

[Mr. White in the chair]

THE CHAIRMAN: Good morning, ladies and gentlemen. I'll call the meeting to order. We have an agenda that's been circulated. Might we have a motion to accept the agenda as presented? Is it agreed? Agreed? Somebody say something, please.

HON. MEMBERS: Agreed.

THE CHAIRMAN: There it is. Good. It's carried.

With us this morning we have the International and Intergovernmental Relations minister and the Associate Minister of Aboriginal Affairs. If you'd be so kind as to introduce your staff, then we'll introduce the Auditor General's, and then 20 minutes or thereabouts for an overview.

MRS. McCLELLAN: Okay. Do you want us to start, or would you like to just introduce the Auditor General's staff? It's your call.

THE CHAIRMAN: We can do it the other way.

MRS. McCLELLAN: Sure. Why don't we?

THE CHAIRMAN: Mr. Auditor General, if you'd be so kind.

MR. VALENTINE: Thank you, Mr. Chairman. With me today are Ken Hoffman on my left, who's the Assistant Auditor General with responsibilities for this ministry's audit; on my immediate right, Ronda White, who's a principal and has just recently taken over the responsibilities for the ministry; and on Rhonda's right, Doug McKenzie, who was responsible for the ministerial audit last year.

THE CHAIRMAN: Okay. Madam Minister, if you'd be so kind.

MRS. McCLELLAN: Thank you very much, Mr. Chairman. Good morning. I will introduce some staff that are here to assist us and assist you by providing additional information. As this pertains to the 1998-1999 fiscal year of this department, we may rely on our staff a great deal.

First I want to introduce our deputy minister, Mr. Ron Hicks. Next to Ron is Randy Hardy, who is the chair of the Metis Settlements Transition Committee. Beside me is Les Speakman, director of corporate services; in the back row, Garry Pocock, who is the executive director of intergovernmental relations; Helmut Mach, who is the executive director of trade policy; and John Kristensen. [interjection] No, I wasn't going to miss John. John Kristensen is the executive director of aboriginal relations, sitting beside the associate minister. Directly behind me is Carol Dillman, the executive assistant of the associate minister. In the gallery is Maureen Osadchuk, my executive assistant. I think most of you know Maureen. Beside her is Kathryn Wieggers from our communications area.

I'll give you a bit of an overview, if you like, Mr. Chairman. First of all, the mandate of our ministry: "to lead the development of government-wide strategies and policies for Alberta's relations" with other governments within Canada, with governments around the world, and with the aboriginal community. As the associate minister and I are relatively new arrivals to this department, credit for all of the accomplishments in 1998-99 must go to my predecessor, my colleague Dave Hancock, and of course the ministry staff. I believe that that dedication and work has led Alberta to be recognized as a leader in the management of intergovernmental relations.

I want to also just acknowledge the very first-class work of the MLA Denis Ducharme in the establishment of the Francophone

Secretariat. As chairman of the secretariat Mr. Ducharme initiated contact with the Francophone community in order to provide a more effective liaison with Alberta's French-speaking population. You would know that at the end of July 1999 the secretariat was transferred to the Ministry of Community Development.

The department of intergovernmental and aboriginal affairs was made up of six key program areas during the '98-99 fiscal year, those being international relations, trade policy, Canadian intergovernmental relations, aboriginal self-reliance initiatives, aboriginal relations, and Indian land claims. The former minister's office and those six sections were supported by a corporate services group and a communications group.

In 1998-99 the annual report identifies three key goals: first, "securing benefits for Alberta as an equal partner" in Canada; secondly, "enhancing Alberta's relationship with aboriginal people"; thirdly, "securing benefits for Alberta from strengthened international relations."

To deal with goal 1, certainly international and aboriginal affairs wanted to ensure that Alberta is an equal partner in Canada. How did we accomplish that in that time period? Well, it was by providing support and advice on a number of key national initiatives, including the development of the social union framework, which was signed by all first ministers on February 4, 1999; the co-ordination of a Senate election, which focused national attention on Senate reform; negotiations on trade policy issues, especially in the agriculture and forestry sectors; and continued input on the internal agreement on trade, which benefits Alberta companies by making it easier to conduct business interprovincially.

The second goal, "enhancing Alberta's relationship with aboriginal people." With this goal the aim was to support aboriginal people and their governments in achieving self-reliance and well-being. To achieve this goal we provided specialized support, advice, and expertise to other provincial government departments. For example, we helped the previous department of family and social services establish 11 on-reserve child welfare agreements. A new framework agreement was signed with the Metis Nation of Alberta Association. It focuses on projects with practical and measurable outcomes. Our department provided significant funding to this association to assist with its core operations. A formal protocol agreement was signed with the Peigan First Nation to initiate the resolution of long-standing issues arising from the construction of the Oldman River dam. Funds were expended by our department to initiate formal negotiations between the Peigan First Nation and numerous provincial departments.

In October 1998, Canada, Alberta, and the Alexander First Nation signed final agreements to settle the Alexander treaty land entitlement claim. In early 1999 negotiations were concluded regarding a settlement of the Loon River claim.

The province has a contingent liability in respect to 28 claims by Indian nations and Indian bands concerning aboriginal rights, Indian title, and treaty rights. In most cases these claims have been filed jointly against the province of Alberta, government of Canada, and specified third parties. In addition, there are five treaty land entitlement claims for which Alberta may have an obligation under the natural resource transfer agreement. At this time the outcome of these claims cannot be determined.

In 1998-99 we also started work on developing an aboriginal policy framework. Although we did not spend significant funds on this initiative in 1998-99, we have done so in the current fiscal year. The entire government will be dedicating significant financial and human resources to implementing the aboriginal policy framework.

We've also developed criteria which clearly identify the conditions under which grants may be provided to aboriginal organizations. We've developed an aboriginal financial

accountability framework which clearly outlines the conditions and requirements associated with various levels of funding.

Goal 3, "securing benefits for Alberta from strengthened international relations." We've achieved this goal by encouraging international relationships between our province and other regions as well as supporting visits by international guests. We've provided significant input into several international initiatives, including the International Co-operation and Governance Advisory Committee.

International and aboriginal affairs – this is confusing when you're using a different title than you're used to; I just learned how to say the new one – is the secretariat for this committee. It looks at ways to bring more international projects to Alberta by creating effective partnerships between the government of Alberta, the private sector, and postsecondary institutions. We've also promoted Alberta's position to the federal government for the World Trade Organization and Asia Pacific Economic Co-operation negotiations.

8:40

An area of importance to us is: how do we measure our goals? Often in this department it's very difficult, because our success depends on many matters. Results can take many years to achieve, so in this report we've used many different sources to back up our performance including narrative records that describe what we do such as mission reports, comprehensive client surveys – the last one was sent to 200 government agencies asking them how we're doing – secondary economic and social demographic indicators such as Focus Canada reports, and Statistics Canada surveys. These documents help us track social, economic, and demographic trends that help us plan our work. Also, we use pooling results from Environics Canada. These data track the performance level of the government and indirectly help us determine if we're providing the right kind of support to government.

The Auditor General. In 1997-98 the Auditor General asked that we include more measurable statistics and statements within the performance measures section of the next annual report. We kept that in mind when preparing the 1998-99 report. The Auditor General, of course, has now reviewed our report verifying the information obtained internally and externally and has tested our calculations and assessed our methodology. While applying these procedures, he has found no exceptions. This means, I hope, that we've received a passing grade on our performance measures. We will always continue to try and improve those with his advice and certainly advice from others.

The budget in 1998-99. The department's budget was \$34.4 million. Over 36 percent of that budget was used for department expenditures, and 64 percent was allocated to the Metis settlements expenditures. The budget increased in two different areas in that year: by \$830,000 for a grant to the Faculte Saint-Jean for the promotion and development of the Francophone culture and history in Alberta during the 1999 year of the Francophone, and a further increase of \$194,000 that was allocated to the government's achievement bonus program for employees.

Colleagues, I know that this presentation only briefly touches on the achievements of this department during the 1998-99 fiscal year. In closing, I want to acknowledge the input and co-operation of other government departments. We've been able to achieve many of our goals because of teamwork. As intergovernmental and aboriginal affairs, and now International and Intergovernmental Relations, this ministry has worked hard to advance Alberta's interest in the Canadian federal system and within the international community and to maintain a strong and productive relationship with Alberta's aboriginal citizens and communities. I'm proud of the work the ministry accomplished during the reporting period, and I

look forward to your questions.

THE CHAIRMAN: Is the associate minister not going to cover her area?

MRS. McCLELLAN: We did it once.

THE CHAIRMAN: You did it in one shot. Terrific. That's wonderful. Covered all the bases. I thought you had covered the bases, but you're never sure.

MS CALAHASEN: Yeah. She did actually, because the budget falls within her ministry.

MRS. McCLELLAN: This was before. This is the reporting year of 1998-99.

THE CHAIRMAN: Yes, of course. There was no associate. I see. Ms Olsen, followed by Mr. Amery.

MS OLSEN: Thank you. Welcome to the ministers and their staff, and the Auditor General is back again for another week. I'm just going to refer you, Madam Minister, to the annual report, '98-99, pages 7 and 32. I'm going to ask if the minister would elaborate on the results of the independent review conducted in '98-99, the management and administrative practices of the Metis settlements, and how the recommendations flowing from these reviews enhance the business planning process for the Metis settlements. That's alluded to on the . . .

MRS. McCLELLAN: You want to talk about what has happened to . . .

MS OLSEN: What has come out of those particular recommendations regarding the management and the administrative practices.

MRS. McCLELLAN: Sure. I'll leave that to the associate minister, as she's responsible for those areas.

MS OLSEN: Very good.

MS CALAHASEN: You're talking about page 7 and page . . .

MS OLSEN: Thirty-two.

MS CALAHASEN: Okay. Actually, during the 1998-99 fiscal year the Metis Settlements Transition Commission did the independent accounting, as you know, to conduct reviews of the financial and management practices of the settlements. These reviews demonstrated that while settlements had made considerable progress in developing the administrative systems, improvements were still necessary. I think we heard that consistently across all eight settlements. No matter what we did, they still said we needed to improve it.

They then developed the plans to address the problem areas that were subsequently incorporated into the three-year business plan. In fact, all settlements have that in place. They have three-year business plans that have been going on, and from that they have been able to do a number of other areas of improving their system of accountability. In the case of two settlements, controllers were temporarily installed to assist the settlements in improving their administrations. On a third settlement a monitor was assigned to regularly review the settlement's administrative practices and advise the settlement on how to improve them.

So we've sort of been on a path of education for the settlements. They've got systems in place, the three-year business plan. That has given them a sense of being able to determine what happens on the settlements, and that has given them, in my view, at least a sense of what they can do even better.

We still have some areas we have to improve on, and I believe the settlements have been coming to the table to see how they can be improving their systems.

MS OLSEN: They've been coming to my table as well, so I'm hoping to see some further work done. I guess my next question would be: what changes to the governing structures and the systems are required to enable the settlements to continue to make further progress?

MS CALAHASEN: Well, I think one of the things we have to do is measure the progress that has been made, and the progress I believe is a two-step process. First the settlement conducts a self-assessment of their progress. The settlement has to discuss their results with the Metis Settlements Transition Commission, and the commission then uses a rating system to determine what percentage of the performance-related funding the settlement is entitled to receive. Then the settlements have the opportunity to work during the next fiscal year on objectives that were not achieved. They've come to me to say, "We have some areas we have to be able to carry on with, and we need to know how we can do that." We have to make sure that whatever happens, we still look at the performance-related funding they have agreed to.

However, I think Randy may want to talk about some of the areas we have been working on.

MR. HARDY: Thank you, Madam Minister. There are some overall major structural changes that the settlements have been working on in co-operation with the minister's office, and there are legislative changes that are required to be done, so it's been a three-year project in the making. Hopefully it will culminate next year, but that matter is out of my hands. It's up to the ministers responsible.

The major structural changes would be around accountability, part of this whole concept that the settlements refer to as self-regulation. We're also talking about doing away with the annual elections. It adds to the political instability of the settlements. They're thinking of going to three-year terms as opposed to annual elections. There's a veto issue that they have in capital P policy issues that affect all eight settlements. We're working towards doing away with it.

I guess those were the major structural changes.

THE CHAIRMAN: Thank you.

Mr. Amery, followed by Dr. Nicol.

MR. AMERY: Thank you, Mr. Chairman. Good morning, everyone. My question today is to the hon. Associate Minister of Aboriginal Affairs. I'd like to refer you to note 7 on page 70 of the annual report. It indicates that Alberta is named as a defendant in more than one hundred billion dollars of claims filed by the First Nations. I wonder if you could tell me: how are you dealing with these claims?

8:50

MS CALAHASEN: Okay. First, I guess I would begin by noting that there's a tremendous difference between the amount of damages claimed in a lawsuit and an award made by a court after a trial, and in our view that amount, if any, for which the province might be liable in the actions which have been filed would be much less than that claimed. The province of Alberta has met in the past and is

prepared to continue to meet its obligations relating to valid land claims, as you know. You've been part of that process, making sure we continue to do that. If anything will hamper economic development, it will be the lack of land claim settlements, but we're also looking at the land entitlement claims. However, most of the claims filed over the past few years make allegations which the province rejects and considers nonnegotiable. For example, Alberta is not prepared to negotiate the issue of provincial title to all Crown resources within the province, and that's something I think we have to continue to work on.

MR. AMERY: Okay.

What progress has been made with regard to those claims that Alberta recognizes as valid?

MS CALAHASEN: Well, very few of those cases filed over the past few years are being pursued actively in the courts. But that doesn't mean we continue to not deal with that. There are some cases which question the extinguishment of aboriginal title throughout the province or challenge the validity of the natural resources transfer agreement, and our department, the Ministry of International and Intergovernmental Relations, in co-operation with Alberta Justice is defending diligently and will continue to do so.

THE CHAIRMAN: Thank you, Mr. Amery.

DR. NICOL: Good morning, Madam Ministers and staff, Auditor General and your staff. It's a real opportunity we have this morning to look at some of the issues that have gone on in the past in your ministry. What I'd like to do is start with the annual report. Your ministry has control over the western economic partnership agreement and how it works. Could the minister provide us with some detail and some information on the projects funded – there was about \$16 million – in terms of how they broke down, where they were focused, how you measure the achievements, and whether or not you have any performance indicators that can tell us of any follow-up from those projects.

MRS. McCLELLAN: Well, as the colleague across the way has indicated, there was some \$16 million awarded, I believe, in WEPA projects, so I'm going to depend on the staff to give you some further backdrop on that. Just to say that on the western economic partnership agreements, of which we've had I believe three, they've been quite a successful activity because they are tripartite. They include the government of Canada, the government of Alberta of course, and municipal governments primarily in each one of those agreements. So the goals that are set out in the projects are really developed among the partners and measured, again, by the partners on achievement, which I think is perhaps a bit extraordinary in the way we do things but also a great way to prepare for the opportunity for another agreement, because you get input from the players who are involved in those whether they're our academic institutions that might be partnering in a research project or another level of endeavour.

I'm going to ask my deputy who we should ask to speak to how the actual performance measures or goals are reported on. I think that's the key. What you want to know is: how do we know that this money we've contributed a third of in most cases is being used successfully? It's a timely topic.

MR. HICKS: Thank you, Madam Minister. We are now negotiating the third phase of the current WEPA agreement, so I have some of the current projects in mind, but I'm having trouble recollecting those that are included in the \$16 million. I know there were a

couple of projects we did in the research area, but we can provide you a list of the projects that were included in the \$16 million.

In terms of the process we went through this time, we had some concerns with the previous WEPA agreement in terms of the amount of money that actually got spent on administration versus the amount of money that got spent on projects. We're working with the federal government. We also had some concerns about the fact that some of the projects didn't seem to be consistent with the goals we had in our department business plans, so in this current WEPA agreement we made a real effort to make sure that any projects funded through the agreement in fact complemented goals and strategies in the department's business plans. Those goals and strategies then have outcomes and performance measures in the business plans. So that is the mechanism we've been using to try to ensure that we're measuring performance. The actual WEPA projects have to be consistent with goal strategies and outcomes in department business plans. In most cases the actual projects have been identified in individual department business plans, so they show up that way.

THE CHAIRMAN: If you're going to subsequently record something . . .

MRS. McCLELLAN: Through the chair.

THE CHAIRMAN: Well, if you do it through the secretary, it's more likely to be processed properly then. Thank you.

DR. NICOL: In the context of the projects that were put through in the '98-99 year, do you look at them in terms of how they fit the actual criteria that were established when the project was approved? Are they achieving the goals of the project? I would assume the project is approved, and the minister made some comment that maybe not all of them fit exactly with the goals of the department, and in your new program you're trying to make sure they fit with the goals of the department. But each project as it's approved must have some monitoring and some performance criteria. How do you go about making sure that those are followed, and are they achieved by the end of the project? Are we getting value for our dollar when we put the money into these projects, and how do we measure it? You know, can we stand up and tell the people of Alberta that, yes, our share of these dollars gave good return?

MR. HICKS: Well, most of the – I'm trying to think of an example of a project that I could use in terms of reporting.

MRS. McCLELLAN: One of the projects, I believe, would have been the library network, the electronic network. Was that in the '98-99 year? I'm searching my own mind. I believe it was the electronic library network. At the conclusion of that, the goal was to hook some 300 libraries across the province – I don't have the exact number in my head – to link them electronically so that it didn't matter whether you were in High Level or Manyberries, you had access to comparable library services. That project, of course, is completed. The measurement of success is: did you accomplish that? The answer is yes. And is it working? I was just at the opening of a little library in Acadia Valley on Saturday, and they were most excited about being linked by this and also about having some free Internet service for their community which, of course, had not been there. So that project is measured on those goals. I think you raise a very good point on do we have a paper that you can pick up of the compilation – at least that's what I'm hearing from you – that says that under WEPA 2 or whatever this particular one was, these were the projects, this is the state of completion, because some of them of course are longer term, and this is how they met their

goals. I'm not sure that we have brought it together in that manner. It's not a bad idea. If we haven't, I will certainly follow that up.

9:00

MR. HICKS: Just to elaborate on an earlier comment I made. Any of the projects have to be reflected in department business plans, so we do have reporting on whether the project was successful and accomplished the objectives through the department's annual report. So we don't have projects that are outside that process. But as the minister just said, do we roll up a summary of all the WEPA projects and say, "This is what we accomplished"? No, we haven't done that in the past. That's a good suggestion. We should consider that.

THE CHAIRMAN: Well, thank you.

Mr. Lougheed, followed by Ms Olsen.

MR. LOUGHEED: Thank you. Every now and then I have comments, not so much recently but certainly a while ago, about the difficulty in companies working in other jurisdictions, across other borders, or in fact even the flow of goods or services, people perhaps not so much but maybe as well, a little difficulty there. Can you comment a little more on what the government has been doing to develop better transboundary relations?

MRS. McCLELLAN: Sure. It's a very important part of what we do in co-operation with the economic departments in government, because our role, of course, is trade policy and their role is economic and marketing. A number of initiatives have occurred. I could give you an example of the work with the northwestern states in particular. That's a very natural trade corridor for Alberta, and a lot of our goods and services move that way. The Premier was the chair of the Western Premiers' Conference and took the initiative, after discussion with his colleagues, of inviting the western Governors from the U.S. to the meeting. The Governor of North Dakota did attend as he was the chair of the Western Governors' Association.

They had discussions on how they can identify issues that inhibit ease of trade between the two countries, because it is very much two-way trade, and especially how they might be more proactive in settling issues that arise less formally than letting things escalate to the point where they go to actual panels and so on, which is very costly for everyone.

You may have noted that the Governor of Montana was in Alberta about two weeks ago, and there was a memorandum of understanding signed by the Governor and the Premier at that time that dealt with that very issue. To put it in very informal terms, they said that if there is an issue, they can pick up the phone and discuss it and try and settle it that way.

That participation is important. Agriculture, for example, is a member of WASDA, Western Association of State Departments of Agriculture. A lot of our trade is agricultural in nature, and that association helps us a lot. As well, they attend the National Association of State Departments of Agriculture. We've been very active in the CanAm Border Trade Alliance and the Council of State Governments as well as attending the Western Governors' Association meetings.

I think the Council of State Governments and the Western Governors' Association ties are important, and I think it recognizes the importance of closer transboundary relations. In fact, they're considering holding their 2001 annual meeting in Alberta, which would be a first. There has been a lot of work occur here, especially, I'm noting, between the U.S. and Canada, because it is our number one trading partner. It is the largest undefended border, you might say, between two of the largest countries. It's important that those relations are improved and maintained, so we put a lot of effort into

that.

MR. LOUGHEED: Thank you.

Yesterday I met with a couple of people from the constituency, farmers that were involved in trucking into the States. I can't remember whether one of them got his truck seized or not, but you know the whole scenario there with the farmers from some different provinces as well. I know there were negotiations and discussions in the past with respect to that issue. The farmers in the States, I believe, had blockades, and I don't really know what the current situation is, whether it's settled down a little bit. Can you comment on what the strategies were in the past, what was done to, I guess, address those problems and what attempts were made to improve the circumstances for even our local farmers let alone the ones farther south?

MRS. McCLELLAN: Well, there have been border tensions between agricultural producers on both sides of the border. However, I think it's understandable that this would occur with the pressure that agricultural producers are feeling on both sides of the border. However, I would maintain that the issues, especially in grain, are not between the U.S. and Canada. There are issues that our farmers on both sides of the border are dealing with created by the European policy on subsidizing a product. Certainly at the discussions in Seattle at the WTO there were discussions between both countries to try to come to a unified position in those areas. So low commodity prices and uncertain markets certainly add to the frustration that producers on both sides of the border feel. Also, reports of large subsidies that usually make the headlines in the paper, more than the difficulties, are not always understood as to what they really mean. I think part of our role is certainly working with people to understand what those are.

We have, I believe, led the country in looking at practical solutions, and I'll give you an example of a success: the restricted feeder cattle import program, because some of the irritation certainly was with the cattle industry, whether it was in live or boxed beef. You should know that 150,000 head of U.S. cattle have been imported into Alberta so far this season. That cross-border movement of cattle has provided far more opportunity and higher prices, frankly, for U.S. producers and increased the operations of our feedlot, so it's been good. I know the Member for Lethbridge-East would be pretty familiar with that project because by nature of geography a lot of the cattle that come in come in to that area.

9:10

I think that attending an agricultural summit in January of this year that was held in Boise, Idaho, where agricultural producers and processors and so on from both sides of the border came together and were able to discuss these in a forum where they could talk one on one, has helped as well. So there are a few things that we've been doing that I believe help; I think it's called, MABAC, the Montana/Alberta Boundary Advisory Committee, has been a great help.

I think what we need to do is to talk a lot more about the successes. The only thing that really gets talked about is the one instance where there is a problem that goes to a panel or a tribunal, but I think we need to talk more about successes, and we need to talk more about resolution between our countries and our producers and our governments to settle these disputes in a fair manner, not necessarily having to go that expensive legal route. I would say that I'm really encouraged, and I think that governments are listening. I think agricultural and other commodity groups believe we are listening, understanding, and trying to work with them to solve these

issues.

THE CHAIRMAN: Ms Olsen, followed by Ms Kryczka.

MS OLSEN: Thank you. I want to go back to the Metis settlements. The minister had stated to me that they're going to look at how these governing structures work and that there are going to be some changes. I guess I'm wondering how the minister intends to measure or what performance measurements are in place right now to measure the progress of the particular accountability structures. You suggested performance-related funding, and I'm wondering if you can expand on that as well so that we all here understand exactly what performance-related funding is in relation to your key performance measurements and indicators.

MS CALAHASEN: Thank you. That's actually a good follow-up. I'll have Randy discuss that because he's been working with it quite intensely. I'll have Randy now talk about that.

MR. HARDY: Thanks, Madam Minister. Settlements' business plans deal with infrastructure issues, administrative issues, their budget issues, and what we have attempted to capture, because the idea was relatively new in the settlements, was to come up with a simple measuring stick. Items that they identified in their community plans – that's the business plans – we basically said that if you do your plans, if you update them, you add a year on, you get 78 percent of your funding. Now, the 22 percent performance funding was subject to them completing the issues they identified in their community plans.

For example, housing is a controversial issue just like employment. Most of the complaints come from that. Now, under the housing item in their business plan the community would get together and say: well, we need a policy to ensure that there's fair and adequate selection taking place at the end of the whole process, so what criteria would you use? Is there an adequate repayment portion to it? In other words, the houses aren't going to be free anymore. So if they put the policy in place, crystallized it in a bylaw, that's fine. If a committee was set up – for instance, in most settlements they try to take away the housing selection process from the council and give it to a committee. The way they do that is ask for volunteers in a public meeting. These people sit down, take the criteria, and then make recommendations to council. If all that was done to date, they'd get a perfect score in that area. When it comes to hiring practices, employment, the same thing there. There would have to be criteria agreed to in a community meeting. They crystallize it in a bylaw again, and then they implement it.

MS OLSEN: I'm a bit confused. We're suggesting that there's got to be some criteria for performance-related funding. I'm not sure I heard that articulated. I heard that the bylaw has to be enacted to put some things in place. What happens if these bylaws are not enacted? What happens, then, to performance-related funding? I guess what I'm looking for is that at the end of the business cycle, what is the minister going to use? What's her measurement tool to say that we succeeded in this area and we feel we've accomplished what we set out to do? What is that measurement tool in place?

MR. HARDY: The measurement tool is basically that they implemented what they set out to be their goal. In a nutshell that's what it is. We sit down with them, and the example I had given is the housing example. They wouldn't get the performance money until such time as they've achieved it, and they'd have one year to recoup it. If they never did, then they'd never get to see it. That's the incentive to doing it.

MS CALAHASEN: If I may, basically the rating scale in the way they have done their performance and the criteria that have been utilized has been between the commission as well as the settlements, determining what they see as the criteria and what they needed to do to be able to ensure that they carried on their work. So it was a partnership. It was a co-operative venture to see how they can move in that direction. It's been an interesting few years, though, and I know that they want to see some things improve in that area too.

THE CHAIRMAN: Thank you.

Ms Kryczka, followed by Dr. Nicol.

MS KRYCZKA: Thank you. Good morning, hon. ministers McClellan and Calahasen, and Auditor General and your departments. My question has to do more with twinings. Why does Alberta spend time and money on twinings or special relationships with provinces and states and foreign countries? Presently which countries are involved?

MRS. McCLELLAN: Well, we've got a number of formalized linkages with other what we call in our terminology subnational jurisdictions. This began in the early 1970s, and it started with a sister province relationship with the Korean province of Kangwon in 1974. As you did rightly indicate, we have a number of those. I'll give you a snapshot of what we have.

We have formalized relationships, as I indicated, with Kangwon – that was in 1974 – Hokkaido, Japan, in 1980. You would know we're celebrating the 20th anniversary of our Hokkaido twinning this year. Heilongjiang, China, was in 1981. We have a formal relationship with Montana that was formed with the state of Montana in 1984. Tyumen in Russia was in 1992. Neuquen in Argentina. Then we get to the challenge of Mpumalanga, South Africa, which is one of our more recent ones, in 1995. I always loved that name. Then Khanty-Mansiisk in Russia in 1995; another province, Yamal Nenets, Russia, in 1997; and Sakha, Russia, in 1998. Jalisco, Mexico, is probably our most recent, in 1998. That's where we are in twinings.

Why did we enter into these? Well, with the purpose, one, of strengthening trading ties with these areas; certainly to promote the internationalization of our economy, institutions, and people; and to improve market access. A good example of that is the Montana twinning and what we've been able to achieve there. Also, we do this often in response to foreign governments and, maybe more importantly, our own private sector in our province.

9:20

MS KRYCZKA: I understand the department commissioned a study to review the present twinning policy and to recommend new directions. I wonder if you could just give us an update on that?

MRS. McCLELLAN: Well, while we think the twinings that we've entered into have been useful and successful, we didn't think we should just sit back and rest on our laurels, so to speak. So we enlisted Dr. Brian Evans – he's the former vice-president of international relations for the University of Alberta – to review and assess our existing twinings and the proposed twinning relationships or relationships that have been brought to us and to suggest to us some criteria against which to measure success. This has become a very important part of what we do. His report concluded a few things, but one is that our twinings are probably our best kept secret, and they're really a key to us establishing and enhancing economic ties internationally. He recommended in his report that increased focus and resources be devoted to them.

If you had an opportunity to review the recently released A Framework for Alberta's International Strategies, it identifies twinings as one of the tools that we can use to meet our provincial and international objectives. We're developing currently a separate twinning strategy to make sure that twinings remain a viable and valuable contributor to our achievement. It will include criteria by which the existing can be measured and evaluated and look at whether we should discontinue any of the twinings we have and/or whether we should initiate new ones. I expect that we will have that information, which will probably be brought to the House in fact, later this year.

MS KRYCZKA: I had a second supplemental, but in your last sentence you answered it. Thank you.

MRS. McCLELLAN: I tend to do that.

THE CHAIRMAN: Well, one-stop shopping there.

DR. NICOL: Madam Minister, on page 54 of your annual report you talk about the analysis of your client surveys, and in that I think 200 surveys were mailed out to government clients. A lot of what you do when you deal with some of the activities of your department has direct effect on the clients, but it also has effects on associated either agencies or businesses in our economy. Why did you not look at the interpretation or do a survey that looked at how nonclient associated agencies in Alberta perceive your contribution as well? I know when Alberta Agriculture reviewed FDIP, the only people they sent the requests to were people who got money from FDIP. Well, anybody that got money is going to think it's a great program. So why don't you also send out this survey to associated agencies or businesses and say: look; do you think this helped overall in the industry, or did it only help the people or the groups that you targeted?

MRS. McCLELLAN: Good question. However, as you noted, we're a small-budget department. We're very careful with our money, and we try to use it most effectively. The year before we did the external and internal surveys. That year we did only the direct client survey, and in the next one we will do the external and internal. I would say that if you have some suggestions of external you're aware of that we should consider, if you would pass those on to us, we'd really appreciate that.

DR. NICOL: In following up on that, though, as you do your performance indicators, because your activities do have such broad scope, is this idea of looking at external review or external comment as well going to become built around this issue? Is it going to be part of programs? It seems you do it every second year. Is that about right for when you look at the external when you do the internal every year?

MRS. McCLELLAN: That is what we did. I think what you'd want to do is make sure that you're getting the information in as timely a fashion as you need. I should use an example of a Team Canada trade mission; there is follow-up to those directly. So you do follow-up in other areas as well. This is just one methodology, and we're always looking for better ways to measure. As I indicated in my comments, some of what we do is long term; some of it is almost intangible because it's difficult to measure immediately, and that's why we appreciated the advice that we had from the Auditor General's office and worked on implementing that. Certainly we'll continue to work with the Auditor General's office and others to look at ways we can improve our performance measures and our

goals. They're incredibly important. I don't have to tell you that. I know you know.

Alberta depends on export and depends on trade relationships for its economic well-being. I believe that we are the third largest exporter in Canada. When you consider the size of this province – we have a tenth of the population, and Ontario and Quebec are ahead of us, B.C. behind us, and have ports and a coast and a shoreline – I think we do extraordinarily well as a province because we have very aggressive business communities here. So it behooves us as government in our areas of responsibility to make sure that we're working as hard as we can to ease their ability to make sure that they have a fair, level access to market. That's a term that's used a lot, but in this case it's incredibly important, and that's our role.

So if we can do better in measurements, it will only mean we'll do better in achieving results. We have to talk to our clients, whoever they are. If you were talking to Economic Development or Resource Development, they talk to their clients, so it happens in more ways than just simply through our department. We also do some public polling, as I indicated, and that's important too.

THE CHAIRMAN: Thank you, Dr. Nicol.

Mr. Yankowsky, followed by Ms Olsen.

MR. YANKOWSKY: Thank you, Mr. Chairman. My questions are all to the Minister of International and Intergovernmental Relations. In 1998-1999 there was a private-sector consultation on how to improve the agreement on international trade, and some recommendations were made by that consultation committee. Since then, we have not heard anything, and my question here is: why has there been no action or has there been action from your department on these recommendations?

9:30

MRS. McCLELLAN: Well, the agreement on internal trade is an important one and an interesting one. What happened to the results that we had from our private-sector consultation? I can tell you they were incorporated into our government's overall proposal for changes to the AIT and incorporated into our list of items for future negotiations. This was distributed at the ministerial level last year. Unfortunately, Alberta and the federal government were the only two jurisdictions that submitted comprehensive proposals. The ministerial committee is due to meet in March of this year, and they will discuss them. I can tell you that the proposals won't die. We're going to pursue them very vigorously.

MR. YANKOWSKY: Other provinces had suggested that various recommendations, such as the one on energy, should provide exceptions, or carve-outs, for them from the general obligations. What are your thoughts on this?

MRS. McCLELLAN: Well, it's a difficult subject, because there's no question that some Atlantic provinces want to be excluded from some provisions so that they can get what we would term discriminatory regional development arrangements from the development of their offshore energy resources. We're sympathetic. We understand their desire to improve their economy to move ahead.

However, I don't believe we will in any way accept an unlimited carve-out. I think we can be understanding as a partner in a federation that for maybe a period of time there'll be a carve-out to assist them in economic development or job growth or GDP growth, for that matter. Then I think we could see some arrangement coming together. But at some fixed point – and I think it has to be a fixed point – we're going to say that we have to have the opportunity to pursue interests and activities in other provinces in this area.

The AIT, we have to continually remind ourselves, is there to

remove barriers to trade, not set them in place in perpetuity. That's the tough one.

THE CHAIRMAN: Thank you.

Ms Olsen, followed by Mr. Klapstein.

MS OLSEN: Thank you. I'd like to draw your attention to page 26. Again to the Associate Minister of Aboriginal Affairs. At the top of that page there's a note that an

important undertaking in the area of economic development was the agreement between Canada and Alberta to allocate \$1 million under the Western Economic Partnership Agreement to projects that would have a positive impact on Aboriginal employment/business growth.

I'm just wondering if you can tell me, Madam Minister, how much employment went up and how many of these projects were successful. How did you measure business growth?

MS CALAHASEN: I don't have the information on hand presently. I don't know if the deputy minister would have that information on hand. It would be under WEPA.

MS OLSEN: I'd at least be looking for the criteria that you used, and I'm assuming that you have a measurement tool to show that the government got value for their dollar here.

THE CHAIRMAN: If the information is not presently available, it's quite acceptable to file the information in a short report.

MS CALAHASEN: Why don't we do that? I'll undertake, then, to get the information to the secretary; okay?

THE CHAIRMAN: That would be just fine.

MS OLSEN: So what I would be looking for, again: the measurement tool, the outcomes, how that's measured, showing us how much unemployment went up. This is a \$1 million partnership. How much did this government actually put into this program? Was there allocation of funding? Is it determinate on the partnership, or is it something that the Alberta government would choose to do on their own?

MS CALAHASEN: Well, we'll have an undertaking to provide the information, and then we'll ensure that you get that.

MRS. McCLELLAN: I was having a discussion with my deputy because I would question that section, but we'll get you the information, whatever we have.

MS OLSEN: Fair enough.

THE CHAIRMAN: Mr. Klapstein, followed by Dr. Nicol.

MR. KLAPSTEIN: Thank you, Mr. Chairman. Since international trade negotiations are the responsibility of the federal government, why is the provincial government continuing to press for expanded involvement?

MRS. McCLELLAN: Well, that's a very good question. I've already indicated to you how important trade is to us. In fact, I think there are statistics that suggest that 1 in 3 jobs in this province depend on trade. I think I'm pretty close on that. I'm looking to my learned colleague back there, Helmut Mach, who has been involved in a lot of these negotiations.

The substance of the negotiations goes far beyond federal jurisdiction, and that's the importance of our actually being at the

table. The federal government needs us at the table, obviously, because they have to be able to assure their international negotiating partners that indeed Canada will actually implement the agreement. Many of these agreements are within the area of provincial jurisdiction; in fact, almost all. Agriculture is actually the only formally shared responsibility between the federal and provincial governments, and that's a 50-50 relationship. Most of it, as I say, falls within provincial jurisdiction.

If you were staying with the areas of customs, tariffs, and quotas, those have always been understood to be federal responsibility. Now, when you're getting into discussions of domestic treatment of goods, services, labour, investment, it's important that we be there and that we be fully involved in developing those objectives and positions and also in the consideration of alternatives and proposals from other governments before final decisions are made. If we have the responsibility for implementation, it's incredibly important that we be part of the negotiation. We're in the best position to know. The most difficult thing and the biggest strain on relationships between the two levels of government is when you have a discussion, have an agreement, have an understanding, and it changes at some point and you find out about it afterwards and you are the jurisdiction responsible for implementation.

So it's incredibly important that we be at the table, that we be consulted in a meaningful way before, during, and after the discussions. In my view, the federal government simply can't and should not want to conduct international negotiations on trade and investment matters in isolation. How do I really feel about it?

THE CHAIRMAN: Dr. Nicol, followed by Mrs. Forsyth.

DR. NICOL: Thank you again. Madam Minister, I want to make a comment on something you said a minute ago. The latest data I've heard is that Alberta now for the first time is a net importer of livestock from the U.S. So it's a good deal. It just adds to what you said a few minutes ago.

On page 73 of your annual report you present the expenditure estimates, budget, et cetera. Three of the items – international relations, trade policy, and Canadian intergovernmental relations – all ended up with deficits in the '98-99 year. What was it that went on in the department? What changes were implemented, what change in focus, such that those three different areas all ended up with deficits?

9:40

MRS. McCLELLAN: Well, I can tell you what my notes say, and then I'll ask my staff to maybe give you some more information if you need it. Under international relations, it's my understanding, there were additional costs for staff and international travel for trade ministers and governance projects. Trade policy: primarily the associated additional costs for negotiations and legal consultation on the cattle countervail, which you would be quite familiar with, and MMT additive dispute. Canadian intergovernmental relations: the associated and additional costs to deal with the social union framework that was in that period as well as the Senate election.

I don't know if my deputy or any of our staff want to add to that or if you have any more questions, but that's my information.

DR. NICOL: I guess these things come up unexpectedly, and they create the overexpenditure. How do you go about in your department, then, estimating what's going to happen in a given year? Are you going to be closer in future years? Did this deficit in those three areas result in a change in how you develop your budget so that we can get at least more accurate projections and more accurate reflections? I don't necessarily always expect it to be right on.

MRS. McCLELLAN: It will certainly be the minister's direction that we stay within our budget. I have a long-standing position on that.

When there are unexpected occurrences, which there can be – I'll give you an example: land claim settlements. It's difficult to anticipate when they would conclude. How do you negotiate if you put out your position ahead of time? That's an area, I'll say as minister, that I agree that you can't always anticipate and prepare for.

For the actual activity of the department we had a good get-together as a planning session. We talked about the priorities for the department, how we would utilize the resources. The associate minister and I have spent pretty much all-day sessions in discussions, making sure that we've got all of our priority areas covered. If we have difficulties this way, they are truly unexpected, because this staff under our deputy's direction are very committed to putting a budget together that reflects our activities and living within that budget. I will say that if something unexpected comes up that is a priority or is important to us, then we'll look for ways to shift resources within our present budget. If we can't and if it's that important, then we may have some overexpenditures. But we think better planning and good discussions will eliminate that in the future. I hope next year, when I come back, you don't have the same question.

DR. NICOL: In your defence, Madam Minister, the bottom line of your budget was still surplus. But thank you.

MRS. McCLELLAN: Oh, yeah. That was the previous minister's achievement.

THE CHAIRMAN: Mrs. Forsyth, followed by Ms Olsen.

MRS. FORSYTH: Thank you, Mr. Chairman. I want to say at the outset that intergovernmental and aboriginal affairs is probably one of the departments that fascinates me the most. It is, in my estimation, a difficult department to gauge performance measures for because of what you're doing across the world. I would like to focus my questions to the associate minister, if I may, please. The first question I would like to ask is: what was done during the 1998-99 fiscal year to improve the governance of the Metis settlements?

MS CALAHASEN: For '98-99 we actually engaged in quite a lot of different areas. What we did for the Metis settlements was we looked at how we can get them to start looking at their financial reviews and the management practices so that we can begin to look at how we can progress in those areas and help them develop. I really was very proud of the Metis settlements in the way they came to the table, to be able to see how they can do that. They brought some recommendations forward. In fact, I think the Member for Edmonton-Norwood was asking about that.

The areas that we're talking about in terms of governance are: how do we, then, measure performance, and what are the good governance accountabilities that are available? Well, we had a number of things that came forward, and the Metis settlements in working with the commissioner were looking at ways to be able to do that. When you're talking about improving the governance, they came forward and said: we've got to have policies in place, we've got to have bylaws in place, and we have to follow these. We agreed with them, because that's an important area for us, to ensure that we continue to do that. Then if there are areas that we have to look at, the monitoring from the commission would continue. The commission, then, makes these settlements able to look at various areas. If there are complaints, they would be investigated, and action would then be taken if there were problems.

So in terms of the '98-99 fiscal year there have been a lot of changes in looking at reviews of the financial and management practices of all the settlements in the area.

MRS. FORSYTH: I think you've sort of answered my second question, but I'd like to ask it just to maybe be a little more specific. It's on the progress that has been made at the settlements in improving their governance practices and the way in which they are being measured.

MS CALAHASEN: I think that's the same kind of question that we received earlier from the Member for Edmonton-Norwood. I want to talk about that, because when we're talking about performance measures – and I will have the commissioner talk about that too. He's been involved in determining what criteria will be used and what goals the Metis settlements have set up. First of all, what they do is go towards objectives that are contained in their business plans. They have to build the business plans. They have to look at the objectives. Then they do an assessment of those programs. Then they talk with the commissioner about the rating system. I'll have the commissioner talk about the rating system, about how he does his criteria, about how they did their criteria, which, as I indicated, is co-operative. Then they look at whether or not they have measured those and how far they are in their measurement. I'll have the commissioner talk about that, because I think that's an important perspective to be able to discuss here at this time.

MR. HARDY: Thank you, Madam Minister. If I could maybe use the same example that I gave to Sue, the criteria is done at a community meeting. The council involves any member that's interested in community planning. Then they consult in probably anywhere from two to three general meetings, depending on what issue it is or how controversial it is. The goal is set up to, say, come up with a conflict of interest bylaw for council members. So people have input into it. They then vote on it. The bylaws aren't just passed by the five-man councils. They give it first and second reading, and then it has to go to a community meeting for approval. The majority there vote in favour or not. Now, if those three steps are followed – let's say that we use those three on a conflict of interest bylaw – they'd complete their goal. They would be successful in their goal. That's just one area.

9:50

THE CHAIRMAN: Thank you.
Ms Olsen.

MS OLSEN: Thank you, Mr. Chairman. I want to draw the minister's attention to page 16 in the annual report and talk about Senate reform for a moment. I understood from my colleague's questions that one of the line items was in relation to the Senate election. I guess I'm wondering how much money was spent on the entire initiative. In the annual report we talk about contracting with the Canada West Foundation to conduct a public awareness campaign, poll Albertans on the issue of Senate reform, and prepare reports on Senate reform and the election.

I'm just wondering: what was the overall cost in relation to the election?

MRS. McCLELLAN: It was \$500,000 and done under a supplementary estimate. Thanks to my learned friend to my right.

MS OLSEN: Okay. We had the undertaking of the minister of energy last week to put a poll on the table. I'm wondering, now that this is over and done with, if you would be able to provide us with

the tool that you used: what the public awareness campaign was, a copy of the poll questions or something like that.

MRS. McCLELLAN: Pardon me? I'm sorry; my ears are a little bit blocked.

MS OLSEN: Okay. I'm wondering if you would undertake to provide the committee with the contents and the context of the public awareness campaign and the questions related to your poll on Senate reform that was done under the guidance of the Canada West Foundation.

MRS. McCLELLAN: Well, let me look into what of that is available and get back to you. I am not able to tell you that as we sit here, but I will look at it and contact you.

MS OLSEN: Okay. Thanks.

THE CHAIRMAN: Thank you.

Further questions from the committee? There being none, committee members, I think that this is a first. With questions asked and answered fully and completely, we're ending a touch early. Thank you very kindly to the minister and the associate minister.

We have before us two weeks hence Dr. Lyle Oberg of the Ministry of Learning.

If there are no further pieces of business from the committee members, might we have a motion to adjourn? Mr. Amery. Is it agreed? It's carried. We stand adjourned.

[The committee adjourned at 9:54 a.m.]

