

ALBERTA 2.0

FIRST STEPS TO A NEW ALBERTA



INTRODUCTION

Alberta has a boom-and-bust economy. It rises and falls with global commodity prices. During tough times, we talk about building a more resilient, diverse economy, yet today, as we grapple with a downturn in energy prices, we are in the same position as during every other downturn. We have given lip service to the idea of building a more resilient economy and have made very little progress toward that goal.

Unfortunately, the current downturn shows that the economic strength of our province is not guaranteed. Alberta faces a more connected global economy, increasing demand for clean energy and an inability to approve new pipeline projects. It is time for Alberta to take serious action to ensure that future generations enjoy the same prosperity we have enjoyed.

This is why on May 13, 2016, Alberta Senator Doug Black and Dean Joseph Doucet of the Alberta School of Business hosted a think-tank conference called Alberta 2.0. Engaged leaders from across Alberta came together to discuss the steps necessary to create an economy of intent rather than an economy of circumstance. The goal was to provide valuable input for Alberta's leaders and decision-makers as we work toward developing and supporting a more robust and resilient economy. It is our hope that the Government of Alberta, business leaders and the post-secondary sector will adopt the recommendations in this report.

Alberta 2.0 participants addressed two overarching questions:

- What steps must Alberta take to create an economy of intent rather than an economy of circumstance?
- How do we encourage innovation from an economic and social perspective that leads to a robust and resilient economy?

These discussions led to four themes to shape the building of Alberta 2.0.

These four themes are Focus, Collaboration, Communication and Engagement, and Building an Innovation Backbone. Together, they represent a bold vision for Alberta focused on creating the right conditions for a more robust, innovative and prosperous economy. These ideas aren't new, but in the past we have failed to embrace and execute them when energy prices rose.

These themes cannot have a meaningful impact unless they are implemented with a sense of urgency and purpose. Alberta cannot afford to have this discussion shelved yet again when the "good times" return. We must set our focus on creating the right ecosystem today so we can attract and retain talent, increase capital investment in our province and enable entrepreneurs and innovators to pursue their ideas. With the right ecosystem, we can create a culture that supports innovation and entrepreneurship.

Alberta has a young population, but we are late to the game in terms of innovation. We must be willing to face our challenges head-on. We believe that the Alberta 2.0 road map is the first step in creating a more robust and resilient economy — one that will continue to create opportunities even when the price of oil falls.

1. FOCUS

To ensure focus, Alberta should identify a small number of economic sectors where there is demand for our goods and services and, crucially, a comparative advantage with which Alberta-based businesses can excel. In identifying these sectors, the main consideration should be where Alberta has existing, sustainable strengths and where there is room for us to progress up the value chain or apply our expertise to other sectors. Our participants considered numerous sectors, and the sectors they suggest to focus on are Health, Agriculture, and Energy and Environment. There is already good work being done in the province in each of these sectors, but to create Alberta 2.0, we must leverage this work and apply it in new and innovative ways to build value.

The Alberta 2.0 road map presents a unified vision for Alberta that requires its major cities and post-secondary institutions to collaborate and carve out their own areas of expertise rather than duplicate efforts.

In order to excel in the following three sectors, we suggest that our province:

- Health
 - Support Edmonton's "Health City" initiative
 - Build on the research strengths in Alberta Health Services and our post-secondary institutions to focus on areas of research and treatment where Alberta could be a global leader and we could export our work (for example, the health-care concerns of an increasingly aging population)
 - Broaden the mandate of Alberta Health Services to include supporting and fostering the development of local procurement and a long-term strategy of creating a Canadian hub for the health technology business
 - Find ways for the University of Alberta and the University of Calgary to focus on their specific strengths in health-care research and to collaborate rather than compete against each other for federal funding

- Agriculture
 - Set a bold vision to be the supplier of protein-based foods to the world
 - Implement a strategy to become the most trusted source of food and food ingredients for Canada and the world by creating a policy framework focused on labour, land and our regulatory environment
- Create an agribusiness park in Alberta where the government invests in infrastructure to give agri-food producers access to land that has water, waste-water, road and electrical services to support research and new company creation
- Begin conversations with the federal government to implement an agri-food immigration program to address the lack of consistent labour available to our agri-food sector
- Work to increase exports by ensuring governments, decision-makers, media and the public are aware of the importance of our agriculture sector and that our leaders act as public advocates of the sector
- Ensure that the sector focuses on product diversification and increases the emphasis on prepackaged goods
- Strike a panel of agri-food companies and entrepreneurs to discuss the policy framework that governs agricultural businesses in Alberta with a focus on creating the right environment to spur capital investment
- Energy and Environment
 - Champion Alberta to be a world leader in how we produce and consume energy
 - Support Calgary’s work toward becoming a centre of clean energy technology development
 - Support the work of Canada’s Oil Sands Innovation Alliance (COSIA) in the oilsands to explore broad uses for its research that extend beyond the extraction of oil
 - Capitalize on our expertise in sustainable and technologically advanced energy production and transport
- Broaden our advancements in water conservation and usage gained from resource extraction to other sectors including agriculture
- Accelerate our push to extract oil with close to zero GHG emissions
- Export our knowledge around smart pipeline technology and monitoring
- Focus our efforts on becoming the global leader in how we produce and consume energy
 - Consider expanding the petrochemical diversification program to add value to raw resources before export

2. COLLABORATION

In Alberta, the culture of collaboration among the business, government and post-secondary sectors must be strengthened. As the world moves to a more knowledge-based economy, it will be crucial for our private and public sectors to work together to foster a culture of innovation.

To build a culture of collaboration and innovation, we suggest:

- Appointing an Innovation Champion, possibly modelled on the Chief Scientist in Israel, who would work with Alberta Innovates to help move the vision of Alberta 2.0 forward by engaging stakeholders to:
 - Create “Innovation Maps” for our three industry sectors that identify and prioritize research happening in Alberta and across the world. The purpose of this exercise would be to identify gaps in research and implementation that Alberta may be able to fill
 - Foster greater collaboration among innovation hubs or clusters to support our three areas of focus
 - Work to address the lack of venture capital funding in our province
 - Establish a cross-sector innovation advisory council to increase collaboration by co-ordinating the development of partnerships that advance our goals

- In the post-secondary sector specifically, we can:
 - Conduct research-intensive activities in the areas of focus laid out by the Government of Alberta rather than spreading resources too broadly
 - Create incentives to motivate researchers to work with industry and engage in pre-commercialization and post-commercialization activities outside the academic environment
 - Increase the provision of combined and co-op programs to ensure students graduate with sought-after talents and valuable business experience
 - Ensure we are providing extensive and efficient long-distance training and retraining programs for Albertans who want, or are required within their sector, to make a career change
- To celebrate achievements, establish an annual Alberta Innovation Prize that recognizes the most promising innovation in Alberta in that year in each sector

3. COMMUNICATION AND ENGAGEMENT

Exceptional communication is essential, and messaging that encourages Albertans to participate must come from many sources.

The Government of Alberta must enhance its communications and focus sharply on telling citizens why they are important to Alberta’s future and invite them to take the journey toward a new and more robust province.

Government is a key communicator, but not the only one. Alberta Innovates is an organization that could naturally champion a communications program targeted at business and key stakeholders. The program would need to be robust and frequent, speak to what is happening today and what has been successful, and motivate people to participate in Alberta 2.0. Our suggestions include:

- Strengthen Alberta’s brand and reputation as a province building a robust future by telling the Alberta 2.0 story to many audiences in Alberta and beyond

- Showcase current projects and programs through a dynamic media program
- Highlight successful outcomes through all media
- Review failed initiatives and learn from mistakes
- Engage business and entrepreneurial leaders to advocate through public appearances and give them a voice in shaping provincial policies and regulations that affect the establishment of new businesses and the growth of existing ones
- Map progress toward goals in highly graphic and easy-to-understand formats that indicate what is next
- Collaborate with other organizations and government to use shared messaging and communication vehicles

4. BUILDING THE INNOVATION BACKBONE

An ecosystem that allows innovation to develop and prosper is essential. Developing one is principally the role of our provincial government. We must establish an Innovation Backbone that supports our entrepreneurs in their successes and failures, encourages research and development, bolsters the creation of new technology

and ensures Alberta retains and attracts talent. Alberta boasts many accomplished entrepreneurs, and an Innovation Backbone would ensure more support for their ventures and provide mentorship to the next generation.

To build an Innovation Backbone, we suggest the Alberta government:

- Make stronger investments in infrastructure, open and big data, and establish a policy team focused on digital leadership
- Must address our overreliance on natural resource revenue to pay for public services. Without addressing this, we will continue to face high public expenditures and lower permanent revenues that don't cover the cost of social services
- Implement red-tape reduction policy to reduce regulation related to research and development, innovation and talent recruitment
- Increase the focus on establishing incubation centres and clusters in municipalities across Alberta to provide space for early-stage entrepreneurs
- Develop broadband (fibre) and mobile infrastructure and ensure access by startups and entrepreneurs to the fastest possible networks at a low cost
- Support the immigration of skilled workers and ensure that talented international students stay in the province post-graduation

CALL TO ACTION AND PRIORITIES

1. The Government of Alberta should mandate Alberta Innovates to take the leadership role in implementing Alberta 2.0
2. Alberta Innovates should appoint an Innovation Champion to work with stakeholders to develop the innovation road map and help implement Alberta 2.0
3. Senator Black, Dean Doucet and Alberta Innovates should convene an Alberta 2.0 conference at the beginning of 2017 with all relevant stakeholders to agree on how to implement the Alberta 2.0 recommendations by:
 - a. Creating a two year action plan for each area of focus
 - b. Identifying roadblocks and strategies to remove them
 - c. creating a strategic investment plan

ALBERTA 2.0



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