

## Government of Alberta Corporate Welfare Commitments and Potential Savings

- **Petrochemical Diversification Program** – Under the second round of the program, the Alberta government allocated \$1.1 billion for petrochemical firms. According to the government’s 2018 annual report, the government has committed \$150 million to two companies. The Alberta government should scrap the corporate welfare project and reduce spending by **\$950 million**.<sup>1</sup>
- **Partial Upgrading Program** – The program was designed to provide \$1 billion to oil upgraders, broken down into \$200 million in grants and \$800 million in loan guarantees.<sup>2</sup> In the winter of 2019, the previous administration announced it would be providing Value Creation Inc. with \$440 million in loan guarantees.<sup>3</sup> However, according to the Department of Energy’s Annual Report, the government has only entered into a “non-binding letter of intent,”<sup>4</sup> and is subject to a final agreement.<sup>5</sup> The government should immediately withdraw commitments made in the letter of intent and scrap this program, saving **\$1 billion** in committed spending.
- **Petrochemical Feedstocks Infrastructure Program** – The program is designed to give companies up to \$1 billion worth of grants and loan guarantees to build facilities that supply natural gas liquids feedstock. The government should scrap this program, saving **\$1 billion** in committed spending.
- **Alberta Investor Tax Credit** – Provides a tax credit to investors who invest in eligible Alberta businesses. Scrapping this program will reduce spending by **\$60 million** over two years, according to the government’s last budget.<sup>6</sup>
- **Capital Investment Tax Credit** – Provides a tax credit for a businesses’ spending on manufacturing, tourism and processing infrastructure. Scrapping this program will reduce spending by **\$60 million** over two years, according to the government’s last budget.<sup>7</sup>

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<sup>1</sup> Alberta Government, 2018 Annual Report, <https://open.alberta.ca/dataset/7714457c-7527-443a-a7db-dd8c1c8ead86/resource/b4cf321b-4b11-4b1b-a269-88f5828274ab/download/2018-19-go-a-annual-report.pdf>.

<sup>2</sup> Government of Alberta, “Partial Upgrading Program,” <https://www.alberta.ca/partial-upgrading-program.aspx>. Information now taken down from website.

<sup>3</sup> Alex Antoneshyn, “Alberta to provide \$440M loan guarantee for bitumen upgrader east of Edmonton,” CTV News 2019, <https://edmonton.ctvnews.ca/alberta-to-provide-440m-loan-guarantee-for-bitumen-upgrader-east-of-edmonton-1.4264599>.

<sup>4</sup> Alberta Government, Energy Department Annual Report, <https://open.alberta.ca/dataset/cbd7147b-d304-4e3e-af28-78970c71232c/resource/29d5328f-c689-472a-b69e-9ffe0a3b777ba/download/energy-annual-report-2018-2019-web.pdf>.

<sup>5</sup> Alberta Government, “News Release: Made-in-Alberta plan moves \$2 billion investment forward,” [http://docs.wixstatic.com/ugd/e75fe6\\_4cfde856fb3149d4b91571a067760ece.pdf](http://docs.wixstatic.com/ugd/e75fe6_4cfde856fb3149d4b91571a067760ece.pdf).

<sup>6</sup> Alberta Government, Budget 2018, <https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf>

<sup>7</sup> Alberta Government, Budget 2018, <https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf>

- **Interactive Digital Media Tax Credit** – Provides a tax credit to businesses that develop interactive digital media. Scrapping this program will reduce spending by **\$20 million** per year, according to the government’s last budget.<sup>8</sup>
- **Rail car contracts** – The Alberta government committed \$3.7 billion to rail car companies. The government should divest from these contracts and end the **\$3.4 billion** in additional spending. According to public documents (Energy Department’s Annual Report), \$308 million in prepayments were made to Canadian Pacific Railway and Canadian National Railway. According to this public record, \$3.4 billion in reduced spending can still be achieved.<sup>9</sup>
- **Incremental Ethane Extraction Program** – Since 2007 the Alberta government has earmarked \$350 million worth of royalty credits for petrochemical firms. Last year, the Department of Energy gave away \$17.1 million worth of royalty credits. The government should scrap this program (before its end date of 2021), reducing spending by \$34.9 million over two years, assuming future spending is equivalent to 2018.<sup>10</sup>
- **Alberta Enterprise Corporation** – the Alberta Enterprise Corporation uses money taken from Alberta taxpayers to give to venture capital funds to invest.<sup>11</sup> According to Budget 2018, the Alberta government’s AEC financial assets will total **\$165 million at the end of the 2018 fiscal year**. The government should dispose of these assets to realize one-time savings.<sup>12</sup>
- **Alberta Bio Future Program** – Provided bioindustrial businesses (materials, chemicals and energy) with \$20.5 million from Economic Development and Trade and Alberta Innovates. Funding was scheduled to end in 2018 and should not be reintroduced.<sup>13</sup>
- **Alberta Export Expansion program** – Provides funding for international export-related travel, funding for exhibition space for trade missions and international trade consulting services, according to the government’s annual report.<sup>14</sup>

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<sup>8</sup> Alberta Government, Budget 2018, <https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf>

<sup>9</sup> Alberta Government, Energy Department Annual Report, <https://open.alberta.ca/dataset/cbd7147b-d304-4e3e-af28-78970c71232c/resource/29d5328f-c689-472a-b69e-9ffe0a3b77ba/download/energy-annual-report-2018-2019-web.pdf>.

<sup>10</sup> Alberta Government, Energy Department Annual Report, <https://open.alberta.ca/dataset/cbd7147b-d304-4e3e-af28-78970c71232c/resource/29d5328f-c689-472a-b69e-9ffe0a3b77ba/download/energy-annual-report-2018-2019-web.pdf>.

<sup>11</sup> Alberta Enterprise Corporation, “Frequently Asked Questions,” <https://www.alberta-enterprise.ca/how-we-work/faqs/>.

<sup>12</sup> Alberta Government, Budget 2018, <https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf>.

<sup>13</sup> Alberta Government, Department of Economic Development Annual Report, <https://open.alberta.ca/dataset/ce036ce2-cea1-4e15-86c3-8c2a959f14ac/resource/8a111a82-0b39-4667-b56b-11eb7a2508e1/download/economic-development-and-trade-annual-report-2018-2019-web.pdf>.

<sup>14</sup> Alberta Government, Department of Economic Development Annual Report, <https://open.alberta.ca/dataset/ce036ce2-cea1-4e15-86c3-8c2a959f14ac/resource/8a111a82-0b39-4667-b56b-11eb7a2508e1/download/economic-development-and-trade-annual-report-2018-2019-web.pdf>

- **Alberta Media Fund** – The AMF provides grants to organizations involved in the creation and development of screen-based productions, digital media, script writing, book publishing, magazine publishing and sound recording. In 2018, at least **\$46 million** was allocated to the AMF through lottery revenue, according to the most recent government budget.<sup>15</sup>
- **Travel Alberta** – According to its 2017 Annual Report,<sup>16</sup> Travel Alberta has four lines of business including industry development, finance and corporate administration, consumer marketing and business development. This should be funded by individual businesses, or community organizations. Scraping this organization could save Alberta taxpayers **\$48.1 million** annually (based on the Alberta government’s transfer in 2017).<sup>17</sup>

By ending these corporate welfare programs, the Alberta government could reduce spending commitments by **\$6.8 billion**.

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<sup>15</sup> Alberta Government, Budget 2018, <https://open.alberta.ca/dataset/8beb5614-43ff-4c01-8d3b-f1057c24c50b/resource/68283b86-c086-4b36-a159-600bcac3bc57/download/2018-21-fiscal-plan.pdf>.

<sup>16</sup> Travel Alberta, “Ready to Thrive: Travel Alberta 2017 Annual Report,” <https://taprdscdn.azureedge.net/cms/-/media/IndustryHub/files/about/publications/annual-reports/2017-18-Annual-Report-Final>.

<sup>17</sup> Travel Alberta, “Ready to Thrive: Travel Alberta 2017 Annual Report,” <https://taprdscdn.azureedge.net/cms/-/media/IndustryHub/files/about/publications/annual-reports/2017-18-Annual-Report-Final>.