



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on
Alberta's Economic Future

Ministry of Tourism, Parks and Recreation
Consideration of Main Estimates

Wednesday, March 20, 2013
10 a.m.

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The 28th Legislature
First Session**

Standing Committee on Alberta's Economic Future

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Fox, Rodney M., Lacombe-Ponoka (W), Deputy Chair

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Donovan, Ian, Little Bow (W)
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Stier, Pat, Livingstone-Macleod (W)
Towle, Kerry, Innisfail-Sylvan Lake (W)

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Standing Committee on Alberta's Economic Future

Participants

Ministry of Tourism, Parks and Recreation

Hon. Dr. Richard Starke, Minister

Reegan McCullough, Assistant Deputy Minister, Tourism

Brad Pickering, Deputy Minister

Cameron Steenveld, Senior Financial Officer and Executive Director, Financial Services

10 a.m.

Wednesday, March 20, 2013

[Mr. Amery in the chair]

**Ministry of Tourism, Parks and Recreation
Consideration of Main Estimates**

The Chair: Good morning, everyone. I'd like to welcome all of you to this first estimates meeting of Alberta's Economic Future. I'd like to call this meeting to order.

The committee has under consideration the estimates of the Ministry of Tourism, Parks and Recreation for the fiscal year ending March 31, 2014.

Just a reminder that the microphones are operated by *Hansard*. I'd like to ask members not to operate their own consoles as it causes technical issues. Also, please do not leave your Black-Berrys, iPhones, or telephones on the table.

I would like to go around the table to introduce ourselves, and I will start. Moe Amery, MLA, Calgary-East, and chair of this committee.

Mr. Fox: Rod Fox, MLA, Lacombe-Ponoka, vice-chair of this committee.

Mr. Quadri: Sohail Quadri, Edmonton-Mill Woods.

Mr. McDonald: Everett McDonald, Grande Prairie-Smoky.

Mr. Rogers: George Rogers, Leduc-Beaumont.

Mr. Bhardwaj: Naresh Bhardwaj, Edmonton-Ellerslie.

Ms Olesen: Cathy Olesen, MLA, Sherwood Park.

Mr. Dorward: My name is David Dorward. I'm the MLA for Edmonton-Gold Bar.

Welcome, Mr. Fox, as the vice-chair. It's nice to have you here.

Mr. Eggen: Good morning. I'm Dave Eggen. I'm the MLA for Edmonton-Calder.

Mr. Kang: Good morning, everyone. Darshan Kang, Calgary-McCall.

Mr. Luan: Good morning. Jason Luan, Calgary-Hawkwood.

Mr. McCullough: Reegan McCullough, assistant deputy minister of tourism.

Mr. Pickering: Brad Pickering, Deputy Minister of Tourism, Parks and Recreation.

Dr. Starke: Good morning. Richard Starke, MLA, Vermilion-Lloydminster, Minister of Tourism, Parks and Recreation.

Mr. Steenveld: Cam Steenveld, senior financial officer, Alberta Tourism, Parks and Recreation.

Mrs. Towle: Kerry Towle, Innisfail-Sylvan Lake.

Mr. Strankman: Rick Strankman, Drumheller-Stettler, and critic for Tourism, Parks and Recreation.

Mr. Donovan: Ian Donovan, MLA, Little Bow riding.

Mr. Stier: Pat Stier, MLA, Livingstone-Macleod.

Mr. Rowe: Bruce Rowe, MLA, Olds-Didsbury-Three Hills.

Mrs. Forsyth: Hi. I'm Heather Forsyth, Calgary-Fish Creek.

Mrs. Sarich: Good morning. Today is the spring equinox, so happy spring to everyone. I'm Janice Sarich, MLA for Edmonton-Decore.

The Chair: Well, thank you very much, hon. members.

I see that Mr. Cao, Calgary-Fort, has joined us right now. Excellent.

Mr. Cao: Thank you, Chair.

The Chair: Hon. members, as you all know, the Assembly approved amendments to the standing orders that impact consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Tourism, Parks and Recreation, I would like to review briefly the standing orders governing the speaking rotation.

As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or the member of Executive Council acting on the minister's behalf may make opening comments not to exceed seven minutes for a two-hour meeting. For the 40 minutes that follow, members of the Official Opposition and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes the members of the third party, if any, and the minister or the member of Executive Council acting on the minister's behalf may speak. For the next 14 minutes the member of the fourth party, if any, and the minister or the member of Executive Council acting on the minister's behalf may speak. For the next 14 minutes private members of the government caucus and the minister or the member of Executive Council acting on the minister's behalf may speak, and any member may speak thereafter.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 14 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Once the specified rotation between caucuses is complete and we move to the portion of the meeting where any member may speak, the speaking times are reduced to five minutes at any one time. Once again, a minister and a member may combine their speaking time for a maximum total of 10 minutes, and members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time.

Now, two hours have been scheduled to consider the estimates of the Ministry of Tourism, Parks and Recreation.

Committee members, ministers, and other members who are not committee members may participate. Members' staff and ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee.

If debate is exhausted prior to two hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at noon.

Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 22, 2013.

My understanding is that we have an amendment. I would like to read what's really governing amendments here. An amendment

to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount.

Vote on amendments is deferred until Committee of Supply on April 22, 2013.

Written amendments must be reviewed by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty-five copies of the amendment must be provided at the meeting for committee members and staff.

Ladies and gentlemen, now I would like to invite the minister to start his comments.

Dr. Starke: Mr. Chair, thank you. Good morning, everyone. Joining me today at the table, as we have previously introduced, are Deputy Minister Brad Pickering; the assistant deputy minister for tourism, Reagan McCullough; and the senior financial officer, Cam Steenveld.

Mr. Chair, I am honoured to present the estimates for Tourism, Parks and Recreation, a ministry that builds Alberta in three key areas: economic, social, and environmental. Our investments sustain and grow a tourism industry employing an estimated 139,000 Albertans and generating approximately \$7.9 billion in annual expenditures. Our investments also protect an area of land four times the size of Prince Edward Island and provide outdoor recreational opportunities to millions of Albertans who enjoy our parks system each year. Our investments in recreation and sport encourage Albertans of all abilities to get active, resulting in healthier individuals and stronger communities.

In preparing Budget 2013, my ministry aimed to hold the line while delivering on what Albertans have told us is important to them. The result is an operating amount to be voted on of \$154.4 million, a decrease of \$3 million, or 2 per cent, compared to Budget 2012.

We have allocated \$72.9 million for tourism, a renewable industry that diversifies Alberta's economy. We estimate that about 15,000 businesses in Alberta derive at least 50 per cent of their gross revenue from tourism-related spending. Our essential support to tourism is funded by the 4 per cent tourism levy on temporary accommodations. Businesses in our tourism sector have asked for this funding model, and they continue to support it. Having predictable, reliable, and sustainable funding is key to maintaining a strong and effective presence in a crowded and competitive marketplace.

In Budget 2013 Travel Alberta will receive about \$50.5 million from marketing here at home and around the world. Now, while some might suggest deep cuts to tourism promotion, we've learned from other jurisdictions that doing so can have a devastating impact. The state of Colorado learned this lesson the hard way, losing more than \$2 billion a year in revenue when funding for tourism marketing was cut in the early '90s. After struggling for almost a decade, a marketing budget was eventually reinstated, but it still took several years for Colorado's tourism industry to rebound.

Here in Alberta we will continue to reinvest the tourism levy to support the communities and businesses across Alberta who contribute to and depend on a strong tourism sector. Travel Alberta works with industry partners and uses innovative approaches to showcase our province. The Crown corporation has been recognized both at home and internationally with more than 20 awards for their very successful marketing efforts, including the Canadian Tourism Commission's marketing campaign of the year and the best-in-show diamond award at the international tourism fair in Berlin.

10:10

The tourism division is the remaining \$22.4 million allocated, and it will go towards product development, visitor services, and research to support sound decision-making. While we need to promote Alberta, we also need to ensure that we have engaging experiences for visitors to enjoy. That's why the bulk of the increase to tourism is in the destination competitiveness area. This includes supporting events that have the potential to grow and attract more visitors, everything from the Falher Honey Festival to the Brooks Medieval Faire and beyond.

My department's second core business is parks. Alberta's provincial parks are one of our most popular tourist attractions. Every year our parks host more than 8.5 million visits. They contribute an estimated \$1.3 billion to our economy and provide Albertans with countless opportunities for recreation and relaxation, from going on a fossil tour to gazing at the stars in a dark-sky preserve. Our parks also conserve Alberta's natural history.

Budget 2013 dedicates \$50.5 million for Alberta parks, a decrease of \$2.5 million compared to Budget 2012. The majority of the budget, some \$36.2 million, is for parks operations, which includes the people throughout the province who manage 475 parks and protected areas. While we have reduced the amount dedicated to parks infrastructure management, we continue to dedicate \$24.2 million in operating and capital to maintain and enhance park assets. Now, it is important to note that about 23 per cent of the cost of running our parks is offset by the revenue they generate, and we expect to grow that through strategies such as increasing the number of campsites that can be reserved online.

Recreation and sport is the third core business of my ministry. Now, I am passionate about the role that active living can play in improving the quality of our lives. It's good for our physical health, our mental health, and it brings people together. This year my ministry will invest \$23.6 million to support amateur athletes at all levels, and it'll help the rest of us be more active more often. We will continue to implement the Active Alberta policy and align our resources with the outcomes we are aiming to achieve.

Most of our funding in this area, about \$21.4 million, is provided through the Alberta Sport, Recreation, Parks and Wildlife Foundation. This foundation supports athletes at all levels and more than 100 provincial sport, recreation, and active-living associations. More than 1.2 million Albertans benefit from local programming delivered by these associations, and they in turn invest more than \$70 million into their local communities.

The foundation's support will continue in 2013-14 with a budget that has been reduced by \$2 million. In addition to finding efficiency in its operations, the foundation will adjust its grant programs as follows: the 31-year-old municipal recreation/tourism areas grant will be phased out; the development initiatives program, which provides one-time grants for amateur athletes, will be suspended for one year; and the criteria for Podium Alberta will be reviewed to ensure that we are supporting athletes who need our help the most.

Mr. Chair, by investing in Tourism, Parks and Recreation, we are investing in businesses, communities, and Albertans whose livelihoods depend on tourism, we are investing in conserving land for the enjoyment of future generations, and we are investing in providing Albertans with the opportunities to be active, to connect with each other and with nature. It is no wonder that more and more people want to join us in calling Alberta home. Our quality of life is second to none.

I will now answer your questions.

The Chair: Thank you, Mr. Minister.

For the next 40 minutes, speaking on behalf of the Wildrose caucus, Mr. Strankman. Mr. Strankman, would you like to combine your time with the minister, going back and forth?

Mr. Strankman: Yes. We've agreed on that. I'd like to go back and forth, Mr. Minister, if that's acceptable.

Dr. Starke: Absolutely.

Mr. Strankman: Thanks, Mr. Chair. I'd like to make a few comments as we begin. I'd like to thank everyone for coming today. With the recent cabinet shuffle, Mr. Minister, I understand that everything is happening fast, and I'm happy to have you here. I also understand that the minister's staff and deputy ministers for Tourism, Parks, and Rec have worked hard in preparing these estimates, and I'd like to thank them also for being here.

Hon. minister, I'm happy to work with you in this critic portfolio, and I'd like to embellish this a little bit. I don't like to use the word "critic," sir. I like to use the word "assessor" – critic, to me, has a negative connotation – so I'd like to approach this event with that attitude.

Having said that, the overall message I get from Albertans, though, is clear. We have to spend our money wisely. We need to make sure that we don't continue with programs that Albertans see as a flagrant waste of their hard-earned tax dollars, and we also have to ensure that the money spent within this department is done wisely, effectively, and efficiently.

With that, Mr. Minister, if I could, I'd like to start off with some of my questions in regard to that. The estimates indicate that there was a 28 per cent increase in spending for your office this past year. That's \$162,000 more than last. Can you tell me why that's the case? When everyone else is being told by the Premier that they need to tighten their belts, what is the justification for having such a drastic increase simply within your office?

Dr. Starke: Mr. Chair, the office spending and the office operations are dictated by a number of things, but one of the areas that we are going to be working with additionally is in increased communications with the press. Our office, tourism, has to have an open line of communication at all times, and one of the ways we accomplish our goals, in fact, is by using what I would call free advertising, and that is by interacting frequently with various media outlets. My press secretary has been charged with that duty, and I've already had numerous interactions with the media to discuss a number of different issues in tourism; for example, promoting the parks reservation website and various other things. Again, I consider the additional costs an investment in improving the efficacy of this department, and I feel it's an entirely justified expenditure.

Mr. Strankman: Thank you, Mr. Minister.

Looking at line 2.5 of the estimates, I see that the province is giving something – and you made mention of that in your opening statements – like \$50.5 million in assistance to Travel Alberta.

Dr. Starke: That's correct.

Mr. Strankman: How do you decide how big a grant to give to Travel Alberta? You made mention of the Colorado experience there. Can you provide a list of the programs and services that this \$50 million will cover, and is that a publicly available amount?

Dr. Starke: Absolutely. All the documentation regarding Travel Alberta is publicly available.

Travel Alberta is a Crown corporation of the Alberta government that was established under the Travel Alberta Act in 2009. The relationship between Travel Alberta and the department is governed under a memorandum of understanding, and the historic split of the tourism levy between the department and Travel Alberta has been an 80-20 split; in other words, Travel Alberta receiving 80 per cent and the department receiving 20 per cent. In this year that split was modified to 70-30. Travel Alberta received 70 per cent of the total tourism levy, which went up considerably, from \$64 million to \$72 million, so they received 70 per cent of a larger amount. The result of that was essentially that their allocation was frozen at \$50.5 million, and the additional funds were then allocated into the tourism department.

Mr. Strankman: I have a question. I believe that further in here it talks about the levy. To follow up on that, I'd like to say that I believe we can all agree that we need to promote our province and grow Alberta as a competitive tourism destination, but with the province running six deficit budgets, can you tell me any programs that have been found to be redundant? Can you provide examples of this? How do you measure in a concrete way, in an effective public way the effectiveness of this \$50 million?

Dr. Starke: Well, the metrics involved in tourism expenditure are manifold. The Alberta tourism impact for the year 2011, as I said in my opening speech, was about \$7.9 billion. With regard to the specific activities of Travel Alberta, I want to point out – and certainly all of this can be found in their information, which is all public – that Travel Alberta, in addition to providing marketing programs that are directed both nationally and internationally, also works with local tourism providers like Canadian Badlands, Tourism Calgary, Edmonton Tourism, and other local destination marketing organizations to promote the abilities of these operators and these organizations to provide tourism opportunities within the province.

Travel Alberta indeed is the tourism expert. Travel Alberta is considered a model for other tourism promotion and enhancement agencies across our nation. Their activities – and I said that they are multifaceted activities – are aimed at enhancing that.

10:20

Now, with regard to your question on the metrics and providing direct measurables as to what Travel Alberta provides us, basically we use a few different metrics. I mentioned the \$7.9 billion. I also mentioned that we measured the total number of visitors to Alberta, 35 million. We also measured the number of visitors from four key regions because that helps Travel Alberta allocate its resources according to where it's going to spend its money. Our four key areas are Alberta, other parts of Canada, the United States, and visitors from overseas. We track the number of visitors and the number of visit nights from each of those overseas locations.

Mr. Strankman: If I could, Mr. Minister, that leads to my next question. The 4 per cent Alberta tourism levy confuses me in some regard, not because of the fact that it's a levy. We place that on our hotel industry. It doesn't exist in our neighbouring provinces or the states, Montana or Idaho. How do you separate and measure? It's known that many of the people that stay in hotels, at least in my constituency and I'm sure in yours, are there for business reasons. How do you separate? You know, it's a simple collection. I understand that there needs to be a crossover, but how do you measure that? And why do we even have a levy?

Dr. Starke: Well, we have a levy because it's a very effective way to fund tourism marketing, and it's a very effective way to fund it in a way that is directly related to tourism and travel activity.

With regard to the statement of travellers who are staying in those hotel rooms for reasons other than travel, I'd like to point out that travel is often the thing that stimulates business, and business is the thing that stimulates travel. In order for our economy to grow in the way that it has over the last number of years in many sectors, including the oil and gas sector, we have needed to encourage investment from other jurisdictions in many cases. In order for those jurisdictions to invest in us, they have to get to know us, and the best way for them to get to know us is to travel here first. I don't really think of it as a separation between business travel and tourism travel. It's travel. The important thing is that we encourage it.

I want to say one other thing about those workers that you mentioned who are staying in your constituency and in mine and in many others. That is true that they're there primarily for work, but one of the things that Travel Alberta has been doing is encouraging local tourism associations and groups to enhance the usage of the tourism facilities by those workers in those communities. Let me give you an example. In the community of Fort McMurray their tourism association is actively working at ways to engage workers that are there from Monday to Thursday to be more active in terms of their evenings, spending time in restaurants, in bars, in theatres, and in other locations and, in addition to that, also encouraging them to bring their families along wherever possible so that they can join them. While one of the members of the family may be off working, the remaining members of the family can see some of the tourism opportunities in that community.

Mr. Strankman: Okay. Thank you, Mr. Minister.

Mr. Chair, I approach this next question somewhat delicately, but I can't not ask you, Mr. Minister, about the exorbitant trip to the London Olympics. Obviously, you're a new minister to the portfolio – and you know that I don't mean any malice by this question – but I've heard from Albertans, both in my constituency and across the province, that they're outraged by what they saw as mismanagement of taxpayer dollars. Have you or are you creating a definitive public policy for measuring the success of these overseas trips, that are ideally intended to promote our province?

Dr. Starke: Well, I'm glad you acknowledge that they promote our province. I will say that going back to Premier Peter Lougheed, there was an acknowledgement that Alberta, in order to be successful, had to reach beyond its borders. When Premier Lougheed passed, we saw pictures of him travelling overseas and, in turn, hosting visitors from many far-flung places.

Alberta needs to reach far and wide. In order to do that, you have to establish the face-to-face relationships, and you have to go where the world is meeting. Certainly, one of those places is the Olympics and is London. Going to London was the right decision. We needed to be there, and it is already paying off results not just for our tourism industry but for things like culture, agriculture, investment.

But let me now turn to tourism. We are already seeing benefits from it. The one that I want to maybe talk a little bit about and that will be quite measurable is when we hosted the Dertour Academy. Now, who is Dertour? Dertour is the largest tourism operator in the Federal Republic of Germany. They have 7,600 travel agents nation-wide. Every year they take their top 600 agents to a location somewhere in the world for what they call the Dertour

Academy. Last year it was Dubai. The year before it was in Sweden. This year it's in Alberta. The reason it's in Alberta: the arrangements for having it in Alberta were made with Dertour in London when we were there.

Now, what does this mean to the province? Well, this December it's going to mean a province-wide economic impact of approximately \$1.33 million from those 600 tour guides. I'm really excited about meeting these folks because I've had the experience of hosting German visitors. I speak their language. Based on past practice and based on what the past history of where the Dertour Academy has been located, it is anticipated and we are hoping for a potential of an additional 15,800 German tourists in 2014 alone, which will generate an estimated \$16 million in direct visitor expenditures and, of that, \$7.9 million accruing in additional taxation revenue and some \$2.4 million to the provincial government.

While we can spend a lot of time and concern talking about what London cost, my focus going forward as minister has to be: what is the return on that investment, and how do we maximize that return?

Mr. Strankman: Thank you for that, Mr. Minister. That's exactly where I was going, the return on investment.

In the case of the German travel organization coming here, are they going to be sponsored by Alberta, or is that going to be in their tourism financial bucket?

Dr. Starke: The arrangement they have worked out is with Travel Alberta. Travel Alberta is working with industry sponsors, and it is a sponsored event through Travel Alberta, okay? That is an openly acknowledged thing. But as I said, much of the costs that are accrued to Travel Alberta will be recouping through sponsorship with industry partners. Again, what I'm excited about is the opportunity to meet directly with these folks. You know, I'm looking at the past history of Dertour. They have been doing this academy for many, many years. The opportunity to host a large increase, an incremental increase over what is already our third-largest international source of tourists is very exciting.

Mr. Strankman: Well, I appreciate that. It seems somewhat redundant to me that we would pay to go to London, and then we would pay to have our guests come here. It seems to me that our guests would come here on their own dollar and continue on from that.

I'd like to follow up, Mr. Minister, if I could, on the London trip. Do they have any specific plans, then, for attending the 2014 and the 2016 Olympic Games in Rio.

Dr. Starke: Mr. Chair, those decisions as far as the allocation of resources and to which locations and for which trips we'll take an opportunity to promote Alberta will be taken in due course. Again, I'd like to point out that I attended the 2006 World Cup in Germany on my own nickel, I attended the 2010 Vancouver Olympics on my own nickel, and I will tell you that if there's ever a place to be to see where the world is gathering and important decision-makers are gathering, it is at those major international world sporting events. We saw that here when we hosted the Olympics in Calgary in 1988. We saw it again when we hosted Vancouver in 2010. The entire world comes to our doorstep. That is the nature of sport and hosting major world-wide multisport events.

With regard to your questions – “Are we going to Sochi? Are we going to Rio?” – at this point that is a question that will be answered, you know, as we do a cost-benefit analysis of whether

to go. I'd like to point out that even your leader said that it was the right thing for us to go to London. Well, if it was the right thing for us to go to London, the chances are pretty good that it's the right thing for us to go to Sochi and Rio, but we will make those decisions in due course.

Mr. Strankman: That's the vein of my questioning, Mr. Minister, cost efficiency. I talked at the outset there about effective, efficient, and wise use of taxpayers' dollars, and you referred to cost-benefit analysis, so that's where I'm continuing on.

10:30

Going through the line items of the financial statements for 2012, there seems to be, in my mind, a disparity between budgeted and actual incurred expenses, and that's understandable. I as a farmer and you as a former agriculturally involved person would understand that completely. But I'd like to use an example where Canada marketing spent \$12 and a half million when they were only budgeted for \$9.7 million. International marketing, for example, spent \$21.3 million when they were only budgeted \$18.8 million and had only spent \$14.6 million the year before. It went from \$14.6 million to \$21.3 million in international marketing. Can you explain to me what these programs provided or why their spending went up and in the case of international marketing why their spending went up so rapidly? Is there a publicly available cost-benefit analysis for those funds and their allotment?

Dr. Starke: Well, with regard to the specific increases that you talk about for the 2011-2012 year, I believe – I could be wrong – that the appropriate forum for discussion is Public Accounts. But I will make some comments on them right here. Travel Alberta makes reallocations even within the operational year as far as, you know, where it's going to spend more or less money. In these cases perhaps there was a new marketing opportunity that presented itself that was not anticipated at the time that the budget was drawn up. That may also well be the case with the international marketing thing. I have, certainly, a great deal of confidence in the abilities of both the Travel Alberta board of directors, which is populated with some very capable business-people, as well as the executive and senior management team of Travel Alberta.

As far as an individual cost-benefit analysis I think what we will look to see is the specific metrics for visitor numbers from those source locations. They monitor that, and I will tell you that they will monitor that, you know, quite closely as part of their overall performance metrics that they do so that they know where to allocate their expenditures in turn.

Mr. Strankman: In the case of international marketing they rose some \$7 million there. It seems that to come from \$14.6 million and to raise it by \$7 million is a significant amount. Would there be an open cost-benefit analysis or some sort of a viable publicly available methodology to the transfer of those funds?

Dr. Starke: Again, I would stress that everything that Travel Alberta does is an open and public document. As a provincial Crown corporation they publish an annual report. You know, obviously, as you can see here, their financial statements are open and available. With regard to the kind of detail that you're asking for, we can certainly ask for some additional detail if that is what you're looking for.

Mr. Strankman: I thank you for that. Thanks, Mr. Minister. I appreciate that.

I'd like to move on.

The Chair: Excuse me, Mr. Strankman.

Mr. Strankman: Oh, I'm just having a good runaway here. We're having a great conversation.

The Chair: Just a friendly reminder that you have 20 minutes left. We're at halftime. Would you like to continue in the same manner?

Mr. Strankman: If you're appreciative of that, Mr. Minister, a back and forth, I am.

Dr. Starke: Sure.

Mr. Strankman: On November 26, 2012, the government of Alberta had a press release. I'm open to criticism that it's not necessarily in the budget estimates, but I'm sure it's available, possibly, at some – there's a reference in this press release that \$220,600 was invested in a sport tourism pilot project to attract new visitors to the Canmore region. Sports tourism is a hugely growing industry in North America, but again in the vein of questioning of the efficacy of tax dollars spent, I wonder how your department came to the conclusion that we should use public dollars to prop up this event that was already going to happen. It leads to: how do you specifically measure the return on investments? I understand that this was a pilot project, but it was going to happen. I have several other questions that lead to the same district, the same venue. So I'm just looking for open, public methodology to the spending of taxpayers' dollars here.

Dr. Starke: Certainly, I appreciate the question, but I guess, Mr. Chair, I'll take some direction from you on this. I mean, my understanding of our process this morning is that we are looking at budgetary estimates for 2013-14 and that the accountability for the current year and the past year is the purview of the Public Accounts Committee, having served on it myself. Some of these questions are certainly going to be highlighted by the Auditor General.

The Chair: Yes. That's right.

Dr. Starke: Unless it's your view that this is appropriate here, my understanding is that this is the purview of the Public Accounts Committee.

The Chair: Mr. Strankman, I would like to ask you to focus on the budget estimates.

Mr. Strankman: Well, I'm sorry that I made mention of my infallibility there. I'm trying to compare last year to this year. It's a new project, and it's publicly available.

Obviously, Mr. Minister, to move on, you went through, hopefully, a rigorous new process of zero-based budgeting. As we know, Premier Redford has been saying that this is difficult to achieve and that there are going to have to be cuts. Can you tell me what, if any, cuts? You made some mention of that in your presentation at the outset. Again, I'm leading you there, if I might.

Dr. Starke: No. I'm happy to talk about it.

Mr. Strankman: Can you tell me of any programs that existed this year that are not to be funded next year?

Dr. Starke: Yeah. Absolutely. I mentioned them in my opening address. Results-based budgeting is a process that challenges every dollar that is spent. In the future year one of the areas where results-based budgeting will affect the current program and will result in a decrease in expenditure is the municipal recreation

tourism area grant, which will be phased out over the course of the next two years. What is this program? Well, this is a program that was developed 31 years ago and had a 25-year intended lifespan, so it has in fact gone six years over the intended lifespan. It was a program that was also cut off in terms of new applicants in 1992, so no new applications to the program have been accepted since 1992. Over the course of that time the municipal recreation tourism grant has provided funds to municipalities and groups in terms of supporting the operation of things like campgrounds, ski resorts, and a number of other, you know, municipal tourism areas.

However, the criticism here is not of the local organizations; the criticism here, in fact, is of the program. It's a 31-year-old program that requires review to make sure that it is meeting the objectives that we want it to meet. As a result of that and as a result of, in my view, what is a need to re-establish and refocus the program more to the objectives that we have and also to open the program to new groups, that program is being phased out. Now, the decision that was made in my department was that we would do that over the next two years and that any organization that has been funded for 25 years or more would have their funding cut to zero under the program for this year and that for any organizations that had received funding for less than 25 years that the program would be reduced by 50 per cent.

Now, these are difficult decisions to make, and they will impact some 257 organizations province-wide. Nonetheless, it is important that we do this sort of review on a regular basis. It is important that we do this, and that's what results-based budgeting is about.

Another example of where results-based budgeting has kicked in is our development initiatives program. This is a program that provides one-time recreational grants. It provides them for a wide variety of things: for coaching, for travel, for hosting opportunities of events in amateur sports. These are all good things. They're one-time things. The development initiatives program, however, is an expenditure of some \$700,000 and, again, is a program that we reviewed and said: "You know, we need to take a look at what we're doing. Are we in fact meeting the objectives of the program?" If that review reveals that, in fact, it is meeting those objectives, we will look for ways to reinstate that program, but if it does not, then that program needs to be eliminated because it's not sustainable in the long term.

10:40

Mr. Strankman: Thanks, Mr. Minister. In your comments you've talked about foreign tourists coming to this country. I understand that there are many international tourists coming to this country. Can you tell me if there are any particular countries – like China, India, France, and Germany – that your department has focused on to attract more tourists from? You've already mentioned Germany. To me China, India would be a greater population base. If there are programs like that in other countries, can you tell me how they are specifically measured?

Dr. Starke: Absolutely. I'm happy to. I apologize if I give the impression that I'm only trying to encourage German tourists to come to Alberta. That's not the case in any way. While Germany is an important market, you know, you're quite right in saying that focusing on markets that have enlarging middle classes is important. In fact, our visitation from mainland China has increased by some 45 per cent in the past year. And while the numbers are still much smaller than other locations, more traditional locations like the U.K. or Japan, China is certainly one of the areas. We have a cooperation with a tourism promoter in China.

India is another market that we are looking to expand our exposure into. Another area is Brazil and other South American markets. I mean, it is clear that we have countries around the world with burgeoning middle classes that are interested in travel, and we want to make sure that when they choose where to travel, we're there to tell Alberta's story because we think we've got a product that is well worth selling.

Mr. Strankman: I'd like to encourage those people to come to Drumheller-Stettler. We've got some great tourism and, actually, cultural options there.

Mr. Minister, in *Hansard* I was reading – and I can't remember; our conversation has gone on like gunfire here – about grant funding to things like the badlands tourism operation. Can you tell me how you measure grant funding in this case to regional tourism operations? In this case you may not have an immediate answer. Do you believe that the process has been effective?

Dr. Starke: Well, what I will say with regard specifically to the Canadian badlands is that this is a collaborative tourism promotion effort. These are the kinds of collaborative efforts between municipalities that are exactly what we are trying to encourage. You know, we hear often about how we have to quit having the we-they attitude: if they get that facility, we won't get it, so we're in competition with the place down the road. When the Canadian Badlands organization was initially put together, it had 31 municipal shareholders. It now has 65 municipal shareholders. It is, in fact, the template for other regional tourism destination marketing organizations throughout the province.

You're quite right. Located within the Canadian badlands, for example, are three of five of Alberta's UNESCO world heritage sites. Dinosaur provincial park, the Writing-On-Stone park, Head-Smashed-in Buffalo Jump are all located within the Canadian badlands tourism marketing area. There are tremendous resources there. They work co-operatively with Travel Alberta. You know, Travel Alberta, if you like, is our international voice to bring tourists to Alberta from other parts of Canada, from the U.S., and from overseas. Then once they're here, Travel Alberta partners with organizations like Canadian Badlands to deliver those tourists to locations like Drumheller to go to the Tyrrell museum, to attend the *Badlands Passion Play*, to go to the Atlas coal mine, and to spend two days touring around the Dinosaur Trail.

I mean, why not do that? I know that on the many occasions I've taken visitors from overseas to Drumheller, they are amazed. You know, I always like to drive them up to the edge of Horseshoe Canyon. I don't look at the canyon because I've seen it before. I like to take a look at the look on their face because their jaw just drops. They don't have anything like that in the countries they come from. They might have mountains, and they might have other things that we have and that we certainly prize, but the badlands are, you know, one of a kind. The idea of promoting them is one that personally as minister really excites me. You know, if you're a salesperson, the first thing you have to have is product, and I love to be a salesperson for Alberta.

Mr. Strankman: I appreciate your patriotism, sir. I'd like to get in a plug for a small town called Bodo. We understand that we need some patriotism in regard to that town.

I'd like to also bring up some efforts by an organization that's been lobbying some on our side of the table, the Wildrose side, in regard to the use of ATVs in parks and on trails, off-roading and even, if I could add, snowmobiling. There is a good deal of tourism revenue that leaves this province to go to British Columbia for the snowmobiling market. Can you tell me some of the obstacles there?

Dr. Starke: Well, actually, the use of motorized recreational vehicles, whether quads or trikes or bikes in the summer or snowmobiles in the winter, is huge business. We have been meeting with our Off-Highway Vehicle Association as well as our Snowmobile Association on ways of engaging our stakeholder groups and expanding opportunities in that regard. You know, while certainly it's true that there are some of our visitors that travel to British Columbia, at least some of them are staying in Alberta. Our direct visitor expenditures in Alberta – and this is in 2009 – from snowmobilers were about \$366 million. So there are dollars being spent in Alberta, and they're generating approximately 6,500 full-time equivalent jobs.

You know, with regard to development of designated trails and systems like that: absolutely, this is something that I believe we need to work with our stakeholder groups to work towards the development of. I'm excited about the possibility of growing a whole new avenue of tourism around the use of recreational vehicles both in the summer months and in the winter months and having a new and burgeoning industry spring up around catering to these folks and, in fact, channeling where they go, to specific designated trails, trying to minimize what is, unfortunately, sometimes collateral damage to sensitive ecological and environmental areas, and instead having the trails there.

Now, that said, we do have a trail system in this province, and we work with various local groups to develop and expand and to improve the trails. But in terms of improving that and increasing those opportunities: yes, absolutely, we want to do that. We of course want to encourage Albertans that use these motorized vehicles to stay in their province, stay right here and use them right here.

Mr. Strankman: Thank you, Mr. Minister.

I have more questions here, but I'd like to also read my tabling of the amendment.

The Chair: Mr. Strankman, you have six minutes left. I was planning to give you the last two minutes to table your amendment.

Mr. Strankman: Okay. Thank you for that prerogative.

One of the things I'd like to – do you have a specific budget for tourism research? Can you assist me in that regard?

Dr. Starke: Yeah. Absolutely.

Mr. Strankman: Is that for international and provincial?

Dr. Starke: No. That is a combined tourism research number, and it is on page 206 of the estimates. The research and investment portion, the estimated amount for 2013-14 is \$3.027 million. Now, what does it do? Well, you know, tourism is a field that involves a lot of different things. It involves strategic marketing research and performance measurement, which is certainly an area that you've highlighted. The other thing that it does is that it leads our discussion on an open-skies policy, and I want to talk a little bit about that because open skies and having direct air links from various locations . . .

Mr. Strankman: Did you read my questions? I was going to go there. That's great.

Dr. Starke: Well, let's go there.

Open skies. I mean, we have two excellent international airports, in Calgary and in Edmonton, and the improvements and the expansion of the Calgary airport is particularly exciting

because it will improve our capacity to host long-haul flights from various locations world-wide. You know, I'm working on a regular basis – we had an open-skies conference in 2009. That resulted in the establishment of some additional direct flights between Calgary and Amsterdam, for example, and I'm hoping to expand that. We're going to have a direct flight from Edmonton to Newark to get into the New York City market. That's going to start in June.

10:50

Why is this important? Well, it's important to Alberta because when travellers have to get here via Toronto or via Vancouver, sometimes they don't take that extra flight. They stop in Vancouver or they stop in Toronto. We want them coming directly to Calgary or directly to Edmonton so that they can then access the Alberta tourism market directly. We know that our visitation is always the highest from areas that can get to us directly, and that's shown, for example, in the United States. Where do we get most of our visitors from? We get them from California; we get them from Texas; we get them from Washington state. All three of those states have direct air links to Alberta, and that's a critical part of developing tourism.

In terms of getting more tourists to Alberta, we have to have increased air access through a variety of markets, and we are working on that. As a matter of fact, it was one of the things that we discussed when we were in London. We talked to Korean Air in London about having a direct Calgary to Seoul flight. The Korean economy is an expanding economy. I bought a Korean car in the fall. It's an expanding economy with an expanding middle class. We want to have more Korean visitors visit Canada, but if they have to fly first to Vancouver, they might not make that additional hop. If they can fly directly to Calgary, it's a different story.

Mr. Strankman: If I could be so bold, Mr. Minister, actually, the skies arrangement is not necessarily arranged by the tourism industry; it's arranged by the Department of Transport.

Dr. Starke: Clearly. Absolutely.

Mr. Strankman: You know, 25 or 35 years ago when my wife worked for Wardair, they flew significantly many times directly to many of the locations you've mentioned. So this is old information that you're talking about, this involvement with the travel industry. The agencies that affect the openness of this are government agencies.

Dr. Starke: Yes, that is true.

Mr. Strankman: So this is my request: are you lobbying those government agencies?

Dr. Starke: We're in conversation with our federal counterparts to increase, as you say, the regulatory aspect of flights. We are in conversation to try to open up those areas. I mean, we have at least been somewhat successful on that, I'd like to point out. You know, we have Calgary to Tokyo direct service, we have Calgary to Frankfurt direct service, we have Calgary to Dallas/Fort Worth that will begin next month. I mentioned already the flights between Edmonton and New York City that are going to be offered by WestJet.

The Chair: Mr. Minister, thank you very, very much.

Mr. Strankman, you have less than two minutes left. Would you like to table your amendment, and then we'll pass it to each member?

Mr. Strankman: Yes, if I could, Mr. Chairman. I'd like to move that

the 2013-14 main estimates of the Ministry of Tourism, Parks and Recreation be reduced as follows:

(a) for the minister's office under reference 1.1 at page 206 by \$162,000 and

(b) for the assistance to Travel Alberta corporation under reference 2.5 at page 206 by \$10,000,000

so that the amount to be voted at page 205 for operational is \$144,196,000.

The Chair: Thank you, Mr. Strankman. As you know, the vote on the amendments is deferred until Committee of Supply on April 22, 2013.

You have 45 seconds left.

Dr. Starke: Do you want me to comment on the amendment?

The Chair: No. No thanks.

Dr. Starke: Then I won't.

The Chair: Thank you very much, Mr. Minister and Mr. Strankman.

Now, I would like to go for the next 14 minutes to the third party. I would like to call on the Liberal assessor, Mr. Kang.

Mr. Kang: Thank you, Mr. Chair. First of all, I'd like to congratulate the minister. I think you're on top of things, Minister. You know, the answers that you have given I think are good answers.

Dr. Starke: Thank you.

Mr. Kang: I'll begin with the goals and priority initiatives of Alberta Tourism, Parks and Rec. Number one: Alberta's tourism products are developed and expanded, and tourism from targeted local, national and international markets is increased. That's to ensure that Alberta grows as a competitive tourism destination.

In the 2011-12 annual report there was: "To enhance air services and travel to and from key international tourism markets" – and I'm speaking in light of expansion of the Edmonton airport and the Calgary airport – "a development mission was undertaken to meet with air carriers in Qatar and the United Arab Emirates." There was, you know, a lot in the news about that, too. There was interest in pursuing direct air service between those nations and Alberta. Jet Airways from India: I believe at one time there was talk with the Alberta government or the Canadian government for them to fly to Calgary, and I was just wondering what happened on that front? Are we still in discussions with those airlines so that they could fly directly into Calgary? Capacity is the issue. If we had more airlines flying directly into Edmonton or Calgary, I think we could get more tourists from more countries.

Dr. Starke: Darshan, you're absolutely correct. That's why the discussion on open skies and direct air links is so critical. When we establish these direct air links, we see an almost immediate rise in the number of travellers from those locations. Some of those are business travellers, but many of them are also travellers that are here to see our various tourism locations.

Your specific reference to the Indian carrier: I'm afraid I can't give you information on that right now. I'm not familiar exactly with that.

What I can tell you with regard to communications with other carriers is that, for example, KLM was the carrier that established the Calgary to Amsterdam route. And we work with our domestic carrier. We work with Air Canada. That's how we established the Calgary to Tokyo route. WestJet is carrying the Edmonton to

Newark route. WestJet and Air Canada are providing routes to various locations in the U.S., including places like Phoenix, Houston, Denver, Salt Lake City, and Los Angeles. And we know that other carriers, for example United, provide daily nonstop service to San Francisco, to Chicago, and to other locations in the U.S. These are important, as you say, because the direct links are to a large extent what fuels visitation from those locations.

I mean, it's probably unrealistic to expect somebody to pack up their camper in San Diego and drive to Alberta. Some do – and it's great to see them – but for the most part the bulk of the tourism from those farther away destinations is by air. Certainly, for our overseas market having links to places like London, Frankfurt, and Amsterdam and in the Asian market to Tokyo, Seoul, Mumbai, you name it, if we can establish these direct air links, you know, that's just great.

With regard to your question with respect to Qatar and the Emirates, as was pointed out, it is a federal decision. But we recently received a letter of support from them for the establishment of that linkage, and we forwarded that letter on to our federal counterparts encouraging them, you know, for the linkages to the critical market of the Middle East, to have that linkage established directly to Calgary.

Mr. Kang: Thank you.

You partly answered the question for promoting tourism in India. Is there anything being done to promote Alberta in India? Is there any money set aside? I see that the destination competitiveness budget is increasing by \$1.15 million. Where is that money going?

Dr. Starke: There are additional funds being allocated for India. When I met with Travel Alberta last month, you know, I highlighted and talked to them a little bit about some of the strategies for establishing that market. One of the critical things is to understand what drives the market and what is effective from a marketing standpoint. For example, in some markets the main way you reach travellers is through special sections in newspapers. For example, I'm told that that is really critical in China. For the German markets it's a little bit different. In India there's perhaps an even third or slightly different approach to that. What's critical is that what works in one doesn't necessarily work in another.

What we do – when I say we, it's what Travel Alberta does – is engage with tourism operators in those nations and say to them, "We have this destination; we think it's an outstanding destination, and this is why," and use some of the established marketing materials, and then say: "Okay. What is the most effective way for us to reach your target audience, to reach your clients?" And we work together co-operatively with those operators to go and do that.

11:00

With specific regard to India, you know, right now we have a marketing budget in India of \$0.4 million, so that's \$400,000. That's not huge, but it's a start. I mean, the thing that's encouraging is that tourism expenditures by visitors from that country – and I should be careful because this is both India and Mexico. They're both considered emerging markets, and no doubt as they grow, they'll be split out. But for India and Mexico together the marketing budget was \$400,000, and at present tourism expenditures from those key markets in 2010 were some \$16 million, so it does appear to be working. Like anything else, success breeds success. As we continue to see an increase in the number of visitors from that market, we will no doubt increase our marketing efforts.

Mr. Kang: Thank you.

To travel domestically, within Canada, taxes are the issue, you know. When people are travelling, they will drive across the border to the U.S. and then take the plane because it's cheaper to fly out of the U.S. Is the provincial government doing anything? Are we negotiating with the federal government to look at the landing fees and other air travel taxes so it could be cheaper to travel within the country, so that we can have more domestic visitors coming?

Dr. Starke: Well, you've certainly identified one of the challenges that we have in a competitive marketplace. Trust me, living in Lloydminster, I know all about people crossing the border to get something cheaper, so I know how that works. It is a concern, and it is something that we address. There are multiple factors that contribute to that increased cost. Some of them are controlled by the federal government, some of them are controlled by the carriers, some of them are controlled by, in fact, the airport improvement fees that are being charged by pretty much every airport now as well, and they all contribute to that higher cost.

That being said, I would, you know, like to just say that since 2009 – we hit a peak in '08, and then we had a bit of a drop-off in '09 – there has been a steady increase in passenger traffic at both the Calgary and Edmonton international airports. In the last year for which we have full figures, Calgary was at 12.8 million passengers and Edmonton about 6.2 million passengers, and that number is increasing by 6 to 7 per cent every year. Yes, there are things that we would like to change in terms of potential impediments, but at the same time, as much as anything, if we can provide the traveller with a good, efficient, effective airport – and I think our two international airports in Calgary and Edmonton do a very good job of this – I think we will continue to see the bulk of the traffic go through those starting points.

Mr. Kang: Thank you.

My next question. In light of the global recession in 2009-10 Travel Alberta developed a sustainability fund to offset possible revenue shortfall due to a reduction in tourism levy funding. From 2009-2011 Travel Alberta was able to build a fund of \$16.4 million. In 2011-12 Travel Alberta withdrew \$6.3 million from the sustainability fund in order to maintain their marketing program. On page 37 of the Travel Alberta 2011 annual report it stated that Travel Alberta is expected to continue to draw from the fund over the next three fiscal years. How much of that money has been drawn for 2012-13, and how much more does Travel Alberta plan to draw for 2013-14?

Dr. Starke: Okay. Thanks for that question. The sustainability fund that Travel Alberta established was, you know, as you say, Darshan, to try to smooth out bumps along the way when there are changes in the global economy. The forecasted amount that will be withdrawn from the Travel Alberta sustainability account for the 2012-13 fiscal year is \$4.2 million. The amount that is projected to be drawn from the Travel Alberta sustainability fund for the 2013-14 fiscal year is \$2.6 million.

Mr. Kang: Thank you.

Since it's the goal of Travel Alberta to increase visitation from 23 million to 26 million by 2015, you know, to grow the tourism revenue for the province by \$1 billion, will the government invest more money in Travel Alberta if their sustainability fund is completely drained out?

Dr. Starke: Well, as I mentioned before, Travel Alberta is directed by a board of directors, and these are ladies and gentlemen that have considerable experience in business. I have a great deal of confidence in their business acumen. In addition to that, the chief officer and the senior management team are also a strong group of individuals that I think have very good business acumen as far as where things are going.

The allocation of funding to Travel Alberta is largely dictated by the amount of the tourism levy that is collected. As you heard me say earlier, we actually decreased the percentage in this year. Whether we do that going forward or not is a decision that will be made when we're in this process again next year.

As far as what we do with tourism marketing spending, I will tell you that it's an important part of what I think drives tourism in the province. You know, you're correct in saying that we have goals as far as the size of the industry and where it's going moving forward. We want to see an industry that contributes to the Alberta economy; over \$10 billion is our target, our goal by 2020. I mean, I see tourism as being a form of economic diversification for the province. We talk about reducing our dependence on nonrenewable resource revenue. I agree that we should be doing what we can to do that. In many jurisdictions – and I believe that Alberta certainly could be one of them – it's all about taking advantage of what you've got, and what we've got is a lot. Let's market it and make full use of it.

The Chair: Mr. Kang, you have less than one minute left.

Mr. Kang: One minute? Okay.

I'll just read this question. On page 67 of the ministry business plan it is stated that the government will "work with partners to develop an After School Recreation Program aimed at increasing opportunities for physical activity in communities during the key 3:00 p.m. to 6:00 p.m. time period." What is the status on the development of this program, and how much money will the program cost?

Dr. Starke: Darshan, thank you. I'll just very quickly say that I will get you that answer. It is a program that we are committed to but is not funded this year.

Mr. Kang: Thank you.

The Chair: Thank you very much, Minister. Thank you very much, Mr. Kang.

Now, the third segment. Speaking for the NDP caucus, Mr. Eggen.

Mr. Eggen: Thank you, Mr. Chair and Mr. Minister.

The Chair: Are you going to go back and forth with combined time?

Mr. Eggen: Yeah, of course.

The Chair: Good. Thanks.

Mr. Eggen: Excuse me if I'm bouncing around a bit. I have, I guess, a cleanup function here, to pick on some areas that may not have been covered by the previous speakers.

My first question is in regard to the Travel Alberta corporation. There's a section in there under other revenue. I know you have some staff here, so if they find the answer later on in our discussion, that's fine. The 2013-14 estimate is an operational revenue of \$1,100,000. Other revenue did not exist in the original 2012-13 budget estimate but was put in the 2012-13 forecast amounts, so I

am just asking whether you or one of your helpers there can explain this line item. Under operational revenue where do these funds come from, and why was it that we didn't anticipate this revenue in our original estimates last year?

Dr. Starke: Well, I'll answer the questions that I can give you an answer for. The other revenue that is listed in the estimates of \$1.1 million is the collection of additional funds from industry partnerships and from conference fees. What does this mean? Well, it means that when Travel Alberta goes into a partnership or sponsorship arrangement with an industry, they will realize some revenue from that.

The other one is conference fees. Travel Alberta builds the tourism industry by bringing – you know, the old rising tide lifts all boats. It brings along partners – tourism operators, hoteliers, you name it – that are involved in the tourism sector and offers conferences in terms of improving their tourism skills and their abilities and their competencies in the field of tourism. They have these conferences, they charge for them, and they realize revenue from that.

11:10

Mr. Eggen: Thank you.

My next question is in regard to a letter that I had received from January 26, 2013, regarding the facilities being closed more often at Peter Lougheed provincial park. This year we were told that the information centre is closed for four days a week, and that used to be just two days two years ago. Can you speak to this particular park's information and visitor facilities in regard to your budget, and if not, can you speak more generally about facilities in our provincial parks having to reduce their service hours?

Dr. Starke: Yeah, happily. I've received some of those letters as well. What I will tell you, specifically with regard to Peter Lougheed provincial park and the visitor centre there, is that the decision was made this year. The number of days that that centre has been open during the week has been gradually reduced over the last few years, and this year it went to Monday to Thursday. It's still open Friday, Saturday, Sunday. It's predicated on numbers, and it's predicated on the usage of the facility and allocating our resources; two things, allocation of resources to where they're needed and prioritization.

By closing during the week the visitor centre that you're referring to, we are able to keep the Barrier Lake centre, which is the one that is the main service centre for the park, open 364 days of the year. There are locations close by, 1.3 and 2.7 kilometres away, other warming facilities for travellers to the area, so even somebody who cross-country skis as poorly as I do can probably get to those if the one is closed.

I acknowledge that when there's a change in the level of service that people have become accustomed to, it does, you know, create some change in the way that they use a facility and use a park, and there is some adjustment, but at the same time we have to allocate our resources and our spending to where we feel they're doing the most good and have the facilities that are used the most open the most.

Mr. Eggen: Absolutely. Okay. Thank you very much. I just hope that the decreased services in these other places are properly communicated to people. I'm sure you recognize as well, Mr. Minister, that it's like a chicken-and-egg thing, right? When you do have reduced services over a protracted period of time, then people are less likely to go to a place. Just so you recognize that.

My next question is in regard to the land-use framework. I know that the ministry of environment has been very vocal about

this land-use framework with the province-wide consultations and so forth. In the Tourism, Parks and Recreation business plan your priority initiative is to actively participate in the development of regional plans under this same framework. My question is: first, how are human and financial resources being used to support and participate in the development of the land-use framework in regard specifically to building new parks and protected areas under your ministry?

Dr. Starke: Well, that's an excellent question, and it presents to us one of the challenges and one of the opportunities in the parks division within this ministry. The lower Athabasca regional plan, for example, will increase the amount of public lands under the administration of this department by some 42 per cent, so now we go from being four times the size of Prince Edward Island to being larger than Vancouver Island. You know, that's exciting because it provides us the opportunity to do more things and provide Albertans with a greater variety of opportunities within our provincial park system.

With regard to the lower Athabasca regional plan this is rolling out over time, and it takes time to do the planning, the development, the identification of where the best locations for parks opportunities are, but we have tentatively identified five different wildland provincial parks and nine provincial recreation areas within that new acreage in LARP.

Now, the South Saskatchewan regional plan: that planning process is ongoing right now. What I find exciting is that with the South Saskatchewan regional plan the idea here is that our land-use planning is such that as our population grows, we make sure that we are preserving lands for specific usages that might otherwise, you know, not have that preservation intact. We're being approached even by private landowners that are saying, "Look, in the context of SSRP we want to talk to you about development of provincial parks on private lands that we currently have and want to coalesce as a potential provincial park," especially in the area of the eastern slopes, where we have some absolutely gorgeous heritage rangelands.

Mr. Eggen: Absolutely. Thank you. Hopefully, outside of this, we can talk about those five potential wildland provincial parks in the lower Athabasca region. That's exciting news.

Further to that and to perhaps your last comment, participating in this land-use framework, is your department advocating for the further protection of the Castle-Crown wilderness area in southern Alberta? Are there any human resources or otherwise for working on a plan to create a wildland provincial park in this area? If so, I would like to have access to that information so that I can help you in that regard because we want a park there. Everybody does. Let's do it.

Dr. Starke: Okay. Well, you know, I thank you for that. I mean, certainly public input on the South Saskatchewan regional plan is going to be very important in deciding whether the Castle area becomes a provincial park or is preserved in some other way. As I said, as population grows, we need to have these plans in place to know what is to be done with that land.

We need to consider a number of different things, you know, not the least of which is community support – I mean, clearly, you're supportive, so that's a good start – but also local impact and existing resource commitments. The South Saskatchewan regional planning process, which is under way right now, is going to take those factors into account.

Certainly, we know that the Castle area – and I'm working with my colleague the minister of sustainable resource development on

this – and many, many other areas in the province are considered very special by our residents, and we have to balance the various pressures that we have on us as government to make the best use of those lands both for today and, more specifically, for future generations. When we think back, you know, to some of the decisions that were made years ago – I mean, thank goodness the Banff national park was established in 1885 and that the little 10-square-mile area right around the hot springs was expanded to the kind of area we have today.

Mr. Eggen: Yeah. That's a very good point. We have to take a very long view in regard to the highest level for provincial parks.

Let's not forget that if we have off the considerable national park acreage that we have protected in the province of Alberta, our total percentage of that wildland provincial park in relation to our total square kilometres in the province is a bit low. I mean, we could easily improve that ratio and protect specific ecosystems. I know that grassland ecosystems and aspen parkland systems within our provincial parkland system could use more protection as could riverine sort of potential park areas.

My last question is in regard to, you know, the Remember To Breathe campaign, which is still on. It's an advertising campaign. I'm curious to know – and perhaps someone in the back there knows – how much that cost and if you have a metric by which you measured the estimated returns of that investment in regard to increased tourism. More generally how do you measure any given advertising campaign in regard to return on investment with increased tourism?

Dr. Starke: You know, that's interesting. As you can probably appreciate, it's difficult to isolate or separate one specific campaign from the entire basket of marketing efforts that are being made by Travel Alberta. I mean, we know that the Remember To Breathe campaign has been one of the most successful marketing campaigns ever launched by any tourism promotion organization. In fact, it's that campaign that has won these awards and most recently, just earlier this month, won yet another award, the diamond award, at the international tourism fair in Berlin and leads the way. Anyone who has seen those videos – I mean, they take your breath away, and that's why you have to remember to breathe.

Mr. Eggen: Yes. As do we while we're doing these budget estimates, I'd say, especially as we're doing so many in a row here.

My final. I think I can squeeze one more in. I'm feeling good about it.

11:20

The Chair: Yeah. A minute and a half left.

Mr. Eggen: It's just in regard to aligning our tourism advertising investment with international marketing initiatives, a priority that you have. If you don't have time to answer, I would be curious to know how much we spend going tandem with our Canadian tourism budget and international budget initiatives as well.

Dr. Starke: What I will say is that compared to the Canadian Tourism Commission and the federal commitment to that organization, which dropped by 20 per cent this past year, we're not going to go down that road. Perhaps a little later we'll talk a little bit about the experience that the state of Colorado had. Cutting marketing dollars in that state was an absolute disaster for the tourism industry.

Mr. Eggen: Thank you.

The Chair: Thank you, Minister. Thank you, Mr. Eggen.

I think the last specified rotation goes to the PC caucus. Mrs. Sarich.

Mrs. Sarich: Thank you very much, Mr. Chairman. I'd like to begin by saying to you as the new Minister of Tourism, Parks and Recreation: once again, congratulations. I've been listening with interest along with other colleagues on this particular committee. Also, I'd like to say thank you to not only yourself, Minister, but to all of those within the department for helping you prepare the financial picture for us for our review in this session for us to ask questions on behalf of Albertans. I know that once you finish one budget, the day after it's approved, you start the work for the following year. So thank you for that.

The Chair: Mrs. Sarich, are you going back and forth?

Mrs. Sarich: Yes. I would be asking for that.

The Chair: Okay. Good. Thanks.

Mrs. Sarich: Thank you very much.

There was a focus question on the use of recreational vehicles or motorized vehicles on our trails. I was wondering, Minister, if you could maybe provide some extra insight on the status of the trails act, the implementation. I know that there has been a body of work done by others over a period of time, and perhaps it's a good time to tell us where we're at with that.

Dr. Starke: Thank you for the question, and thank you for acknowledging the hard work of the staff within the department. I will tell you that I have been proudly telling everybody that I work in the best department in government, and it's largely because of the quality of staff that I have. I'm very grateful for that.

With regard specifically to the trails act, as was stated earlier, we know that the use of recreational trails both by motorized and nonmotorized users is increasing. In fact, it's something that we want to encourage. I mean, it's getting Albertans out into the outdoors, and that's certainly a good thing. Our challenge is that, you know, Alberta has one of the highest sales of off-highway vehicles per capita. There were 161,000-plus off-highway vehicles registered in this province last year. That doesn't count the ones that aren't registered, right? So we have some challenges with regard to making sure that we have a managed trail system that has the proper design, signage, promotion, enforcement, one that can generate economic and tourism benefits for local communities, provide safe recreation to the users and also provide economic benefit to the surrounding communities. I think you'll agree that if that can be accomplished, then we will – and that, in fact, is the goal.

With regard specifically to the trails act we are in ongoing consultations with stakeholder groups to try to develop a trails act and a framework of trails that will be usable, that will be effective in terms of, you know, managing the various user groups but will also be cognizant of our responsibility to protect the environment and protect the sensitive ecological areas, which we know exist out there. We know that if the use of trails, especially the use of off-highway vehicles in certain sensitive areas, is not in some way channelled into the areas where we want them to be that there is a potential for misuse and, in fact, destruction of sensitive areas.

The trails act is on my agenda. Unfortunately, I can't give you an exact time frame in terms of where it's moving or the introduction of it, but I see it as being something that we want to move forward with, and I certainly hope that that's something we can do in the very near future.

Mrs. Sarich: Thank you for that.

Moving on to page 206 of the financial statements and focusing on line item 4.3, assistance to the Alberta Sport, Recreation, Parks and Wildlife Foundation, the estimate for 2013-14 is \$21,355,000, and that's a sizable reduction from the previous year's budget. I know that you had made some comments earlier about results-based budgeting. I think Albertans would be interested to know how you arrived at such a significant reduction. What metrics were used? Was it, in fact, results-based budgeting?

I think you need to comment on the impact of such a reduction on items that are very appealing and gather a lot of interest within the province such as the Alberta Games and 55 Plus Games and our amateur sports as well because those stakeholder groups are going to drop their jaw when they focus in on this sizable reduction, and they would be curious to hear what you have to say.

Dr. Starke: Absolutely. Well, I will tell you that the reduction to the Sport, Recreation, Parks and Wildlife Foundation – this is an organization that I had quite a bit of interaction with during my time in the sport of speed skating. In fact, in November of 2011 I participated in an international exchange with the Japanese island of Hokkaido and a group of 20 young speed skaters from Alberta, and that was all organized and sponsored through the Alberta Sport, Recreation, Parks and Wildlife Foundation. This is an outstanding organization. I mean, the cuts here in no way indicate a lack of confidence in or a lack of ability of the organization.

However, we needed to find different areas where cuts could be made, so we were actually very specific. With regard to the Alberta Winter Games, of which, again, I was able to attend four different sets because of my involvement in speed skating, these are fantastic competitions. They're good for the host community. They generate \$2 and a half million to \$3 million worth of economic activity in the host community, not to mention the re-energization and just the pride in the host communities that have the opportunity to have these events.

I want to stress that the Alberta Summer Games and Winter Games for our youth and the 55 Plus Summer Games and Winter Games are not affected by the cuts to the foundation. These will go ahead. There are no cuts contemplated for those areas. You know, we're going to continue with the cycle of games as at present, and I'm looking forward to attending the 55 Plus Summer Games in Barrhead and Westlock this July.

With regard specifically to the reductions that were made, as I mentioned before, the \$2 million, I've already talked a little bit about the municipal recreation/tourism areas program reduction as well as the reduction in the development initiatives program, the one-year suspension of that program.

In addition, the third one is about a \$200,000 reduction in Podium Alberta. What's Podium Alberta? Podium Alberta is a program that supplements federal support to our nationally carded athletes. We provide support at present to about 216 athletes, and these are athletes that represent Alberta and Canada nationally and internationally. In examining the program – and again, I do have some familiarity with, you know, the funding of amateur athletes.

First of all, the program was supposed to end after the Vancouver Olympics, when Own the Podium was supposed to end. Well, Own the Podium went on, so Podium Alberta went on. That's fine. I think there is a place for Albertans to support their athletes, but I want to stress that it should be our athletes. Some of the athletes receiving support are in fact not Albertans. They train in Alberta because we have these outstanding legacy facilities from the Calgary Olympics, facilities like the Canmore Nordic Centre and the Olympic Oval and Canada Olympic Park, but they are not in point of fact Albertans. Some of them receive funding from

their home province – they're from British Columbia or from Manitoba or Ontario – so if we provide them funding in addition to the funding they receive from their home province, it's Alberta taxpayers that are paying in addition. I said: that I have a problem with.

11:30

Another area that I have a problem with is that some of these athletes are in fact participating in sporting events where they have the capacity, through their activity, to generate quite a bit of income from prize money. These are sports that are, yes, Olympic sports, but they're also sports that for all intents and purposes are professional sports. Some of these athletes are generating revenue from playing their game.

Now, you know, when I compare the challenges that are faced by amateur athletes in terms of coaching expenses, equipment expenses, and all the other things, and the sacrifices they make in order to participate in their sport, I want to make sure that we are channelling our support at those athletes. Those are the athletes that I want to make sure get funding, so they won't receive a cut. But the athletes that may or may not continue to receive support are athletes that have the capacity to earn and generate revenue, whether it's through prize money or sponsorship, and athletes that are here to train in Alberta but are not Albertans and may be receiving aid from other provinces.

In that regard, we anticipate that that reduction will result in a saving of approximately \$200,000. That doesn't sound like a whole ton of money, but you know I have to look at it and say that if I'm looking an Alberta taxpayer in the face who is saying, "Well, you just wrote a cheque to an athlete that is perhaps generating thousands and thousands of dollars competing in his or her sport and winning prize money," that's a hard thing to justify.

Mrs. Sarich: Well, thank you for that and for talking about saving Alberta taxpayers some money.

I'm wondering, you know, when you look at the business plan and specifically the Active Alberta policy, if Albertans have any familiarity with some of the other policies in the Ministry of Health, as an example. Could you explain how that policy is going to benefit Albertans? Is there any overlap with other ministries or any co-ordination and any cost savings? Is this part of the results-based budgeting effort as well so that you're looking for maybe some blending of policies and initiatives? Somebody just looking at the business plans of the various ministries might be very confused as to what this policy is and what the future direction is as well.

Dr. Starke: Absolutely. That is an excellent question. Our recreation programs, in addition to supporting, you know, those athletes who are already involved in sports, are also encouraging some of us who are maybe a little less active to get more active, right? That certainly includes our young people, but it includes basically people of all ages.

We know from research – and it's very clear – that improving the overall level of activity of our population improves the overall health level. I work together and consult on a regular basis with the Associate Minister of Wellness, Mr. Rodney, and we discuss various initiatives in his department and in my department to ensure that we do not have duplication and that we don't exist in these silos that can sometimes grow up around ministries.

The Active Alberta plan we know encourages active Albertans, communities, engagement, and, above all, one of the things, a co-ordinated system. The word "co-ordination" and a co-ordinated approach are probably the key things as we move forward in this area.

Mrs. Sarich: Thank you.

I'm just going to close with a comment. You may or may not know this, Minister, but sometimes when futurists come and speak to the elected officials, they have commented that tourism, parks, and recreation certainly bolster any province's economy. When the Premier talks about the diversification of our economy, perhaps something to keep in mind is that tourism, parks, and recreation could and should be in the future a major, major economic driver for our economy, so from a budgetary perspective perhaps a little bit more advocacy in this direction to help put this front and centre for all Albertans.

Thank you once again for all the hard work. You've come a long way since your appointment. I look forward to the votes in the Legislature on this particular budget.

Dr. Starke: Thank you very much.

The Chair: Thank you very much, Minister. Thank you, Mrs. Sarich.

Now the specified rotation between caucuses is complete, and we move to the portion of the meeting when any member may speak. The speaking times are reduced to five minutes at any one time. Once again, a minister and a member may combine their speaking time for a total of 10 minutes. Also, members are asked to advise the chair if they want to combine their time with the minister.

I would call on Mrs. Towle.

Mrs. Towle: Thank you. If it's okay with the minister, I'd like to go back and forth.

Dr. Starke: Sure.

Mrs. Towle: Thank you very much to the minister and to the staff. I have to say that it's actually been enjoyable because as a new MLA I did not realize how robust the tourism department was. I appreciate all the hard work and all the work that you've put into this.

If we could go back to the ministry, you had mentioned before that the increase in the dollars in the minister's office of \$162,000 was due to a press secretary.

Dr. Starke: Sorry; I'm going to interrupt you. If I left that impression, that's not correct. Certainly, I wouldn't want my press secretary to hear that he's getting \$162,000 because he's not. The increase is partly due to that position, but it's also partly due to budgeted increases in administration and the overall staffing of the ministry and the cost within the minister's office. So, no, it's not solely due to the press secretary. Please, like I say, if he hears that, he'll want a raise, and I can't afford it.

Mrs. Towle: I'm also noticing the deputy minister's office has gone up by \$14,000. Would that be the same reason, just general overall administration costs due to staffing?

Dr. Starke: Well, yeah. I mean, perhaps my deputy could reply to that, but as I understand it, that is not involving any increase in staff in the deputy minister's office. In fact, if you'll check, I have asked the department to reduce the total number of full-time equivalents within the department by 10 this year, saying: "Find efficiencies. Look for where this can be done. But please don't cut people from the front line. Let's look for locations where this can be done in a way that does not affect, if at all possible, the delivery of programs."

Mrs. Towle: Perfect. Thank you. That's exactly what I wanted to hear. I wanted to clarify that because it did seem odd when we were talking about it earlier.

Now, if we go down to capital spending, item 2.2, visitor services, under 2011-2012 the actual says \$177,000, but the 2012-2013 budget and forecast says nothing, and then 2013-2014 says \$1,663,000. It doesn't add up. I'm just wondering what the differences are for the dollars and why there's a discrepancy between \$177,000 and \$1,663,000.

Dr. Starke: Well, the \$177,000 was in the 2011-12 fiscal year. That's going back now a couple of years, so I'm afraid I can't comment directly on that. The \$1,663,000 I can definitely comment on. That's a commitment that was made previously for assistance with the construction of a parking lot at the Canmore visitor information centre, which is the trailhead for the Legacy Trail, which is a trail that runs from Canmore to Banff and is one of the most highly used trails in the entire province, on peak days getting over 1,000 walkers and cyclists travelling between Banff and Canmore daily. There's a redevelopment going on at that location, and that was a project that was previously planned for and is now actually going to go ahead during this coming fiscal year. That was the commitment that the department made to that project.

Thank you so much. Again, my staff is fantastic. The \$177,000 in 2011 was spent on upgrades to space at Milk River, West Glacier, and Field, down in that fifth river. When you put your hand across the map, the one that goes there.

Mrs. Towle: That's good. I see that your previous minister, Mr. Hayden, had actually mentioned that, so I can understand that part of it.

So are you saying that the full amount in the 2013-2014 estimate is going to the Canmore parking lot redevelopment? Was there no forecast and no budgeting for this in 2012 at all?

Dr. Starke: Sorry. The \$1.663 million that is in the capital budget for visitor services: yes, that is the amount that is allocated for the redevelopment of the Canmore visitor information centre parking lot.

11:40

Mrs. Towle: Okay. Thank you.

One of the other things that I'd like to ask is: in the March 5, 2012, *Hansard* the previous minister, Mr. Hayden, talked about how the ministry of tourism employs close to 100,000 people and you get about 25 per cent of your revenue from 7 per cent of the tourists. That was in 2011. What is it now? Is it the same, or is it different?

Dr. Starke: Well, the number of people employed in the industry: Statistics Canada traces this, and partly because of the way Statistics Canada measures it, which has been changed, the numbers we're looking at now are about 139,000 people working in the industry. In terms of the breakdown of what percentage of travellers spend what percentage of the overall dollar, I don't have that number in front of me, but if that's something that we can drill down and obtain for you, we will endeavour to do so.

Mrs. Towle: That will be great. What I'm looking for is the percentage of your revenue from what percentage of tourists – this was something Mr. Hayden had previously – if I could get that in writing.

Dr. Starke: I understand the question, and again the answer is the same.

Mrs. Towle: Okay. Also, when we go into tourism, how many aboriginal partners has the department actually partnered with, and how much of the tourism dollars from the budget is actually there to assist aboriginal partnerships?

Dr. Starke: Well, I'm glad you mentioned that because programming and developing co-operative programming with our aboriginal communities is really critical. We have formed – and this is through, again, our tourism product development area – a tourism engagement working group with the Treaty 7 group that actively advocates and plans and co-ordinates and delivers aboriginal cultural tourism. Why? Because this is another form of experiential tourism that is really critical as we market the province as an overall tourism destination. Aboriginal tourism is really one of those areas that have tremendous capacity and potential for growth, and I'm very excited about working with groups like Treaty 7 to develop aboriginal tourism.

Mrs. Towle: You only have one aboriginal partner, Treaty 7?

Dr. Starke: No. That's an example of one of the groups that we are working with.

Mrs. Towle: But I'm looking for how many you have. How many aboriginal partners is the department of tourism working with right now?

Dr. Starke: Again, that's information that I can obtain for you. We're in consultation with aboriginal groups throughout the province. Just yesterday I had conversations with folks from the Canadian Badlands group that are working together with the Siksika Nation to establish and to expand, again, the potential for tourism opportunities provided by that group of aboriginal peoples.

Mrs. Towle: I noticed that the previous minister, Mr. Hayden, was doing the same thing, so I was just wondering if it had gone any further than Treaty 7. He mentioned Treaty 7 and the Canadian Badlands group as well. If possible, if I could get it in writing: how many aboriginal partners and how many of the dollars from the tourism department are actually assisting those partnerships?

The next thing I'm looking for is: do you have a breakdown of the dollars your ministry is actually spending on tourism research, marketing, and product development with measurable outcomes? How are those dollars being spent, what are the dollars, and how do you know that you're getting good value for the money? I'm fine to get that in writing as well. I know that that's a little bit more than probably . . .

Dr. Starke: Yeah. Again, as far as drilling down to that level of detail, we can work at obtaining that information for you and return it to you.

Mrs. Towle: Thank you very much, Mr. Minister.

The next question I have is: in the March 5, 2012, *Hansard* the previous minister, Mr. Hayden, mentioned a number of times that for every dollar the department invested, he was getting \$45 in return. Is that still the case recently, and if so, how do you arrive at that amount? What is the actual measurement to get that?

Dr. Starke: Well, there are a number of ways of arriving at the measurement. You can measure direct economic activity, and that

gives you one ratio. You can measure expanded, or indirect and direct, economic activity, and that clearly gives you another ratio. You can measure the number of tax dollars that are generated, and that gives you still another ratio. The 2012 conversion studies for the Alberta campaign – and you talk about measurable, and you talk about the research and investment – gave a return on investment of 41 to 1, okay? The 2012 conversion study for the British Columbia campaign had a return on investment of 21 to 1.

I'd just like to take a moment here to talk about – or are we short of time?

The Chair: Thirty seconds.

Dr. Starke: Okay. Well, that's less than a minute. We'll have that discussion a little bit later, but that's some of the information.

Again, metrics are a little bit difficult at times because you have to make sure that you're measuring the exact metrics. As I mentioned before, Statistics Canada changed the way it does the measurements for us a little over a year ago, and it starting affecting it in the 2011 season, or fiscal year, so it makes historical comparisons difficult.

The Chair: Thank you, Mr. Minister.

Mr. McDonald.

Mr. McDonald: Thank you very much, Chair.

The Chair: Would you like to go back and forth with the minister?

Mr. McDonald: If I can go back and forth, I would appreciate that, Mr. Minister.

Dr. Starke: Sure.

Mr. McDonald: I'd like to talk just a little bit about the everyday Albertan and their experience in parks. You know, I appreciate all the work you're doing on the international side of things and how you're exposing Alberta, but I seem to feel that we're neglecting our own Albertans and their experience. Everyday Albertans work five days a week, and they try to go out and recreate on a weekend. They try to book a spot to camp or to use their ATVs or to go fishing, and we continually see people that are either random camping or scattered all over the bush and not in a manner where we can control them, where we can derive revenue from them, and they're not necessarily all safe. I see that you have a capital plan. Could you talk a little bit about your upgrading of parks, which seem to be, you know, most of them, closed for our enjoyment?

Dr. Starke: Well, thanks for the question. I mean, when I get very enthusiastic in talking about promoting the province outside of our borders, I don't want to ever give the impression that I don't think it's important to promote the province from within our borders. The easiest fish to catch are the ones closest to the boat. I'm personally going to spend a fair bit of time this summer travelling our province and visiting our parks. But I have 475 of them to go to, so it may take me a little while.

Your questions are very on point, and I want to stress that we are devoting in parks infrastructure management – you know, that \$24 million that we're talking about is split between both operating funds of \$7.2 million for minor facility repair and maintenance, things like painting, replacing tables and camp stoves, and then \$16.9 million in capital funds for major construction projects as well as equipment purchases over \$5,000. In the last nine years the government has invested nearly \$300 million towards repairing, upgrading, and replacing park facilities and infrastructure. I know that that is a considerable amount.

We are aware, absolutely, that we are in a competitive market with other locations and even with private and municipal campgrounds within our province and that we have to do everything we can to keep those facilities up to date. Our investments in places like the Pigeon Lake campground, the Hilliard's Bay campground are indications of that effort.

Mr. McDonald: Okay. Thank you. Just in that same vein, you know, I see the \$16.9 million. It is an admirable number to start with, but most of that seems to be going to two parks. I'm talking about the average experience for somebody in Alberta on the eastern slopes, particularly, or maybe where I come from in northern Alberta, where we seem to have a tremendous problem of trying to book spaces. I see you have an online website now for booking. Could you tell me how effective that is? Has that helped in providing spaces so that we can continue to keep these?

Dr. Starke: I'm going to talk on a couple of different things. I'll talk about the second question first. The online has helped a great deal in terms of giving people another avenue to book campsites, and in fact we've seen an increase in traffic on that website steadily. Since 2009 we've had 350,000 reservations, and in 2012 we had 243,000 account holders making 109,000 reservations, so that's becoming more and more common. You know, I think that's a general trend although I want to stress that that's not the only way to book a campsite. You can do it on the phone, and you can show up in person.

With regard to the capital expenditures I have the complete list of capital expenditures for the province, and I can assure you that there is capital being expended throughout the province; specifically, the provincial program for the northwest region, some \$5.1 million. There is money being spent even in the Grande Prairie area.

11:50

Mr. McDonald: Okay. Just a final comment. You know, there was a comment earlier on ATV use and some of the revenue derivatives. Has there been a conversation about perhaps putting a check up or a levy on the licence plates for these ATVs to go back to trail replacement or repairs? Is that part of your department?

Dr. Starke: What I will say is that it is part of the overall discussion in the development of the planning for the trails act. You know, at this point I can't commit to specific numbers or even, in fact, whether that would occur, but it's certainly one of the things that has been brought forward. In fact, it's the stakeholders who are recommending it to us. So that's something we will certainly consider.

Mr. McDonald: Okay. Thank you.

Just a final comment. You said there are approximately 160,000 licensed ATVs. Now, that would certainly, with a small check-off, go to a lot of substantial trail development.

Thank you.

The Chair: Thank you, Mr. McDonald.

Mr. Bhardwaj, would you like to take the remaining four minutes?

Mr. Bhardwaj: Thank you very much. Minister, I'll be very, very quick. I just want to talk quickly about tourism. We've been talking about the Alberta advantage for quite some time, and by most conservative numbers we're going to be short probably 110,000 people in the next seven to 10 years. This is specific to the hospitality industry. I've got two or three brand new hotels in my constituency, and they're all experiencing labour shortages or

having problems today trying to find people to work for them. My question to you is: what are you doing specifically in your ministry to address some of these labour shortages more specific to the hospitality industry?

Dr. Starke: Well, thanks for the question. It is a very good question because it highlights, perhaps, one of the greatest challenges in the hospitality industry, and that is, you know, the labour market. You're correct. We need a well-trained, flexible, service-oriented workforce. One of the things we've done as recently as last year is that we provided a grant to the Alberta Hotel & Lodging Association to conduct a labour market study. That study profiled the composition of the sector's labour force and included foreign workers in that profile, identifying where there are areas that we have gaps and also identifying the approximate numbers of people that we need to recruit into the area.

This is a crossministerial effort. One of the other areas, for example, that I've had discussions with advanced education about is expanding programs in hospitality management at some of our local colleges so that those colleges can then produce graduates that can find jobs. We know the jobs are out there in the hospitality industry here in our province. So it is multifaceted.

You know, accessibility is one of our strategic priorities in the tourism framework, and we need to make sure that our industry indeed has that access to the motivated, educated, skilled, and professional tourism worker for that workforce that we will need.

Mr. Bhardwaj: Thank you very much, Minister.

I just want to go back to the development of parks. I haven't been going outdoors as much as I would like to. When I was teaching physical education, as part of my outdoor phys ed we were out and about quite a bit, especially when I was teaching in the Whitecourt and Pincher Creek areas. When we're out there even now, we're noticing that our parks need further development. Specifically, do you have any money set aside? How much money are you investing in the infrastructure for parks and recreation?

Dr. Starke: Well, the \$24.2 million that I quoted earlier is essentially investment into park infrastructure, you know, in terms of both construction projects as well as the refurbishing of existing facilities. That's the amount that is being set aside, which is roughly half of our overall parks budget.

The Chair: Twenty seconds.

Mr. Bhardwaj: Okay. I'm done.

The Chair: Thank you.

I'll call on Mr. Strankman.

Mr. Strankman: Thanks, Mr. Chair. Mr. Minister, if you'd like to continue with our back and forth, as we had previously, that's fine.

The Chair: Thank you.

Mr. Strankman: What I wanted to ask about: earlier on we mentioned the Colorado example of a jurisdiction that had dropped tax dollars in regard to advertising. Were there any other comparative examples used there? You also mentioned that the federal government cut funding by 20 per cent. Do you believe that this would result in less tourism? Is there model funding for that other than using the Colorado example?

Dr. Starke: Yeah. I think, certainly, the example of the Colorado situation is a very clear demonstration and a rare demonstration of

how a public policy decision can have effects. Just briefly – Mr. Chair, how long do I have to answer?

The Chair: A brief answer.

Dr. Starke: Let me give you a brief answer, okay? In 1993 the state of Colorado cut tourism marketing funding from \$12 million to zero as a result of a citizens' referendum. Colorado had achieved the number one ranking as a summer tourism destination in the U.S.A. in 1992. In 1993 they cut the budget from \$12 million to zero. The next year Colorado dropped to 17th place amongst U.S. states, and the loss of revenue was approximately \$1.4 billion dollars. So they saved \$12 million, but it cost the economy \$1.4 billion. And it was years before Colorado recovered. A few years later they did reinstate a tourism levy, but by then the damage had been done, and Colorado is just now regaining the stature and the revenues that it had lost over that period of time.

You know, we talk about ratios of 41 to 1 and 21 to 1 and 23 to 1. All I can tell you is that tourism is an investment, and if you fail to invest, you will fail to see returns. Colorado is an absolutely clear example of what happens when you make a public policy decision to try to save pennies and you lose dollars. In fact, they're describing the Colorado experience as now having to rise from the ashes of the previous mistakes that were made.

I'd like to quote from the *Denver Post*.

The moral of the story is that in the modern tourism economy, it's not enough to have spectacular scenery. You also have to advertise your product. While Colorado was hiding our state's virtues under a bushel, other states were promoting vigorously and stealing our business . . .

Politicians are always pledging to run state government like a business. But in business, you often need to invest money to make money. With a return of more than \$15 in tax revenue for every buck we spend on promotion, it's high time Colorado got back into the tourism business.

Mr. Strankman: Thanks, Mr. Minister, for that.

So just to be clear, you believe that the 20 per cent reduction from the federal government will be negative?

Dr. Starke: In an era where the U.S. government is spending \$200 million on a Brand USA extensive tourism campaign to have American tourists stay in the U.S. and not travel to other destinations, yes, I do.

Mr. Strankman: If I could be so bold as the assessor, then: you and I both live now beside a province that believes that they should operate the bus line as a Crown corporation. Have you given any consideration to selling Travel Alberta and allowing the private industry to give it some consideration? We're both talking about government involvement here, but there's no consideration for private industry.

Dr. Starke: Well, you know, what I will tell you – and the Colorado situation points this out very clearly – is that tourism dollars have to be co-ordinated through a government-directed effort, and that has shown to be very successful in the Travel Alberta situation. When we're talking about an \$8 billion a year industry, I would be very hesitant to consider turning that over lock, stock, and barrel.

You know, I'll just give you an example. What you're talking about and what you folks have talked about in your budget is letting individual operators do the marketing and that sort of thing. Well, there was a meeting in 1997 where they said, "What's wrong with our industry?" and the presenter said: "Okay. What I want you to do is call out the organization you represent on three." There was this cacophony of Denver, Vail Marriott, Colorado Springs.

12:00

The Chair: Thank you, Mr. Minister. Thank you for these two very exciting hours about tourism in our province.

I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has been concluded even though I have a very long list of speakers who wanted to make a comment. They are: Pat Stier, David Xiao, David Dorward, Sohail Quadri, Wayne Cao, Cathy Olesen, Naresh Bhardwaj, and Jason Luan.

Members, I would like to remind the committee that the next two meetings scheduled for the Standing Committee on Alberta's Economic Future are on Wednesday, April 10, 2013, to consider budget estimates for the Ministry of Infrastructure from 10 a.m. to noon and the Ministry of Enterprise and Advanced Education from 7 p.m. to 10 p.m.

Thank you, everyone, for being here.

I would like to thank your staff and all the people present in the gallery today. Thank you, Minister.

Dr. Starke: Thank you very much.

[The committee adjourned at 12:01 p.m.]

