ActivitY report 2013-2014

Celebrating our Past
ReCreaTing our Future

aeda
Alberta Economic Development Authority
Advisors to Government
Today, Alberta leads on so many fronts…
REFRESHED AND RE-ENERGIZED

Over the past two decades AEDA has been one of government’s most dependable, enduring and trusted partners and has contributed tremendously to Alberta’s growth and development.

AEDA has identified strategic solutions to a range of economic challenges, such as job creation, skills and education, productivity, competitiveness, and market access.

Their recommendations have bolstered our industries and have made our province more competitive.

Today Alberta leads the way on so many fronts, including strong economic growth, a favourable investment climate, a competitive tax regime, and a dependable energy sector. While our province has so much to celebrate, there is no time to be still. The quality of life of Albertans depends on the decisions government makes now. Many of those decisions will be strengthened by AEDA’s advice. It is time to focus on defining Alberta’s future and creating our vision for the next 30 years.

As part of government’s commitment to building Alberta, we refreshed and re-energized the Alberta Economic Development Authority in 2013. Alberta improved AEDA by passing the Alberta Economic Development Authority Amendment Act. The new Act restructures the governance of AEDA and integrates the work of the Competitiveness Council.

A smaller and more focused 12-member AEDA Executive Board brings together Alberta’s economic leaders and will help us focus on diversifying our economy and expanding our markets. Market conditions change at a blistering pace, and we need policies that let us keep up, and plan ahead. The new governance structure cultivates a closer working relationship between government and AEDA and will allow us to respond more quickly to economic issues.

I would like to thank the AEDA board chair and the talented team of board members that have agreed to take on identifying and addressing the opportunities and challenges ahead for Alberta. With international expertise in the financial, energy, agriculture and technology industries, the new board will help government ensure it has the right tools to continue building a better Alberta and growing our knowledge based economy. Together, with AEDA’s guidance, we can lead responsible change and reshape Alberta for a more competitive world.

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Message from Honourable Alison M. Redford, QC Premier of Alberta
Our members’ service to the well-being of the Province continues this year with a focus on the undisputable priorities of improving market access and diversifying Alberta’s economy.
The work leading up to the appointment of the twelve new board members included supporting the legislative process, completing a number of reports, and stewarding the new board governance changes. Much of this work was completed during the last half of the year with reduced staffing levels as two members were seconded to aid the Province’s flood-recovery efforts in Calgary and southern Alberta. It was gratifying to be able to join thousands of others in helping those Albertans directly impacted by this disaster affecting their homes and businesses.

AEDA’s operations continued thanks to staff members Judy Eng-Hum and Cristina Cerncucan, whose experience with AEDA has been invaluable and whom have now both accepted positions with Alberta’s Promise. We wish them well and know they will advance that important work with their expertise and genuine caring.

This Activity Report celebrates the past, but heralds a new era inspired by a desire for renewal, a leaner, more streamlined, faster organization which we fondly call AEDA 2.0. We are proud of the work of the past and excited about the years ahead.

As the studies and reports completed in 2013 demonstrate, AEDA’s work will continue to have positive influence, to provide unique insight, and to interconnect aspects of our economy such as competitiveness, access to markets, innovation, and diversity, in ways that confer wisdom and insight to the policy decision makers.

Robert Fernandez
AEDA Executive Director
In 1994, Premier Ralph Klein established AEDA as the province’s preeminent organization mandated to provide advice to government and work collaboratively in developing recommendations regarding economic development policy and strategies for Alberta. For the past twenty years, leaders from Alberta’s private sector and post-secondary institutions served voluntarily on AEDA’s board providing advice and insight to Government through successive ministries responsible for economic development. The Board originally operated with more than 100 members, whose work was often organized into committees around the issues and opportunities of the day. Today, AEDA has been restructured into a Board of 12 members responsible for the work of Alberta’s Competitiveness Council in addition to its continuing mandate for economic development.
WATER REUSE IN ALBERTA: Experiences and Impact on Economic Growth

**RESULTS TO DATE:**
The overarching finding of the report is that updating water management practices, implementing new technologies, and integrating water reuse and regulatory dialogue into current governance and allocation systems will help deal with the increasing demand for water while maintaining a competitive and sustainable economy. Water reuse practices offer an opportunity to address the water supply challenges in the province. The commonly-held belief of water scarcity is undergoing a paradigm shift as a result of the potential for water reuse becomes fully understood. As the demand for water supply grows, the Province has the opportunity to promote growth that is economically, socially and environmentally sustainable. Taking action now with new water policies will mitigate the potential future road blocks to economic development. As this report discovers, there are excellent practices available, and the Government of Alberta has an opportunity now to put the preferred policies in place. Report available at http://aeda.alberta.ca/studies-resources/aeda-studies.aspx

**RECOMMENDATIONS INCLUDED:**
- Clearly define water reuse.
- Develop a new regulatory framework, policy, regulations, and standards.
- Support environmentally, economically and socially sustainable water reuse legislation and regulations.
- Review how other jurisdictions manage return flow requirements.
- Undertake analysis of return flow in the South Saskatchewan River Basin.
- Clearly identify the economic benefits of water reuse for various stakeholders.
- Educate the public on water reuse.

**Report Highlights**
- The development of water management and reuse policy, legislation, technologies and practices will allow all sectors, especially high value sector, the opportunity for continued growth and development. In short, the recommendations included:

CONGESTION MANAGEMENT:
Vital Component of Today’s Infrastructure Planning

**RESULTS TO DATE:**
Alberta needs to take concrete steps to increase movement efficiency on Alberta roadways in both urban and rural areas. The Government of Alberta has made substantial improvements and commitments across the province in recent years and especially around the Fort McMurray area. To ease congestion further in that area, Government is currently evaluating the opportunity to designate High Occupancy Vehicles (HOV) lanes for bus traffic. The report points to these types of solutions that will increase traffic flow, reduce costs, and save lives.

Other innovations such as straddle buses, rapid bus transit, green transportation, high occupancy pricing lanes, and dynamic shoulder lanes could extend the existing infrastructure to accommodate more trips more efficiently.

**TOPOGRAPHIC SUMMARY**
- With population increases, scarce rights-of-way in transportation corridors, urban sprawl, and the cost of new infrastructure, the pressures of development now make congestion management a necessity in rural and urban communities.
- The Organization for Economic Cooperation and Development (OECD) estimates developed countries lose 3% of GDP due to traffic congestion. This would amount to approximately $7 billion/year in Alberta.

**Report highlights**
- The report provides a sampling of best practices offering short-, mid-, and long-term approaches to congestion issues in Alberta and demonstrates how congestion management can be of significant benefit for infrastructure and land-use planning.
- The report recommends that government:
  - Adopt Congestion Management (CM) policies and commit to implementation.
  - Make CM planning a mandatory, embedded part of all infrastructure programs.
  - Implement CM using a staged approach to distribute and reduce traffic demand, manage infrastructure demand, and increase supply. The staged approach is outlined as:
    - Reducing Demand by distributing traffic across the network and time periods.
    - Managing Demand by using predictive and responsive technologies resulting in more dynamic lane management.
    - Increasing Supply by upgrading or developing new infrastructure such as interchanges, high speed or other rail, and intermodal hubs.

**Alberta could save $7 billion year by managing congestion.**
RETURN ON INNOVATION:
Opportunities in Alberta’s Innovation System

There is no question that Alberta’s innovation ecosystem is producing results. The challenge is to continue investing in the innovation agenda and supporting ideas from the drawing board through to commercialization. Government has a role to play in fostering a strong return on investment by creating supportive policy, investing in education and funding basic research.

REPORT HIGHLIGHTS
Creating an innovation system that has high return potential means bringing together researchers, innovators, and commercialization expertise in finance, marketing, and law. The outcomes of innovation will have far-reaching societal and economic benefits such as:

- Increased productivity and competitiveness
- Solving challenges in key industries
- Growth of new commercial entities
- Increased breadth and depth of the economy

A few of the ten recommendations in the report to improve Alberta’s innovation system are:

- Explore consolidation opportunities within Alberta Innovates to realize efficiencies and ease access to resources
- Explore ways to establish innovation priorities in entrepreneurial, basic, and applied research
- Explore how government procurement policies could stimulate opportunities for entrepreneurs and social innovators

The report recommendations clearly demonstrate AEDA’s interest in aligning innovation policy with economic policy and building on the existing foundation for greater economic and social returns.

REPORT ON COMPETITIVENESS 2013
by the Alberta Competitiveness Council

In 2013, following legislative changes, AEDA assumed the functions of the Alberta Competitiveness Council, which was established in 2010 to assess Alberta’s competitiveness on a wide variety of indicators and provide valuable benchmarking information to government and industry. Consolidating these mandates will improve efficiency and maximize the results of monitoring benchmarks, and Alberta’s competitiveness.

While Alberta has led Canada in average annual economic growth over the last twenty years our economy is vulnerable to global economic cycles. Productivity can be masked by the high value of our resource sector.

Innovation and improved productivity can enhance our competitiveness, which is a more sustainable solution to achieving and maintaining prosperity – irrespective of commodity price cycles.

REPORT HIGHLIGHTS
Competitiveness is by its nature a comparison. How well does Alberta stack up against other similar jurisdictions on a set number of indicators. For this report, a total of 69 individual benchmarking measures comparing Alberta’s competitive performance to those of 14 jurisdictions in Canada, the US, Europe and Australia were chosen.

Alberta posts strong results in:

- Living Standards
- GDP per capita
- Tax & Fiscal environment regulation
- Transportation & Infrastructure
- Human Capital
- Education

Areas of comparative weakness are:

- Investment in R&D
- Employment in high tech manufacturing
- Employment in knowledge intensive industries
- Access to capital

Overall, Alberta’s performance in the benchmarking comparisons is generally very positive but there are areas where actions by government and industry may have the potential to boost Alberta’s competitiveness. In order to build a highly competitive economy that can withstand the effects of external economic forces, the Government of Alberta promotes a vibrant and diverse set of non-energy industry sectors, including: life sciences and health, environmental services, CleanTech, financial services, and aerospace and defense. As well, the Alberta government recognizes the value of supporting business by improving access to capital for innovation and commercialization across industries.

Alberta’s sustained economic prosperity requires a proactive stance with industry: AEDA is pleased to be taking a leadership role with Alberta’s Competitiveness benchmarking review, and will release an updated report in 2014.
HIGHLIGHT MOMENTS

HALL OF FAME AWARD ROBERT BRAWN

Business leaders from Southern Alberta gathered as the four 2013 Calgary Business Hall of Fame Laureates were unveiled at the CBHF Governors’ Luncheon on June 6, 2013 in Calgary. AEDA’s former Chair Robert Brawn and his new Laureates were officially inducted into the Calgary Business Hall of Fame at the 10th Annual Gala Dinner & Induction Ceremony on October 23, 2013. Junior Achievement of Southern Alberta provides business and leadership programs to youth throughout Southern Alberta, at no cost to the students or their parents.

GLOBAL BUSINESS FORUM

AEDA was a supporter of the 2013 13th annual Global Business Forum, titled “Disruptive Forces in the Future Economic Era”, held in in Banff on September 19-20, 2013. The Global Business Forum is one of the world’s premier business and economic policy gatherings. This forum brings together business and industry leaders for thought-provoking sessions on the global economy and business environment.

DEPUTY PREMIER MINISTER HANCOCK BECOMES AEDA EXECUTIVE VICE-CHAIR

In 2013 the Honourable Dave Hancock, Deputy Premier and Minister of Innovation and Advanced Education became AEDA’s Executive Vice Chair. We look forward to working with Minister Hancock over the coming year.

ALBERTA, CANADA - ENERGY GLOBAL INVESTORS GUIDE 2013

This guide was produced in 2013 to promote Alberta to international investors as one of the best places in North America to invest. AEDA was a contributor in creating this very informative publication.

SPEAKING ENGAGEMENTS

AEDA Chair Barry Heck was the keynote speaker at the 2013 National Supply Chain Forum attended by 700 delegates representing over 320 businesses in attendance from 19 different provinces & states.

OUTGOING BOARD MEMBERS

Alberta has had the distinct advantage of having the Province’s top leaders in business, industry, education, philanthropy, social and non-profit sectors serve as volunteer advisors to government as part of AEDA’s board since it was established in 1994. Over the years, Board members have contributed significant intellectual capital willingly and freely to advance our great province’s interests and opportunities. As the Board restructures to a typical corporate size of twelve members we have had to wish farewell to dozens of colleagues and with that also extend our sincere gratitude to the men and women who have been part of the AEDA Board, not just last year, but over the past 20 years. AEDA and the Province benefitted by your presence and contribution.
During the 2013 Fall session of the Alberta Legislature, the Alberta Economic Development Authority Amendment Act was passed. The new Act restructures the governance of AEDA and integrates the work of the Alberta Competitiveness Council.

The New AEDA Board:
Seated left to right: Yasmin Jivraj, Deputy Premier and Minister of Innovation and Advanced Education, Dave Hancock, Premier Alison Redford, Barry Heck (Board Chair), David Hardy
Standing left to right: Andy Calitz, Dr. David A. Chalack, Brian Heald, Nancy Foster, James (Jim) Carter, Dr. Brenda Kenny, Todd Hirsch, Brad Sparrow, and Marc de La Bruyère (missing)

On January 7th, 2014 Premier Alison Redford and her government brought together 12 economic leaders to ensure Alberta can drive forward with its plan to open new markets and diversify the economy.

With international expertise in the financial, energy, agriculture and technology industries, the smaller and more focused 12-member AEDA Executive Board will sharpen its mandate and focus on the priorities of diversifying Alberta’s economy and expanding our markets.

Over its 20-year history, AEDA has been a valuable advisor to the Premier and Cabinet on issues affecting Alberta’s economy. AEDA has identified strategic solutions to a range of economic challenges, such as job creation, skills and education, productivity and competitiveness, and market access.

Re-Creating Our Future
Getting to Know

AEDA’S NEW BOARD MEMBERS

BARRY HECK, CHAIR

Barry Heck is the President and Chief Executive Officer of WinSport (Calgary Olympic Development Association). He is also the President and Principal Partner of ELL Merchant Capital, a private merchant capital and corporate finance firm, and Vice Chair of Alberta Enterprise Corporation. Mr. Heck has served and continues to serve on numerous corporate boards and agencies. He is a member of the World President’s Organization and the University of Alberta’s President’s Think Tank. Mr. Heck earned his Bachelor of Laws from the University of Alberta.

ANDY CALTZ

Andy Calitz is the Vice-President for Liquefied Natural Gas of Shell Canada and leads the development of LNG Canada. During his 17-year career with Shell, Mr. Calitz has been responsible for new business development in upstream projects and strategic investments in Russia, China, Australia, India, the Middle East and Africa. He has held directorships of Sakhalian Energy, Coggon LNG and Bruce LNG. Prior to that, he worked in electricity generation, transmission, marketing and pricing. Mr. Calitz studied at the Harvard Business School and holds three degrees from universities in South Africa.

JAMES (JIM) CARTER

James Carter is the former President of Syncrude Canada Ltd. Mr. Carter served for more than 27 years with Syncrude, including 10 years as President and 18 years as Chief Operating Officer. Prior to joining Syncrude, Mr. Carter held progressively responsible management positions at McIntyre Mines Ltd. and the Iron Ore Company of Canada. Mr. Carter has extensive board experience with multi-national companies including Farring International, EPICUR Utilities, Clark Constructors and Alberta Electricity Branches. Mr. Carter holds a B.Sc. (Mining, Engineering) from The Technical University of Nova Scotia and is a graduate of the Advanced Management Program at Harvard Graduate School of Business Administration. He is the recipient of three honorary Doctorates. In 2001, Mr. Carter was named Resource Person of the Year by the Alberta Chamber of Resources, and was inducted as a Fellow of the Canadian Academy of Engineering.

DR. DAVID A. CHALACK

Dr. David Chalack is a veteran, active in Canada’s cattle industry with extensive international experience. He is currently an International Sales Manager for Atlas Genetics, a leading international genetics company dedicated to enhancing products, services and research for the dairy industry. Dr. Chalack’s professional and non-profit board experience includes work as Board Chair for Alberta Livestock and Meat Agency, Board Chair of the Ministerial Advisory Board for the Canadian Food Inspection Agency, former Chairman of the Board for the Calgary Stampede, Board Member of Alberta Energy Regulator, Horse Racing Alberta, Calgary Zoo, Canadian Dairy Network and a Member of the Canadian Institute of Corporate Directors.

MARC DE LA BRUYÈRE

Marc de la Bruyère is a Principal and the Chairman of McIulal Enterprises in Edmonton. He has extensive board experience and has led numerous strategic development initiatives. Mr. de la Bruyère has served on educational, community and non-profit boards including those of the University of Alberta, Edmonton Economic Development and the Citadel Theatre. Mr. de la Bruyère was awarded the Alberta Centennial Medal in 2005 and the Queen’s Diamond Jubilee Medal in 2012.

DAVID HARDY

David Hardy is President of Forestier Capital Partners. Forestier is a private investment firm that invests in, and/or acquires private companies. Mr. Hardy is also the President of World Health Edmonton and the CEO and Partner with Ultimate Fitness Group LLP, franchisor of Orangetheory Fitness. Mr. Hardy’s board and community experience includes work with the Calgary and Edmonton Associations for Corporate Growth and the Fitness Industry Council of Canada. He has a Bachelor of Arts Degree (Economics) from the University of Alberta and a Master of Business Administration from the University of Toronto.

BRIAN HEALD

Brian Heal, P.Eng., CFA, is Managing Director, Private Wealth Management with CIBC. Mr. Heal is responsible for business development and the integration of CIBC’s wealth management offering with corporate and high net worth individual clients throughout western Canada. Mr. Heal was previously Managing Director, Global Energy Investment Banking at CIBC and has over 25 years of experience in corporate finance and investment banking in the Canadian energy sector. Mr. Heal was awarded the Alberta Centennial Medal in 2005. He holds a number of degrees including a Master of Science with a specialization in Engineering from the University of Alberta and a Master of Business Administration, from the Ivy School of Business, University of Western Ontario.

TODD HIRSCH

Todd Hirsch is a Chief Economist with ATB Financial and has previously served as Chief Economist with Canada West Foundation and as an Economist with the Bank of Canada. As Chief Economist with ATB Financial, Mr. Hirsch makes more than 150 presentations annually on Alberta’s economy. Mr. Hirsch’s community and board experience includes National Director of the Canadian Association of Business Economics and Board Chair of the Calgary Arts Academy. In 2012, Mr. Hirsch was awarded the Queen’s Diamond Jubilee Medal and was named one of Alberta’s 50 Most Influential People by Alberta Venture. Mr. Hirsch has a Bachelor of Arts with Honours (Economics) from the University of Alberta and a Master of Arts (Economics) from the University of Calgary. In 2012, Mr. Hirsch released his first book entitled, “The Boiling Frog Dilemma: Saving Canada from Economic Decline.”

YASMIN JIVRAJ

Yasmin Jivraj is President and co-owner of Acreo, a leading provider of strategic IT services for numerous Canadian businesses in seven cities including Toronto and Vancouver. Ms. Jivraj is also the former President of Atlas Systems Group and has served on the boards of the Canadian Broadcasting Corporation and Edmonton Economic Development Group. She has also served on the board of the Aga Khan Foundation Canada and the Canadian Information Processing Society. In 2011, Ms. Jivraj was named one of the top 30 women in the IT industry by Computer Dealer News, Canada’s premier publication for solution providers and IT. She has a Bachelor of Science with specialization in Computing Science from the University of Alberta and in 2011 she was awarded an Honorary Bachelor of Technology in Technology Management degree from Northern Alberta Institute of Technology.

DR. BRENDA KENNY

Dr. Brenda Kenny is the CEO of the Canadian Energy Pipeline Association. In her capacity as CEO for the past seven years, Dr. Kenny has been responsible for industry programs on safety, environmental performance, regulation, policy and finance associated with Canada’s transmission pipeline companies. She was also business unit leader with the National Energy Board and has served on a variety of professional and community boards including the Climate Change Emissions Management Corporation, the University of Calgary, and WElinks. Dr. Kenny received her Bachelor of Arts Degree from Queen’s University in English, Engineering, a Master’s Degree from the University of Waterloo and her Doctorate in Resources and the Environment from the University of Calgary, and is a Fellow of the Canadian Academy of Engineering.

NANCY FOSTER

Nancy Foster is the Senior Vice President of Human and Corporate Resources with Hardy Energy. She is an experienced human resource practitioner with extensive oil and gas experience, both domestically and internationally. Ms. Foster has served on a number of industry related committees, including the Canadian Association of Petroleum Producers and the Conference Board of Canada. Ms. Foster has worked on a number of charitable committees, including the Alberta Children’s Hospital Foundation, Children’s Hospital Foundation of Calgary, Hospice Calgary, the United Way of Calgary & Area and the YWCA of Calgary. She has a Bachelor of Arts from McMaster University and is a graduate of the Harvard Advanced Management Program.

BRAD SPARROW

Brad Sparrow is the President of Eden Textiles, an international supplier of textiles to the hospitality and healthcare industries. Mr. Sparrow is also President of ISEL Ltd., a leading distributor of innovative food equipment to restaurants and food service outlets from Winnipeg to Vancouver. Mr. Sparrow is a current member of the Board of Directors of the Edmonton Citizens’ Community Foundation and a member of the Board of Directors of the Edmonton Eskimo Football Club.
CONTINUE BUILDING FOR ALBERTANS.

In 2013, Alberta’s population grew more than three per cent surpassing the four million mark for the first time. This equates to 11,000 people moving to Alberta each month buying homes, filling labour market needs, and raising their families. Alberta’s infrastructure has kept pace: building new schools, roads, hospitals, recreation centres and more. Growth and development issues are being addressed.

ATTRACT INVESTMENT AND LABOUR.

Alberta’s economic strength has always been its energy sector and this continues today despite increased diversification and some of the more recent challenges such as access to markets and competitiveness.

We are fortunate to have the resources, the industry, and the talented, skilled workforce to create a quality of life that attracts people from other provinces and indeed around the world.

TAKE ACTION ON COMPETITIVENESS.

To sustain revenues and ultimately prosperity, Alberta industry and government must carefully review and aggressively act on the Competitiveness Report. It benchmarks relative progress against our international competitors in 69 key measurement indicators.

Improving productivity and financing innovation have great potential to increase Alberta’s competitive position globally.

INVESTMENT IN INNOVATION MUST CONTINUE.

Along with research institutions, small and medium sized businesses drive and benefit from innovation.

Our 2013 report suggests a more coordinated approach for Alberta’s Innovation agenda will minimize barriers, better fund applied and basic research, instill innovation in learning, and effectively enhance the return on investment.

CLEARLY DEFINE MEANINGFUL DIVERSIFICATION

Alberta has strengths in a variety of sectors: agriculture, forestry, tourism, technology, manufacturing, energy, transportation and logistics.

Innovation within these industries is of paramount importance for Alberta companies to maintain long-term leadership within their industries, and for the Alberta economy to outperform other jurisdictions in North America.

Shifting from industrial diversification to industrial innovation may be the key to Alberta’s prosperity for the next century. Targeted innovation can fuel diversity.

REACH DIVERSIFIED MARKETS

The world market is a dynamic stage and one in which Alberta needs be visibly on. In a globally competitive environment, diversity of products as well as diversity in our markets creates economic advantage. Strategically supporting innovation to enhance this diversity will help ensure prosperity continues on the longer term horizon.

BUILD ALBERTA’S PROFILE

The world market is a dynamic stage and one on which Alberta needs to be visibly active. There are new realities of the marketplaces. Alberta has good trading partners; however we cannot become complacent.

Our priorities are clear: to remain competitive and achieve long-term economic success, we must focus on supporting innovation and diversity, and our access to markets.