proximity to the California market, and the importance to Alberta's technology and strategic sector development, ensure relations are adequately supported and fostered from a headquarters base.
- 12.2 Delay opening the proposed Rio de Janeiro office pending further review. Stakeholders inside and outside of government appeared divided over the priority which should be given to opening an office in Brazil given the reality of scarce resources and the need for choices to be made. The Government of Alberta ministries should continue to monitor Brazil market developments closely and maintain a program of activities to promote Alberta's ongoing commercial relations with Brazil as appropriate.
- 12.3 Priority should be given to further analysis of future office potential in Colombia, a bilateral market of rapidly growing importance, and in the United Arab Emirates, which has emerged as a Middle Eastern regional hub of significance to Alberta trade and investment priorities.

## The Alberta Office in Ottawa

The Alberta office in Ottawa was included in the International Offices Review to assess the cost-effectiveness of the role the Ottawa office plays in advancing Alberta's interests within Canada and internationally, and review its role and impact against competing priorities in a challenging fiscal environment.

### Recommendation

13. In view of fiscal pressures and Alberta's priority to concentrate on infrastructure and personnel investments linked to tangible diversification of international business relationships, the Alberta Ottawa office should be closed.

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# Improving Operational and Financial Dimensions of Alberta's International Offices Network

The international offices are generally working well, but it is also clear that some immediate and tangible measures can be implemented to increase the impact and success of the Alberta international offices network.

The Alberta international offices staff – managers, commercial officers and support staff – are high-calibre individuals motivated by the roles they are fulfilling and committed to making a difference. It is evident that hiring practices are working well to attract the talent required. This is particularly important for Managing Director positions. That formula consists of not only offering market-based remuneration, but also committing to hiring the best available candidates from within Canada or abroad, based on a compelling level of market knowledge and experience, a high degree of professionalism and a proven track record in strategic thinking and organizational leadership.

Several Alberta offices are facing acute work pressures and regular peak periods of activity. This situation is exacerbated by weakly defined priorities and a framework of declared roles and responsibilities, including client services. Client demands and expectations are commonly out of sync with the level of staffing resources available. The areas where additional efficiencies could be made to improve service delivery and create a stronger, more focused international offices network are discussed in the following sections.

## Aligning Alberta's Priorities with Alberta's International Offices

Alberta's international offices provide valuable services to a broad range of clients and stakeholders. The international offices are, on occasion, pressed to serve broad expectations and demands which reflect a high volume of requests from clients inside and outside the Government of Alberta. Specifically, some of the offices are spending insufficient time on high-value activities due to demands for much lower impact requests, such as language support and logistical preparations.

Uneven coordination within Alberta may also be a challenge. In some cases, visits and events involving a range of Alberta government and non-government clients occur in concentrated periods and occasionally overlap and compete for limited personnel support. Such peak periods are sometimes difficult to avoid, but there are also some instances when the timing is discretionary and a convergence of visits or events reflects a lack of simple coordination. The result can be sub-optimal impacts for the Alberta visitors, and an overheated and stressed international office operation.

Strategic outcomes for the international offices network can be improved through increased utilization of staff resources and directing clients to defined commercial services where they are readily available in the marketplace. High-value activities can be strengthened through the introduction of international office "core services" and a reduction in low-value activities which can be undertaken directly by clients or through external service providers.

## Recommendations

### 14. Develop annual mandate letters to Managing Directors in the international offices that identify the Government of Alberta sector and thematic priorities.

Priorities should be determined in a collaborative manner and involve the input of the Alberta offices and key Government of Alberta partner ministries and agencies.

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15. Strengthen mechanisms to improve coordination within the Government of Alberta for major demands on international offices, particularly missions and events.

16. Improve access to international office high-value services and promote quality and consistency by adopting a *Client Service Charter* which focuses limited office resources on high-impact core services.

16.1 The Charter should provide clarity on the roles and obligations of the offices and the clients they are serving. It should also introduce a defined response period of five days for standard client enquiries.

Core service obligations to clients should include high-value support such as:

- advising market prospects/potential;
- identifying key contacts;
- providing visit insights and advice pertinent to business success;
- providing troubleshooting and advocacy; and
- providing referrals to external services (logistics, interpretation, translation and credit checks) where they are available in the local market.

16.2 Develop a comprehensive communication strategy to ensure understanding and advanced notice of the changes in service orientation to Government of Alberta ministries, partners and clients.

## Improving Effectiveness of Services

Alberta's international offices are fundamental to promoting the province's commitment to economic diversification and increased trade. Operationally, Alberta's international offices are operated as stand-alone offices or co-located within Canadian diplomatic posts abroad<sup>5</sup>. The offices are staffed with Canadian employees or locally employed staff. The current guidelines governing benefits and allowances provided to Canadian employees posted to international offices have evolved over time and opportunities exist to strengthen the administrative processes, provide clarity and create efficiencies.

A broad range of administrative and planning requirements should be reviewed to improve predictability of demands and allow additional time on high-value client support. Administrative processes imposed upon the management of Alberta's international offices are, in some respects, overly cumbersome and, in other cases, unpredictable. Streamlining the administrative system to ensure accountability while supporting efficiencies would assist in more meaningful and purposeful investment in the achievement of Alberta's outcomes.

There are some areas where financial policies and practices should be clarified, including aspects of employee benefit packages where they are inconsistent with the practices of federal operations abroad. General harmonization and alignment is warranted between financial stewardship and accountability, general system efficiency and the administrative processes by the Ministry of Intergovernmental and International Relations (IIR). Some examples of areas to address include the frequency and nature of home leave, employee contributions, rent costs and foreign service premiums. In addition, monthly reporting processes are rigid and not user-friendly, and the pre-approval processes at times constrain the ability to act on trade and investment opportunities.

Further aligning activities to the priorities of Alberta, establishing clear core services and refining the measurement regime will contribute to maximizing strategic opportunities for the province while still ensuring accountability. In addition, the impacts resulting from the international offices can be further improved by streamlining and modernizing select administrative procedures and pre-approvals processes now in place.

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<sup>5</sup> Eleven of the 13 Alberta International Offices are co-located; Tokyo and Hong Kong are not.

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Overall, where the co-location model exists, it operates well. Alberta offices can benefit from integration in federal diplomatic operations by having greater access to federal Trade Commissioner contacts and business intelligence as well as access to administrative support services (rental agreements, utilities management, procurement, transport and staffing processes). Some federal policies limit operational discretion of Alberta offices, particularly in the field of staffing policy. A tightening of security procedures in Canadian missions can also make access to Alberta personnel more time consuming and cumbersome. However, on balance these issues are outweighed by co-location benefits. In a small number of cases, Alberta offices can take better advantage of the federal government platform, including involvement and support of federal government personnel, including diplomatic heads of mission.

## Recommendations

**17. Strengthen coordination of activities between Alberta offices and their federal counterparts, and draw more assertively on federal assets, relationships and market intelligence.**

**18. Strengthen training of international offices staff.**

Ensure international offices personnel have adequate training opportunities to fully understand financial policies and procedures and Alberta's sectoral and strategic priorities. This should include familiarization trips to Alberta for general knowledge enhancement and client outreach.

**19. Establish an internal *Red Tape Reduction Task Force* to review all major administrative, planning, reporting, financial and approval processes with a view to streamlining and modernizing systems and decreasing unnecessary burdens.**

Consideration should be given, where practical, to greater delegated authorities to Managing Directors within a framework of clear and accountable guidelines established by the Government of Alberta. As other provincial government ministries, particularly Treasury Board and Finance, have a role to play in setting some of the policies and procedures, a broader Government of Alberta approach should be initiated.

**20. Modernize and align the Alberta Public Service International Service Guidelines. Among the policies to be addressed:**

- 20.1 To increase cost efficiencies and reduce turnover, extend the posting terms from three years to four or five years.
- 20.2 Bring Alberta foreign service benefits more in line with other jurisdictions across Canada including<sup>6</sup>:
  - i. Modernize the rent share for Alberta-posted staff to address issues of fairness by linking employee contributions to family size. Also, use all the categories of the Canada Mortgage and Housing Corporation rates published annually to keep current with Edmonton market values for determination of rent share amounts for posted staff.
  - ii. Alignment of the current post allowance benefits with DFATD post living allowance guidelines. This includes a salary cap on the gross salary figure used in the calculation of the benefit. This will increase consistency and efficiencies.
  - iii. Adoption of home leave policy that would align frequency of provision with post hardship levels and offer a fixed travel allowance based on full fare economy rates.

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<sup>6</sup> These measures will result in multiple benefits, including lower costs to Alberta taxpayers, simpler administration, greater predictability and consistency, and fairer treatment of lower-paid staff.

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iv. Further identification of areas that should not require approvals in order to increase efficiencies in procedures.

20.3 Provide clarity to benefits that are not fully outlined or addressed in the guidelines that are frequently part of an international relocation. This will minimize requests for exceptions.

**21. Establish a policy on the availability and use of social networking tools to international offices reflecting clear communication objectives and operating guidelines.**

The goal should be to give international offices more latitude to capitalize on social networking tools particularly for non-sensitive and factual communications in the trade and investment domain.

## Strengthening Results Measurement and Improving Client Support

The Alberta International Offices Review provided the opportunity to examine how to better track interactions and ensure a more robust client focus with greater performance measurement and accountability.

There is an extensive system of reporting and analysis currently in place. It is, however, primarily activity-based and operationally burdensome. International offices staff are committed to reporting, and they dedicate considerable time and energy meeting the demands of the current system. The framework of performance reporting could be improved by being more outcomes-based and directly linked to strategic objectives. It could also be administratively simplified.

To support greater diversification and market access, the Government of Alberta needs to be more efficient, integrated and focused on how it serves its clients. Such investments can generate significant organizational payoffs in terms of productivity. A Client Relationship Management system is a critical element to achieving the goals of trade promotion and investment attraction, and demonstrating to Albertans that activity is more transparent, coordinated, focused, effective and productive.

## Recommendations

**22. Strengthen the results measurement system for the international offices activities.**

It should be recognized that quantitative measures can require extended periods to track, that commercial confidentiality will remain a constraint and that some qualitative measurements also carry value.

**23. Introduce a single enterprise Client Relationship Management system that can be accessed by all Government of Alberta ministries and the international offices. The integrated system will:**

- increase sharing of information, intelligence and coordination between the international offices and Government of Alberta ministries to maximize opportunities for trade and investment abroad;
- demonstrate and track measurements and outcomes to improve the performance of operations in the international offices; and
- achieve Alberta's goals of trade promotion and investment attraction ensuring Alberta's priorities are being addressed.

## Appendix A

### Summary of Recommendations and Target Implementation Timelines

#	Recommendations at a Glance	Projected Implementation Date
1.	Proceed with opening the Guangzhou office.	By early 2016
2.	Strengthen the operating effectiveness of the Beijing office.	Immediate
3.	Reconfigure the role of the Hong Kong office as a regional coordination and leadership hub.	August 2015
4.	Maintain the Tokyo office, but review its rental space to reduce costs.	By December 2015
5.	Complete staffing of the new Singapore office.	By July 2015
6.	Maintain the Seoul, South Korea, operation.	Immediate
7.	Maintain the New Delhi operation and develop an India Market Strategy.	By September 2015
8.	Maintain the Mexico offices and proceed with staffing the Managing Director position as soon as practical.	By July 2015
9.	Make the London operation the hub for Europe and hire the Managing Director on a local-hire basis.	By September 2015
10.	Close the Munich office.	By August 2015
11.	Close the Chicago office and designate the Washington, D.C., office as the regional hub for the United States.	By April 2015
12.	Suspend plans to open offices in Brazil and San Francisco.	Immediate
13.	Close the Alberta Ottawa office.	By April 2015
14.	Develop annual mandate letters to Managing Directors.	By September 2015
15.	Strengthen mechanisms to improve coordination within the Government of Alberta.	By July 2015
16.	Adopt a <i>Client Service Charter</i> .	By July 2015
17.	Strengthen coordination of activities with federal counterparts.	Immediate
18.	Strengthen training of international offices staff.	Immediate
19.	Establish an internal <i>Red Tape Reduction Task Force</i> .	By April 2015
20.	Modernize and align the Alberta Public Service International Service Guidelines.	By March 2015
21.	Establish a policy on the use of social networking tools.	By September 2015
22.	Strengthen the results measurement system.	By September 2015
23.	Introduce a single enterprise Client Relationship Management system.	By December 2015

## Appendix B

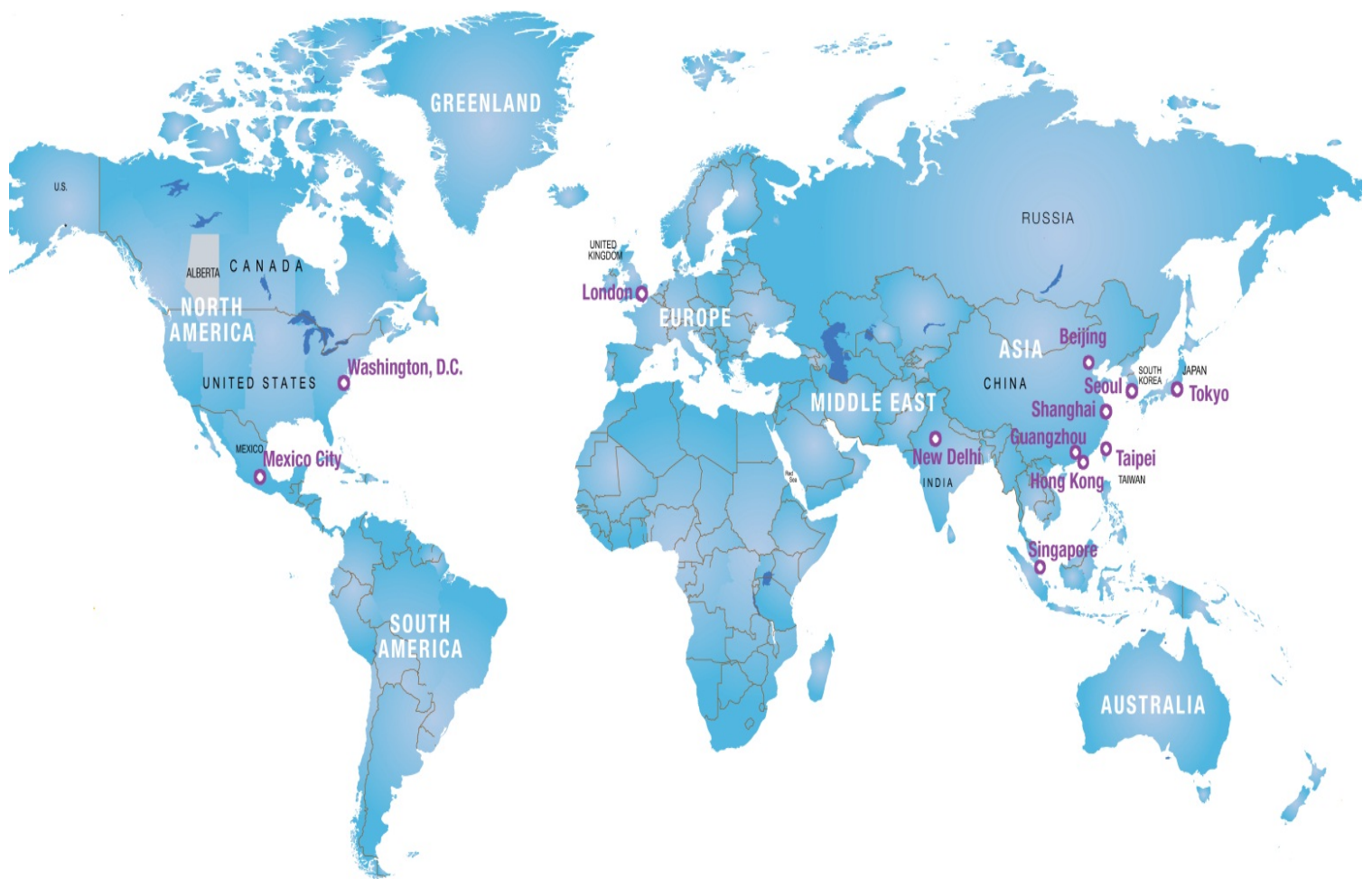
### Alberta International Offices and the Ottawa Office 2014-15 Budgets

Office	Salaries	Operations	Total Budget
Beijing	\$ 816,000	\$ 1,040,620	\$ 1,856,620
Shanghai	\$ 160,000	\$ 275,470	\$ 435,470
Hong Kong	\$ 556,000	\$ 1,118,000	\$ 1,674,000
Tokyo	\$ 605,000	\$ 1,001,000	\$ 1,606,000
Seoul	\$ 374,000	\$ 590,910	\$ 964,910
Taipei	\$ 134,000	\$ 140,090	\$ 274,090
New Delhi	\$ 227,000	\$ 542,800	\$ 769,800
Singapore	\$ 278,000	\$ 476,900	\$ 754,900
Washington, D.C.	\$ 612,000	\$ 1,038,330	\$ 1,650,330
Chicago	\$ 162,000	\$ 173,280	\$ 335,280
Mexico	\$ 277,000	\$ 540,270	\$ 817,270
London	\$ 408,000	\$ 946,360	\$ 1,354,360
Munich	\$ 252,000	\$ 513,150	\$ 765,150
San Francisco	\$ 150,000	\$ 197,090	\$ 347,090
Guangzhou	\$ 160,000	\$ 227,980	\$ 387,980
Rio de Janeiro*	\$ 144,000	\$ 70,000	\$ 214,000
Ottawa	\$ 567,000	\$ 278,000	\$ 845,000
<b>TOTAL</b>	<b>\$ 5,882,000</b>	<b>\$ 9,170,250</b>	<b>\$ 15,052,250</b>
<b>Notes:</b>			
<b>Total IIR cost:</b>		\$ 12,670,000	
<b>Total Funded by other ministries:</b>		\$ 2,382,250	
<b>Total GOA cost:</b>		\$ 15,052,250	
<b>* Rio de Janeiro 2015-16 budget would have been \$640,000.</b>			



# Appendix C

## The Geography of Alberta's Proposed International Offices Network



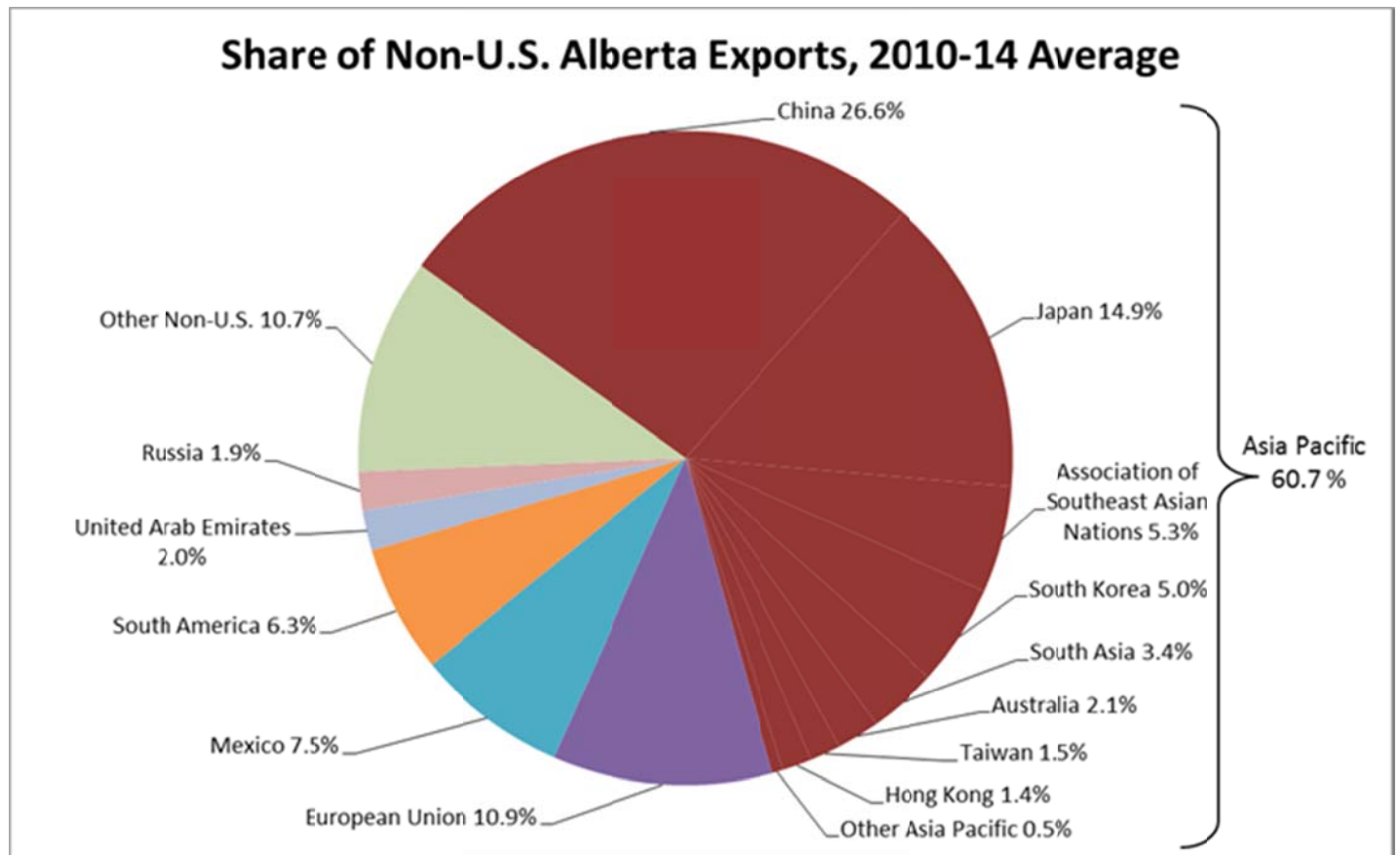
## Appendix D

### Alberta International and Ottawa Offices: Staffing Profile

	Current positions		Proposed positions	
	Alberta-posted	Locally hired	Alberta-posted	Locally hired
Beijing	1	12	1	9
Shanghai	0	3	0	3
Hong Kong	1	3	1	3
Tokyo	1	5	1	5
Seoul	1	3	1	3
Taipei	0	2	0	2
New Delhi	1	2	1	2
Singapore	1	2	1	2
Washington, D.C.	3	1	3	1
Chicago	0	2	0	0
Mexico	1	2	1	2
London	2	2	0	3
Munich	1	1	0	0
San Francisco	0	2	0	0
Guangzhou	0	3	0	3
Rio de Janeiro	1	2	0	0
Ottawa	3	0	0	0
<b>Subtotal</b>	<b>17</b>	<b>47</b>	<b>10</b>	<b>38</b>
<b>Total</b>	<b>64</b>		<b>48</b>	

## Appendix E

### Share of Non-U.S. Alberta Exports



## Appendix F

### Alberta Exports and International Offices

Alberta Exports to Non-U.S. Destinations where an International Office exists (2010-2014)							
\$CDN Millions							
Rank	Destination	2010	2011	2012	2013	2014	Average
<b>1</b>	China	2880.83	3039.34	3683.61	3321.41	2862.77	<b>3157.59</b>
<b>2</b>	Japan	1472.42	1832.28	1978.70	1863.62	1706.15	<b>1770.64</b>
<b>3</b>	Mexico	743.99	936.37	970.18	905.55	937.61	<b>898.74</b>
<b>4</b>	South Korea	541.37	707.25	616.21	565.33	537.38	<b>593.51</b>
<b>5</b>	Taiwan	190.02	187.58	152.26	158.95	206.03	<b>178.96</b>
<b>6</b>	Hong Kong*	146.93	141.77	121.12	181.40	265.66	<b>171.38</b>
<b>7</b>	Singapore**	150.79	151.88	174.98	140.29	130.41	<b>149.67</b>
<b>8</b>	United Kingdom	149.56	137.97	156.10	137.28	159.42	<b>148.07</b>
<b>9</b>	India	66.56	116.69	110.66	116.65	131.57	<b>108.42</b>
<b>10</b>	Germany	72.38	155.93	70.43	84.31	78.72	<b>92.35</b>

\*The Hong Kong office is proposed as the pan-regional office for the Asia Pacific and responsible for the southern China office.

\*\* The Singapore office serves as a regional hub for Southeast Asia and Oceania (including Australia and New Zealand). Alberta exports to Southeast Asia alone were \$608 million in 2014.