



Legislative Assembly of Alberta

The 28th Legislature
Second Session

Standing Committee
on
Alberta's Economic Future

Ministry of International and Intergovernmental Relations
Consideration of Main Estimates

Tuesday, April 15, 2014
3:30 p.m.

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Standing Committee on Alberta's Economic Future

Amery, Moe, Calgary-East (PC), Chair
Fox, Rodney M., Lacombe-Ponoka (W), Deputy Chair

Dorward, David C., Edmonton-Gold Bar (PC)
Eggen, David, Edmonton-Calder (ND)
Hehr, Kent, Calgary-Buffalo (AL)
Kubinec, Maureen, Barrhead-Morinville-Westlock (PC)
Lemke, Ken, Stony Plain (PC)
Luan, Jason, Calgary-Hawkwood (PC)
McDonald, Everett, Grande Prairie-Smoky (PC)
Pastoor, Bridget Brennan, Lethbridge-East (PC)
Quadri, Sohail, Edmonton-Mill Woods (PC)
Rogers, George, Leduc-Beaumont (PC)
Rowe, Bruce, Olds-Didsbury-Three Hills (W)
Sarich, Janice, Edmonton-Decore (PC)
Stier, Pat, Livingstone-Macleod (W)

Also in Attendance

Barnes, Drew, Cypress-Medicine Hat (W)
Mason, Brian, Edmonton-Highlands-Norwood (ND)
Swann, Dr. David, Calgary-Mountain View (AL)

Support Staff

W.J. David McNeil	Clerk
Robert H. Reynolds, QC	Law Clerk/Director of Interparliamentary Relations
Shannon Dean	Senior Parliamentary Counsel/ Director of House Services
Philip Massolin	Manager of Research Services
Stephanie LeBlanc	Legal Research Officer
Sarah Leonard	Legal Research Officer
Nancy Zhang	Legislative Research Officer
Nancy Robert	Research Officer
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Christopher Tyrell	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications and Broadcast Services
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Alberta's Economic Future

Participant

Ministry of International and Intergovernmental Relations
Hon. Cal Dallas, Minister

3:30 p.m.

Tuesday, April 15, 2014

[Mr. Amery in the chair]

**Ministry of International and Intergovernmental Relations
Consideration of Main Estimates**

The Chair: Good afternoon, ladies and gentlemen. Good afternoon, Minister, and staff. I would like to call this meeting to order and welcome everyone here to this last budget estimate. The committee has under consideration the estimates of the Ministry of International and Intergovernmental Relations for the fiscal year ending March 31, 2015.

I would ask that we go around the table and introduce ourselves for the record. Minister, when we get to you, please introduce your staff.

I'm Moe Amery, MLA for Calgary-East and chair of this committee.

Mr. Rogers: I'm George Rogers, MLA for Leduc-Beaumont.

Mr. Luan: Good afternoon. Jason Luan, MLA, Calgary-Hawkwood.

Mrs. Sarich: Good afternoon and welcome. Janice Sarich, MLA, Edmonton-Decore.

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

Ms Pastoor: Bridget Pastoor, MLA, Lethbridge-East.

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

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

Mr. Dallas: Good afternoon, everyone. Cal Dallas, Minister of IIR, joined today by Associate Minister Teresa Woo-Paw. Also at the table is Deputy Minister Gitane De Silva and over behind here chief of staff Jeff Henwood, Jeannie Smith . . .

The Chair: Please wave. Good. Thanks.

Mr. Dallas: . . . Sandra Locke, Howard Wong, and Assistant Deputy Minister Lorne Harvey.

The Chair: Great. Thank you, Minister.
Please continue.

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Fox: Good afternoon. Rod Fox, MLA, Lacombe-Ponoka, deputy chair of this committee and Official Opposition critic for International and Intergovernmental Relations.

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

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

Ms Kubinec: Good afternoon. Maureen Kubinec, Barrhead-Morinville-Westlock MLA.

Dr. Swann: Good afternoon. Welcome. David Swann, Calgary-Mountain View.

The Chair: Please note that the microphones are operated by *Hansard*, and we'd ask that BlackBerrys, iPhones be turned off or

set to silent or vibrate and not placed on the table as they may interfere with the audiofeed.

Hon. members, as you 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 International and Intergovernmental Relations, I would like to review briefly the standing orders governing the speaking rotation. As provided for in SO 59.01(6), the rotation is as follows. The minister may make opening comments not to exceed 10 minutes. For the hour that follows members of the Official Opposition, Wildrose, and the minister may speak. For the next 20 minutes the members of the third party, Alberta Liberals, if any, and the minister may speak. For the next 20 minutes the members of the fourth party, NDs, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Legislative Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining we will follow the same rotation to the extent possible; however, the speaking times are reduced to five minutes.

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 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may combine their speaking time for a maximum total of 10 minutes. 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.

If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either the chair or committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of International and Intergovernmental Relations. With the concurrence of the committee I will call a five-minute break near the mid-point of the meeting.

Committee members, ministers, and other members who are not committee members may also participate. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members have priority for seating at the table at all times.

If debate is exhausted prior to three 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 6:30 p.m.

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 tomorrow, April 16, 2014.

Now I would like to invite the Minister of International and Intergovernmental Relations to begin his opening remarks. Minister, you have 10 minutes.

Mr. Dallas: Well, thank you, Mr. Chair. It's a privilege to be here today to represent International and Intergovernmental Relations along with Associate Minister Woo-Paw as we look forward to the fiscal year 2014-15 and the ministry's activities in the fiscal year ahead. The importance of this ministry, as you know, has grown

significantly over the past few years, and it continues to grow as we work to deliver our government's mandate to expand market access and ensure Alberta's continued prosperity in a rapidly changing global economy.

Before I begin my presentation, I've already worked my way through those introductions. I'm pleased that the staff could join us today as we present the proposed budget.

As you know, we have put forth a challenging and ambitious agenda for Alberta, a vision of a province that thinks on a global scale and acts proactively on the global stage. International and Intergovernmental Relations is charged with executing this vision. Our ongoing work directly reflects our government's building Alberta plan, which we put into action through our key role in advancing Alberta's interests both nationally and internationally.

IIR is a relationship-building ministry with a threefold focus. We lead government-wide initiatives that enhance Alberta's national and international presence, we build relationships with governments across Canada and around the world, and we help in getting Alberta's products to international markets and promote Alberta as a stable, advantageous place for foreign investment. Let me take a moment to expand on these key roles.

IIR's intergovernmental relations branch is primarily responsible for enhancing Alberta's position in Confederation, ensuring Alberta's voice is represented in domestic and international trade policy development, and working with other ministries to ensure the government's priorities are put forward.

Our international relations branch is tasked with implementing Alberta's international strategy and increasing our presence on the global stage. This includes building strong economic and cultural relations with key jurisdictions around the world, connecting Alberta businesses to new and growing export markets, and promoting Alberta as a preferred trade and investment destination.

To fulfill our mandate over fiscal year 2014-15, we have examined our budget needs and calculated a spending estimate of \$39.4 million. This represents an increase of \$2.4 million to help Alberta succeed in the international marketplace. More specifically, this includes an increase of \$1 million to expand the Alberta abroad program, a program that provides valuable opportunities for recent Alberta postsecondary graduates to gain meaningful work experience abroad, and \$285,000 to support trade-related events and industry participation through the dedicated revenue initiative, or DRI.

The DRI is an innovative and proven approach to expand our marketing efforts by providing a program that allows IIR to generate external revenue. This program requires a buy-in from Alberta industry in which they pay for additional valuable services arranged and co-ordinated by IIR staff in markets throughout the world.

In addition, my ministry is asking for \$877,000 in additional funding to deliver on our market access mandate, which remains our greatest challenge. We plan to utilize the additional funding to establish an Alberta presence in Brazil, support the operation of our new offices in Guangzhou, Singapore, and California, and support the relocation of the Shanghai office.

Mr. Chair, Alberta's success is undoubtedly driven by our global exports. In 2013 we exported \$102.5 billion worth of goods. This represents one-third of Alberta's economic activity. However, the majority of our goods are still being exported to the U.S. Clearly, it is unwise to rely too heavily on one market. That's why expanding access to new markets is vital for our continued economic prosperity and for all Albertans.

3:40

To succeed in the international marketplace, we must continue to look outward, to build bridges and seek out new opportunities. Our ambitious international goals are supported by our government's network of international offices, a network that is expanding and gaining importance as part of Alberta's international strategy. These initiatives are not only necessary; they are also crucial for the future of this province.

Mr. Chair, IIR is accountable and committed to producing positive outcomes for Albertans. Before I wrap up, I'd like to provide this committee with a quick overview of IIR's progress towards implementing our ministry's new performance measures. Fifty-two outcomes-based performance measures were identified last year through IIR's work with KPMG, and we are collecting or are ready to collect data for 46 of them. We are working on the other six measures to ensure consistent and reliable reporting.

The new client relations management system we are looking at will be an important data collection tool for most of the measures still under development. Implementing these new performance measures is one of my priorities. I'm pleased by our emphasis on tangible outcomes and performance management and am confident this will help inform our decisions and actions at all levels of the ministry.

Two of our program areas, international relations and trade policy, were reviewed in the first cycle of the results-based budgeting process. The main finding was that a more robust set of performance measures is necessary to assess the efficiency and effectiveness of our programs. This confirmed the need for the work under way in our ministry on our performance measures. The new performance measures will give a clear view of how effectively the ministry is meeting its objectives and will ensure Albertans are fully informed about progress on the ministry's major priorities.

Mr. Chair, over the years International and Intergovernmental Relations has worked hard to engage in strategic national and intergovernmental relations and to create opportunities for Albertans through trade negotiations and international missions. Our work has also helped position Alberta as a key player in the international marketplace. Today the role of IIR has grown in scope to ensure Alberta's resources reach new and emerging global markets and that our businesses have the support they need to succeed on the international stage. This is a very critical issue facing this government and all Albertans, and my ministry seeks the resources to achieve that mandate.

Thank you. I look forward to the questions.

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

Mr. Fox, you have one hour.

Mr. Fox: Thank you, Mr. Chair.

The Chair: And it will be divided into three 20-minute segments. Would you like to combine your time with the minister, go back and forth?

Mr. Fox: If it's agreeable with the minister, I would love to go back and forth.

The Chair: Yeah. Okay.

Mr. Fox: All right. Minister, I intend to dialogue with you on these budget estimates. I'm looking to dive down, really, into the nuts and bolts of the ministry, so please take no offence if I have to cut you off at some point, because our time is short and I have a lot of questions.

I note that your overall budget is up \$2,429,000 over last year, which is a 7 per cent increase. In comparison to 2012 there has been an additional \$10,866,000 added to your ministry, to create a whopping increase of 38 per cent. That's a large increase, Minister, and I intend to find out more about that today. So let's get on with the questions.

Of the performance measures in your business plan on pages 71 and 72 which performance measures report on the four objectives outlined on page 21 of Alberta's international strategy? For the record those four objectives are: diversify markets to expand the economy, build Alberta's reputation as a global citizen, prepare Albertans for success in the global community, and prioritize and integrate government actions to take advantage of international opportunities.

Mr. Dallas: Okay. As I said, there are 52 measures. We can start reviewing those measures, but I'm not sure that's exactly what you want to do here. What I'll start by saying is that there are two different types of measures. There are performance outcome measures, and there are performance indicators. What we've discovered in conversations both at this committee and in other examinations of the work we're doing and in the full review and development of the international strategy is that there is a need to have more measures that looked at both the outcomes and the indicators. So we recognized that some of the traditional measures that we were using relied on factors that were beyond the scope of the ministry itself to maintain control over.

Then there are other measures that, quite frankly, I think are positive in the sense that they give us some sense of the level of service that's being provided by the ministry, but they're not necessarily the kinds of measures that Albertans were looking for in the context of stewarding the investment of their tax dollars in these particular areas.

To be sure, I can suggest that the measures fall into those two categories. You want them classified according to diversified economy. That actually is a measure of the international strategy. The international strategy, that was launched in May 2013, took a look at the opportunities, the challenges that we have, the reliance on the fact that we have a very significant trading partner, that in essence over 87 per cent of the trade that we do is with the United States of America. Knowing full well that a third of our GDP is trade reliant, understanding the complexities and the outcomes that were based on the recession that occurred in 2008 and the changes in economies both in the United States and Europe, it was easy to recognize that we had to change the emphasis on the marketplaces that we were looking for.

So, in fact, the performance measures don't measure that. That was a function of the international strategy. The performance measures that we have today look at issues such as clients satisfied with services, which is obviously, as I spoke to, an important measure to understand the interaction with both the internal and external stakeholders, that we work with on a daily basis. The percentage of clients that are satisfied with services to support Alberta business activity in targeted foreign markets, I think, is a measure around diversification, as you mentioned, in the sense that we've clearly articulated that we're going to be working in new markets and expanding our role in those markets, and of course that relates back to reputational issues.

Some of the performance indicators, as I mentioned, that we're measuring are things like total investment into Alberta per capita; Alberta's rank compared to other provinces and territories in total investment per capita; the total value of Alberta's exported products and services, which, as I outlined in my opening remarks, increased by 6.9 per cent year over year and now sits at \$102.5

billion. So from that perspective a fabulous year, but rather than take all the credit in years where commodity prices are high and currency fluctuations are favourable, I think it's very important to balance that out and recognize that those are indicators that you're moving in the right direction but that from market to market there's a diversity of results that you achieve there.

Mr. Fox: Minister, it sounds like there's a lot to these 52 new performance measures that you're looking to bring in. I would ask: would you be able to table those right away so that we can know what you're going to be measuring going forward and what the baseline of that is going to be?

3:50

Mr. Dallas: Yeah. Actually, I did table them last year at this meeting, Mr. Fox.

Mr. Fox: Okay. Thank you.

Goal 1 of your business plan for 2014 through 2017, on page 70, is that Alberta's international objectives are achieved. Priority initiative 1.2, on page 71, is to continue to implement Alberta's international strategy, including the recommendations of the international offices review. Minister, from page 22 of Alberta's international strategy there was to be a small- and medium-sized enterprise export council established. Has this council been set up?

Mr. Dallas: Yeah. The council has been established by ministerial order, and the initial meeting of the council, I believe, is scheduled for May.

Mr. Fox: Whose public service performance contract has this task been assigned to in your ministry?

Mr. Dallas: That's a function of delegation to the deputy minister.

Mr. Fox: So we don't know whom they fall under, which ADM? Or is there somebody specific that they report to?

Mr. Dallas: Oh, yeah. That's the international, so Chief Assistant Deputy Minister Sandra Locke falls into that category. It's a small- and medium-sized enterprise export business council.

Mr. Fox: Okay. Thank you.

Looking at the business plan for 2014-17, pages 71 through 73, I do not see any performance measures that report on the effectiveness of Alberta's international strategy, in particular objective 2, on page 8 of the international strategy. I'm curious why there's nothing in here that addresses that right now. Just for your information, objective 2 states, "Build Alberta's reputation as a global citizen" by highlighting a broader set of Alberta's strengths, building long-lasting, dynamic relationships, building Alberta's reputation for its commitment to transparency and responsibility in resource development and environmental leadership, and establishing an international development office.

Mr. Dallas: First of all, there is a performance measure that is described as per cent of objectives in the international strategy accomplished. That's one of those six measures, of the 52 that I indicated, that is still under development. That client relationship software that we're using is a part of measuring that. We want to ensure that those measures are clear and well defined. We worked with the consultant, KPMG, on understanding the context of the question and the measurement. We continue the work on that. We're very close to beginning the collection of data on that particular piece.

Mr. Fox: Okay. Of all the performance measures listed in the business plan, which one monitors the set-up and performance of the international development office, that was called for on page 9, point 2.4, of the Alberta international strategy?

Mr. Dallas: That would be exactly the same measure.

Mr. Fox: So has that office been set up?

Mr. Dallas: Yeah. Effectively, we've been functioning. It is not a secretariat, an office, per se, hon. member. There is a set of terms of reference in the context of the work that we're trying to achieve with that office, but it's not a dedicated employee. It's not an office that has supports per se. I don't want to understate the value or the importance of that by describing it as off the side of another desk, but effectively I can tell you that it's not an assigned position that is a full-time position with supports. We do conduct that along with other business in the international realm.

Mr. Fox: So there is nothing dedicated within your ministry to that; it's spread out amongst all of your staff?

Mr. Dallas: Well, we have some staff members that are working specifically on that. A variety of staff members can respond to inquiries on the basis of that. But, no, it's not a department or an area or workplace or that type of thing within the ministry.

Mr. Fox: Thank you.

On page 71 of the business plan there are two performance measures, 1(a) and 1(b). Minister, can you tell me who the clients are that are being surveyed with respect to the satisfaction of the service to advance the international policy objectives and support business activity in targeted foreign markets?

Mr. Dallas: There's a combination of clients there, both external and internal. Obviously, we have a database of businesses, of stakeholder organizations, not-for-profit organizations that work in the realm of both international and intergovernmental relationship areas. Then inside of government – and you saw that as part of our international strategy – we have a commitment to work with other ministries such as Energy, Environment and Sustainable Resource Development, Culture, Education, Innovation and Advanced Education, and the like. We work together as a team to achieve these objectives and the departmental objectives of other ministries. We also measure the satisfaction level of those enterprises as it relates to the services that we're delivering to them.

Mr. Fox: Thank you very much.

In the business plan for 2014 through '17 on page 71 priority initiatives 1.1, 1.2, and 1.3 tie into Alberta's international strategy on page 21, objective 1. On page 16 of the strategy there are some pie charts, and I like pie charts. I like pie. Who doesn't love pie? I do remember that there was one politician out there who said that they wanted to bake a bigger economic pie.

In this case today I want to talk about the sizes of the pie slices. The first chart has Alberta's 2012 exports by product. Seventy-three per cent of those exports are tied directly into the energy sector. What are you doing to expand the other 27 per cent of exports so that Alberta is less dependent on the fluctuations of world energy prices, and where are the related performance measures in the business plan?

Mr. Dallas: Well, that's a great question, and I'm happy to talk about that. It's so important that we all talk about that in our

constituencies wherever we are. I think that because we're Albertans, because of the nature of the tremendous energy reserves that we have in this province, we often get sidetracked into thinking that our efforts around achieving market access, whether that's in the context of nationally or continentally through the infrastructure developments that we have or through our international offices and the relationships that we've forged in the 172 countries that Alberta enterprises do business in, focus solely on the energy area. But, in fact, some of the greatest opportunities in these markets are in very different areas, whether that's in agriculture, where we expect to be one of the few countries in the world over the next 10 years that's in position to be a net exporter – and there's great opportunity to realize up and down the value stream opportunities to market agricultural products emanating from Alberta around the world.

Certainly, in those strategies we've outlined opportunities and prioritized potential marketplaces for a host of different sectors. Quickly talking about some of those – it would be impossible to cover them all – certainly the area of agriculture production and value-added processing and the area of education, even activities such as Alberta curriculum, have a very high value proposition in some of these markets. Advanced manufacturing is something that we do very well here in the province of Alberta, and there are a number of markets, particularly in the Asian and European Union areas, where there is a high level of interest. Bio, consisting of medical technologies, instruments, and the like, is a marketplace for us in a number of key markets around the world, including Europe.

The work that we're doing goes far beyond the proposition of marketing our energy and realizing full value for our products. It is about telling the Alberta story from the perspective of the advanced state of many of the industry sectors that we have here, the value proposition that exists, and the opportunity to both attract new investment capital to invest in those sectors but also to trade out and be part of a broader supply chain in many areas in the economy.

Key to all of that is making sure that we gather the market intelligence, that we understand that that's one of the core functions of our offices internationally, that we develop the relationships to be able to broker and provide the introductions to the businesses and innovators that are looking to expand into those marketplaces. Clearly, the value of those transactions is a performance indicator.

One of the things that we'll probably talk a little bit about later is a recent mission that Associate Minister Woo-Paw was on that included work, certainly, in Asia last year.

4:00

In one area of the world, in Asia, investment was attracted here to the tune of \$444 million. Trade developed directly as a result of the contacts and relationships that were developed on missions, \$25 million in additional trade. That's spread over a number of different sectors, and it makes a difference not only to different industry sectors in Alberta but to different regions around Alberta because, obviously, this work is not focused in Calgary or Edmonton or in southern Alberta or northern Alberta. It is activity that happens right around the province.

We spend a lot of time out around Alberta. Last year I stopped in 18 different communities, talking about export-related opportunities for small and medium-sized businesses, the opportunities that exist for innovators, for entrepreneurs, for risk takers that are willing to invest in these markets.

Mr. Fox: Thank you, Minister.

Back to the pie charts that tie into the priority initiatives listed on page 71 of the business plan. Eighty-seven per cent of Alberta's exports in 2012 went to the United States.

The Chair: Mr. Fox, two minutes are left in this segment.

Mr. Fox: Thank you very much, Chair.

I don't see any tangible performance measures in this business plan that show any attempt to lessen Alberta's dependence on one foreign market. In fact, there isn't even any data for 2013 in performance indicators 1(c) and 1(d) on page 71. How do we as the opposition and how do Albertans know that we're growing our nonenergy exports and easing our dependence on one foreign market?

Mr. Dallas: Well, that's a good question, and I think I alluded to that both in my opening comments and also in the first part of our discussion. We have to make sure that we're defining the difference between performance measures and performance indicators because on a year-over-year basis I don't think you would draw the appropriate conclusions. Last year our exports to the United States grew by a substantial amount, and the value of that, as you can appreciate, has a heavy weighting in the energy sector.

Part of the reason for that performance goes beyond the expanding output of our energy complex in Alberta. It, in fact, is based on two other variables that are significant. One of them is the fact of the price of energy, whether that's bitumen or light oil or natural gas. The commodity price was high last year. There was also a substantial change in the currency valuation of the Canadian dollar versus the American dollar, and this has resulted in a positive sales outcome in terms of the United States.

So if we're looking at a number like 87 per cent of our exports going to the United States in a prior year and why we can't move that number to 85 per cent or 83 per cent over the period of a year, we're going to have to look out further than that because the fluctuations in currency and commodity price alone this past year were weighted heavily in Albertans' favour but against the changes in that grid that you speak of.

Mr. Fox: Thank you very much, Minister.

We're going to shift gears here a little bit and talk about trade disputes. On page 72 of the business plan I see two performance indicators with respect to Alberta being the subject of one complaint in a trade dispute. I think that the record on this is pretty good. Could you expand on what this trade dispute is that was recorded in 2012?

Mr. Dallas: Let's just come back to that because my assistant deputy minister, intergovernmental, is just with the Premier, and he will be back in here, and we'll ask him that one.

Mr. Fox: Sure.

Mr. Dallas: Or maybe it'll pop into my head before then.

Mr. Fox: I'm just going to move along, then, with that. We'll come back to that and touch on it again later if it doesn't pop into your head.

Let's go back to the estimates, page 144, line 1.2, associate minister's office. You're spending an extra \$250,000 to fund Associate Minister Woo-Paw and her two staff. In such a small associate ministry could you explain what added value the associate minister brings to your ministry and what performance measures directly relate to the associate minister's office?

Mr. Dallas: Yeah. Absolutely, I can, and I would be more than pleased to do that. I mean, the reality is, as I outlined at the beginning, that the work that we do – this is a relationship ministry. We don't deliver programs although we have one program, that being the Alberta abroad program, and we don't deliver services to a target group in the way that many of the ministries do. Our function is to deliver relationships, market intelligence and opportunities to other Albertans to achieve the goals that we've set out in both the international and the ministry strategies around the work that we do to enhance our role in Confederation.

Associate Minister Woo-Paw has specific responsibilities as the associate minister for Asia. In the international strategy, released in May of 2013, we clearly articulated that Asia was the priority market that we were going to expend resources in to achieve and to develop that diversification around the reliance on the trading relationships that we have globally, recognizing that while we trade with 172 countries, the large balance of trade that we do is with the United States and that we seek to increase the trading relationships and the diversity of those relationships in other markets, specifically in Asia. Clearly, Associate Minister Woo-Paw has an ability to develop relationships to further those goals.

Some of that is work that we do here at home, whether that's in the province of Alberta working with cultural, educational organizations, stakeholder organizations that focus on and specialize in the development of opportunities between the province of Alberta and Canada more broadly and Asian countries. Some of it has to do with diplomatic officials, some who act in an honorary capacity in the province of Alberta or, as in the case of the People's Republic of China, where they operate a consulate general office in Calgary, in furthering those relationships, including others that are out on the west coast, where a lot of the consulates for the Asian countries are.

Mr. Fox: Thank you, Minister.

Now, that brought to mind another question I had here for you. With 16 government of Alberta employees in China and another 11 staff here at home dedicated to the China file, it's clear to see that China is our most important trading partner next to the United States. Is the bad treatment of the Shen Yun performance group by the staff of the Southern Alberta Jubilee Auditorium in 2012 part of Alberta's efforts to curry favour with the People's Republic of China?

Mr. Dallas: I would suggest to you that there's absolutely no relationship, and I'm not familiar exactly with the issue you're referring to. One of the things that's clear to delineate is that the delegation of authorities through the Constitution regarding foreign policy is the purview of the federal government of Canada, so you won't see the government of Alberta actively involved in activities around the development or execution of foreign policy in the work that we do. Our belief is that we build relationships, that when we have relationships and the breadth of those relationships is established, we have an opportunity to have a dialogue on matters that are important to us.

The Chair: I must add that this question has no relationship to the estimates of this particular department.

Mr. Fox: Well, thank you for your latitude, Chair.

The Chair: Could you please focus on the estimates, Mr. Fox?

Mr. Fox: Line 1.4, communications, page 144: this item is up 21 per cent, so this is a large increase in the ministry. It's up

\$154,000 over 2012. That seems like the price of a very well-paid communications staffer or two being added to the ranks of your ministry. Of the eight staff, making on average about \$92,000 a year, who is new, and why did you need more comms? Why are you asking for more spin doctors?

Mr. Dallas: You know, the reality is that we make decisions in our office, and this is something where, if you've been working your way through a number of the estimates, you'll recognize that the ministry offices have engaged staff to specifically address, ensuring that both Albertans and, in our case, a much broader audience are familiar with the activities, the objectives, the storyline that we pursue.

4:10

There was a transfer of employees from the Public Affairs Bureau to the ministry. I accept that. They're busy. We continue to be challenged by both Albertans and our stakeholders further afield to ensure that we are gathering information, that we're dispensing that information, that there's a broad understanding of the objectives that we need to achieve and the manner in which we go about doing that business. So I make no apologies for effectively communicating with our stakeholders and our constituents.

Mr. Fox: What line item does your ministerial correspondence unit fall under?

Mr. Dallas: Corporate services is where that is.

Mr. Fox: Okay. Thank you.

How much are you spending on them this year specifically?

Mr. Dallas: There are three people, tops, in that area, about \$250,000.

Mr. Fox: Thank you.

When I look in the corporate services directory, I count about 42 employees in your line 1.5, the corporate services area. Is this correct? Where are you spending the extra \$122,000 on line 1.5, which is corporate services?

Mr. Dallas: Well, first, let's just do a little review of how corporate services works inside IIR. In fact, there's a joint agreement between Aboriginal Relations and IIR to deliver corporate services, and that's based on, as you can appreciate, the fact that IIR is, far and away, in the context of the financial perspective the smallest ministry in the government of Alberta. So we do have a joint operating agreement. That joint operating agreement covers the provision of information technology services, supports the IT infrastructure. Obviously, that relates in our case to the new international offices, the client relationship management system, that I talked about earlier in the notes, and we share that service.

We also share the FOIP services – actually, no. One of those FTEs resides in FOIP to support additional FOIP requests and third-party consultation, and of course that is shared with the Ministry of Aboriginal Relations. Then there's an additional FTE that resides in human resources to support the increased scope and workloads due to the ministry growth both within Aboriginal Relations and, obviously, the growth inside IIR as well.

So it's a shared agreement. There is one group of employees that are paid by one ministry but resourced for two.

Mr. Fox: Thank you very much, Minister.

Page 144, line 3, international relations. I note from the online telephone directory that you have styled the assistant deputy

minister of international relations as being the chief assistant deputy minister. There are no ADMs reporting directly to this chief ADM. Minister, could you tell me why you need a chief ADM when you already have a deputy minister?

Mr. Dallas: Yeah. I can speak to that on two different levels. The first one that I'll discuss with you is the fact that one of the objectives that you've seen in the international strategy is around the co-ordination and development of not only regional strategies but the co-ordination that we do internal to the government of Alberta, so, as I mentioned, a variety of ministries: Tourism, Parks and Recreation; Energy; Environment and Sustainable Resource Development; Culture; Education; Advanced Education; Agriculture and Rural Development. There is today a co-ordination of activities in the context of our international work where there are responsibilities that thread back to IIR, and the chief assistant deputy minister, international, is responsible for those activities.

Beyond that, of course, what you've got are 13 international offices that directly report to the chief assistant deputy minister, and all of the activities outside of that in our international division report there. So it's not an additional position. We formerly had an assistant deputy minister, international. This is a recognition that the responsibilities of this particular assistant deputy minister go beyond the scope of what was prior and clearly in terms of an internal government responsibility outside the scope of a typical assistant deputy minister.

Mr. Fox: Thank you. Again on line 3 does the title of that chief ADM accord any additional pay and benefits from the \$26,831,000 in that operational line item? Formerly being the ADM of electricity at Alberta Energy, does the chief ADM joining IIR signal anything to do with the potential construction of international export power lines in Alberta?

Mr. Dallas: First to the HR side of the position of the chief assistant deputy minister. There is a wage modifier that would see compensation 15 per cent above the level of an assistant deputy minister range, so there is a differential there.

To the second question, which would be a policy question, I outright reject that anyone ever even dreamed of such a supposition. It has absolutely nothing to do with it at all. We ran an exhaustive competition to surface a candidate that had a range of capacities and abilities to guide a very complex organization with a variety of outcomes that required a global perspective and significant experience in relationship development and management. That was the selection criteria.

Mr. Fox: Thank you very much, Minister.

Moving along, page 144, line 3.2, international offices. Alberta now has 13 of these offices staffed with 44 employees around the globe. Almost 64 per cent of the employees are based out of major financial, commercial, industrial, and government centres in Asia. Two of their other offices make me scratch my head, however. I've heard the beer is good in Munich, but why would Alberta set up in Munich, Germany and not at the seat of the European Union, in Brussels, Belgium? Why does Alberta also maintain an office in Chicago? And where do I find a breakdown of the budgets, staff, and their roles and responsibilities for each of these international offices within your ministry estimates?

Mr. Dallas: Where would I start? We obviously need to get you to Germany to have a look at what's happening in one of the most advanced economies in the world, close to 80 million people in an advanced economy that has a significant interest in Alberta. That, actually, is a jurisdiction where we have a wide range of

memorandums of understanding, of agreements around sharing technology. There's very significant work happening in the energy sector across the board in terms of traditional, renewable, and alternative energy sources. Germany is a global leader in that category. We've engaged German companies, German educational institutes, German jurisdictions, with which we have unique twinning arrangements to develop a wide variety of export opportunities, investment attraction opportunities. There's very significant business done in the European Union, but a lot of that activity takes place in Germany.

The other office that you'll know that we have in Europe is in London. It's co-located in the High Commission and provides excellent service to us. The dilemma that you raise around the location of the office and the potential for locating that office in Brussels: in the London office we have primarily spent an awful lot of energy in the last 18 months at a minimum working on the policy advocacy around fuel quality directives.

4:20

You're right; I believe the number would be 745 legislators that are located in the European Union's Parliament in Brussels, and they are an active component of those that we seek to do policy advocacy with, but we've been able to effectively provide those services through our London office. We've been able to stay focused in Germany on the trade and investment attraction piece of business. At this time I would suggest that we're well served by those two offices in London and Munich and don't have any plans to open a new office or move an office to Brussels.

Mr. Fox: Thank you very much, Minister. To continue with that line of questioning, on page 144, line 3.2, international offices, the international offices appear to cover much of the globe, but key emerging markets such as eastern Europe, the Middle East, Africa, and South America are not represented at the moment, so I'm curious about how you decide to set up new offices and where.

Mr. Dallas: Yeah. As I said at the outset, you have to do a very thorough analysis of where growth in specific economies is happening, where that economic growth is likely to have potential in the context of needing the kinds of goods and services that we produce here in Alberta. To be honest, we have a very active regional strategy that covers the areas that you speak of.

If you look at some of my previous missions, you'll see that I've been in the Middle East area two times, and we have some very active Alberta companies that are working in the region. We have investors who have made very significant investments in the province of Alberta that emanate from those regions. We provide supports in the field, and we're in those markets on a regular basis even though we're not operating offices in those areas.

But, ultimately, we looked at a number of regions around the world. Obviously, in South America we've announced plans to open a new office in Brazil. We see that as a rapidly growing economy that will be a consumer of Alberta goods and services. We made a decision to open an office in Singapore, not because Singapore is the attraction but to cover part of the ASEAN region, with over 500 million people, a very advanced economy that's growing rapidly but also with opportunities with countries in the region that have emerging economies and a growing consumer class that, ultimately, likely will be a consumer of our agricultural products.

So we have thoroughly analyzed markets around the world, but the fact that we've located offices now in 16 different locations – we are in 13 today and will be in 16 within a year – is not necessarily an indicator that there are not other markets that we're

interested in, and you have just identified a couple that we are active in and we're very interested in.

Mr. Fox: Thank you very much, Minister.

While we're still talking about these offices, page 144, line 3.2, international offices . . .

The Chair: Mr. Fox, your third 20 minutes.

Mr. Fox: Twenty minutes left? Awesome. Thank you.

Expenses on these offices have risen by about 89 per cent over two years, from \$6.2 million in 2012-13 to \$11,825,000 in 2014-15. Your 2012-13 Alberta International Offices Business Report provides a snapshot of what the offices have been up to, and page 10 has some good reporting statistics overall, but I would like to know how many Alberta businesses were helped in each office and how many foreign businesses were helped in each office and how much investment in Alberta and exports from Alberta did the assistance of these offices generate.

Mr. Dallas: Yeah. We're going to find some stats for you here with respect to that. I have not got that broken down for you in that manner, but you've alluded to the activity report as a source of good information with respect to the operation of those offices.

I'm going to go back, first, to the cost that you've discussed, and there are a variety of reasons for increments in the cost. One of them is a nuance that I think we need to be clear about because it's a condition that will repeat itself in the current budget year, and then beyond that I think we'll have limited variability, and that has to do with the operational costs of these offices for part-year scenarios and also the costs associated with the start-up of new offices.

As you know, we've gone from 10 offices to 13 offices, and we're moving to 16. So in each case, with each of those offices, not only is there a start-up cost associated with that, but then there's an incremental cost that's associated with the number of months during the fiscal year that those offices are in operation. So we have six office scenarios with the combination of start-up costs and then variable costs during the course of the duration before they achieve that first year, when they're open and up and running for a full 12-month period. So that creates some of those pressures.

You'll also recall that in the international strategy there was an indication that not only were we going to open new offices in six locations, but we were going to resource those offices. I talked at the outset about that balance of the work that we do inside the offices, the work around policy advocacy, the work around market intelligence gathering and sharing, the work around trade development with Alberta businesses incoming, and then the work around investment attraction coming back in this direction. So in some of those offices we have a variety of different resources based on the potential of the market and our relevance and exposure into those markets to date.

For example, in the Beijing office we've added a substantial number of trade-related resources to better support Alberta businesses that are operating in-market, and we have a much higher representation level in an office in Beijing, for example, than we have in some of our other offices, including – I think you talked about the Chicago office, where it is trade-related staff that are there. They're locally engaged, working as employees of the consulate but paid for by us and effectively focused on trade activities. As an alternative scenario our Washington office is almost entirely focused on policy advocacy and is resourced accordingly.

Mr. Fox: Thank you very much, Minister.

Page 144, line 3, international relations. Alberta was to host the World Economic Forum event in Lake Louise. How much was spent in prepping for that event, that never occurred, and would this have been charged under line 3.1 of international relations on page 144 of your estimates?

Mr. Dallas: Thanks for the question. No funds were expended in the preparation for that event, but as I indicated, we were actively working on the development of that event beginning in September 2013. As you know, there were some challenges around solidifying a date, and ultimately there was a conclusion drawn by both ourselves and the World Economic Forum that the timing was not right based on significant events in Alberta.

But I think I want to underscore the importance of hosting an event, whether it be with the World Economic Forum or other leading organizations, to have a conversation in Alberta about significant issues around our role as a global energy leader. So we continue to advance that message globally and will continue to look for opportunities to do more of that work here at home.

Mr. Fox: Thank you again, Minister.

I have here a copy of the 2011 Alberta International Trade Review, and when I thumbed through it, I found that this was an absolutely amazing document. It was something that someone like me would just love to read. It documents Alberta's trade with the world. Now, is 2011 the last year that this document was published? The reason I ask is that I contacted the Legislature Library to find the 2012 version of this, and they were unable to track one down for me. I'm curious why that is and if I should be expecting your ministry to table a 2013 document in the Legislature any day now on our international trade review.

Mr. Dallas: No, I've not contemplated a document like that. Those statistics would come from Statistics Canada. I assume that that's a reproduction of StatsCan data, and I'm sure that it's readily available.

Mr. Fox: This was, unfortunately, the last year that it was produced. It shows exactly what we've done in Alberta, where our exports went and the imports that were coming in. It was a wonderful document, and it's a shame that we're not prepping something similar to this moving forward.

4:30

Page 144, line 3, international relations. Let's talk about the work units that are funded by this \$15 million. The online directory places six branches under your chief assistant deputy minister: international policy and strategic services, United States, Europe, northeast Asia, Southeast Asia and Oceania, and also the emerging markets. But I'm most interested in the international policy and strategic services. There are four people at the top with this executive director. I'm just curious what exactly they're doing all day.

Mr. Dallas: Yeah. In international policy advocacy, as I alluded to, I'll refer to perhaps the two most significant issues, but I can describe a number of other complex issues if you like. The fuel quality directive in the European Union has been one of the most daunting challenges for the province of Alberta in the context of our future ability to market our energy products globally. The fuel quality directive has been passed as a piece of legislation, and essentially what's been debated at the committee level is described as the implementing measures. Those implementing measures seek or did seek to isolate bitumen or oil sands derived products as

a separate valuation, and it would be subject to punitive penalties and require an administrative burden were those products to be imported into the European Union.

We have expended along with the Ministry of Energy a substantive amount of work in the context of visiting legislators at a jurisdictional level. Twenty-four of the 28 members of the European Union, for example, have been visited by either Minister McQueen or myself to talk about both the technical challenges around the implementing measures and the practical implications of a policy decision that, quite frankly, would reverberate throughout Alberta and Canada for a very long period of time should those measures be passed.

So that's the type of work, but specifically some of the other things that you're referring to are mission planning, both incoming and outgoing; the externship program, now known as Alberta abroad; the ADM international committee, that I spoke of, that encompasses those other government ministries. The small- and medium-size enterprise export council is part of the work of that group, and obviously anything else that would be deemed to be crossministry initiatives would be handled by that division as well.

Mr. Fox: Thank you very much, Minister.

Now we'll move along. It's still on the same page, though, page 144, line 3, international relations. As you alluded to in your opening remarks, we know that you're running something called the Alberta abroad program, sending externships to foreign countries and entities in the hope that these recent Alberta graduates will return to Alberta with international experience. How many externs has Alberta sent overseas, who pays the salaries of the externs, and how much is this program costing Alberta taxpayers?

Mr. Dallas: Well, in the budget estimates the proposed number is \$2.5 million. That's an increase of \$1 million over last year's budget amount, which was \$1.5 million. In essence, the way that the program works, the fiscal arrangement, is that an amount, normally \$40,000 but in some extraordinary cases, in markets that are very expensive, there's an opportunity or an allowance to make that higher – the funds are actually paid to the host organization, who then compensates the extern candidate from a fiscal perspective. That's roughly the amount. There are also other costs associated with that. We did a request for tender regarding the provision of the services to make sure that there was an independent, unbiased selection process to vet the potential candidates in the program, and the University of Alberta, who has substantive experience in the placement of international students, was the successful vendor for that service.

So today we have a total of 18 externs. For example, there are five in Japan, one in Hong Kong, six in China, one in Singapore, one in Switzerland, one in Germany, and two in the United States, as well as one additional placement that's actually in Canada but working on international relations work. Our vision, our goal, is to expand that. We get a lot of interest from groups throughout the postsecondary sector, student associations and the like, that see this as a very high-value proposition. It's an experience of a lifetime, but it's also an experience that we anticipate will pay back not just the individual but all Albertans.

Mr. Fox: Thank you very much, Minister.

Now, to return to line 3.2 on page 144, international offices. According to the international offices business report the number of negotiations and follow-up meetings and/or calls generated for investment and trade significantly dropped from 2011-2012 to 2012-2013. It went from 277 down to 197.

Another significant decline was seen in the number of seminars, trade shows, and events sponsored and hosted. It fell from 195 in 2011-12 to 163 in 2012-2013. So it sounds like the activity is declining in the ministry as the budgets are going up. Could you explain that one for me, please?

Mr. Dallas: Yeah. I'll give you some numbers. They don't jibe with those, obviously. Effectively, some of the numbers that I've got here are: 3,454 meetings and events attended, representing 139 per cent of our 2012-13 target; 128 missions or delegations incoming to Alberta, 123 per cent of our 2012-2013 target; 455 companies or investors participating in missions or delegations to Alberta, 183 per cent of our 2012-13 target; 272 missions or delegations to the market, which is 114 per cent of our 2012-13 target; 651 Alberta companies participating in missions to the market, which is 144 per cent of our 2012-13 target; 1,406 business introductions, 118 per cent of IIR's 2012-13 target; 163 seminars, trade shows, and events sponsored or hosted, 130 per cent of IIR's 2012-13 target; and 197 negotiations and follow-up meetings or calls generated in the areas of investment and trade, which is 123 per cent of IIR's 2012-13 target.

So, certainly, we've seen a very dramatic increase in the level of activity that's happening in the offices as a result of the resourcing, in fact, a level of activity that I think has created some stresses in the context of this level of activity outpacing the growth in terms of our employee base providing those services.

Mr. Fox: No. I think we're looking at the same numbers here in the Alberta international offices business report.

Mr. Dallas: Okay.

Mr. Fox: Item 10 under the output measures says: "Number of negotiations and follow-up meetings/calls generated (investment and trade)," and it actually does show a decline from 2011-2012 to 2012-2013, from 277 down to 197. I mean, it's great to go out and do all of these meetings, but if they're not all being followed up on, what's the point?

Mr. Dallas: Well, I can assure you that all of the meetings are followed up on. I mean, that's the whole object of this. There's a substantive investment that's taking place with Alberta tax dollars. Albertans have an expectation that while they recognize the risks associated with operating in new and emerging markets, the difficulties that are appropriated to developing and maintaining new relationships and to analyzing the level of risk associated with the opportunities from a business perspective – absolutely, there's a lot of work done to move forward from anything that we do from a preliminary introductory level to make sure that we're capitalizing on the development of the relationship. That is the business of the ministry.

4:40

Mr. Fox: Thank you, Minister.

Continuing on international relations, line 3 on page 144, when International and Intergovernmental Relations sends the Premier, the minister, or the associate minister to things like the Canada-China Foreign Direct Investment Policy Forum, organized by the University of Alberta's China Institute, and over 140 government, academic, and business leaders attend, a person can't help but wonder how exactly Alberta businesses find out about these opportunities to travel with our government leaders overseas. Are Alberta businesses provided with any travel or logistical support in cash or in kind in order to make such trips?

Mr. Dallas: Well, that is one of the things that we really reinforced in the development of the strategy, that we were going to place a focus on SMEs. I recognized early on in the work in the ministry that large enterprises, publicly traded and funded corporations, had substantive experience in many of these markets. They had the resources from a risk-assessment perspective, from a legal perspective, and certainly from a marketing perspective to operate in these markets. They knew what kinds of services they required from the government of Alberta and the government of Canada, and they largely knew how to access those services, and they were satisfied with them.

The opportunity is really around small- and medium-sized enterprises and bringing them into the value proposition and making sure that they understand the full breadth of the services available not just from the government of Alberta but from the other stakeholders that have an interest in expanding our trading relationship in these markets. So not-for-profit organizations, as you've referenced, chambers of commerce, business development entities, and the like are all part and parcel of a group that we interface with to make sure that we're exploring those opportunities.

In addition, as I mentioned, Associate Minister Woo-Paw is constantly out throughout Alberta talking to a variety of groups in the not-for-profit sector, to business enterprises that have modest experience in the export market, and to businesses, as am I, that don't have exposure to the opportunities internationally. As I said, last year I was in 18 different communities making presentations to that SME community, to community leadership, to community stakeholders around the province and talking about those opportunities, and I'll be in another five communities towards the end of May doing exactly the same work on an ongoing basis as we move forward.

It's a continuous challenge to make sure that Albertans, that Alberta businesses understand the opportunities that are available but also what the resource set is that's available to support them.

We don't pay for the travel of Alberta companies. They put at risk their hard-earned capital.

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

Now we will move to the Liberals and Dr. Swann.

Dr. Swann: Thank you, Mr. Chair.

The Chair: Twenty minutes.

Dr. Swann: Back and forth.

The Chair: Back and forth? Okay. Great.

Dr. Swann: Could you articulate just briefly the difference between outcome measures and performance measures?

Mr. Dallas: Well, performance measures and performance indicators, Dr. Swann. In essence, the performance measures I think you would describe as the kinds of things around satisfaction levels, whether that's placement rates – well, some of the ones today are around clients satisfied with services. That would be a performance measure. A performance measure would be a percentage of clients satisfied with services to support Alberta businesses.

Dr. Swann: And how do they differ from indicators?

Mr. Dallas: An indicator would be things like value: value of capital-invested income, value of trade with a specific jurisdiction,

value of agricultural products versus value of energy products, and a measure over a period of time.

Dr. Swann: More a dollar value.

Mr. Dallas: Yeah.

Dr. Swann: Quantitative measures. Thank you.

We haven't been able to find those performance measures on the Internet or on your website. I presume they could be put up there – could they? – for all to see.

Mr. Dallas: They're really designed for the business plan. But, you know, I'll take that to heart as a suggestion and explore that.

Dr. Swann: Thank you.

Mr. Dallas: I don't want to use your valuable time, but I just want to better define performance measure versus indicator. Performance measures can be directly attributed to the performance of the ministry. The performance indicators would be supported by the activities of the ministry but, to be fair, would include a broader set of variables that could affect the outcomes.

Dr. Swann: The whole outcome. Very good.

Well, thinking about your 13 trade offices, apart from China, India, and the U.S., which are clearly showing sizable returns on investments, how will you measure the other trade offices in terms of their return on investment?

Mr. Dallas: Well, I think we can quantify a return on investment in each of those offices, to be perfectly frank. If I can break them down by region – and when you say China, I think one of the things that we need to talk about there is the fact that we have a number of offices in greater China: so Hong Kong, which would be the use of the word “greater,” then we're in Beijing, we're in Shanghai, and we've indicated that we're going to be in Guangzhou. Also in that region we're in Tokyo, Japan; we're in Seoul, Korea; and we're in Taipei City, Taiwan. We have substantive trade relationships that have been developed. The Japanese office in Tokyo, for example, has historically been one of the best yielding from a trade value perspective of all of our international offices and was one of the first established outside of North America.

Dr. Swann: What about the smaller offices and their return on investment?

Mr. Dallas: Well, that was part of the reason for the new international strategy, to look at the value proposition. The hon. member previously raised the Munich office as an example of that. As a stand-alone office, you know, how does that perform relative to the opportunities that exist by treating these offices in a hub-and-spoke manner and creating synergies between our regional offices, delegating certain tasks to specific offices? The smaller offices are actually some of the ones that we've already talked about. Taipei City is a smaller office but one that provides outstanding service to Albertans. Munich is another smaller office.

Dr. Swann: I am asking for numbers. I mean, how have they increased the value or the exports from Alberta?

Mr. Dallas: So how far back do you want to look, then?

Dr. Swann: The last five years: Korea, Mexico, for example. China and India and the U.S. notwithstanding, how have these

smaller offices in the last five years improved the exports from Alberta?

Mr. Dallas: Well, I would suggest to you, first of all, that we could come up the data from 2009 to 2014 and have a look at the actual performance indicators, but I want to be clear, and I'll use an example. While I was touting the fact that the increase in Alberta exports last year was a 6.9 per cent year-over-year increase, now \$102.5 billion – that's a very substantial number, a wonderful increase – the reality of the matter is that there's a relationship between commodity pricing, currency valuation.

If you wanted to drill down into the numbers further, you would see, for example, that there are some disappointments in the context of the year-over-year sales performance in some of those markets. I'll use China as an example, where the volume of coal exports from Alberta to China increased fairly substantially, but the value of the coal dropped significantly year over year. That's why, you know, it's important to use this performance indicator description here. Is that an indicator of the performance level of the office or of the companies that are involved in the transactions? No. These are external factors.

4:50

So, I think, Dr. Swann, you're correct in suggesting that you need to look at these over a fairly lengthy horizon, and one of the jeopardies associated with that is that the most significant economic event of the last 70 years occurred in the year 2008. Since that time, while in some of the Asian economies they've been able to establish and maintain a significant growth rate, other jurisdictions such as the United States and in the European Union are barely seeing year-over-year growth above inflation. Those are not measures, I would dare to suggest to you, in the context that we're, you know, going to derive vastly improved numbers.

If I may – and I'll be brief with this – another factor in this, and I'll use the recent trade agreements both with CETA and in Korea as substantive evidence of the impact of these types of agreements. In Korea the Americans have had a free trade agreement now for a couple of years that has seen a reduction in tariffs on agricultural products that has put Alberta and Canadian agricultural products at a very significant disadvantage. So we have seen a decline over the last couple of years in terms of agricultural exports into Korea. Now, today, we have nearly completed a free trade agreement that is going to put us back in the game and make us competitive in that market, and we have very high expectations there.

Dr. Swann: Thanks very much.

You've spent about \$365,000 in trade visits this past year. Have you considered other methods of communicating with these important centres?

Mr. Dallas: Yeah. Well, as I mentioned, one of the things that we do an awful lot of work on is receiving incoming trade and investment delegations. I can get that number and refresh with that number, but it's virtually every day or two in the province of Alberta where we're receiving delegations from around the world that are interested in looking at the work that we're doing here. It's a very high-value proposition for us when we can receive a delegation because it gives them a first-hand look at the development of our infrastructure. We can review in depth the policy, the tax scheme, the environment, and really provide an exposure to a whole range of opportunities during the course of a visit here. So I want to outline that that's a very effective part of our strategy around trade and investment development and attraction.

From an outbound perspective these are also very high value because, somewhat differently than in our culture, in many of the cultures and particularly in the greater Asia region the business relationships are secondary to the development of a personal relationship. So there is an expectation that if you're interested in doing trade, if you're interested in investment attraction, that you as an Albertan, we as Albertans representing the government of Alberta are prepared to make an investment to visit them in their jurisdiction and spend time developing that relationship.

Dr. Swann: But, surely, they would welcome, especially those countries who are having financial difficulties, the use of technology to meet and would learn to develop that kind of trust and relationship instead of expending the large capital costs of getting over here and you getting over there.

Mr. Dallas: You know, I guess I have to disagree. I would suggest that those are tools and that they're important tools for maintaining and developing a relationship, but they're not the tools for starting a relationship.

Dr. Swann: No?

Mr. Dallas: We do work in those markets. I'll use as an example a recent mission that I've just returned from in China. We spent time in the Sichuan province, the city of Chengdu, and the interest level there is around environmental technologies. The Republic of China has made some very significant policy shifts around environmental mitigation in areas around water quality, air quality, soil reclamation, a whole number of areas that Alberta companies have vast experience in. But, quite frankly, we've not had a minister into that province or that city for a very long time.

So, in my view, it's essential to attend in person, to demonstrate our commitment to the marketplace, our commitment to developing relationships, and we do expect to see those folks back in our marketplace. That's how it works.

Dr. Swann: Well, I would think that the companies could also spend the money to get there and market their technologies.

Mr. Dallas: And they did. Yeah, absolutely. And we expect the companies to do that as well. But it's very different from here, where deals are bought and sold, yea or nay, on an hourly basis in the city of Calgary and beyond around Alberta. That's not how business is done in Asia. In Asia the businesses that are capable of and wanting to do business with Alberta businesses first need to see a demonstration of a government commitment to the relationship, and when they see that demonstration, that provides them with the comfort to pursue a transaction. It doesn't happen on an independent basis.

Dr. Swann: In the Speech from the Throne it was mentioned that the "government will advocate for a Canada free trade zone, seizing the opportunity to have provinces reduce internal trade barriers that often make it more difficult to trade within our own borders than outside" our borders. What's your progress in relation to the free trade zone?

Mr. Dallas: Yeah. Thanks very much. I'm glad we get a chance to talk about that a little bit. Well, first, as you would know, the most successful trading partnership in Canada exists under the label of the New West Partnership. That's a partnership between the province of British Columbia, the province of Saskatchewan, and Alberta, and through that partnership we have been able to reduce

a vast number of barriers in the context of doing business between the provinces.

But dating back well beyond the establishment of that partnership is the agreement on internal trade, an agreement between the 10 provinces and the Territories that establishes a series of rules of trade, as it were, between provinces. Unfortunately, I have to share with you that in many instances it's easier to trade north-south using the NAFTA agreement, for Alberta companies to work with our friends and neighbours to the south, than it is to trade in places like Manitoba or Quebec or in the Maritimes on the basis of what ultimately are protectionist barriers that impede the distribution of goods and services between the provinces of Canada.

Now, that said, there's a general consensus among the provinces that we can and should do better and that there's leadership required and that there's an opportunity available to us to reframe the discussion. Given the kinds of successes that are happening internationally, given the impact of globalization, not just on the province of Alberta but on all provinces in Canada, this is the time that there's an opportunity to enhance the relationship between provinces, to ensure that we're using those synergies. That's really what initiatives like the Canadian energy strategy are about, to make sure that we're realizing the synergies that exist, the opportunities that exist between . . .

Dr. Swann: Thanks very much, Mr. Minister.

Mr. Dallas: Okay.

Dr. Swann: The Farm Bill of 2014 created the controversial country of origin labelling. What progress have you been able to make on that barrier to our beef and other products?

Mr. Dallas: Yeah. Not to be too prescriptive there, but the Farm Bill didn't create the country of origin labelling. It just failed to include clauses that would remove the provisions of country of origin labelling.

Dr. Swann: Failed to change it.

Mr. Dallas: This was the focus of a considerable amount of effort by the government of Alberta over, well, at least the last year and, actually, well beyond that, where we worked on a legislator-to-legislator level to create an awareness of the impacts that the country of origin labelling program would have on what we would describe as not a Canadian beef market, not an American beef market, but a continental market. We were able to quantify the costs that would be incurred by consumers, the costs that would be incurred by producers, the costs that would be incurred by those in the value chain, including the processors and the retail component of the business.

So we spent an awful lot of energy. We worked with organizations like PNWER, the Council of State Governments – West, Council of State Governments – Midwest.

Dr. Swann: What's your next plan? What's your next step?

Mr. Dallas: Next is that the panel has produced a ruling as a result of an activity in February. The panels will report those results in June. We'll see what the decision of the panel is. We'll continue to encourage Minister Ritz, the federal government to contemplate the introduction of punitive tariff penalties, that will become available to them should we be successful with that panel ruling, and that panel will define what those opportunities are.

5:00

In the meantime I want to emphasize that as we move forward and continue these discussions, we continue to emphasize with legislators, with thought leaders in the United States the importance of that continental market and the opportunities that we're forgoing with this legislation.

Dr. Swann: Thank you.

I mentioned \$365,000 spent on international trade trips. How are you going to reduce that in the next year?

Mr. Dallas: Well, actually, in fact, we spend about 6.6 per cent of the International and Intergovernmental Relations budget on travel. I view travel as an essential component of the work that we do. We must access these markets. We must develop relationships. You would be aware that there is work that's happening in the Ministry of Finance and Treasury Board to take a look at travel-related policy. Obviously, we'll support that examination of that work. I can tell you that I've looked at travel policy interjurisdictionally, looked at the 10 provinces, and there aren't substantial differences in the context of travel policy. Nonetheless, we're anxiously awaiting that as we are the work of the Auditor General as it relates to the use of government aircraft.

Dr. Swann: Thank you.

I don't know if you are connected with the Alberta Council for Global Cooperation. It's a nonprofit organization out of the University of Alberta that has sponsored hundreds of international trade and development initiatives, mostly human development initiatives. Its funding was cut last year. I think it is a tremendous, cost-effective connection between countries and Alberta to mutual benefit. Have you had any role in either funding or defunding that institution?

Mr. Dallas: Not that I'm familiar with from a funding perspective, Dr. Swann. I'm not familiar with that.

Dr. Swann: Thank you.

I think those are my questions. Thank you.

The Chair: Good. Thank you very much. Thank you, minister.

At this time I would like to call a five-minute break. We have reached the midpoint. So we will be back at 5:08.

[The committee adjourned from 5:03 p.m. to 5:09 p.m.]

The Chair: Well, thank you very much, colleagues, ladies and gentlemen. We will resume with a discussion on the estimates of the Ministry of International and Intergovernmental Relations. It's such a long name, Mr. Minister.

Mr. Dallas: How'd you like to be the critic and add three more words to it?

The Chair: Yeah. That's right.

Now for the next 20 minutes speaking on behalf of the NDP caucus is Mr. Brian Mason. Brian, it's all yours. You have 20 minutes.

Mr. Mason: Thank you very much. Thank you, Mr. Minister.

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

Mr. Mason: Sure. If he's brief, we can do that.

Mr. Dallas: I'll do my best.

Mr. Mason: Okay.

I should inform you, Mr. Chairman and the committee, that I do have an amendment.

The Chair: Yes. You did. When you're ready to introduce your amendment, let me know, and I will read the rules.

Mr. Mason: If you could give me a sign with about three minutes to go, if we could do that.

The Chair: Yes, I will. The last two minutes.

Mr. Mason: Thank you very much. Okay.

Mr. Minister, I wanted to discuss a little bit about the performance indicators. One of the things that I recognize as very challenging and difficult is to see what value is added by the efforts of a department like yours. That's not any comment on whether it's doing a good or bad job; it's just hard to measure, and I appreciate that. I would like to ask a couple of questions about some of these performance measures.

Performance measure 1(a) is: percentage of clients satisfied with services to advance Alberta's international policy objectives. A client is interested in if you can get them connected up in a profitable relationship more than they're interested in whether or not you're advancing Alberta's international policy objectives. I guess the question is: why are you measuring that which is not directly related to the interest of your client or the service that the client receives? Why aren't you measuring whether or not they're satisfied with the help that they got and that they're happy that it was productive and useful assistance? That's really the question.

Mr. Dallas: Yeah. That's a good question. Actually, that's the 1(a) and the 1(b). In the case of 1(b) that's a specific question around the services that are delivered and the satisfaction level associated with that. The 1(a) question is a broader question that we ask clients to create an observation for us on a broader set of measures around the opportunities that we're creating around access to the market and the variables associated with that. We're trying to cover that range: what about the services that we directly provided to you in the context of helping you attract investment, create a commercial transaction, from a trade perspective or the like? But we also wanted information about the services that the ministry is providing more holistically.

The one thing I want to mention, too, about those measures, though, is that when we use the word "clients," we're talking about commercial clients and we're talking about stakeholder clients. We provide services, relationship services, and we do that with other ministries as well as external clients, you know, throughout Alberta.

Mr. Mason: But, really, you're measuring – it's a subjective measure. Are they satisfied?

Mr. Dallas: Yeah.

Mr. Mason: Is there not a way that you can measure, for example: we set up this client with these foreign companies, and we signed these contracts for this value, and this is a quantifiable measure of the value that the department has abroad?

Mr. Dallas: Yeah. I don't know sort of how long you've been here, but, I mean, some of those measures . . .

Mr. Mason: Longer than you.

Mr. Dallas: Okay. Well, some of those measures I have already listed. I'll just give you an example of one or two of those, just so we review basically where we've been in that realm. For example, I referenced the fact that there were 3,454 meetings and events attended, which represented 139 per cent of IIR's '12-13 target. We do try to do that type of thing, but I recognize – and that's why I define the difference between performance measures and performance indicators and also the rationale behind going to KPMG to develop a whole set of 52 new performance measures.

I could sense that there was interest inside the government of Alberta. There was interest at this table and at Public Accounts and with the Auditor General and with Albertans more generally to better define the value proposition that we were getting. It's not easy to do. You're correct about that. When you develop 52 performance measures, you also have to live with the fact that as a minister you can't make 52 measures all go up at the same time. You know, there are some tough observations that come as a result of that. You have to be prepared.

5:15

Mr. Mason: And that's the way it should be.

You know, you talk about increasing the value of exported products and services within and without North America, but there's no way of defining how much of that occurred because of your department. Maybe all of that would have happened if you had just been Minister of Health.

Mr. Dallas: In some cases that would be true, and in other cases none of it would have happened. It is very difficult to quantify. I used to work, actually, in this industry prior to doing elected service, and I used to describe it in the context of whale fishing. Everybody was out, you know, whale fishing, but rarely did you see somebody that caught a whale, and if they did, everybody rushed to the beach and piled on and said that they did it. The reality is that we all work together. We work together with the departments of Foreign Affairs, Trade, and Development. We work together with stakeholder groups that have an interest in our relationship between Alberta and these other jurisdictions. We work together with other ministries. We work together with chambers of commerce and the like.

Mr. Mason: Yeah. Well, I mean, I'm not necessarily looking for whales, but I'd like to be able to count the fish that you catch.

Mr. Dallas: Well, we can talk about some of that if you like.

Mr. Mason: No, no. I'm going to move on to provincial offices, the provincial trade offices around the world, this global network of offices that we're developing. There again it's very difficult to tell what the value-added is of these offices. What concrete and, you know, measurable outcomes can we show for these offices?

Mr. Dallas: You know, again you provide an interesting challenge, to quantify: what's the difference in having staff working continuously in those markets but not actually having an access point, an office per se that we can invite guests into, that we can co-ordinate activities out of? What would be the differential if we travelled continuously at the officials level compared to having the offices? I accept that that's a bit of a challenge, but I think one of the things that Albertans generally and I certainly easily subscribe to is that there's no replacement for having boots on the ground, for having and gathering market intelligence, for developing very deep relationships both with the cohorts that we're working with, our peers that we're working with on trade development and investment attraction in the

market, and also with the jurisdictional leadership, the political leadership inside those markets. It's a very high-value proposition for us.

Mr. Mason: Okay. The question of where you put those boots, so to speak, is another interesting question. Ontario has about eight international marketing centres – oh, sorry, nine – but they cohabit with Canadian embassies. Now, it seems to me that the Canadian government and the Alberta government are both in the same business of promoting business, and the federal government's responsibility is to promote Alberta business as well. Why couldn't we save some money and actually facilitate a more co-operative relationship by moving to place trade officers within Canadian embassies and close some of these very expensive stand-alone Alberta offices?

[Mr. Rogers in the chair]

Mr. Dallas: Okay. Well, I'm glad you asked because actually, of all of the offices that we operate, there are only three where we have stand-alone offices. Those are in Taipei City, in Tokyo, and in Hong Kong. All the other offices are co-located inside high commissions or Canadian embassies. I guess what I'd share with you, though, is that I'm not sure that there's more expensive space than the space that's available to us inside the high commission or the embassy or the consulate.

Mr. Mason: I just want to clarify that because a lot of the offices that we do have are not in capitals; New York, for example. Shanghai is not a capital.

Mr. Dallas: Yeah. Well, in New York, for one, we don't have an office, but in Shanghai – you referenced it – it's in a consulate. So if we're not in the capital, as we are, for example, in Delhi, where we're located in the high commission, but we're in another jurisdiction, we're located in the consulate. For example, in Chicago, which is a regional office in the United States, we're co-located in the consulate. In Washington, DC, we're co-located in the embassy.

Mr. Mason: Okay. Thank you.

I wanted to ask as well about the new offices. They were included, I think, in last year's budget, were they not?

Mr. Dallas: Yeah.

Mr. Mason: Were there three new ones? What were they?

Mr. Dallas: Well, we opened up three offices. We've opened offices in Delhi, in Singapore, and in Chicago. Now, we had 10 offices when we launched the international strategy in May 2013, so we're at 13 today. Additional offices that will open in the 2014-15 fiscal year will include Guangzhou, another office in California, and an office in Brazil. So we have three more to go.

Mr. Mason: Where is it going in California, and where is it going in Brazil?

Mr. Dallas: Well, the decisions have not been made, but one of the things I can tell you about California is that we will be in a consulate. That's a given. In Brazil the final decision has not been made. In Guangzhou we'll be in the consulate.

[Mr. Amery in the chair]

Mr. Mason: Okay. According to one report which we saw at the time of the last budget, when this was proposed, the government

was proposing to build their office in Brazil in Rio de Janeiro. Now, I know a little bit about Brazil, and São Paulo is the main business centre of the country. The capital is Brasilia, and Rio de Janeiro is the tourist mecca. I submit to you that if that were to be the decision, it would be a bit like the Brazilian government opening an office in Alberta and passing over Edmonton and Calgary and building the office in Banff.

Mr. Dallas: Well, I guess I would suggest to you that my understanding around Rio is that that is an investment and banking centre, that you're correct that São Paulo has a well-deserved reputation around business, and you're correct that neither of those is the capital.

Mr. Mason: But it's not nearly so nice.

Mr. Dallas: I don't know. I've never been there. But what's nice and what isn't nice has nothing to do with the rationale behind these decisions. This is all business. All business.

Mr. Mason: That's what I'm getting at. São Paulo is the business centre, and Brasilia is the capital, so it would make sense to put it in one of those two places.

Mr. Dallas: Well, I appreciate your analysis of that, but, you know, there are a series of important considerations – and I talked about it at the outset – of the work that we do. It's trade development. It's investment attraction. Investment and banking centres matter relative to what we do, as does the level of business activity as it relates to trade. So we'll do a careful analysis of that.

Mr. Mason: Okay. Do you have objective criteria for making those determinations, determining, first of all, what countries you're going to open an office in and, secondly, where it'll be located?

Mr. Dallas: Well, yeah. That was the exercise of the international strategy development. We took a look at all of the countries that we're doing business in. As I said, there are 172 countries that Alberta enterprises do business in. We looked at those from a continental perspective. We looked at those from an economic region perspective – the European Union, the ASEAN area, the Middle East, North Africa, North America, South America – took a look at the history around the development of those economies, the rate of growth that was occurring, the kinds of products and services that are being consumed in those economies, and made decisions on where to locate resources.

Mr. Mason: Okay. How is my time, Mr. Chairman.

The Chair: Six minutes.

Mr. Mason: Okay. Good.

I want to ask a little bit about travel. Now, you have a very large line item for travel. I think it's \$365,000, more or less. I accept your proposition that there needs to be some travel involved in doing the job that your department is doing, but I would like to ask a couple of questions related to that. Do other ministers or the Premier utilize travel that is paid for from your budget?

Mr. Dallas: No. Well, the Premier's travel is paid for through our budget, but the other ministers' travel is paid for through their budget. We do provide mission planning support for travel, but the essence of that travel that I've outlined in that budget is for the Premier, for myself, and for Associate Minister Woo-Paw.

Mr. Mason: Does all the Premier's travel go there? I mean, if they're going to Jasper, it doesn't come out of your budget, does it?

Mr. Dallas: Well, domestic travel, the use of the government planes, is inside Treasury Board and Finance, as you're aware. So, no. We're talking about international travel.

Mr. Mason: And the Premier's expenses are paid from her office budget? Hotels, that sort of thing? I'm sort of looking backwards.

5:25

Mr. Dallas: If the business is exclusively around International and Intergovernmental Relations business with respect to the Premier, then we would pay that. Otherwise, there would be a division of costs between Exec Council and the ministry.

Mr. Mason: What about the flight to South Africa?

Mr. Dallas: You know what? We're talking about the forward estimates here. I appreciate where you're trying to go with this, but . . .

Mr. Mason: I'm trying to find out who has to approve this travel.

The Chair: Brian, let's focus on the estimates for this year, 2014-2015.

Mr. Mason: Yes. Okay.

Mr. Dallas: I guess the other thing is that she paid that money.

The Chair: The \$45,000 has been paid and done with.

Mr. Mason: I know you want to move on.

The Chair: Yeah.

Mr. Mason: We'd all like to move on. Okay. Let's move on, then.

Mr. Dallas: We were doing so well.

Mr. Mason: I know. I was just . . .

Mrs. Sarich: Trying to sneak one in there.

Mr. Mason: Yeah, more or less.

All right. The internal free trade agreement. Now, you've talked a lot about that, and you've said that it's actually easier in some cases to do trade north-south and so on. But, you know, Alberta is not above reproach in that matter.

Mr. Dallas: Pretty close.

Mr. Mason: Oh, yeah, the purest government in the world.

The question of wine has come up, you know. You're not actually allowed to bring B.C. wine across the border into Alberta. Now, thousands and thousands of Albertans do that. But when I've travelled internationally as well – for example, in New Zealand and so on – and sometimes visited wineries for wine tasting, they really complained bitterly about Canada. They think Canada is one of the hardest countries in the world. But it's also very difficult for wineries in B.C. and Ontario to get anything close to free trade when it comes to Alberta. So what can we do about that?

Mr. Dallas: Well, actually, we provide open access to British Columbia wine.

But to the specific opportunity that you're talking about, I think one of the things that we need to acknowledge, first and foremost, is that Alberta really has the only private service delivery model for alcohol sales in Canada. Everybody else has a model that they utilize that they're satisfied with to one degree or another, but we have a unique model in the sense that it is private.

Mr. Mason: Okay. I need to move my motion now, actually. I'm sorry.

Mr. Dallas: Oh, okay. Maybe somebody else will let me come back to that.

Mr. Mason: I get your point that our privatized liquor system is holding us back.

The Chair: Before you do that, Brian, let me read into the record the rules governing the amendments. 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 16, 2014. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty copies of the amendments must be provided at the meeting for the committee members and staff.

Mr. Mason: Thank you.

The Chair: Have you complied with the rules?

Mr. Mason: I certainly believe I have, Mr. Chairman.

The Chair: Great. Excellent.

Mr. Mason: Shall I move it now?

The Chair: You can proceed with moving your amendment.

Mr. Mason: I will move that the estimates for the associate minister's office under reference 1.2 at page 144 of the 2014-15 main estimates of the Ministry of International and Intergovernmental Relations be reduced by \$250,000 so that the amount to be voted at page 143 for operational is \$39,160,000.

That's approved by Parliamentary Counsel.

I just wanted to clarify this. The NDP caucus is moving in each department where there is one or more associate ministers to reduce the budget by the amount of that, and it is certainly no reflection of our view of the jobs that are being done by these individuals but, fundamentally, the view that we don't believe these are necessary.

The Chair: Great. Thank you, Brian.

Now we will go to the Progressive Conservative caucus, and speaking is Mr. Dorward.

Mr. Dorward: Thank you, Mr. Chair.

The Chair: Do you want to go back and forth with the minister?

Mr. Dorward: Sure, and I certainly will leave a little bit of time for my colleagues.

The Chair: You have 20 minutes. Make sure you use them wisely.

Mr. Dorward: Thank you, and I shall.

I first wanted to mention, to preface my comments, how interesting this is to me. I travelled on my first PEMD grant, in 1981, to Ecuador. I don't know how many people in the room would even know what those are. By a show of hands? No? Oh, my gracious. It was a federal assistance program.

The Chair: Can I ask you to stay focused on the estimates, please?

Mr. Dorward: I will. This is absolute background to how exciting this area is for me. We travelled with Horst Schmid down to Ecuador, and we did a study on an abattoir and all kinds of stuff. It was a little while ago.

Minister, let's talk market access, and let's talk about energy. Can you run through the east, the west, and the south pipelines, please, and just give us a quick update?

Mr. Dallas: Yeah, absolutely. In Canada a variety of opportunities are being pursued by commercial interests. Obviously, tidewater access is the objective. Two projects on the oil side are high profile to the west coast. The Northern Gateway project has been recommended by the regulator but is contingent on a decision by the federal government, which is timed to be concluded by cabinet decision mid-June. So in the context of further activity on that file, I think it will be defined first and foremost by that cabinet decision that's forthcoming. The Trans Mountain-Kinder Morgan project is a pipeline twinning project that is not in the application stage but has potential to create capacity to the west coast through the port of Vancouver beyond what exists today, and the outcome with respect to that will be determined through the regulatory process, the application.

Two projects on what I would describe as west-east opportunities. The first one has recently received approval. That's Enbridge's line 9 project, which is an application that's been approved for a reversal of flow for a pipeline that's going to create new opportunities to move product into eastern Canada and change the dynamic of the export-import ratio that occurs in the Maritimes and in Quebec and to a limited degree in Ontario as well.

There's also a very large project that's about to enter into the application stage. The proponent is a company called TransCanada. West to east it utilizes a very large part of the length of the pipeline project, an existing 40-inch gas line that it's proposed be modified to move product from west to east, through Ontario into Quebec and then ultimately, as the subject of a new pipeline build, through the province of New Brunswick potentially to the port of Saint John, which many of you will recognize as the deepest water port on the eastern seaboard, and create opportunities to move product there but also to be a feedstock opportunity for the largest refinery in eastern Canada, that is situated near that port.

Mr. Dorward: And Keystone?

Mr. Dallas: Yeah. Keystone is in the national interest determination stage, so ultimately the final supplementary environmental report has been received. That report has documented significant input from the province of Alberta regarding work that we're doing here, and the decision process has moved into a stage known as national interest determination, where a state department can request from a variety of other agencies supporting the government of the United States input to a context that's beyond

the environmental context that the pipeline project was reviewed in its earlier stages. So that interest determination period is coming to a close, and there is an opportunity for a secretary of state to make a recommendation to the President and to receive a decision. No final timing has been determined.

5:35

Mr. Dorward: A lot of money in your area goes to intergovernmental. What's happening with interprovincial relationships, especially since we have a new Premier? Have there been any actions with regard to maintaining relationships that had been previously set up?

Mr. Dallas: Yeah. Absolutely. Our Premier has been in contact with a number of Premiers, most recently with Premier Clark, Premier Wall, today Premier Pasloski. Obviously, there have been conversations with the Prime Minister. We continue to do outreach work to Premiers across the country and to our ministerial counterparts, reinforcing the work that's been under way with respect to the Canadian energy strategy, the fiscal arrangements working group that Alberta is providing leadership to, and also the health care innovation group. That is another significant initiative that Alberta is providing leadership to. Our message is: business as usual. We'll continue to conduct the important business of the government of Alberta and continue to support these initiatives on a pan-Canadian basis.

Mr. Dorward: With the new Liberal government in Quebec is that a situation where the Premier would call and speak at that level?

Mr. Dallas: Yeah. The Premier has already spoken to the new Premier in Quebec and had a good conversation. I was in Quebec immediately prior to the execution of the writ, pre-election, speaking to community leadership and elected officials on both sides of the aisle prior to the election. Of course, we've got very significant work to do. We've made commitments in the province of Quebec around supporting technical work around environmental impact evaluation, both pipelines generally and broader discussions. As you know, Quebec is exploring opportunities for unconventional resource development in places like Anticosti Island, and we know that Alberta technology and expertise is potentially available to assist with that development.

Mr. Dorward: Are equalization payments part of your portfolio?

Mr. Dallas: The equalization is actually part of Treasury Board and Finance, so I won't specifically comment on that from a policy perspective. But I can tell you that there are three areas of transfer from the federal government, one being the equalization formula and process. There's also the Canada health transfer and the Canada social transfer. For all of those the net effect is that there's a transfer of funds. I want to really emphasize that in the case of equalization, there's no money that arrives in the province of Alberta that's then transferred with respect to equalization; it's a redistribution of tax revenue that happens at the federal government level.

Mr. Dorward: Thank you.

I know, Mr. Chair, that there are other PC colleagues that would like to ask questions, so I'll defer to them.

The Chair: Thank you very much. Thank you for sharing.
Ms Kubinec.

Ms Kubinec: Yes. Thank you. Thank you to you and your staff for providing the good answers. Recently changes were made to the Investment Canada Act, and corresponding guidelines have caused some confusion and uncertainty among foreign investors looking to invest in Alberta. In order to ensure that our capital-intensive resource sector receives the investments it needs to develop, what is the government of Alberta doing to reassure investors that Alberta is open for investment?

Mr. Dallas: Absolutely. Thanks very much for that question. It's an important one, and it's one that we hear regularly as we interact in these markets. As you know, the history in Alberta is that we are blessed with fabulous resources but cannot generate by our local economy the type of capital that's necessary to realize our full ambitions, our full potential. So for many, many years, particularly in the energy sector, we've relied on investment capital to flow in from other jurisdictions. Primarily, you know, 40, 30 years ago that investment capital was derived mostly from the United States.

More recently the massive investment opportunity and requirements for capital in the province of Alberta have seen a scenario develop where we required capital to arrive and be invested and deployed here from around the world, whether that's from Europe, where we have large enterprises like Shell, BP, Statoil, Total, and the like, that have made very significant investments, or whether it's from the Middle East, companies like Taqa and the like, or from the United States, where large enterprises continue to invest in Canada, or from Asia. Now, around the world the jurisdiction and the ownership of resources is very different than it is here in the province of Alberta. In fact, we have 55 per cent of all of the world's investable resources located in the province of Alberta. So what exists outside of Alberta is both a combination of private enterprises and state-owned enterprises.

The federal government has seen fit to make changes to the investment act as it relates to the thresholds for the review and the net benefit test for both private investment and state investment. Effectively what we believe in Alberta is that as the owner of the resource and understanding the capital requirements here, we require investment from both of those sectors, from the private sector and from state-owned enterprises and state-owned sovereign funds that are capable of making investments here. What those jurisdictions are telling us, what those investors are telling us is that they require more certainty, more understanding, more clarity of the rules that have been enacted around the Investment Canada Act.

We know in Alberta that we have an active role to play. Once there's an application, there is a requirement that the federal government consult the province. We have been working closely with the federal government to develop a scenario that will allow us to provide earlier and more detailed information that would support an application and to provide input into the value, to the net benefit that we see here in Alberta of those investments. So it's clear that over time we need to make some subtle changes in the way that we're communicating that Alberta is open for business, that investment capital that's deployed in Alberta is secure, that the rule of law, the tax scheme is reliable and supportable, and that we're here with expectations around how those businesses operate within our rules and our culture but also that we support new investment coming into Alberta.

Ms Kubinec: Thank you.

I want to talk a little bit about the new performance measures for your ministry. Can you just tell me the status of those?

Mr. Dallas: Yeah. Except for the, I believe the number would be, six which are not completely developed, we are now collecting data as of April 1 or have been collecting data prior to that on the balance of those, so 46 measures that we're actively collecting data on or have just begun collecting data on, six measures that we're not yet collecting data on on the basis that we need to do further work to define those measures and also that the client relationship management software that we're introducing into the ministry is going to be instrumental in collecting that particular piece of data.

Ms Kubinec: I appreciated your explanation of the difference between the performance measures and the performance indicators in the business plan, but how were the targets identified for the client satisfaction performance measures for goals 1, 2, and 3?

Mr. Dallas: I mean, the typical scenario there is that there is some averaging done, that there's a reach in the context of developing those goals, and some numbers are established. It is a formula that we try to use year over year, but I admit that it is arbitrary in that sense because how would you define what an appropriate response in terms of satisfaction levels is as a percentage? What's the comparability of that between a variety of services? It can't be compared to, for example, the banking services you receive or services that you receive at the dry cleaner's.

How do you compare a number or a percentage? What we really have to look at are trends, and certainly there's been an impact to the trend. Some of that I attribute to the fact that the sample size has grown by a large margin on the basis that we've been interacting with more clients over the last calendar year and the fact that we've made substantive change inside the government of Alberta in the context of how we strategically approach international markets and policy objectives. With that comes some impact to survey results.

5:45

Ms Kubinec: I've got one more here. In this one I want to talk about how proud I am of a couple of businesses in Barrhead-Morinville-Westlock that are selling product in one case to Mongolia, mining equipment, and in another case, Champion Petfoods, which is selling to 70 countries around the world. So as the lead ministry for trade promotion and investment attraction how do you market our product?

Mr. Dallas: Well, in a variety of ways in a variety of regions around the world. Certainly, the story that I was just speaking about is the investment climate here in Alberta, the opportunities around the development of our energy sector, and then all of the related investments that we make here in the context of the infrastructure, the education system, the health care system. These are the kinds of evidence that investors are looking for to develop the confidence level to engage with Alberta-based businesses, to contemplate investing directly in Alberta. A lot of the times what happens is that these relationships lead to mutual market access and investment. So the Alberta story: the vision that we have as a global energy leader, the vision that we have in the context of enhancing and supporting the quality of life through tools that we have available to us such as education, health care, and infrastructure are all important parts of that Alberta story.

Ms Kubinec: Just one more here. Can you give me some specifics as to how you might support a business that is wanting to sell their pet food to 70 countries?

Mr. Dallas: Yeah. There's a variety of services that are available, and a lot of times it starts with a one-on-one discussion about the history of the company, the ambition of the company, the experience that the company has or does not have in the context of export experience, and the value proposition that the company has that it proposes will add value. As I often say, sometimes the products that we have actually have much higher value in other marketplaces than what we're able to market them for here, and other times in other situations the products and services that we produce aren't particularly transportable in the context of their marketability.

So it's working with a business to think about the criteria around assessing that, understanding the markets that they're interested in accessing, and then thinking about the services that they'll require. Not all of them will be required from the government of Alberta. There may be applied research opportunities to develop a product that's unique for the market. We see that in the food processing area in Leduc, for example, or at Red Deer College, where we have advanced applied research or direct research opportunities to modify products to fit a specific market.

Then you may require services around securing the transaction, around insurance brokerage protocols, those types of things. If you require introductions to markets, we talk about the services that are available, the trade missions that we're conducting, the trade shows that we're attending and supporting Alberta businesses in. So there's a whole host of services that an Alberta business could engage in with us if they're prepared to enter a market, to risk capital, and to put in some sweat equity in the context of developing an opportunity.

Ms Kubinec: Well, we have so many of these really wonderful success stories in Alberta. Before I became an MLA, I wasn't aware that these two little gems were in our constituency and that they sell to so many countries around the world.

Mr. Dallas: And I would tell you that every constituency has them.

Ms Kubinec: Yes.

Mr. Dallas: I mean, we visited some amazing businesses in those 18 communities I visited. In Medicine Hat there's a business called Weddingstar that's marketing products right around the world. A tremendous success story, a success story that we need to champion, that we need to talk about.

The Chair: Thank you. [interjection] Thank you, Minister. I've been accused of favoritism here.

Mr. Fox, you have five minutes, and you can combine your time with the minister.

Mr. Fox: Thank you, Mr. Chair. I would be willing to share if the minister is.

Mr. Dallas: You bet.

Mr. Fox: Wonderful. We're going to come back to the trade disputes. What I'm really more curious about than the question I asked last time is from page 72 of the business plan. How many trade dispute complaints has Alberta launched against other jurisdictions, and why is that not reported in your business plan?

Mr. Dallas: Actually, that is what you're seeing there. I think the implication – and you had me scratching my head – is what trade dispute has been advanced against Alberta? There are none. But in

the last fiscal year there was one where Alberta challenged a B.C. college's refusal to license an Alberta certified social worker, and we advanced that challenge on behalf of an individual social worker. In that particular case the panel ruled that the B.C. college was within its rights to do its own assessment of character pertaining to the individual. Effectively, that was within the New West Partnership. In the New West Partnership there is a dispute resolution mechanism. There is a panel that can be compelled to make a decision. In this case the panel did not rule in our favour. This happens from time to time.

Also, in the agreement on internal trade there is a dispute resolution mechanism, the potential for a panel to resolve issues between provinces. Most frequently, though, what you don't end up seeing is a dispute between one province and another province. You typically have a province that's surfacing an issue that very often is a challenge or a problem for a variety of provincial jurisdictions, so they'll cosponsor, as it were, a dispute application. A lot of times that works out in a reconciliation of the problem before it ever goes to a dispute panel.

Mr. Fox: Thank you, Minister.

Line 2 on page 144, intergovernmental relations. Have any of the other provinces come forward or has Alberta invited other jurisdictions to join the New West Partnership, specifically Manitoba and the Territories, and what have been their objections?

Mr. Dallas: Yeah. Continuously, actually, we invite other provinces across the country to join us in the context of the framework agreement that we have in place, which we believe sets the standard for interprovincial agreements. The bar, as it were, for joining is simply that we will not make exceptions to the agreement that we have in place. So we won't lower a standard; we won't change a standard. If you're willing to accept the place where we've negotiated to between British Columbia, Saskatchewan, and Alberta, you're welcome. That's certainly the case with Manitoba. I think it's public knowledge that in their case they have some considerations in terms of how entities of the Crown operate, specifically in the utilities area, that wouldn't fit within the constraints of our agreement, but if they're willing to address those, they'd be very welcome.

Mr. Fox: Thank you very much, Minister.

Page 144, line 2 of the estimates, intergovernmental relations. Minister, your department's website has been very good at disclosing the cost of international missions. Unfortunately, we don't see a lot with respect to interprovincial missions, you know, the trips to the Pacific NorthWest Economic Region summits, the Council of the Federation meetings, and all of the trips to Ottawa. Why is the treatment of interprovincial trips different from the international trips? Where is our transparency and accountability on that front?

Mr. Dallas: Well, I'm glad you asked, actually, because the history of disclosure in terms of travel in Alberta is a great story. Since 2004 we've been disclosing at the ministerial level travel expenses, and of course that, I think, was a very progressive move that's been emulated in a number of different jurisdictions across the country.

5:55

In 2012 we took that a step further, and we disclosed at the receipt level international travel expenses right down to the executive director level. Today there's no other disclosure in

Canada that comes anywhere close to that level of disclosure. It is indeed the gold standard of disclosure.

You mentioned a number of entities. Those are actually international disclosures in the context of my ministerial disclosure, PNWER and the like. There isn't the same compel to disclose for private members, including yourself, that are participating in activities such as PNWER or councils of state governments, those types of things. It's the minister and the ministerial staff down to the executive director level.

Mr. Fox: When are you going to extend that to your interprovincial trips within your ministry?

Mr. Dallas: Well, you need to discuss that with another minister. That's not a decision that emanates from this ministry. The ministry of accountability and transparency, AT and T, will be where you'll take that up.

Mr. Fox: I'll be sure to take that up with him along with a few of the other issues that I've continued to bring up with him.

Pages 11 to 13 of the Alberta international strategy, point 4.2, calls for a new intergovernmental strategy. Can you explain within the confines of line 2 on page 144, intergovernmental relations, where the funding for this intergovernmental strategy will be coming from and when that intergovernmental strategy will be made public? Will you be engaging any consultants to write that strategy?

Mr. Dallas: The anticipation at this point is that we won't have to engage external consultants or outside of the budget parameters that we have inside this budget line item at a minimum. Some work has already been done in that particular area. We may want to consult on a third-party basis to validate some of the conclusions and work that we've done, so I guess I don't want to exclude the opportunity to do that. Substantively, we have the resources inside the line item to conduct that work.

I don't want to suggest that the volume of work is similar to the international strategy, but the reality is that we have a great deal of experience working throughout Canada in terms of our intergovernmental relationships and the types of outcomes that we're looking for there. It's easier to quantify and develop in that context than it is to enter into an emerging market and develop strategies such as what we've done in the international strategy.

Mr. Fox: Thank you, Minister.

How much time do I have left, Chair?

The Chair: Two and a half minutes exactly.

Mr. Fox: Thank you very much.

I guess the next question leads from that. Why are you operating an Alberta Ottawa office without first having an intergovernmental strategy in place, and how can we be sure that we're getting the best value out of this venture when the overarching game plan for line 2, intergovernmental relations, on page 144 of the estimates is not mapped out for us?

Mr. Dallas: Well, in fact, the work that happens in the Ottawa office is not exclusively intergovernmental, by any stretch, and in fact is closely related to the work that we're doing through the international strategy as well. There are a number of opportunities that we're working on in the Ottawa office. Outside of the work around the Canadian energy strategy as it relates to international market access, one of the things that we're able to do through Ottawa is make contact through the embassies that are located in

Ottawa and feed a whole variety of opportunities, the Alberta storyline and the like, directly to embassies that are located in Ottawa.

Ottawa is also the home of many national industry-sector organizations that have significant interest and leverage in terms of pursuing the same kinds of opportunities that we are, whether that's in the forestry industry, mining industry, energy sector, or pharmaceuticals. You know, there's a whole host of organizations that are headquartered in that Ottawa area and certainly, if not there, in the Toronto area as well. We certainly use the Ottawa office for that. Then as indicated, in the context of challenges that we have around international market access, the access that we have to legislators from an Alberta government caucus perspective today in Ottawa but also to others that are active legislators and influencers in terms of policy development – we have access to that through the Alberta Ottawa office.

So you're correct in observing that we're continuing to refine our strategies around intergovernmental work. There's a vast volume of work, though, that is happening there in a number of files that I've indicated: the agreement on internal trade, the federal transfer programs, the Council of the Federation . . .

The Chair: Thank you, Minister.

Mr. Rogers.

Mr. Rogers: Thank you, Mr. Chairman. Mr. Minister, again I want to thank you and your staff for your presentation today. I think you've given us some great answers as to the importance of this ministry that you're tasked with shepherding. Thanks to your associate minister as well.

Mr. Minister, I want to focus just a little bit. Again, some of the questions earlier talked about internal trade. As you know, it's a lot easier to ship goods north-south and even sometimes way off our shores than goods going back and forth across our country. I'm just wondering what is in this budget that you might be able to point us to. Hopefully, you've got some efforts to help us to break down some of those barriers.

Mr. Dallas: Well, certainly included in the budget are the activities that we're going to be involved in on the agreement on internal trade, the committee on internal trade. We have a leadership role there, looking at a research scan of the activities that have potential.

I was saying earlier, before the buzzer rang, that one of the things that's happening in terms of the rapid development around global agreements, whether that's the CETA in Europe or the TPP, which we hope will come to a conclusion here, an economy of more than, I believe – well, about 40 per cent of our global trade is associated with the 12 members of TPP, Canada being one of those 12. Opportunities are deriving from these global trade agreements, and the reality is that this puts some pressure on our own internal trade activities and what is the opportunity.

CETA is unique in the sense that it was negotiated on an exception basis. In other words, the presumption is that when you're making these negotiations, everything is included except what you identify that must be excluded, and then you negotiate what's excluded.

The history of the agreement on internal trade is the exact opposite of that. There was a series of selections of things that were deemed to be important to discuss from a resolution perspective on trade, and they entered into a series of negotiations between provinces to see if they could develop a consensus on that. In fact, using energy as an example, I think that there were

nine years of negotiation that didn't result in a conclusion on a chapter agreement on energy.

I suppose one of the bolder propositions that we're talking about is, you know, compelling our provincial counterparts to look at this in a very different way. There's a very compelling reason, based on the evolution of these global trade agreements, that we need to do a refresh, that we need to think about a more progressive way to move quickly in terms of reducing some of the impediments to trade right across Canada.

Mr. Rogers: Thank you for that.

Just to follow up, again in the same vein but maybe looking a little bit more offshore, I know you've answered a number of questions throughout the evening about what we're doing internationally. I remembered a question earlier that wondered why we were in Munich. Of course, I think you mentioned the strength of the German economy, the powerhouse of Europe, so I certainly want to applaud those efforts and agree that we definitely need to have a strong presence in Germany. I had the privilege of visiting Germany and actually speaking to our Canadian ambassador in I think it's Berlin. The embassy is in Berlin.

The question I wanted to ask, Mr. Minister, with regard to the Canada-EU comprehensive economic and trade agreement: what are you doing? What's in your envelope, so to speak, this year to advance some of those efforts? Can you give us a little bit of what you expect to achieve with those efforts?

6:05

Mr. Dallas: Our trade officials continue to work with federal officials as they move towards the conclusion of that agreement. The final chapters of that have been tough slogging, as we expected, in the context that there's a framework agreement or an agreement in principle around what's going to happen with CETA, actually bringing this to a final text, there's the process where that final text must be then vetted inside each of the parliaments inside the European Union, and there's the Canadian ratification process as well.

We're at that table. That's unique in the sense that never before, at least in my recollection, has a subnational, the provinces, been invited directly into the negotiations. Europeans actually insisted on that because they recognized the jurisdictional responsibilities that provinces had, and they wanted that assurance that if they concluded an agreement, the provinces themselves were going to actually deliver on the commitments of access from a European perspective.

Our priorities, as you know, were beef, pork, and bison opportunities. That was tough sledding for the Europeans, to provide us with the level of market access that we achieved. We must conclude that agreement. We must get what was committed to in the context of that. Then that process of supporting the organizations, the companies, and the producers that are willing to risk capital to enter that European market and to develop a customer base there, that will be the next activity of the ministry, to support that rapid development of the opportunity.

Mr. Rogers: Thank you.

Shifting west and to the east, the Far East, when I think of the trans-Pacific partnership, I'm just wondering if in a similar vein as to what you're doing with Europe, you have some involvement there and if you might shed some light on what we might see out of your efforts, again, relative to the budget in the coming year?

Mr. Dallas: It's a little bit different scenario in the sense of the level of involvement that's afforded the province of Alberta at that negotiation, but certainly what's happened is that our relationship

with the federal government as it relates to trade agreements has changed. We've had a very positive experience together on the CETA, so we have been attending the meetings. We have been providing continuously an Alberta perspective, an Alberta feedback on what our priorities are, as negotiations proceed, to our Canadian officials. It also gives us an opportunity to interact with officials from the other 11 regions that are represented at the TPP table.

Some of that TPP negotiation is offensive, but quite frankly there's a defensive component to the TPP negotiations as well because – keep in mind that the United States, our largest trading partner, is involved in those negotiations and is creating through that negotiation an access opportunity for those jurisdictions. It's very important for us as Canadians, as Albertans, to ensure that we're there at that table, maintaining that same level of access for our goods and services and continuing our very positive trading relationship with the United States. So there are new opportunities with other TPP members, but there's also an important component of that that makes sure that we're continuing to be able to access an existing, large market that we have a successful relationship with.

Mr. Rogers: Mr. Minister, as you know, I mean, a big part of our interest in looking to the Far East, obviously, is some of the major products we have, particularly oil, natural gas, and liquefied natural gas. Of course, there's a lot going on across this country right now, particularly in our discussions with the First Nations, trying to move one or two of the projects going west. Again, I'm wondering if you have some part, what your efforts will be over the next year, it being, essentially, significant not only to the bottom line of this province but, frankly, the bottom line of this country that we be successful in some of those efforts.

Mr. Dallas: Yeah. It's critically important. Market access is a focused agenda item of the government. It's the number one economic priority of the government of Alberta, and it's the work that we do every day, all day long, in effect, on all of those issues that you reference: environmental considerations; the work that we do with aboriginal communities along the proposed transportation and utility corridors, that we're going to need to get these products to market; the communities themselves, that we work with; the other provinces in the context of understanding the economic impacts of the development or realizing the potential of our energy industry. Those are key pieces of the work that this ministry does. But we don't do that work alone; we do it in coordination with other key ministries, specifically Energy, specifically Environment and Sustainable Resource Development, specifically Innovation and Advanced Education. We work every day to achieve that market access. It's a sophisticated strategy with a lot of people working on it in a very strategic way.

Mr. Rogers: Thank you very much, sir.

The Chair: Thank you, Minister. Thank you.

Mr. Fox: I believe that Mr. Barnes has a few questions, and I'll cede some time to him.

The Chair: Then it's Mr. Barnes.

Mr. Barnes: Okay. Thank you, Mr. Fox and Mr. Chair, and special thanks to the minister and the associate minister and all your . . .

The Chair: Are you going to combine your time with the minister? Five and five?

Mr. Barnes: Please, if I could.

The Chair: You bet.

Mr. Barnes: Thank you, and special thanks to all your staff that are here today for all the work that you do for Albertans. We appreciate it.

One of your four key goals was to build Alberta's reputation as a global citizen. That makes me think of the number of times that I've seen you or other ministers stand up in the House and talk about the social licence that Alberta needs to earn. Could you talk about the percentage of your time and your budget that is spent on earning the social licence, what you think we need to do there, what the other half of that equation is? Will we ever earn it? Could you talk about that briefly, please?

Mr. Dallas: Yeah. Thanks very much for that. I really appreciate the opportunity to speak on that. Not only are we going to earn that; we're going to own it. I think that's the key to the message. The importance of the international work that we're doing, the work that we're doing across this country is to talk about what's happening in Alberta. The commitment, the resolve that Albertans have around environmental mitigation is critical to our ability to access these markets and realize full value for the bounty of resources that we have. Without that, we're not going to have these opportunities. There's some very progressive work that's been done in Alberta that has a great deal of traction, whether you're in Europe, whether you're in Asia, or whether you're in Quebec, if you can get the opportunity to talk about it, to have a dialogue, to create an understanding around it.

That's why, for example, the carbon levy, the greenhouse gas emitter regulation that was enacted a number of years ago, that's created a significant fund, that's been leveraged five or six times, that's resulted in an investment of over a billion dollars in clean technology and alternative energy development, research, and commercialization is so important. That's why the investments around carbon capture are not to mitigate solely our carbon footprint in the province of Alberta. The idea is to develop technology. Our role as a global energy leader is to develop technology, to share and potentially sell that technology around the world, to use that technology for enhanced oil production and recovery from existing conventional fields that we have here in Alberta.

The work that we've done around the regional plans and the LARP, the investments that have resulted from the sharing of technology through COSIA, the commitments that we made around tailings technology and mitigation: these are the kinds of things that global citizens, global leaders are interested in, that are happening in Alberta. Now, it's not exclusively a conversation about the environment, but a lot is about the environment.

Without providing evidence of leadership, of commitment, we will not be able to access and realize full value for our products or services. It really underscores how critical this work is. It's not good enough to play our role. It's only good enough to recognize that we have the third-largest reserve in the world, that we have 55 per cent of the investable oil on the planet. I often tell people, whether it's outside of the province or outside of the country, that if there was any place in the world that you'd want to put those oil sands so that they would be stewarded, they would be developed, they would be reclaimed, it would be in the province of Alberta. We have the will and the opportunity and the resolve and the resources to do that.

Mr. Barnes: Okay. Thank you.

A couple of years ago on YouTube I saw Premier Brad Wall of Saskatchewan presenting to the Pacific North West Economic Region, and the theme of his talk seemed to be that Americans were better at talking free trade than they were at actually implementing it. I wonder: what are your thoughts on that?

6:15

I'm thinking of a situation in my constituency where a road was paved by a Montana company, and some of our local road builders called me and said that it wasn't technically a fair situation because they couldn't access Montana roads and Montana contracts the same way. I wonder: what are your thoughts about making that agreement more free trade and better for Albertans?

Mr. Dallas: There are a whole number of agreements that we have with the Americans. Softwood lumber would be a good example of one that we're going to be discussing in the near future. Obviously, NAFTA has come up for discussion. And you're right in the sense that I don't think there's a jurisdictional relationship in the world where there aren't some conversations around tariff and nontariff barriers and where the scenario could be described as absolute free trade. We could go further.

But the relationship that we have with the United States is the world's most successful trading relationship. The relationship between Canada and the United States and the development that occurred in terms of trade after the culmination of NAFTA has consummated what is global class and is recognized globally as the most successful trading relationship in the world, and we only seek to further that.

Mr. Barnes: Okay. Thank you again.

Some of my constituents have come to me with concerns about the TILMA agreement with other provinces, and it seems to be mostly focused around not-for-profits and agencies where a lot of good work is done but maybe money is a bit tighter. The concern seems to be that they feel that a lot of these contracts have to go out annually and that this prevents them from long-term hiring of maybe the person or the people that they want. Does that sound accurate? Is that an imperfection in the agreement? Are there some other imperfections in that agreement that could be made better for Albertans?

Mr. Dallas: The references to TILMA would be historic because TILMA has essentially been supplanted by the New West Partnership agreement. The scenario that you're describing here is not one that I'm connecting the dots on, but I would say this. You know, in any jurisdiction or between any three jurisdictions, as is the case with the New West Partnership, there are compromises, and that's why it's so difficult to achieve complete access to these markets. Each jurisdiction has different sectors, whether they're cultural or educational or the like, where they see specific reasons why they're unique or they require nurturing or protection or those types of things. That's what makes it a challenge to reduce the barriers.

Now, some of what you may be talking about relates to procurement thresholds. That's been an issue, for example, for municipalities in the context of providing access for Saskatchewan and British Columbia businesses to contracts here in Alberta, and there are discussions around, you know, the ability of enterprises outside of the province to understand our unique needs in certain areas around the province and to provide services and to be able to provide supports on an ongoing basis or whatever. But that's also the same challenge where we seek access into British Columbia or

Saskatchewan. So there's lots to converse on in any trade agreement.

You know, a lot of what makes the New West Partnership work is that we also focused on things like labour mobility, so if you're a certified tradesman, you can be employed and have your credentials recognized in British Columbia and Saskatchewan and Alberta. You can move between those three provinces, and your livelihood is unimpeded by that.

Other things that we've been working on are things like transportation rules around trucking, for example, moving goods and services between the borders. The goal of the partnership, the goal of the arrangement is that it functions as if it was a single jurisdiction, and there's a single set of rules that we all can know and understand and succeed by.

Mr. Barnes: Okay. Thank you.

The Chair: You have one minute and 25 seconds left.

Mr. Barnes: Thank you.

Two or three big manufacturing businesses in my constituency have expressed interest in expanding or possibly expanding into different jurisdictions. They have told me that one of the main concerns is the carbon tax, that in other jurisdictions they don't have to pay it, as well as, unfortunately, some other jurisdictions offering other incentives. What would your answer be to those businesses?

Mr. Dallas: Effectively, as I said, the social licence, the environmental policy that we have here, is actually the driver for the quality of life, the ability to realize our aspirations in Alberta. It's why the GDP of Alberta is growing at a faster pace than any other economy in Canada, why we have the lowest unemployment, why we have the highest rate of growth in terms of population, why we have the lowest tax burden of any jurisdiction in Canada. Other jurisdictions also have environmental taxes. Certainly, in the northwest United States they are substantial. Certainly, British Columbia, Ontario, Quebec, and the like all have policies around environmental tax. We believe that we have one that strikes the right balance, that has the maximum impact, that ensures that our role as a global energy leader will be fulfilled.

The Chair: Thank you, Minister.

Ms Kubinec: Just one that I thought I'd let you finish off the answer to, and that would be the question about B.C. wine.

Mr. Dallas: Thanks for that opportunity. In essence, the scenario with British Columbia wine is not entirely different than the one in terms of access for Alberta distilled spirits and beer. I can tell you that our brewers and our distillers here seek a greater level of access in all other provinces in Canada and hold Alberta up as an example of how it should be done. The scenario with the province of British Columbia is that they'd very much like to enable the movement of wine across the border, and there are some simple challenges associated with that. One is that in our system there is a levy, a tax, that's associated with that wine. The ability to provide assurance, to understand how much alcohol was moving across the border, and to make sure that as Alberta taxpayers we were receiving the appropriate compensation for the movement of those goods is one of the key impediments to achieving this.

Now, that said, I can tell you that the province of Saskatchewan and, I think, B.C. are involved in some discussions around the movement of wine, and we're going to monitor that very closely.

We'd be happy to talk in depth about wine access for British Columbia if the very same conversation included access for our Alberta-brewed beer and spirits.

Ms Kubinec: Thank you.

The Chair: Thank you.

Ms Pastoor.

Ms Pastoor: Thank you. I'd like to go back to something that was mentioned a long time ago. I was thinking of it in terms of TILMA, and now you've just talked about the New West Partnership. It's in regard to that social worker issue. My question, as I was thinking, was: why was there a problem under TILMA? The New West Partnership: is it just a new name? What has changed? What hasn't changed?

Mr. Dallas: Well, the original agreement, as you recall, was with the province of British Columbia.

Ms Pastoor: Right.

Mr. Dallas: As that partnership was expanded to include Saskatchewan, the entity is known as the New West Partnership. Nonetheless, the dispute resolution mechanisms and the like I think are largely similar to where we were.

I mean, with the chair's indulgence, we know that this discussion around an intervention, a dispute resolution, with the social worker has absolutely nothing to do with next year's estimates, but, you know, I appreciate the conversation.

Ms Pastoor: I realize that, but I sort of wanted the clarification on the New West Partnership: what it had retained, and what it had added to it in terms of somebody having a problem that I assumed would not be a problem as a professional.

Mr. Dallas: Essentially, the evolution of this partnership is that we continue to surface ideas and opportunities so that we can enhance the level of access. Obviously, we're clearly very proud to be Albertans, as are the people of Saskatchewan and British Columbia of their jurisdictions. To the best that we can do business in a context as if there is no jurisdictional impediment: that's the goal, and we continue to surface new ideas and

challenges to work on as we go forward. In fact, there are regular meetings of the partnership. The Premiers themselves determine the priorities that officials continue to work on.

Ms Pastoor: Thank you.

The Chair: Thank you, Minister.

6:25

Mr. Fox: I just wanted to chime in right at the end here real quick to thank you and all of your staff for coming out tonight to present to the committee and answer our questions on your budget estimates. It was appreciated to see all of you out, and I found the answers very enlightening, so thank you.

Mr. Dallas: Thank you.

May I, Chair, quickly?

The Chair: Sure.

Mr. Dallas: To all of the committee reviewing the estimates: thank you. It took an hour or so for me to remember that this is actually a fairly pleasant experience. It's something that we're all proud of in the context of our role as legislators, as leaders in our community, to make sure that we're talking about the opportunities in Alberta and that we're doing that whenever and with whomever we get that opportunity to promote Alberta.

Thank you.

The Chair: Great. Thank you.

Are there any other members wishing to speak or ask questions?

Seeing none, then pursuant to Standing Order 59.01(8) the estimates of the Ministry of International and Intergovernmental Relations are deemed to have been considered for the time allotted in the schedule. Members of the Standing Committee on Alberta's Economic Future, this meeting completes our consideration of the ministry's 2014-15 main estimates.

Thank you, Minister, and thank you to your staff.

Thank you, everyone, and have a great evening. This meeting is adjourned.

[The committee adjourned at 6:26 p.m.]

