

Alberta's Economic Resilience – Spring 2021

FINAL Recommendations (07 JUNE 21)

"Alberta will lead Canada in the development of a superior place to live and learn, work and play - united and strong, tolerant and sustainable."

The survey reveals differences in the sentiment of Alberta's weak economic resilience Overall, by Region and Sector, and since 2015. For Alberta's economic resilience to improve from the current over-exposure to oil pricing requires diversifying into other Industries while maintaining a balance with Professions and Public Services. The requisite economic development warrants: attracting others and developing an "effective" innovation ecosystem for scaling up local enterprises. Those managing the ecosystem are responsible for addressing the ecosystem's weakest elements: Management Processes and a sustained Vision and Leadership.

Energy Transitions. The impact of climate change and geopolitical measures to respect the environment make Alberta overall, it's Regions, and all Sectors, particularly vulnerable to their dependence on the oil and gas industry. Development of hydrogen, progress in reducing oil sands emissions, electrification of transportation, Net-Zero incentives, accessing new-Asian markets, and renewed interest in the role of nuclear, are all complimentary to an economy continuing to supply the global demand for energy while respecting the environment. But there must be more.

Innovation and globalization. Distance to global markets and long term supplier contracts have impeded diversification and the development of manufacturing Alberta's rich bounty of agricultural, forest, oil and gas materials. Today globalization and emerging technologies are creating new markets, increasing productivity, and creating new employment opportunities. Alberta should capitalize on its entrepreneurial culture to advance innovation, mature public services for meeting increasing expectations for personalization, and Alberta's international export advantages particularly throughout Asia.

The Digital Economy is largely independent of borders, distance, and regulation. Borders are irrelevant as data flows at the speed of light, the cost of storage has plummeted, and machine learning contributes to continuous learning. The implications are profound as appreciated by any organization committed to applying artificial intelligence to their operation. No employment Sector should be ignored and no community left behind – internet access is essential for any and all communities.

Competition to develop clusters in the Digital Economy is intense. Personalization is prime outstripping socialization, meaning digitization of personal information is contributing to former "clients" becoming transformed into service "consumers", contributing to a service economy. The Digital Economy - where "data is the new oil", represents an extraordinary opportunity for all Alberta Industries, Professions, and Public Services.

Alberta must increase measures to develop and better manage its innovation ecosystem to attract and increase the growth of SMEs and when appropriate their participation in global value chains. Of particular importance is the pooling of private investment capital and mentorship. Innovation is the enabler.

Significant **growth opportunities** have been highlighted complimenting the Vision of a more economically resilient Alberta:

- Addressing significant concerns of Alberta youth about **the future of work** given the rate of change, emerging technologies, and relevance of continuous learning
- Creating a western Canadian **industrial hemp industry** that would be of benefit throughout the agricultural supply chain and into education and research, manufacturing and export, transportation and logistics
- Participating in policy and industry development anticipating the emergence of **nuclear fusion energy** and the associated social and economic implications
- Capitalizing on opportunities to strengthen Alberta's **creative economy** by further developing its film industry, currently strongest in the Calgary Region
- Committing to innovation in Alberta Health and Education by increasing competition and monitoring the **personalization** of former supplier centric public services
- Fixing **public procurement** by engaging critical administrators and contractors in its review with the objective of improving its contribution to Alberta's economies. Measures to solicit "solutions" warrant consideration as an alternative to prescriptive RFPs.

"Systems" during their development are supplier centric. As they mature both competition among service suppliers and expectations of consumers increase. The increases pressure on suppliers to be more responsive to their clients as customers, increase their interest in innovation, and employ applied technologies for increasing productivity. Public Services and the Professions are particularly vulnerable as public system development shifts from a focus on developing public supply to meeting personal demand.

Public vs Personal Service. Alberta has made extraordinary strides in the development of the publicly administered supply of health, education, and overall public services and the associated professions and public servants. But a transition of the entire public service "system" and the associated regulated professions is underway. The transition is being driven by increased expectations of clients - students and patients, competition among suppliers, the rise of emerging often disruptive technologies, and austerity to manage the crushing post-Covid burden of public debt.

As uncomfortable as it may appear the Canadian cultural commitment to public health, public education, public NGOs, public oversight is vulnerable to increasing expectations of a more educated and knowledgeable population, maturing of the knowledge economy, and technologies increasing competition for service.

Growth of public distrust in public service systems is an indicator of a more informed client cum consumer accelerating the increasing relevance of market forces.

The public service "systems" today are sustained by administrators committed to regulatory measures designed to maintain the status quo, protection, and privacy but vulnerable to claims of overprotection, demand for more choice and innovation, and public sector austerity. "Privatization" is often cited as a policy option; it is not, but "personalization" is – the acceptance of market forces in transitioning public services from being supplier driven to being consumer responsive.

As for the Professions, it is clear that the assessment of Resilience among the Professions follows that of the overall economy - being more a recipient than a driver. The professions in general are self-regulated and empowered by government to manage explicit processes such as in health and education, law and engineering. They retain public trust by ensuring their members adhere to regulated practice standards and to otherwise discipline their members.

Today the professions are adapting to increased expectations of clients, increased competition, increased costs, competition from apps with the capacity to store, analyze, and learn. As if these challenges weren't enough, the professions are confronted by an increasingly litigious society, confounding the professions capacity to exercise their regulated responsibilities.

Regulated professions have an obligation to keep up with the impact of market, regulatory, and technological changes on contemporary practices, that includes field work and educational requirements. When COVID forced learning online, most were not ready.

Regulated professions must anticipate continuous change through: 1. The conduct of policy research, 2. The development and timely implementation of practice standards, and 3. Collaboration with government for aligning regulations, responsibilities, and market expectations.

Special case of NGOs and ESG. NGOs are often overlooked as relevant to Alberta's economic resilience. There are over 23,000 NGOs in Alberta – 1 for every 150 Albertans. This sub-sector of Public Services is highly fragmented and has become overly reliant on public grants. They should be a contributor, a source of social enterprise and innovation, sufficiently independent of government to help make change and increase resilience as an organization and for its members. Measures are needed to monitor and promote social enterprise and independence, accountability, and to incentivize their collaboration including their consolidation.

Of increasing influence is the impact of activism - special interest NGOs sometimes operating on a global scale advocating for an overhaul of economies and its institutions to address: issues such as climate change and abuses of the environment, socio-economic inequities, and insensitive systems of governance. Reference to such activism is termed ESG: environment, social diversity, and governance. ESG is not going away as it serves as a check market forces in shaping the future.

Activism will be particularly challenging for governments wedded to service delivery as pressure for personalization confronts counter-forces demanding more regulation while simultaneously striving to incentivize innovation AND promote increased economic resilience.

The Survey. The survey will continue as both a monitor of progress and a guide. The objectives of the survey and reporting are to repeatedly draw attention to the status of Alberta's economic resilience and it's Innovation Ecosystem:

1. Learning what measures effect a change in resilience and/or effectiveness - specifically reducing the broad impact of oil prices on Alberta, it's Regions, and Sectors
2. Targeting measures for increasing the effectiveness of Alberta's Innovation Ecosystem.

The KEI Network's newsletters and associated project research will continue to provide additional clarity and recommendations. We are committed to continuous learning and engaging others in the design, conduct, and distribution of the survey and reporting of results. This means being open to the formation of alliances and partnerships for extending the reach, relevance and influence of the Network to effect change.

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