



Legislative Assembly of Alberta

The 27th Legislature
Second Session

Standing Committee
on
Resources and Environment

Department of International and
Intergovernmental Relations
Consideration of Main Estimates

Tuesday, April 14, 2009
6:30 p.m.

Transcript No. 27-2-2

**Legislative Assembly of Alberta
The 27th Legislature
Second Session**

Standing Committee on Resources and Environment

Prins, Ray, Lacombe-Ponoka (PC), Chair
Blakeman, Laurie, Edmonton-Centre (AL), Deputy Chair

Berger, Evan, Livingstone-Macleod (PC)
Boutilier, Guy C., Fort McMurray-Wood Buffalo (PC)
Drysdale, Wayne, Grande Prairie-Wapiti (PC)
Griffiths, Doug, Battle River-Wainwright (PC)
Hehr, Kent, Calgary-Buffalo (AL)
Mason, Brian, Edmonton-Highlands-Norwood (ND)
McQueen, Diana, Drayton Valley-Calmar (PC)
Oberle, Frank, Peace River (PC)
Webber, Len, Calgary-Foothills (PC)

Also in Attendance

Fawcett, Kyle, Calgary-North Hill (PC)
Pastoor, Bridget Brennan, Lethbridge-East (AL)

Department of International and Intergovernmental Relations Participant

Hon. Ron Stevens Minister

Support Staff

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gravel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Erin Norton	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Communications Services
Melanie Friesacher	Communications Consultant
Tracey Sales	Communications Consultant
Philip Massolin	Committee Research Co-ordinator
Stephanie LeBlanc	Legal Research Officer
Diana Staley	Research Officer
Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

6:30 p.m.

Tuesday, April 14, 2009

[Mr. Prins in the chair]

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

The Chair: I'd like to welcome everyone to the Standing Committee on Resources and Environment. I'd ask the members to introduce themselves for the record and that the minister introduce his officials as well.

I'll start with myself. I'm Ray Prins, the MLA for Lacombe-Ponoka.

Ms Blakeman: Laurie Blakeman, deputy chair of the committee and, of course, using this opportunity to welcome each and every one of you to my fabulous constituency of Edmonton-Centre.

Mr. Hehr: Kent Hehr, MLA, Calgary-Buffalo.

Ms Pastoor: Bridget Pastoor, Lethbridge-East.

Mr. Boutilier: Guy Boutilier, Fort McMurray-Wood Buffalo.

Mr. Drysdale: Wayne Drysdale, MLA, Grande Prairie-Wapiti.

Mrs. McQueen: Good evening. Diana McQueen, Drayton Valley-Calmar.

Mr. Berger: Evan Berger, Livingstone-Macleod.

Mr. Fawcett: Kyle Fawcett, Calgary-North Hill.

Mr. Oberle: Good evening. Frank Oberle, Peace River.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you. We'll go down this way, and then we'll go to the minister.

Mr. Reynolds: Rob Reynolds, Senior Parliamentary Counsel.

Mr. Mason: Brian Mason, Edmonton-Highlands-Norwood.

Mr. Stevens: Thank you very much. I'll introduce my officials that are with me. Certainly, it's a pleasure to be here this evening. At the table with me from the Ministry of International and Intergovernmental Relations I have Deputy Minister Paul Whittaker immediately to my right. To his right is Assistant Deputy Minister Lorne Harvey, and to my left I have the director of internal trade policy, Shawn Robbins. Also joining us in the cheap seats are Assistant Deputy Minister Garry Pocock, Assistant Deputy Minister John Cotton – they are intergovernmental and international respectively – the director of communications, Mark Cooper, and my executive assistant, Paul Bajcer. Those are the folks that will be feeding me the answers tonight if I don't otherwise have them.

Is it appropriate for me to make comments now, or do you have some instructions?

The Chair: I have some instructions, so just bear with me for a few minutes, and then we'll get to the main part of the meeting.

There is a process involved here. Pursuant to Standing Order 59.01 the main estimates of government departments stand referred to the Policy Field Committees according to their respective mandates. Today the Standing Committee on Resources and Environment has under consideration the estimates of the Department of International and Intergovernmental Relations for the fiscal year ending March 31, 2010.

I'd like to remind members that the vote on the estimates will be deferred until we are in Committee of Supply, when consideration of all ministry estimates have concluded. You will note from the calendar that was tabled in the Assembly by the Government House Leader on March 12 that the date for the Committee of Supply vote has been set for May 7, 2009. Should any amendments be moved during committee consideration of the estimates, the vote on these amendments will also be deferred until May 7, 2009.

On the issue of amendments I'd just like to remind members that 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. That's according to *Marleau and Montpetit*, page 736. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. That's also from *Marleau and Montpetit* at page 736. Amendments must be in writing with sufficient copies for distribution to all committee members and support staff; that is, about 20 copies. Members wishing to propose amendments are asked to consult with Parliamentary Counsel no later than 6 p.m. on the day the amendment is to be moved. Now, today we're already at 6:30, but I think people have been given that instruction prior to this meeting. I believe they have.

Okay. I'll talk about the speaking order. Members are reminded that the standing orders of the Assembly governing who can speak apply the same as in the House during estimates the way we used to and here. During the policy field committee's consideration of the main estimates members of the committee, the minister, and other members present may be recognized to speak. Department officials and members' staff are permitted to be present during consideration of the estimates but are not allowed to speak. This is the same process that was previously followed during Committee of Supply consideration of the main estimates.

Hansard transcripts will be provided as quickly as possible, but House transcripts take precedence. *Hansard* staff will focus their efforts on producing Blues for all committees that meet to discuss the budget, with the final transcripts being produced as time allows. All Blues, as usual, will be available on the intranet site Our House, and printed copies will be available in the committee rooms' common area.

This evening we have three hours to consider the estimates of the Department of International and Intergovernmental Relations. However, if prior to this time we should reach a point where members have exhausted their list of questions, the department's estimates shall be deemed to have been considered for the time allotted in the schedule, and we will adjourn.

I'd like to remind members that pursuant to the standing orders which came into effect on December 4, 2008, and in particular Standing Order 59.01(4), the meeting will proceed as follows. First, the minister will have the opportunity to present opening remarks for 10 minutes. Secondly, for the hour that follows, members of the Official Opposition and the minister may speak. Thirdly, following that hour, the members of the third-party opposition and the minister may speak for a total of 20 minutes. Fourthly, once that time has expired, any member may speak. The chair will recognize members on a rotational basis between government members and the opposition in that final hour and a half.

As is the practice in committee, members may speak more than once; however, speaking time is allotted for 10 minutes at a time. A member and the minister may combine their speaking time for a total of 20 minutes. I would ask that members advise the chair at the beginning of their speech if they wish to combine their speaking times. The committee clerk will operate the timers, one for the individual speaking times and the other for the overall committee meeting time. The chair will endeavour to alert the member or the minister speaking when their time is close to expiring.

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

With that, I'll invite the Minister of International and Intergovernmental Relations to begin his remarks.

Mr. Stevens: Thank you very much, Chair, and good evening, members. It is a pleasure to be here representing the Ministry of International and Intergovernmental Relations. The vision statement for the ministry is "a strong and prosperous Alberta showing leadership within Canada and throughout the world." In my mandate letter the Premier has been clear about how he wants me to lead the ministry toward our goals this year. My ministry plays a key role in helping to attract investment to the province and enhance export opportunities for Alberta companies. The ministry is also mandated to protect and promote Alberta's interests in Confederation. Our focus is to position Alberta front and centre in the global and national marketplaces.

Let me share with you some of the things we're doing to accomplish this. We work closely with other departments to ensure that Alberta's intergovernmental interests are represented in the Canadian federation and ensure that Alberta's intergovernmental relations are co-ordinated and consistent. In doing so, we actively address important public policy issues such as climate change, the economy, and health care. We also work closely with our national and provincial partners at key meetings such as the Western Premiers' Conference, the Council of the Federation, and the first ministers' meetings.

6:40

Alberta is reaching out to form new partnerships that we believe will strengthen the new west. Recently Alberta, B.C., and Saskatchewan held a historic first trilateral cabinet meeting. Through this we forged closer ties on many important issues in the areas of energy, environment, and trade. Ultimately this moves us towards our ultimate goal of a new western economic partnership. Already Alberta has strong relations with both B.C. and Saskatchewan. We've held successful bilateral cabinet meetings with both provinces. We've had remarkable success with B.C. especially, as evidenced through the groundbreaking TILMA, which came into force this past April 1.

My department also takes care of Alberta's interests in Canada's other trade negotiations such as the agreement on internal trade, the World Trade Organization, and the North American free trade agreement.

Globally my department also meets with our partners and fosters relationships through trade and investment initiatives. We co-ordinate international missions to market Alberta as an environmentally responsible energy producer, a great place to invest, a good trading partner, and an attractive immigrant destination. We also do this via our strategically located international offices in China, Hong Kong, Japan, Germany, Mexico, the U.K., Korea, Taiwan, and Washington, DC.

In addition to these efforts, this year my ministry is completing the development of a government-wide international strategy. This plan

will provide the framework to advance our global interests and address challenges in a way that aligns with Alberta's priorities. A key element of this plan focuses on our relationship with the United States, our biggest trading partner. My department will strengthen alliances and advocate for Alberta at the political level in Washington, DC, and across the United States. We'll broaden the understanding of Alberta and the critical role we play in U.S. energy security. We'll heighten awareness of Alberta as a safe, secure, responsible, and growing supplier of energy and will continue to participate in key organizations to manage issues and build stronger ties with the United States. Some of these organizations include the Pacific Northwest Economic Region, the Western Governors' Association, and the Council of State Governments.

The international strategy will also provide the framework to strengthen our relations and grow our value-added exports with new and emerging economies and countries, like greater China and India.

Premier Stelmach has also directed me to work with Advanced Education and Technology to enhance value-added activity, increase innovation, and build a skilled workforce to improve the long-run sustainability of Alberta's economy. To accomplish this, we'll do a number of things which include partnering with the Ministry of Advanced Education and Technology to promote Alberta's nanotechnology industry, and we'll continue to work closely with the same ministry on the Alberta international business partnering program. This program targets key international markets, including California, greater China, and India. Its focus is to help Alberta's information and communications technology and life sciences companies develop their export opportunities and to enhance technology commercialization through international partnerships.

My department will partner with Advanced Education and Technology and other government ministries as well as industry to participate in Bio 2009, the largest biotech gathering in the U.S. We'll be there to position Alberta as a leading Canadian biotechnology centre. We'll showcase Alberta's companies and institutions, and we'll support Alberta companies in their efforts to attract skilled workers and identify potential financial and business partners. We'll work with Alberta Finance and Enterprise to enhance the promotion of Alberta's first-class technology equipment and services in the oil and gas and environmental sectors.

I can't talk about Alberta's export products without mentioning oil and natural gas. We know that oil and gas underpins our success and the value of our resources helps stabilize the rest of the country. There's a lot at stake here not just for us but for all of Canada, and that's why, as I said earlier, it's important that we let the world know, especially the United States, that Alberta represents a secure, growing, and environmentally responsible supplier of energy.

Our budget this year reflects the work we'll do as a ministry towards the mandates I've outlined in addition to others. To work towards these mandates over the next year, we have examined our budget needs and calculated a spending estimate of \$26.3 million. This is a decrease of 4.3 per cent, or \$1.195 million, over 2008-2009. The global economic situation has challenged us to find ways to reduce our budget. I'm confident International and Intergovernmental Relations has made the right choices to manage finances while supporting Alberta's position in the international marketplace. Overall, my department has cut the budget by \$1 million over last year's budget. This was achieved by reviewing all lines of business, relocating and reducing funds where necessary. It's forecasted that there will be a \$272,000 reduction in supplies, travel, and contracts this fiscal year.

International and Intergovernmental Relations has trimmed an additional \$728,000 in funding to the China-Alberta petroleum centre, CAPC, a jointly operated facility with the China National

Petroleum Corporation, CNPC. The department will continue to provide \$150,000 in funding for the CAPC. The money will be used in part to fund training programs that educate the CNPC staff about Alberta's energy sector. This reflects a recommendation from the Alberta Foreign Offices Review report and allows for a more effective use of resources. It will also ensure that Alberta can maintain the strong relationship we have developed with the CNPC over the past 20 years. Our Beijing office will continue to collaborate with and support the efforts of the CNPC, and I'm confident this strong relationship will continue to advance Alberta's interests.

In addition to the CAPC and our Beijing office, Alberta has offices in Hong Kong and Taipei. Together these four offices help position Alberta and build opportunities to expand our relations, trade, and investment in China, one of our biggest and most important trading partners.

Mr. Chairman and members, this ministry has worked hard over the years to create opportunities for Alberta. We've done this through effective trade negotiations, agreements, relationship building, and missions. These efforts have opened doors and made Alberta a strong competitor within national and global markets. It's more important than ever before for Alberta's story to be told. I know our plan for the coming year will help build on Alberta's strength this upcoming year and for the future.

With that, I look forward to a dialogue with all of the members here today. Thank you.

The Chair: Well, thank you very much. You were under time, and that's wonderful. I hope we stay that way all night.

I'm going to add just one little comment before we go any further. After the opposition have had their opportunity to ask their first questions for the first 90 minutes, we're going to take about a five-minute biobreak, and then we're back into the government/opposition back and forth, but we will adjourn at exactly 9:30 if not sooner.

I'll turn it over to Bridget.

Ms Pastoor: Thank you very much, Mr. Chair, and thank you, Mr. Minister. Some of my questions are probably going to sound like repeats to you because I think that you addressed some of them in your remarks; however, I'm going to ask them anyway. You did mention the 4.3 per cent decrease in the program expenses, and I think that you did touch on it, but what are some of those programs that would've had to have been cut so that you got that decrease?

I'll just let it go at that one. You're comfortable with just going back and forth for the 20 minutes?

Mr. Stevens: Absolutely.

Really, the only program as such that was materially impacted was the one I referred to in China. Otherwise, it's supply and services, generally so. It'll be a little bit of this and a little bit of that as opposed to a specific program or office or things of that nature.

Ms Pastoor: Could I just get a clarification for my own self. What are you calling a program? Is it like a pilot project? What exactly is a program? Is it an office?

Mr. Stevens: In this particular case we have two offices in Beijing. One is what I would call a standard trade office, which is the Alberta-China office, if you will. The other is the China-Alberta petroleum centre – it's also located in Beijing – and the China-Alberta petroleum centre specifically deals with oil and gas matters, has for some time. This particular year we're reducing the budget for that, that we contribute in any event, by \$728,000. From my

perspective, that's a program in the sense that it has a specific purpose. I can say that those monies will be reduced from that particular exercise. It will continue. It will be funded to a lesser extent. It will not do what it has done in the past, but it will continue.

Otherwise, it would be a little less travel here or there. For example, when we do a trade show, instead of sending four people, we might send two or three, that type of thing, but I can't tell you today where that will be. It will be measured over time in order to meet the goal.

6:50

Ms Pastoor: Thank you. That sort of ties into my next question quite nicely. Some of the areas that I'm going to cover are hosting, international travel, and the trade offices. So into the hosting part. The Alberta taxpayer saw a 425 per cent increase in the amount spent on hosting in 2008. What on earth would account for this massive increase, and who is doing the hosting? Does the minister, or does this reflect some of the hosting in Washington or in other offices? Would any of it be for visiting Alberta delegates that would actually go to Washington or to some of these foreign trade offices? That's a fairly substantial increase in hosting. So it sounds like you're going to cut down from four. Instead of four going, you're only going to have two?

Mr. Stevens: Well, the information I have relative to hosting is that we publicly reported in the *Alberta Gazette* that the 2007-08 hosting expenses for international, intergovernmental, and aboriginal relations were approximately \$124,000. Of that, approximately \$107,000 was from IIR. You may recall that that was the ministry for 2007-2008. In this past year there was a split so that IIR was on its own; Aboriginal Relations was on its own. We have some sharing, if you will, of staff, but the point is that we were separate ministries for this past year, so hosting represents less than 1 per cent of our entire budget.

I can give you examples of some of the hosting that we do. I just came back from a Mexico event, and there were two specific hosting experiences there. There might have been more, but these are the two I happen to have in front of me. One was in Guadalajara. Guadalajara is the capital of Jalisco. Jalisco is our sister state, has been for 10 years. We're celebrating the 10th anniversary this year. The total cost of that hosting event was \$2,400 Canadian. Food was \$1,000; beverages, soft drinks, and wine were \$1,100; and an interpreter was \$300. So that's the cost.

We probably had something in the vicinity of 80 to 100 people there. They were the leading contacts in Guadalajara and Jalisco. There was a senator. I believe that there were people of the cabinet level, significant business leaders, people from the education sector. Typically, when I travel abroad as minister into these various centres and there is a reception, it gives us an opportunity to bring together key people within that particular community. It gives me an opportunity to speak to them about matters involving Alberta on a two-way basis, in this particular case, because we have a 10-year relationship with Jalisco that goes two ways. There are many people in the audience. I can't remember what time it started, but it was probably in total a two- to three-hour event. So that's one example.

On the same trip I happened to be in Veracruz state. Posa Rica, Veracruz, was affectionately referred to as the Leduc of Mexico, so it's an oil and gas centre. It's an oil and gas sector; it's a service sector. Veracruz has a lot of deep heavy oil reserves. There was a seminar there that was being sponsored by Pemex, which is the Mexican state-owned oil company. I had an opportunity to appear at and speak at lunch. We hosted this lunch. It included several

companies and their representatives from Alberta who were looking to do business in Mexico as a result of their dealings with Pemex. We had an opportunity to meet a number of people from Pemex and so on and so forth. In any event, that particular event, which was a lunch hour experience in Posa Rica, cost \$1,530, which was \$1,300 for food and \$230 for equipment rentals.

So that gives you an example of something I've done very recently. That type of thing typically happens when I go abroad. It happens when nonelected people are there. If, for example, my ADM of international goes on a mission and there is a reception that is hosted by Alberta, it is paid for in a similar way to these events that I've just referred you to.

There are hosting events associated with some people who come to Alberta. A number of them are dealt with by protocol, which is not part of my ministry. But I think protocol does one. For example, if a governor or an ambassador or somebody of that ilk came and there was both a lunch and a dinner, we would probably pick up as hosting one of the two.

That gives you some idea of what hosting means in the context of my ministry. It does happen when these missions occur. It typically is a bringing together of the people from Alberta that are in that locale trying to do business and people from that locale that do business with Alberta, not necessarily just in the oil and gas sector, if that happens to be the nature of the mission, but it could be education, whatever business we happen to identify in the vicinity that has Alberta interests.

Ms Pastoor: Thank you for that. Yes. I think that I understand how hosting goes and the necessity for it, but I just wanted to be clear. I'm quoting from the hosting expenses over \$600 by ministry for the government of Alberta as publicly disclosed in the *Alberta Gazette*, '04-08. However, I'm quoting from '07, and International and Intergovernmental was \$29,474,000. Then in 2008 it was \$155 million, so it's really quite a jump. I think that you had said something about some other department having been a part of this. That's quite a large jump. Why would there be so much more hosting? Is there another department in here? You said something had split off.

Mr. Stevens: Well, the point I was making was that I gave you the 2007-2008 year number, which was \$124,000 in total for that combined ministry. But \$107,000 that year was IIR, and the balance was Aboriginal Relations. I don't know what numbers you're using, but that was the number for 2007-08, and \$29 million is what my entire budget was last year, in round figures. It might have been closer to \$28 million but, you know, \$28 million, \$29 million, something in that vicinity. It sure wasn't the hosting budget.

Ms Pastoor: Okay. Well, according to this document that I have it just says that it's revealed in the *Alberta Gazette*. That's my question. It's quite a substantial jump. I'll leave that for the moment and maybe drill down a little bit deeper.

7:00

The international offices budget for '07-08 was \$7.5 million plus approximately \$750,000 for housing and a million for office space. Now, both of those are paid for by the Department of Infrastructure, so what would be the true cost in the end when you say what the true cost is for these offices? Are these outside numbers ever included? I don't really care which department it has come out of, but what is the true cost of these offices? I guess I just need to know: are they included when these total costs are released?

Mr. Stevens: I don't have that information with me. I have information with respect to the '08-09 costs that would not include infrastructure costs, but I don't have that information with me. If you want, I can give you an idea of what the total costs are absent infrastructure costs. These are the costs that are attributed to my ministry. As you know, that tends to be how we deal with budgets.

Ms Pastoor: Right. Well, I understand that, but a little bit later on I'm going to get into how our export revenues have not kept up with 2000. So I guess my basic question will be value for money and what it's actually costing us and what our return on the dollar is.

Seven of the 10 offices are co-located in Canadian embassies and share federal government systems and administrative support. The other three—Japan, Hong Kong, and China—are stand-alone offices. What would be the reason for that? I guess the question is: why are they stand-alone when, in fact, in my mind, it's probably more efficient to be able to piggyback onto the feds? It's their mandate in the first place.

Mr. Stevens: Well, I know that there are different opinions on what is the preferable way to establish provincial trade offices. I'm not here to debate it. I happen to agree with you as a general proposition. I think there's a lot to be said for co-locating if it's available.

I believe we are co-located in our Alberta-China office, so I think you'll find that in Beijing, in fact, we are with the embassy there. The CAPC, the China-Alberta petroleum centre, is not co-located, but the trade office itself is.

Ms Pastoor: Well, you've got three points of contact in China. Just one of them is in the embassy?

Mr. Stevens: The Alberta-China office in Beijing is in the embassy, and the Hong Kong is stand alone. It's not in the consulate.

Ms Pastoor: Okay.

Mr. Stevens: What are some of the considerations? Well, it may not be available, as a starting point. For example, in the Emirates, when I was there, there was no space to be had if we had wanted to co-locate with either the embassy in Abu Dhabi or the consulate in Dubai. It just simply wouldn't be available. The other thing is that you don't control your costs in the same fashion. You've got a Canadian government landlord, and if they choose to increase your costs, they increase your costs, and you pay or you move. So that's a bit of an issue.

As I said, I tend to agree with you. We've had, generally, very good experience in co-locating. Often there are synergies both for the high commission and the Alberta office because you get to work closely with like-instructed officials at the embassy. So somebody, for example, who is doing energy, you'd become quite close to and, you know, you can do some good business that way.

Ms Pastoor: Okay. Thank you. This is a question that I just sort of picked out of the air because I read that something the feds were accused of is that, in fact, their staff aren't properly trained in linguistics. Are all of our staff, with the basic language of the country, trilingual? Do they have English, French, and the language of the country? I think the comment that I'd heard out of the fed problem was that, in fact, some of their staff weren't even qualified to read the local newspaper. What is our staff training in terms of linguistics? It's quite important. How many translators do we have to pay for, too?

Mr. Stevens: I think you have to recognize, first of all, that there are locally engaged staff and there are Alberta staff. The locally engaged staff often are indigenous to the country in question, so their fluency in the language in question is high. For Alberta staff it depends. We do quite well in Washington and London.

In Japan, for example, we've just appointed a person there. They had spent time in Japan. They'd learned Japanese when they were there previously, so they had a certain linguistic ability going over, but they said that they would have to improve it because they've been over here and haven't been using it on a full-time basis. In China we have a locally engaged director in Taiwan, so her English and Chinese are very good. The CAPC director is English-Chinese. Our Alberta-China director is English-Chinese. Our Hong Kong director is English-Chinese. In Mexico: fluent in English and Spanish. I don't know the linguistic capability of Germany. [interjection] He does speak German? Okay. English-German.

The short of it is that I think there is, generally speaking, a high degree of fluency at the director level in virtually all of the offices. It probably varies. I think in Korea it's not as high as in some of the others. Then we have locally engaged people who certainly speak the local language for the most part and English.

I can't comment on French. That's not a linguistic requirement per se. I can tell you, since I just got back from Mexico, that our Mexican director is fluent in all three of the languages and is learning Chinese.

Ms Pastoor: Thank you. Back to the offices. I'm looking at export revenues from Alberta to selected countries to 2008. In 2000 it was fine, but we still haven't really recovered to our 2000 levels in terms of the export revenue. Are these offices paying for themselves? I don't think they are by these numbers. Are the taxpayers having to subsidize these trade offices, and are there any companies involved in paying some of the freight when they, in fact, are the ones that would benefit from the trade that is generated by Alberta government staff?

Mr. Stevens: Well, as a starting point, I don't know what numbers you're looking at, so it's very difficult for me to comment. But I know, for example, having just come back from Mexico, that the increase in two-way trade there has been dramatic in the last couple of years. I mean, it's a very significant number. I don't have it off the top of my head, but it would indicate that something is happening here.

These offices are more than just trade. There are aspects to them that are difficult to measure. For example, on the education front you have our postsecondaries in many of these countries trying to attract students. I don't know that we would have particularly good numbers on the success of that although there is significant success. For example, China and India would be two countries where a number of our postsecondaries would spend considerable time, would work with our people in those countries to further the goal. You know, we can take a look at the numbers that you have, but I don't know what you're looking at.

7:10

My own view of it based on talking to people that are in any of the sectors we're in, whether it's oil and gas or investment or education or immigration/worker attraction, is that the people that utilize the offices speak very highly of the experience and feel that it was a good one. Whether it can be measured in, you know, the kind of numbers you're looking at or not, it depends.

Ms Pastoor: Okay. Thank you. I'll just quote one of the things that says: Alberta's International Merchandise Exports to Top 50

Countries/Markets, provided by Alberta Finance and Enterprise in Alberta's International Merchandise Exports January to September 2008. Coincidentally – and I do apologize – on this piece of paper Mexico is up; the rest of them are down. So my apologies.

I'm going to go totally off track here. One of the things that I've been interested in for many, many, many years, partly because I had the opportunity as a young person to travel, and I sat on the senate at the University of Lethbridge, is that I really believe in direct exchanges between students in the countries we trade with or the countries that we are in fact twinned with, either the cities or whatever. In the international and intergovernmental department is there any discussion about furthering these exact one-for-one exchanges? If somebody from India comes here, we could send somebody to India. It just makes it easier for that exchange to happen because often money gets in the way. We're not necessarily exchanging scholars; we're exchanging people that might be able to pay for it. Is there any of that kind of discussion going on?

Mr. Stevens: Well, at the start, I would agree with you that those kind of exchanges – that is, an exchange of students from one country to another for the purposes of education – are very important not only in the short term but in the long term because, ultimately, people that get educated in Alberta may go back to where they started, they may create businesses, go into government, so on and so forth, and 15, 20, 25 years later they are people of position who remember fondly, hopefully, their experience in Canada and Alberta and can help you further your goals at that point in time. So it's not just a short-term experience; it's a long-term experience.

I have met with the postsecondaries in consultation regarding doing a new international strategy, and they are all very keen on continuing to do that. They indicated for the most part – I say that only because I don't know that I asked them all this question – when I did ask them that they were prepared to co-operate and collaborate with one another. Often they go by themselves to do these marketing exercises, but they thought that we could do more as a province in terms of postsecondaries.

I think that there is more to be done, but I would see it being done probably more through the auspices of that ministry, Advanced Education and Technology, rather than through IIR. IIR would be a facilitator in terms of providing support through the Alberta offices, perhaps through various missions. Specifically, I'm not aware of any discussions regarding one-for-one transfers of students although I do know that postsecondaries are very actively pursuing students to come here, and I do know that they also value these exchanges of some sort where students go to the countries where there are, you know, sister universities or sister institutions that they can do that kind of arrangement with.

Ms Pastoor: Thank you. I really believe in the value of not just people coming here but of getting some of our Alberta students there that have probably never even seen outside the borders of Alberta.

Again I'm off on a tangent, but the other thing is – and here I am spending money – that we have STEP students in our constituency offices. Why don't we have STEP students in our foreign trade offices? Think about it. It's okay. You don't need an answer.

Mr. Stevens: Well, you're right; you're spending money.

Ms Pastoor: I know.

Mr. Stevens: Space constraint is actually an issue most of the places we go in terms of if we're co-located with embassies. Usually they're getting close to full or full, and we're usually full, you know. The spaces that we have are modest and relatively small. In fact, I

can't think of any space I would consider to be grand. They're very utilitarian. Typically you've got space for the people that you have. If you think of expanding, you're looking at moving some piece of furniture in the office to move in a desk in its place. I mean, they're not built for natural expansion. So that would be one thing.

I think I actually did meet somebody that was seconded, sort of a student – it wasn't a STEP student – that was in that type of situation in one of the offices last year. But I haven't given any consideration to it. I guess we could think about, you know, if we could make it work economically.

Ms Pastoor: Thank you. Just trust me on this one. It's amazing what you can do with a little bit of space. I have moved from larger quarters to smaller quarters. It worked.

I'm going to change topics here. The Premier indicated on the record that Albertans will continue shelling out – he didn't say this part but that he's going to continue to pay for the lobbyists until a good agreement is reached. What is considered an agreement? What are they really looking for that has an end? Lobbyists are usually like the Eveready bunnies. They just keep on going and going and going, not only for their own bottom line but also because they get interested in projects, and projects often have a way, you know, of having a life of their own. As new issues arise, particularly in the business world, it's never really ever put to bed. Where are the expenses going to come from to pay for these lobbyists, and how do you really know what the end of a lobbyist's job is?

Mr. Stevens: I assume that you're referring to the Washington, DC, lobbyists that were recently retained.

Ms Pastoor: Yes. I'm sorry.

Mr. Stevens: Well, to start with, those particular firms were retained out of a budget other than IIR, so it's not in my budget. I think you'll find that they may have been paid out of the budget of Executive Council. In any event, I can tell you that it's not in my budget and wasn't paid for out of my ministry's budget.

I would also say that my ministry would be a principal contact with the consultants because they are in DC, and we do have an office in DC. The contracts, as I understand, were for a one-year period in both cases. That is the length of the current assignment, so it will end, say, in March of 2010 or thereabouts. The purpose of retaining both firms was to assist in advancing the interests of Alberta regarding climate change, energy, environment matters both at the federal and state levels in the United States and to assist in identifying issues and people that were necessary to engage with or on and, obviously, to assist in understanding the process and things that go on in DC because it is a different system.

7:20

How do you know when it's over? Well, I would suspect when you read a headline that says that and when you stop asking questions. In this particular issue I expect that this next year will be key. It's a very complicated matter. There are many, many moving parts. There's Copenhagen towards the end of this year that is a separate track but should be related to the issue of climate change for the U.S., Canada, and to the extent it's North American, including Mexico.

Ms Pastoor: Okay. Thanks. If I signed a contract for a year, I can assure you that the job would be done at the end. You know, what I'm saying is that I would run it out to the end of the year. So how could we possibly monitor if maybe they got the job done ahead of time?

Mr. Stevens: Well, you're an optimist.

Ms Pastoor: If I was signed on for a year, my job would last for a year no matter what happened.

Mr. Stevens: I think it's fair to say that we believe that this job will be longer than one year. The issue of climate change and how that interfaces Canada-U.S. will take much longer than a year. We've been working on this since the last election as it relates to the federal government in Canada, and it's still an ongoing file. I expect it will be an ongoing file a year from now with the federal government. There are just a lot of issues. You know, we can look at this as it goes forward, but I truly don't think there's any prospect of there being clarity on the matter on all the issues within the next year. Indeed, if there was some clarity on some issues, that would be significant progress. I mean, today it is just very complex and very murky.

Ms Pastoor: Thank you. To follow along with that, the pecking order in Washington is quite clear, and from my little bit of understanding, having been exposed to a little bit, the pecking order really is quite adhered to, which complicates things more. The U.S. government will speak to the federal government because that's their counterpart. It seems to work in levels in Washington in terms of counterparts speaking to others. Exactly what level does the Washington office operate at, and then what level do the lobbyists operate at? There are only so many people that will respond to the Washington office because of the level that it's at, so where do the lobbyists fit in? Do they fit in between the office and the federal counterpart governments? Where do they fit in?

Mr. Stevens: Well, first of all, the Washington office does a great number of things. We have been told and I think experience would show that DC is less formal than you have just described it. Congressmen will meet with our representative in Washington even though he is not an elected official and so on. It depends. I mean, you're probably going to have to have equals at certain levels. You know, not everybody is going to have an audience with the President of the United States. I suspect you may have to be the Prime Minister of Canada, for the most part.

There are many people in Washington that our representative Gary Mar can meet with and does. The same is true at the state levels. Just to carry on with what Gary is doing down there, he goes wherever is necessary. Much of his work is in DC. It is meeting with people in the administration, whether elected or officials, people who are part of the government of the United States or people who are officials with various elected offices, to discuss the issues of the day. He goes to states to talk to elected officials and administrations with respect to what they're dealing with wherever is necessary. He may be in Illinois or California or places of that nature, but it's on business, dealing with, principally, climate change, energy, and the environment.

As it relates to the consultants, so far I think they have been principally providing information with respect to people that we should be dealing with and why and providing advice with respect to process and where it's going from here and so on and so forth, perhaps making the odd introduction here and there. I think you should see them more as advisers rather than as full-out lobbyists as such. There probably will be some of that, but I think of them, personally, at this particular point in time more as advisers in opening doors for us because they know people that we don't know. Having them with us when we walk through the door aids in getting in that door.

Ms Pastoor: Okay. Thank you. I'll just delve a little deeper into the hosting. We've had different accounts on exactly what that percentage increase was. Again, back to the business that the – and again, my charts are questionable; you were questioning them – export revenues haven't returned to the 2000 levels. Do we have any numbers that would tell us exactly how much we're subsidizing some of these offices by?

Mr. Stevens: Well, I have numbers that would show you exactly how much we're spending on the offices through my ministry's budget. I mean, I can give you actual numbers for what they do, and I can provide you with information on the makeup of the workload in the various offices. For example, they differ. Washington is more of an Alberta advocacy role compared to the other nine offices. You would have more worker attraction in Germany than you would in Taiwan. You know, you probably have more education in China than you would in Taiwan. But we have the numbers here. We have a booklet called an activity report on our international offices. It gives you highlights of each of the various offices; it gives you pictures. I think there's even a picture of me in here.

Ms Pastoor: Oh, my God.

Mr. Stevens: There you go. No kidding. That's a bonus.

Ms Pastoor: What did you pay them for that?

Mr. Stevens: I don't think there was any airbrushing; it's just straight-up me.

Ms Pastoor: With or without your hair?

Mr. Stevens: It's with my hair, actually. Yeah.

Ms Pastoor: With your hair. Oh, good. That's a bonus.

Mr. Stevens: In any event, I would recommend this particular document to you because it gives you a pretty good idea as to what the various offices are doing. I think you have to understand that with each office the work that they do is very much determined by where they're located, and not all offices are the same by any stretch.

Ms Pastoor: They all, perhaps with the exception of Washington, are still considered trade offices?

Mr. Stevens: Correct.

Ms Pastoor: Okay. I'll go back to one of my other questions before. It's business that will profit from the exchange of goods. Are there any businesses that are actually helping to pick up the freight in terms of hosting, in terms of education, in terms of supplying staff for seminars or that kind of thing? Are there any businesses that actually help, or is it all Alberta government?

Mr. Stevens: Well, offhand I'm not aware of any businesses that are doing that.

7:30

Ms Pastoor: Should they not help pay the freight if they're getting the profit?

Mr. Stevens: Well, let me just give you a fuller answer. In some of these offices we will have people co-located from other ministries.

For example, I think you will find that in some of our offices there is an Employment and Immigration employee whose principal role relates to immigration and worker attraction to Alberta. So that's what they do, and they're funded not by IIR but by Alberta Employment and Immigration. I think there may be such a person, for example, in the U.K. office in London. There is that type of thing that occurs because, you know, they're there expressly for the business of that ministry.

We do trade shows. For example, there was an Alberta area at the trade mission I went on in New Delhi. It was the largest oil and gas show in Asia. The Alberta companies that were part of our area paid for their space in that area, and I think they may have contributed something towards the establishment of the booth, you know, that showed Alberta. It's not like we pay for the people that come along. What we do is we facilitate it. We do ask for appropriate contribution to matters like that. There were Alberta companies there at that show that did not participate on the floor, so they worked the show in a different way. They didn't have a booth, but they didn't pay for it either.

Ms Pastoor: Okay. Thank you. At this point, if I might, I would like to turn it over to my colleague.

The Chair: We have about 15 minutes left with the Official Opposition, so you can continue to ask questions, or other colleagues on the Official Opposition side can ask questions for the first hour. Then we'll go to the NDP party after the first hour.

Ms Pastoor: Okay. I know that. Thanks. I'll turn it over to Kent.

The Chair: Go ahead, please.

Mr. Hehr: Well, thank you very much. I'm just going to ask a few questions. Thank you very much for your time, Minister Stevens. If we just return to the estimated cost of Mr. Mar's role in Washington, is that around \$1.4 million a year, the total operation?

Mr. Stevens: Yes.

Mr. Hehr: Okay. Are there any evaluations done on Mr. Mar and his success, on whether he's doing a good job? Do you guys make those from time to time?

Mr. Stevens: Yes, we do have performance measures for the offices.

Mr. Hehr: Okay. In that regard, were you guys surprised, then, I guess, when the U.S. clean energy bill came in? What were your recommendations of Mr. Mar? Was there any type of evaluation done after that bill came through?

Mr. Stevens: I think what we do is establish what I would call more standard performance measures that would be applied on an annualized basis rather than a specific event basis. You know, if I might, the brochure that I referred to earlier, which is the 2007-08 activity report for Alberta international offices, has a page of performance measures and definitions. There are 10 in total here. I'm not going to go through them. You can take a read of it yourself. But you've got included in this brochure all of the offices, including the Washington, DC, office.

Mr. Hehr: Well, I guess that's fine, but from my estimation we haven't had an overly positive image internationally and down south over the last year. Just from your perspective, is Mr. Mar doing a good job down there representing our interests?

Mr. Stevens: Do I think so? Yes, I do.

Mr. Hehr: There we go. Thank you very much for that.

Mr. Stevens: But that's a subjective perspective.

Mr. Hehr: Well, you're closer to Mr. Mar than I am.

Mr. Stevens: Well, indeed, and I do trust my subjective perspective.

Mr. Hehr: I hear you.

Now, I think that on some of the answers Ms Pastoor was bringing up earlier, in certain countries – for instance, she was talking about trade numbers for, for example, Germany, Hong Kong, Japan, South Korea, Taiwan – the trade done in the year 2000 was more than the trade done in the year 2007. In fact, there were variances going up and down, but very little if any. Would you say, then, that these are operations merely just to hold existing operations in place? Are they doing any furthering of Alberta's interests at least for the countries I named? Was it primarily beef that just needs to be maintaining that relationship? I'm not sure. I just don't see any growth with those, at least the ones I listed, and would like to know an explanation of what they actually do, then, or why there has been no growth given that over that time there appeared to be expanding economies.

Mr. Stevens: Well, I'd have to once again take a look at the numbers you're looking at. But one of the intervening factors between the year 2000 and present is BSE. So when you referred to beef, you appropriately identified something that was a material trade issue for Alberta and Canada and remains so today. For example, when I was in Korea, the issue was getting Alberta beef into Korea, and the trade position of Canada, which is the one that ultimately does the negotiation on our behalf with Korea, was: after you, U.S. So if you've been following the news, some of the Koreans weren't all that happy with the deal that the U.S. and Korea struck. There were riots in the street, and that issue remains outstanding today.

We have beef in Japan I think up to 20 months, so it's not as full as it could be. We have outstanding beef that's quite capable of getting into the market, and we're working hard to get more. China: we don't have Alberta beef in China at this particular point in time other than through Hong Kong and Macau but not directly, to my knowledge, onto mainland China.

You know, agriculture is a significant part of what these offices do in many of the offices, and the BSE issue has been a real serious challenge for them since its advent.

Mr. Hehr: Thank you. Just returning, you were talking a little bit earlier about China, and I caught some of that. You said that your overall expenditures in China would be going down over the next two or three years. Was that what I heard?

Mr. Stevens: I didn't say that. What I said was that this year we were finding \$728,000 as a result of that amount being reduced from the Alberta contribution to the China-Alberta petroleum centre in Beijing. That's what I said.

Mr. Hehr: Just going out on a limb: were we at one time pursuing interests in a pipeline that went out there? Are we no longer looking at that as an avenue for the Alberta government to export oil out there? Are you able to comment on this? It seems, at least from my perspective, that we should be going down that road. It would open up two markets for Alberta oil. Some of the articles I've read said

that it would drive up the price of our resources and open up a competing marketplace. Is that still sort of the government's thinking, or was it ever the government's thinking? Is some of this money hopefully in China being used to explore that issue? Could you just update me on that?

7:40

Mr. Stevens: I assume what you're referring to is a pipeline from Alberta to the Pacific, which would allow for the product to get from here to there. First of all, the pipeline project that you're likely referring to is called Northern Gateway. It's a project that's being advanced by Enbridge. To my knowledge, they have solicited interest from companies, that have been asked to pay a certain amount of millions to further the application process. I don't know who all is part of that consortium, but I do know that there are companies in Asia that have signed up, probably companies in China. China has three large national oil companies; some of them have interest here in Alberta. Japan has interest here in Alberta.

That particular initiative is one that comes up from time to time, one that we're generally supportive of in terms of that we think it's necessary to have more than one market for our product, whatever it may be. At this point in time we're largely captive to the U.S. because of where the pipelines go. You might have noticed last week in one of the national papers an article or two with respect to a proposal by CN to ship it by rail to the Pacific. The article reads that, you know, they can do a relatively modest amount at this particular point in time. The rail is built, and you would need cars to do it, but you would be able to increase the amount of product into hundreds of thousands per day, you know, if the green light were given. It's not just a pipeline. It's also the possibility of something like this CN proposal.

Mr. Hehr: Well, that's actually very good news because, let's face it, I believe it'd be cheaper both for the Chinese as well as, again, open up a marketplace for our oil. So thank you very much for that.

Just turning to a little bit of minutia that sort of comes up, I guess, when you do these things, I'm talking a little bit about international travel. It seems that Alberta taxpayers spent 93 per cent more on flights around the globe for our elected officials in the last year than they did in 2007. That was from the *Calgary Herald*, so, you know, be wary. I'll take it for what it's worth that they're in and around the ballpark.

Mr. Stevens: Thank you for the warning.

Mr. Hehr: So there we go. It was probably correct, but again I can never be sure. If you have better numbers than that, feel free to correct me or the *Calgary Herald*.

Like, we see some of that. You went to a conference in Idaho Falls, Idaho. You went there to gain a greater understanding of technological breakthroughs and advancements at that world-class facility. Was that a one-day trip, a two-day trip? What, more or less, was that?

Mr. Stevens: In Idaho Falls you have the Idaho National Lab. The Idaho National Lab is one of a number of labs that are funded in the U.S. to advance American interests. This particular one happens to be concentrated on energy. They have world-class research there, so they do a whole host of things. They also happen to have since, I think, the late '40s, early '50s the only nuclear research that is done by the government of the United States. Like, they have a full research reactor. So they do research. They're working on something called – I'll make up the name – the Rocky Mountain energy

corridor. [interjection] Ah, it's the western inland energy corridor. I like Rocky Mountain energy corridor better; it's more descriptive for me.

In any event, you have energy that runs down the east side of the Rockies from, you know, Utah straight up to Alaska. They look at those type of things, and they provide research and strategic advice to the U.S. government. I went down with a number of people to understand what was going on at that particular facility. There were pre-existing relationships between that facility and postsecondary institutions here in the province, and we were there to understand more about what was going on and to probably facilitate ongoing dialogue and co-operation.

Mr. Hehr: Just a follow-up: was that a dialogue in co-operation in terms of just overall energy mix, the nuclear option, which may or may not be in play in Alberta, or did we give them some money to do some research to obtain stuff or sign any agreements with them or anything of that nature?

Mr. Stevens: This particular trip was more a look and see and learn experience. We did not sign an agreement. We did not provide any funding for research. But I anticipate that as we go forward, there will probably be opportunities that are identified where the Idaho National Lab may play a role in research or some form of strategic analysis regarding energy development that may be cross-border. This particular group is an industry member, I believe, of Pacific Northwest Economic Region, PNWER, so when those conferences happen, people from Idaho show up, and they participate along with other industry-type members.

The Chair: You're down to one minute.

Mr. Hehr: Okay. This is just one of those little line items that sort of strikes me, but in January the Minister of Education took a \$1,200 trip to go see the inauguration of President Obama. I know the Minister of Education is a charming fellow and Alberta is a great place, but at the same time, you know, is this the type of expense that really should be spent on a one-day trip? Did he meet with anyone? Would he have met with people? Was he cheering in the crowd with Oprah? Like, what was the deal?

The Chair: You have 30 seconds to answer. Then we're going to go to the NDP.

Mr. Stevens: The Minister of Education represented the elected officials of the province. There was a reception at the embassy, where a number of notables were invited, so he had an opportunity to participate in that particular event. I understand you get a very good view from there, although I don't know whether he saw Oprah cheering.

Mr. Hehr: I hear you. Thank you very much.

The Chair: Yes, thank you very much. There goes our timer for the first hour, so we will now go to Mr. Mason of the third-party opposition. You have 20 minutes to dialogue back and forth.

Mr. Mason: Thanks very much, Mr. Chairman. I appreciate that. Mr. Minister, welcome. I have a number of questions. I can take them sort of one at a time if the answers are brief; otherwise, I'm going to ask them all at once.

Mr. Stevens: Well, why don't we see if I can answer them briefly, and if you're not happy with that, unload.

Mr. Mason: Okay. Thanks very much.

My first question has to do with the general numbers of your proposed budget. Communications is basically flat, as is a small decrease in corporate services, a 7.6 per cent reduction in intergovernmental relations, and a 5.4 per cent reduction in international relations. But there's an increase of 14 per cent in the minister's office, which is \$67,000, and a similar increase of 13 per cent in the deputy minister's office, \$70,000. My question is: with reductions on the actual front-end side, the portions that deliver the goods, so to speak, why are we seeing increases in your office and your deputy's?

7:50

Mr. Stevens: With respect to the minister's budget it was increased by \$67,000 from '08-09 to the current year we're talking about. That increase was as a result of the following: there was a \$33,000 increase to the minister's remuneration, there was \$18,400 to raise the budget to the government of Alberta minister's office average – we were below average – and there was \$15,600 for staff salaries to cover a 4.3 per cent cost-of-living increase.

The deputy minister's office budget increased by \$73,000, which is typical. In my experience as minister the deputy always does better because he's got the pencil. The increase was as a result of the following: \$51,000 to raise the budget to the government of Alberta deputy minister office average and \$22,000 for staff salaries to cover a 4.3 per cent cost-of-living increase.

Mr. Mason: If I can just follow up on that point, what is the purpose of raising the budgeted amount for these two offices, in your office's case by \$18,000 and the deputy's by \$51,000, to meet an average of other offices? What's the point of that expenditure?

Mr. Stevens: Well, effectively, it has something to do with the amount of staffing that you have in the office. The belief was that in both cases we were below staffed. The money will be at the end of the day spent on staff in some fashion or another.

Mr. Mason: Well, shouldn't you identify specific staff deficiencies and requirements and fund those positions individually rather than set a target for reaching some sort of abstract average number?

Mr. Stevens: Oh, we can do it either way.

Mr. Mason: I'm sure you can, Mr. Minister. I have no doubt about your capacity to do that, but it doesn't make very much sense to me. Maybe you can explain it a little better.

Mr. Stevens: Well, no; that's essentially it. You know, we're going to end up expending the dollars on staffing.

Mr. Mason: So does that mean that other ministries that are over the average have to cut their budgets so that you're all at some kind of magic number?

Mr. Stevens: You'd have to ask them. I'm not sure what they're doing.

Mr. Mason: Okay. Thanks, I guess. My next question has to do with the TILMA. I want to ask about the dispute mechanism that is used. There's a private secretariat that manages disputes which arise when corporations sue governments if any measures that they undertake are considered to interfere with their ability to do business. My question has to do with the private nature of this

secretariat and why the governments here and in British Columbia have chosen that particular forum for dispute resolution.

Mr. Stevens: The dispute resolution itself is set out in part IV, starting at page 12, of the TILMA if you want to read about it. That's speaking, I guess, to those who are following along at home. It's set out in detail there. After a discussion with B.C. it was agreed that we would equally contribute towards the establishment of a secretariat that would deal with such matters. Page 10 of the TILMA, under article 19, specifically says at paragraph 1 that "parties shall either establish a Secretariat or appoint one or more administrators prior to the entry into force of this Agreement." So the short of it is that upon discussion we decided that we would proceed with the secretariat approach.

Mr. Mason: Well, I'll go back and look at it, but it is essentially a private organization. Is that a correct statement?

Mr. Stevens: I think it's fair to say it will be a person or a person and a half on contract. To call it an institution or an organization would be a bit grand, I think.

Mr. Mason: Okay. That person, then, is vested with the authority to adjudicate trade disputes. Is that correct?

Mr. Stevens: No. They administer the process. There's actually a panel that is established under article 26, page 13, of the agreement, and it would be that panel that would be responsible for ultimately determining the dispute. Just to give you some sense of what it says here, it says that "each Party will establish and maintain a list of at least five individuals to act as panellists." It's from that roster that the dispute panel is selected.

Mr. Mason: I see. Okay. Thank you.

If I can move on to the trade offices, you mentioned that some of our offices are located within the Canadian embassy in their respective countries. Could you enumerate which ones are located in Canadian offices and which ones are separate?

Mr. Stevens: Mexico is embassy. Washington, DC, is embassy. U.K. is high commission. Germany is the consulate. The Alberta China office is in Beijing; it is embassy. The China-Alberta petroleum centre is in Beijing. It's not co-located. It's stand-alone. Korea is co-located with the embassy. Japan is stand-alone but in the same building as the embassy, so it appears to be co-located but is not. Taiwan is co-located with the Canadian trade office. We do not have, apparently, an embassy in Taiwan.

Mr. Mason: That's correct. We don't.

Mr. Stevens: Hong Kong is not co-located. It's stand-alone. I believe that's everything.

Mr. Mason: So most of them are co-located in either an embassy, a consulate, or a federal government trade office. Do you have an agreement with the federal government with respect to that, and is it similar to the one that Ontario has?

Mr. Stevens: I don't know what Ontario has, but, yes, we do have an agreement in each case.

Mr. Mason: It's not a blanket agreement? They're individual?

Mr. Stevens: It would be individual to the specific location.

Mr. Mason: Thank you. I want to ask about the appointment of people who staff these offices. Certainly, no slight to the abilities of Mr. Mar, but how many of the – well, let's just deal with Washington for the moment. Both Mr. Mar and his predecessor, Mr. Smith, were former cabinet ministers of the government that were appointed. Did they go through a standardized process for the selection, hiring of public employees?

Mr. Stevens: I'm not familiar with the process that was involved in selecting Gary Mar for the Washington office. I can tell you that generally we have two types of managing directors, one on contract and the other that is a member of the public service. Gary Mar, for example, is a contract personnel. The same would be true of the U.K., and Germany would be public service. What is the difference? Well, the difference would be that at the end of the contract with a contract employee, the contract comes to an end. With respect to the end of the contract relative to the appointment to a trade office somewhere in the world if it's a public employee, they come back to Alberta, and we have held a position open for them so that they can come back and take a like position. I am told that Gary Mar was a competition.

8:00

Mr. Mason: Okay. Would that be a normal civil service competition, or was it a special competition?

Mr. Stevens: It would have been an open competition as opposed to closed. What I mean by that is that people outside of the public service would have been entitled to apply for the position that is open. A closed one we look within the public service to appoint the position. Once again, from our thinking, well, there are a number of considerations that go into it, but I've indicated to you that one of the considerations relative to public service employees is that when their three years are up, they come back home, and you have a position that you have to put them into as opposed to someone who is open contract. When the three years are up, if it's not renewed, it's over.

Mr. Mason: Yes. Just to be clear, the positions in the U.S. and the U.K. offices are established under a contract, and the remainder are normal civil service positions?

Mr. Stevens: The managing director of the China-Alberta petroleum centre is on contract. So that would be correct. There are three at present, if you will, that are on contract. The others are not. It doesn't mean that they have to be. The fact that it is doesn't mean it will be or that it necessarily always has been, but there are three that are contract now and, I guess, seven that aren't.

Mr. Mason: I understand.

When Alberta was coming out of the recession of the '80s, in the mid-1990s the government of the time undertook very significant cost-cutting activities, and one of the measures that they undertook was the closing of the trade offices that Alberta had at that time. I'm wondering if you are contemplating the elimination of Alberta's trade offices as part of a cost-cutting measure in the current year or in the next couple of years.

Mr. Stevens: No. I think it's fair to say that the Premier has been very clear that we need to be outward looking. We're a trading province. We need to ensure that we maintain and enhance the

relationships we have abroad. We need to attract investment to this province. We need to attract immigrants and skilled workers to this province. There are opportunities in education. There's a whole host of reasons why these offices are important. I alluded in an earlier response to the review of the international offices that was done 18 months or so ago, and it endorsed the idea. The idea was good then; it remains good today. It doesn't mean that we won't review the offices on a go-forward basis, but I have no mandate, no intention at present to be eliminating or affecting any of the offices on a budget-cutting basis.

Mr. Mason: So would you say that the decision taken in the '90s to eliminate the Alberta trade offices was a mistake, then?

Mr. Stevens: I don't know what the circumstances were surrounding that particular decision at that time. I wasn't here then, to my knowledge. In any event, I don't know what the circumstances were. What I can tell you is that today I firmly believe that the offices, the way they are constructed, are doing very good work on a whole host of different levels and are receiving very good reviews from the Albertans that are using them and from the people in the countries in which they are located who are looking to Alberta.

Mr. Mason: Has the department conducted a cost-benefit analysis of these offices, the expenditures that are made versus the return that we receive as a province?

Mr. Stevens: What we have are a number of criteria that we do follow, and I referred to them earlier: the performance measures.

Mr. Mason: What page is that?

Mr. Stevens: It's the last page of the activity report, 2007-2008. We have standard reporting by the offices – I think it's on a monthly basis – relative to these matters. We measure things like number of visits; number of intelligence/market reports generated; number of networking sessions; number of missions/delegations; number of companies/investors participating; number of missions/delegations to the target market; number of Alberta companies participating; number of business introductions; number of seminars, trade shows, and exhibitions; number of negotiations generated, investment and trade. What I can do, if you don't have a copy of this, is make it . . . [interjection] You do? Okay.

Mr. Mason: But what page number? Is there not a page number at the bottom?

Mr. Stevens: There is no page number. Well, it looks to me like it would be 31. So you get to 30, and this particular page is the interior page of the back of the cover.

Mr. Mason: Okay. Yes. I've got it here. Thank you very much.

I want to ask, finally, Mr. Minister, about travel expenses. Clearly, your department requires a certain amount of international travel. I have a document here dealing with the . . .

The Chair: Mr. Mason, you have one minute to ask the question and get the answer.

Mr. Mason: Okay. Then maybe I'll just leave it, and perhaps the minister can respond later in writing to the committee. What I'm interested in is a breakdown of not only travel expenses but the individuals – I don't need to know individual names, but positions,

perhaps, within the department would be a good descriptor – and why people were selected for that and also the policy around spousal travel on these matters and which particular missions included spousal travel and the amounts, if you don't mind. I can get that later. You don't need to do it now.

Thank you, Mr. Chairman.

The Chair: Okay. Thank you very much.

I think that in about five seconds this part of the meeting will be over. So what I'll do is just call a little five-minute recess. We'll start in exactly five minutes with the government questions.

[The committee adjourned from 8:09 p.m. to 8:14 p.m.]

The Chair: Thank you for returning to the meeting. We will start with a question from Mr. Oberle.

Mr. Oberle: Thank you, Mr. Chair, and good evening, Mr. Minister. I have a couple of questions focused back within our borders, within Canada. If you'll allow me, I want to use a rambling and circuitous preamble that talks briefly about my impression of the foreign offices – feel free to comment or correct me as you may – and then I'll ask a couple of questions. I think overall I'll be brief, and I'll just ask the questions and have you respond to them. It's relatively short.

First of all, the Member for Lethbridge-East, I believe, talked about the subsidization of offices. These are public entities. They're not subsidized; they are public.

As to whether or not the businesses contribute, I don't know whether or not these offices have other revenue streams, but having some experience in the Munich, Beijing, and Washington offices, I can tell you that typically we gather there in the form of some sort of a conference, trade show, those sorts of things, and the businesses, as the minister indicated, may pay for their own booth. For example, for Energy Council meetings in Washington businesses would host a lunch on their own in addition to the work that the Washington office does. They are there to facilitate that meeting. The businesses are kind of on their own after that.

The Member for Calgary-Buffalo raised an interesting point as to whether or not we were disappointed with the performance of the current member in Washington, Gary Mar, because of the passage of the clean energy bill. My view of how that might work is that certainly no government is going to pass legislation just because a representative of a foreign country who happens to be stationed there likes it or dislikes it. That's some information they may take as input. I can tell you that I would expect – the minister can correct me if I'm wrong – that the Washington representative would give us an excellent heads-up about the coming of that bill, would have established some key relationships with state and federal legislators, set up meetings with regulatory bodies, and those sorts of things. As a member of the Energy Council I can clearly say that that, in fact, did happen. I've used the services of the Washington offices on two occasions now for precisely that.

Then, the statistics quoted by both members there about our trading numbers. I am also not privy to those numbers, but I would be astounded if we measured the value of our foreign offices simply on the dollars' worth of trade or whether they were able to kill bills in the United States. That was an interesting choice of words there. Certainly, trade should measure into it, but what about investment – foreign investment in Alberta or Alberta investment abroad – or policy direction? The Energy Council, for example, is intimately familiar with Alberta's energy regulatory system and has advocated on behalf of Alberta across the United States. I believe the 17

members of Energy Council states are all very familiar. Part of that work is done by Energy Council members, but a very large part of that is done by the foreign office.

Relationship is absolutely critical in this instance, and the ability of the Washington representative to build relationships with Congressmen, for example, got us into the door with the Congressman from Alaska to talk about Alaska gas. He was already familiar with Alberta's position and our capabilities there.

Just simple education. How do you put a value on Alberta's participation in the Smithsonian, for example? Our day in the sunlight in Washington was absolutely fabulous, and that was facilitated by the Washington office. So there are tangible measures . . . [interjection] Huh?

Ms Blakeman: It just rolled around. It's our turn.

Mr. Oberle: I think I still have the floor, Mr. Chair.

I think the quality measures, the productivity measures have to be much broader than just trade numbers, although certainly numbers factor into it.

I need to focus the minister back into Canada and the very important work that I think this ministry needs to do in Canada, first of all, in relationships with the federal government. For example, right now the federal government continues to pursue the creation of a national securities regulator responsible for administering one federal act across the country, applying one set of rules and collecting one set of fees in security regulation. I wonder if the minister could enlighten us on what he expects will come from the federal government's proposed legislation and what our Alberta position is and how we're going to forward that position?

The other area that I wonder if I could get the minister to comment on is our relationship with the federal and other provincial and territorial governments. What's on the agenda for this year in major intergovernmental meetings? What have we accomplished so far?

8:20

Alberta, British Columbia, and Saskatchewan met already this year, as the minister has said in his opening remarks. Can he share with us some tangible results of these meetings? A bunch of changes coming this year: B.C. election; where does Saskatchewan sit? If the minister could share some comments on how that relationship is going, I guess.

Mr. Chair, that's good for me for remarks. I would just ask the minister to respond.

The Chair: Thank you very much.

Go ahead, please.

Mr. Stevens: Well, thank you very much. With respect to your comments, certainly, I would agree that these offices do a great deal that is not measured in trade numbers per se. As I indicated in some of my comments, there is investment attraction that would not be measured in that sense. There's immigrant and skilled worker attraction that would not be measured. There's the education component. There's serving ministers when they go in terms of setting up arrangements, which doesn't get measured in any of those ways. So you're right; there are a lot of things. That's why there is this performance measures list that deals with a lot of matters that do not necessarily reflect trade numbers.

What are some of the things that are coming up in terms of dealing with other governments in Canada? We have the Western Premiers' Conference, which is scheduled for June 17 to 19 in Dawson City,

Yukon. There will be a number of matters on the agenda there, like Open Skies, arctic research, carbon capture and storage, gas pipelines, and so on.

You know, you did refer to the fact that we had our first trilateral joint cabinet meeting with B.C. and Saskatchewan not that long ago. It was very successful in many ways. First of all, we had it. The mood was good. We agreed that we would work together on Open Skies. The ability of the western provinces to attract more direct flights to other countries is significant in a whole host of ways: tourism, work aspects. We identified that the three western provinces are resource based in large measure and that we could cooperate in terms of promoting our respective natural resources.

They are not all the same. Saskatchewan, for example, has potash. A significant client of theirs is China. The fact is that we talked in terms of working together to promote our products on joint missions, so we're working on seeing whether that can come to pass. We've talked to B.C. in terms of co-operating with B.C. in sharing our trade offices abroad. Alberta has the greatest number of trade offices after Quebec. Quebec has 20 some-odd, then there's Alberta, and then other provinces are less than that. But B.C. has shown more interest recently. They have shown a great deal of interest in Asia, particularly China.

I can tell you right now that we're talking to the B.C. trade representative in Guangxi Zhuang province. I think that we are trying to develop a relationship where when they're in Hong Kong, they can use our space, and when we're in that province, which is adjacent to Hong Kong, we can use their space. We haven't finalized that, but that's an example of something that comes out of these kinds of arrangements. As I indicated, we're working towards later this year putting some flesh on the concept of a western economic partnership that will involve those three provinces.

We have the Council of the Federation meeting that will be occurring August 5 to 7 in Regina, Saskatchewan, which, of course, involves all of the Premiers. There will be a number of potential agenda items there, including Canada-U.S. relations, strengthening infrastructure. I'm sure there will be some discussion with respect to some of the initiatives that people have taken to address the economic times. There will undoubtedly be discussion regarding a clean energy dialogue. So there are a number of things there that are important.

On the securities regulation piece the federal government has indicated a commitment to establishing a single federal securities regulator, as was recommended by that expert panel on securities regulation. From our perspective in IIR, we think that the legislation has the potential to fundamentally reshape how the Canadian federation works, and in our view there is a real issue as to whether or not they have the jurisdiction to do what they purport to do.

I guess we'll have to measure ultimately what happens, but I can tell you that Quebec and Manitoba have indicated that they are not supportive. Quebec has indicated that they may well take a court challenge of this process sooner rather than later, and Alberta remains opposed to a single regulator. We remain totally committed to the passport system. So that's a piece of business that we'll continue to measure. I would say that most of our efforts these days tend to be reflected on the climate change, U.S.-Canada relations piece. It's not that there isn't other important business, but our major focus is on that particular issue.

The Chair: Thank you very much.

We'll go to Ms Pastoor. Ms Pastoor and the minister can share 20 minutes either back and forth or straight through, and then we'll go back to Mr. Drysdale.

Ms Pastoor: Okay. Thank you, Mr. Chair. Just a couple of quick points that are totally off topic. You spoke about Open Skies with the western provinces. I'd love to think that there were going to be open skies in Alberta and that we actually could land at the municipal airport to bring in some of our people.

You also mentioned that we might be sharing offices with B.C., but you just told me you had no more room, so when you're making a room for the B.C. people to share the offices, think about maybe putting a student in there.

I'm going to go to some of the recommendations from the Auditor General. This is out of the October 2008 report. He recommended that "the Ministry of International and Intergovernmental Relations improve the processes management uses to evaluate the performance of each international office." I do believe that you referred to a review that was done 18 months ago, so I'm not sure how this ties in with this particular recommendation. There is no periodic assessment of the offices' continued relevance and the cost-effectiveness. Some of these recommendations, or at least questions, really are focusing on some of the questions that I had regarding the trade offices. So what progress, if any, has the department made relative to this recommendation?

Could the minister introduce adequate performance assessments to ensure that the offices are cost-effective to really promote Alberta's interests? What assurance through office mandates or department best practices can the minister provide that each of these offices continues to have the right focus given the changes in both domestic and international markets? What specific data results can the minister provide to support the assumption that these offices are in the correct markets to increase exports of Alberta's goods and services? Would the minister commit to adopting the Auditor General's recommendation to make performance records more informative through the inclusion of variance reports and better definition of performance measures and the methodologies used for this data compilation?

There are a lot of questions here, but they basically flow into one another, back to the recommendation that you improve the process that management uses to evaluate the performance of each international office. It would be, I think, to the performance of the staff as well as to the cost-effectiveness.

Mr. Stevens: Thank you. First of all, with respect to the Auditor General's recommendation it's my understanding that we accepted the recommendation and have committed to a periodic review along the lines that were recommended.

8:30

Ms Pastoor: I don't see a timeline, but when would the first one be completed?

Mr. Stevens: I believe the commitment that we made to the Auditor General's recommendation was that we would do it every five years.

Ms Pastoor: Starting next year, '09-10, or when?

Mr. Stevens: As I understand it, the first review was the report that I referred to, the foreign office report that was done, say, 18 months or so ago. So five years from then.

Ms Pastoor: Is that report public, the review that you've done?

Mr. Stevens: Yes, it is. We probably made that public in June of last year.

Ms Pastoor: Okay. Thank you.

He also recommended

that the Ministry of International and Intergovernmental Relations obtain assurance that information-system controls are effective at the international offices and that relevant Government of Alberta IT policies and standards are being met.

I'm not going to read a lot of the things that are in here, but part of the questions were: why has a proper inventory of IT-related materials not been undertaken since 2002, and would the minister commit to an immediate audit of the equipment that is currently being used in these locations? That's the (a) part; I'll go into the (b) part after.

If I could clarify, the Ministry does not have an up-to-date detailed listing of the computer systems, the controls in place, and the IT standards followed at the 10 international offices.

Mr. Stevens: We, I understand, accepted that recommendation. We have been conducting a review, and I understand that the Auditor General will be assessing our progress next month.

Ms Pastoor: Would that also include having to update the equipment? Is that part of what this recommendation would include?

Mr. Stevens: I understand not necessarily. Maybe; maybe not. It depends.

Ms Pastoor: All right. There was no assurance that the systems, controls are effective or that they met the government of Alberta policies and standards.

Would the minister undertake to verify that the federal standards followed by those offices contained within a federal location met applicable government of Alberta policies and standards in areas such as the IT systems – passwords, firewalls, et cetera – and the transmission of personal information?

I guess that's a good question. I'm just going to add to that. The IT systems where you actually have shared space, in, I think, seven out of 10 locations: are those shared, or does each level of government have their own, with their own passwords and their own firewalls? Are they totally separate?

Mr. Stevens: I understand that where the offices are co-located, they are on the embassy's system or the co-located system.

Ms Pastoor: Okay. Then, the three – Japan, Hong Kong, and China – that are not in embassies have their own financial and operating systems. They contract directly with the local IT companies for maintenance and support. The ministry relies on the staff in these offices to ensure systems and controls are in place and operating effectively, but it does not receive independent assurance they have done so. Would the minister agree to ensure that these offices are meeting the applicable government of Alberta IT standards? What action has the department taken to ensure that the local IT companies are contractually required to provide the offices and the ministry with assurance that the systems meet the government of Alberta IT standards? Are the standards different than the federal standards? In this particular instance you're not sharing.

Mr. Stevens: I have no idea. But we accepted the recommendation. The review is being done. The Auditor General is going to be checking on our progress. So I assume that the people who understand the detail of that particular recommendation will ultimately sort it out, but that's a little beyond my purview. It's not that it's not important, but I don't really understand the IT elements of our foreign offices.

Ms Pastoor: Well, I'm sure you don't stand alone.

Mr. Stevens: Yes, but I'm sure I do have some people that do understand it.

Ms Pastoor: This is the (c) part. I'm going to read it anyway, but I would suspect that you may have accepted these recommendations as a package because they all seem to fit in together.

During [the AG's] review of the offices' monthly billing processes, we noted that personal information was transferred in an insecure manner between the offices and the Ministry. For example, each month, financial information – including personal information on international office staff salaries and bonuses – is transmitted between the offices, the Ministry, and Service Alberta by fax or email. The Government of Alberta Policy for the Transmission of Personal Information states that “any documentation or records containing personal information shall not be transmitted via electronic mail or facsimile unless:

- personal identifiers have been removed, or
- the message is encrypted in such a manner that the message sender and recipient can both be authenticated, or
- other means are employed by both the sending and receiving parties to ensure confidentiality is maintained.”

Again, what is the status of this recommendation? Why was the ministry so lax in its protection of employee privacy interests, and is there any idea how long that had actually been going on? Will the minister commit to making sure that these protections are acted upon and provide a timeline for doing so, and what would that timeline be?

Mr. Stevens: Once again, we accepted this particular recommendation. I understand that we anticipate it will require one more year to deal with all aspects of it.

Ms Pastoor: So one year just for this one particular part, or is this kind of like an (a), (b), (c) package? It's just the (c) part that's going to take another year to get under control?

Mr. Stevens: Right.

Ms Pastoor: Okay.

At this point I want to bring an amendment forward, but because I'm not a member of the committee, I can't, so I would ask my colleague to bring the amendment forward.

Mr. Hehr: If I could just have the clerk assist me with passing this out. Is that the process?

The Chair: Well, you see, there's a bit of a problem here, and that is that we're going back and forth. I would suggest that maybe if you're done with your 20-minute section, we'll go back to Mr. Drysdale, and when he's done, we'll go back to Mr. Hehr. I think that's probably the better time to do your amendment, if that's okay.

Mr. Hehr: Sure.

Ms Pastoor: That'll be fine.

The Chair: If you're finished with your questions for now, we'll go to Mr. Drysdale, please.

Mr. Drysdale: Thank you, Mr. Chairman. Mr. Minister, a couple of questions on trade agreements. We all know that these trade agreements have been pretty crucial to the economic well-being of

Alberta over the last 20 years, and they've helped reduce trade barriers and set up economic growth for business in foreign markets in Alberta. The numbers I have since the inception of the Canada-U.S. free trade agreement and NAFTA have grown some 700 per cent in our trade. I guess we all know that there has been a change in our neighbour government to the south here. I guess you'll maybe have to speculate on this a little bit, but I was wondering if this new government – you know, we've all heard stories that they may be wanting to open up or renegotiate NAFTA. So I'll get your opinion on that and maybe, if they do that, what effect that'll have on our softwood lumber agreement with the U.S. Can I get your comments on that, please?

8:40

Mr. Stevens: Well, you are correct in saying that President Obama has made comments indicating an interest in revisiting NAFTA. Our information is that the U.S. interest is probably more focused on Mexico and the perceived loss of U.S. manufacturing jobs to Mexico rather than a focus on Canada, but NAFTA is North American, and that includes not just Mexico but Canada.

The way I understand it, the Prime Minister has indicated that there is interest in discussing how to improve NAFTA so that it works better for everyone. But it's not a question of the U.S. unilaterally doing something under the NAFTA. It doesn't work that way. In other words, you can't force renegotiation of the NAFTA. Consensus is required to change the agreement. I think it's fair to say that both Mexico and Canada have their own issues relative to how that particular agreement works, and should you want to develop an agenda, there would be more on the agenda than simply whatever the U.S. issues may be.

The short of it is that, yes, there has been some general discussion on that. I don't believe that it's particularly current. I think when you take a look at what's happening in the U.S., Mexico, and Canada, there are more pressing matters, like the general economy and climate change, particularly as it relates to Canada and the United States. We'll see. It's one of those watching briefs, but it's one that we think at this particular point in time is lower.

As it relates to the NAFTA and the Canada-U.S. softwood lumber agreement, there is no impact if you wanted to revisit NAFTA because the softwood lumber agreement is a stand-alone agreement. It was negotiated separately. It would have to be renegotiated separately. It came into force in October of 2006 and is good until 2013, with an option to renew for two years, so the U.S. cannot initiate new softwood litigation under its domestic trade laws for that term. That's how that particular agreement operates.

The Chair: Are you finished, Mr. Drysdale?

Mr. Drysdale: Yes.

The Chair: That's your answer, Minister?

Mr. Stevens: Yes.

The Chair: Okay. Thank you.

Next we'll go to Mr. Hehr.

Mr. Hehr: Well, thank you very much, Mr. Chair.

The Chair: You're combining your question and answer?

Mr. Hehr: Yeah. It's just a couple more questions and a follow-up to some of the commentary made by the hon. Member for Peace

River on my questions around the hon. Gary Mar, who is down in Washington, and primarily, I guess, the questions on whether, you know, he was doing a good job or not and whether those were valid questions.

My understanding is that my questions were valid questions. If I'm paying a guy \$1.4 million a year in a total collective package, and then all of a sudden a bill passes called the clean energy bill that says, "This product up in Alberta is not very clean, and we don't want it down here," I'll tell you what: my first call – and maybe the minister of intergovernmental affairs can tell me if his first call was either, "Gary, thanks for giving me that heads-up," or, if he didn't have that heads-up, "Mr. Mar, what kind of job are you doing down here?" My ears would be going red, and I'd be upset, and I'd be angry. I'd ask whether that guy was doing his job. Although I'm not privy to the inner workings of what was happening, that's all I was saying in that, and that's why that question was indeed asked as to the performance of Mr. Mar.

I guess on that note: did you have adequate notice that the clean energy bill was going to be passed in ample time for your government to react, or was this brought up in a story by the Toronto *Globe and Mail*, like some people have said?

Mr. Stevens: Well, as a starting point, it's the Washington office, that comprises more than Mr. Mar, that costs \$1.4 million, not Mr. Mar per se. Life after politics is not that good.

As it relates to the work that Gary is doing for us, he's doing a very good job. His latest treatise on climate change is 600 some-odd pages. It's one of, oh, 8,000 bills a year that get filed down there. So there are lots of people sort of looking for the same stuff, and ultimately it's found, you know, somewhere in the haystack. You'll find the needle. You people keep looking.

The short of it is that Gary Mar works very closely with our department and Energy and Environment and is doing an excellent job advocating the interests of Alberta and dealing with people in DC and throughout the United States and Canada, for that matter, as is required. I have no doubt that he's doing anything other than a very good job.

Mr. Hehr: I'm glad to hear that. That was my only reason for that question. I guess I'm not privy to the inner workings of government as an opposition MLA, but, needless to say, when the clean energy bill was announced, it gave me some concern as an Albertan as to what's going on. That's why I'm glad you have sort of relieved me of my worries, that we're doing our due diligence down there in Ottawa and that hopefully things will be rectified to ensure that we have trade and that it's reinforced to the United States government that we do have energy to supply their needs because that is very important to Albertans.

Needless to say, pending further comments, that's about it for right now. Thank you very much.

Ms Blakeman: Aren't you moving an amendment?

Mr. Hehr: Oh, yes. I would like to move an amendment. I got so wrapped up there, hon. minister, that I'll get back to you.

Thank you very much, Mr. Chair.

The Chair: Go ahead, please.

Mr. Hehr: I'd like to pass out a notice of amendment.

The Chair: Thank you. We have before us an amendment moved by Mr. Hehr. Would you like to speak to that amendment?

Mr. Hehr: Well, it's just that

the estimates for corporate services under reference 1.0.4 of the 2009-2010 main estimates of the Department of International and Intergovernmental Relations be reduced by \$75,000 so that the amount to be voted for expense and equipment/inventory purchases is \$26,272,000.

We just think that in this time of prudence it would be wise to move an amendment like this to ensure that cost-cutting is taking place and that we're doing our best to protect the taxpayers here in Alberta.

8:50

The Chair: Are you finished speaking on it?

Mr. Hehr: Yes.

The Chair: Okay.

There's a question over here, please.

Mr. Oberle: Mr. Chair, if I might, just a point of procedure for my own information and maybe for those that haven't – I take it this amendment is in order in that it's signed by Parliamentary Counsel and proper notification given. From this point forward we're not restricted to speaking strictly to this amendment; we still speak to the estimates?

The Chair: I believe that we're speaking to the estimates. You can speak to the amendment if you wish, but we're not voting on the amendment tonight. If anybody wants to speak to the amendment, feel free to do that, but there is no requirement to speak directly to the amendment.

Mr. Oberle: Thank you.

The Chair: So does anybody want to speak to the amendment? If there's no one to speak to or for the amendment, we can go to the next speaker, but I'll look around if anybody wants to speak about the amendment.

If not, then I'll go to Mr. Berger, please.

Mr. Berger: Thank you, Mr. Chair. As was mentioned by the minister in the preamble, our economy is underpinned by our oil and gas. In saying that, I think the importance of any threats or encumbrances placed on that resource economy, either within Canada or from outside our borders, cannot be overstated. With that on the record, it has been stated by our federal government that the government of Canada wants to engage in negotiations leading to a cap and trade regime for greenhouse gases. As Alberta is a key resource owner and regulator, Alberta must be part of the development of any future plans or protocols with respect to Canada's position on any North American climate change agreements. Could the minister share with us here at the committee what the government of Alberta is doing to influence the government of Canada on any or all North American climate change discussions?

Mr. Stevens: Certainly I can do that, but before, spending a little time looking at this amendment, I must admit that I don't fully appreciate the procedures we're going through, not that it matters a whole lot. You know, you started out by saying that amendments had to be notified before 6 o'clock, and it's a quarter to 9 at night, and an amendment is here. In any event, I'm just making that observation. Page 285 of our material under Ministry Support Services, corporate services, total voted equipment/inventory purchases for 2009-10 totals \$25,000. [interjection] If you look at

page 285, it does. In any event, I don't know much more about it than this. It's point 1.0.4 under reference; it's exactly the reference. I've got the page, \$25,000; the reduction is \$75,000. It seems to me that there's a problem with the proposed amendment, but I'm sure it will be dealt with in any event appropriately.

As it relates to Alberta's interests and dealing with Canada and the climate change piece, first of all, we have been dealing on that issue very actively since the last election. The Minister of Environment has been working with the federal government for some time, as have our respective administrations in the environment area. The Premier recently wrote to the Prime Minister indicating that on this important piece it was necessary for Alberta to be at the table, by which we mean that Canada must understand Alberta's interests in this matter. That particular letter was made public, so it's out there so that people can read it.

We continue to work with the federal government. The clean energy dialogue that was raised by President Obama and Prime Minister Harper upon the President's visit to Canada has evolved into three committees being established. One of them is on technology, including carbon capture and storage; another one is on electrical grids. In both cases there will be an Albertan appointed to the committee so that we'll have an Alberta perspective on those particular committees. Indeed, one of them, the technology carbon capture and storage piece, is being chaired by Charlie Fischer, formerly of Nexen, perhaps currently of Nexen, but, in any event, somebody who is well connected in that area.

There has been an appointment of an ambassador to Copenhagen by Canada. That's Mr. Michael Martin. He has been in contact with the provinces to establish a process regarding the road to Copenhagen. We will be participating in that. From my perspective it's necessary to ensure that the road to Copenhagen takes into account the ongoing dialog that will be occurring between Canada and the United States regarding climate change.

We've already talked about the work that we're doing in the United States through our DC office. I can tell you that quite apart from that we are through the Premier in his various connections – western governors, his trip to Texas, things of that nature – dealing with U.S. governors and matters dealing with climate change, energy, and the environment. Ministers of Energy and Environment are doing very much the same when they travel to the United States, as are MLAs who are members of various committees. There's just a whole host of relationships we have as a result of formal bodies that meet on a regular basis regarding, for example, energy, where MLAs participate. I believe that just last month Calgary-Foothills was in Illinois to speak to elected representatives at the state level on his way to Washington, where there was an energy conference that he attended along with Peace River.

So, you know, those kinds of things are happening on an ongoing basis. We have an administration meeting with administration in Washington, in Ottawa, in California on a whole host of things. Gary Mar has gone to various states that have looked at the oil sands and the product coming out of our oil sands with a view to passing legislation so that he can pass on the information that's required so that they can make an informed choice. There's a whole host of things that are going on, and we continue to monitor it. Of course, there's the fact that we have retained the consultants in DC to assist us in navigating the U.S. legislative and decision-making process.

Mr. Berger: Thank you, Mr. Minister. Just to cap off the climate change part of my discussion with a note passed to me: either we're at the table, or we're on the menu. So I appreciate what you're doing there. That does sum it up.

To move from that I'd like to go to oil sands and to deal with your ministry. There are various negative stories generated by external forces as well as internal sources. Some are competitors. Some, to borrow a term from my friend from Lethbridge-East, are lobbyists, paid anti oil sands lobbyists, both internal and external. As well, we have political grandstanding on our oil sands images daily. As we witness from the current economic downturn brought on by world forces beyond our control, the negative impact on our own Alberta workforce as well as other Canadians and temporary foreign workers is very significant. What is your ministry and the government of Alberta doing in regard to advocacy work undertaken to address the international criticism specific to our image with respect to oil sands development and the environmental impact?

9:00

Mr. Stevens: Well, I think my last answer would be repeated because the energy, the environment, and the economy all sort of go hand in hand. If you're speaking about one, you're speaking about the others these days. I think it's fair to say that we're trying to identify opportunities to put forward our case, wherever it may be, by members of this government. Whether it's the Premier or some other ministers, when people go abroad, typically they are put in a position where part of the messaging that they have, regardless of what their ministry may be, addresses those matters wherever they happen to be in the world. I can tell you that I spend more of my time talking about energy, the environment, and the economy than anything else. I've spoken about that in Japan, in Korea, in China, India, the Emirates, Israel, Mexico, and the U.K. You give interviews to media on these matters wherever you may go. What I've just described that I do, others are doing also.

You take advantages as they arise. You ensure that you've got current, accurate information. You ensure that you have a program that is addressing the issue. Here in Alberta we can say that we have been measuring emissions since 2003. We can say that we were the first to have comprehensive emissions management for the top 100 emitters in this province, the first in North America. Indeed, when you look around today, I'm not sure who else there is. There's some coal management in northeastern U.S. – it's called the RGGI; it's coal-fired electrical – where they've got carbon priced at something in the order of \$3 to \$4 a ton.

You know, for the most part, people have been talking about doing things. We now have over 18 months of actual experience under this legislation. We've been working with industry and watching industry respond to the challenge of making improvements in that area, making reductions, making investments in technology. We've got this fund that has \$40 million in it from the first six months and probably another \$80 million or so from the next full year, that will be up and running and doing some good work. Those are the kinds of things that we can talk about that we are actually doing.

Then, of course, there's the Premier's initiative relative to carbon capture and storage, which is a work in progress. There are a number of projects, I think 11 or so, that went forward with full business plans and are being considered for the \$2 billion of investment in that area. So we'll probably have some information on that in the next two or three months.

In any event, those are all things that are absolutely key to advancing the position of Alberta; that is, a strong policy and legislative program that, quite frankly, is not so evident elsewhere in North America.

The Chair: Thank you very much.

Do you have further questions, Mr. Berger?

Mr. Berger: I would just wrap up with the comment that was made earlier by Calgary-Buffalo on evaluating our foreign trade offices. From my own perspective, with all of the different agendas running against our underpinning industries, I think that our foreign trade offices have been very successful in the fact that we are still operating and gaining ground.

Mr. Stevens: You know, it's interesting. I find that in this area some of the best ways to identify how they're doing is to look to the good comments that you receive gratuitously from people who work with them. For example, in Hong Kong Trevor McCallion of Hood Group said:

There are many opportunities to expand our services in the Hong Kong market. When Hood Group is looking for partners and sub-contractors to align ourselves with, we count on Alberta's International Office for advice and assistance. They also provide access to office space and boardrooms to help us to do business.

Tom Ryley, an executive VP with Suncor Energy, had this to say about the China-Alberta petroleum centre.

Just a quick note to tell you I arrived back safely to a very chilly Toronto. I want to thank you and Edward for arranging an excellent visit to Beijing. We found it very productive and enlightening, and were able to accomplish all that we had hoped, thanks to your superb plans. In my experience, international business relationships take time to develop, but I feel we have made an excellent start.

I've got others, but the last one I'll refer to right now is with respect to South Korea.

I wish to express my sincere appreciation for the invaluable assistance of you and your team during my visit to Seoul. We are grateful for your help in securing meetings and your guidance & insight on our activities in Korea, as well as your office's assistance with co-ordination and logistics.

That quote comes from the president and vice-chancellor of the University of Alberta, Indira Samarasekera.

Mr. Berger: Thank you.

The Chair: Thank you very much. That concludes your comments, then? Okay.

I just want to clarify one thing about the amendment. The minister made some comments regarding that. I think the amendment was supposed to have passed Parliamentary Counsel prior to 6 p.m. That was done, so that was in order.

The other comment is about 1.0.4. There was a little confusion there, but I think the reference was to the right number. That'll come back in the House at the time that we vote on it, so we'll deal with that at that time.

Ms Pastoor.

Ms Pastoor: Yes. Thank you. If I might, I think this is more than . . .

The Chair: You'll share your time again, 20 minutes?

Ms Pastoor: Yes, I'll share the time.

Actually, it's really just one point that I'd like to make, and I'd like your comment on it. You may well be able to go for 20 minutes. It would appear from what I'm reading – and I'm certainly not even close to understanding a lot of the intricacies of energy, climate change, and all that sort of stuff – that the United States government is leaning more toward a cap and trade. I'm not sure where our Prime Minister is. He seems to be leaning towards that as well. Clearly, here in Alberta we are going towards the carbon capture and storage. Personally, from the little bit that I know, I

think I lean more towards the capture and storage because it stays within our boundaries, and the money stays as well and that sort of thing. I wonder if you could just make a comment on that, on how close or how far away cap and trade is versus carbon capture.

Mr. Stevens: Well, I think that they're not mutually exclusive, as a starting point. President Obama has referred to cap and trade, and he's referred to carbon capture and storage. Indeed, if you take a look at the United States, cap and trade poses some remarkable challenges for them because 50 per cent of the electrical energy that's produced there is from coal-fired production. Those that are familiar with this – that would include Congressman Boucher from West Virginia – know that they've got to do something to maintain that electrical production because it's not going to be replaced any time soon no matter how much energy and effort and money you put into alternative energy. Fifty per cent of the electrical production in the United States is a whole lot.

You know, he is a supporter of carbon capture and storage. Indeed, just prior to his visiting Alberta last summer to visit the oil sands, he introduced a bill that put a small fractional charge on each kilowatt hour to raise, I think, a billion dollars a year for the purposes of carbon capture and storage to put towards the challenges of the coal industry. That was then, and this is now, but the concept of carbon capture and storage as one of the tools to address the challenges of climate change is alive and well in the discussions in the United States, notwithstanding that there is this overarching concept of cap and trade.

9:10

It's very early days. The bill that was introduced by Mr. Waxman, you know, is an early piece. He apparently has indicated he would like to see it marked up and brought back by the end of May. The Senate hasn't yet done their piece. President Obama doesn't have all of his people in place, so the executive that he has put around them do not have, as we speak, the appointments under them to provide them with the assistance and guidance on a go-forward policy basis that's necessary. What you see is the first people out of the door. It's undoubtedly going to be persuasive in some regard.

Our approach to this is to try and talk in terms of principles because that's what ultimately is most important. So we say that the economy has to continue to be viable. You have to actually have equality so that everybody is paying the same price for carbon, whatever that may be. You need to have technology as a part of the piece and to actually be doing something about CO₂ production rather than just simply talking about it and buying offsets. You need to have a recognition of regional differences because Alberta is different than Manitoba, is different than P.E.I. These are different challenges. You need to be able to develop and keep within your jurisdiction the dollars that can be spent on technology and addressing expensive technology like carbon capture and storage.

Carbon capture and storage is a technology that is absolutely essential for the U.S. because of their coal industry and others. It's absolutely essential for addressing CO₂ around the world because when you take a look at the best estimates of energy use on a go-forward basis, the International Energy Agency has said that by 2030 energy use is going to be 45 per cent higher than now. Obviously, that would be a combination of population growth and economic growth. Oil and gas is going to make up 80 per cent of that use, notwithstanding expansion of alternative energies. But the real significant factor is that there's going to be rapid growth of coal, and that rapid use of coal as an energy source is going to be primarily in Asia, India, and China. If we are going to be able to address the

carbon issue in those countries, I suspect that carbon capture and storage will be significant.

In any event, there are lots of interesting pieces here, and there's going to be lots of dialogue going forward. President Obama has indicated that he wants to have the U.S. as a significant player at Copenhagen, which is at the end of this year, so they've got a lot of work to do in order to develop a policy that they can take there and tell the world is something that will work.

Ms Pastoor: Just one other piece. The Prime Minister seems to be sort of in the middle. Is he leaning any which way? At least this is my take on it at this point in time. He seems to be sitting in the middle of cap and trade and carbon capture.

Mr. Stevens: Well, Canada established framework legislation that was emissions-based, similar to Alberta's, with a 2010 deadline. If you go back a year, what we were doing was looking at Canada, that had their legislation in place but was working on regulations that would flesh out exactly how this would work in terms of limits and thresholds and all of that type of thing. In the intervening period, of course, we had a federal election and an American election. I think it's called turning the corner. That particular emissions-based policy has been put on hold – these are my words, not the federal government's, but I think that's effectively it – and their mind has turned to the negotiations with the United States: the clean energy dialogue that I've alluded to earlier, the visit to Washington by Minister Prentice, and ongoing negotiations and discussions at a whole host of levels.

My own view of the world going forward is that it's unclear what's happening. I don't think that the legislation that has been put forward in Congress answers all of the questions. I think it probably raises as many as it answers. It has not been the subject of a full discussion yet. You know, how does this coal-fired electrical piece work? How does it impact Texas? How does it impact internationally? I mean, it's not clear to me how it's supposed to work with Canada.

And where is Mexico in all of this? President Obama spoke highly of Mexico before coming to Canada. The significance of Mexico is that it's a developing nation, and notwithstanding that, they have a policy to address climate change, which is significant on the world stage because that's exactly what the U.S., particularly President Obama, wants in terms of India and China. That is what our Prime Minister has said; that is, that no policy, no post-Kyoto, no Copenhagen plan is going to be acceptable to Canada that does not have the major CO₂ contributors participating in addressing that particular issue. What Mexico offers through their plan is a recognition that developing nations can participate and do something. Mexico represents an interesting player in that regard.

Where do all those pieces fit in? I don't know, and maybe we won't by the end of the year. I think that at this particular point in time it would be difficult to know where the Prime Minister is on this because it's too uncertain. What we want to do, I think, as Alberta is make sure that our perspective is well known to the Canadian government so that when they talk to their counterparts in the United States, they know what our perspective on things is. Other provinces should be able to share their perspective on it. What we're concerned about, first and foremost, is that people understand where we are, what we're doing, and how we see this particular issue. That's our first and foremost role because we don't get to actually be at the table; we just get to be close to the table at best.

Ms Pastoor: Thank you. I knew you could fill the 20 minutes.

The Chair: Thank you very much.

We have 12 minutes left. I'll go to Mrs. McQueen, please. You'll be sharing your time, I suppose, back and forth.

Mrs. McQueen: Yes, please. I'll be short. Thank you, Chair. First of all, I want to say that it's been an excellent evening of questions and answers. I appreciate, Minister, your answers to the questions. I just want to comment that you and the Premier and, certainly, as you've mentioned, other MLAs and ministers are out promoting Alberta in Canada and also throughout the world. I would say that with your department you've done a very good job on a relatively small budget.

If I could ask you two questions on things that you touched on this evening. One is with regard to the Asian market, if you could just expand a little bit more on what you feel that your department could do with regard to expanding our exports with agriculture, forestry, and oil and gas.

The second one. You mentioned with regard to the Bio 2009 event that Alberta will be involved as well. Can you expand on what that is and how Alberta will be involved with that and a little bit more detail on that event, please?

9:20

Mr. Stevens: Well, in terms of Asia and opportunities there: two places where we actually do not have offices at this particular point in time but that we have been going to for a very long time offer incredible opportunity in the oil and gas area. India, where we have been going since the '70s – and when I say we've been going, we have trade officials who are part of trade missions that have been going on an annual basis. I alluded to New Delhi having the largest oil and gas conference in Asia annually. I think it's annual; maybe it's biennial. In any event, we've been going there for a long time. They're going to be the largest country in the world, you know, sometime in the not-too-distant future. They are incredibly reliant on imported oil and gas at this point. There's a refinery, that was built by Reliance, that refines 1.3 million barrels of oil a day. It's located in northwestern India.

The interesting thing about India is that they have three sedimentary basins where there's poor seismic, but they think that there's incredible opportunity to find oil and gas and enhance their own self-reliance, although they will always be largely dependent on imported oil and gas. From my perspective, our companies have an opportunity there. The Indian government has opened it up to the private sector, I think, as of about five or six years ago, so people can actually buy interests to develop. Probably more important is that we have the service companies who have the ability to provide the technology and know-how that will assist them in doing proper seismic. A major issue is developing a library for the information they have on these resources. They don't have that at this particular point in time. I mean, it's very rudimentary compared to what we are familiar with here in Canada.

The Emirates and the Arab countries: once again, very small indigenous populations and a great need for technology of all sorts. It was interesting. They've got a project in the Emirates that is carbon capture and storage: about 140 kilometres of pipeline, three facilities that are going to be connected together, a 2014 timeline – sounds pretty similar to 2015 – \$1.4 billion, probably U.S., not Canadian. That would be more or less the same. There's a lot of commonality in places like that.

Investment from India here, investment from the Emirates here, investment from China here, the same with Korea and Japan. You know, we have incredible reserves. It was only 10 years ago that the reserves in the oil sands were 5 billion barrels of oil. The technol

ogy has brought us to where we are today, which is 173 billion barrels. There are 1.7 trillion barrels of oil there, not that we can get it all yet or ever perhaps, but with technology improvements in the not-too-distant future I'm told that it will be over 300 billion barrels. When you take a look around the world, if we develop those resources appropriately, they're going to be available to supply a lot of the world's needs. I've already alluded to what the International Energy Agency has said about world energy needs: by 2030 it's going to be huge. The short of it is that those are some of the things in those areas on the oil and gas front.

On the agriculture front I think that protein is always important, and our beef industry should be able to make inroads in places like China, where it is not able to go today. Places like India that while they have a large Hindu population which does not eat beef, there are a lot of people there that do or would.

Anyway, I think that there are incredible opportunities in Asia.

Mrs. McQueen: And just expanding on the Bio 2009 event that you were talking about.

Mr. Stevens: Yes. The Premier and Minister Horner went to Bio 2008 in San Diego this past year, so this is a follow-up to that, and the IIR technology trade reps will be supporting Minister Horner's department, Advanced Education and Technology. We will be setting up a booth there, distributing information. This particular show is significant because it is the largest biotech trade show in the United States, and we have a lot to show off here in Alberta in that regard.

Mrs. McQueen: Thank you very much.

The Chair: Thank you. That's the end of your questions, Mrs. McQueen?

Mrs. McQueen: Yes. Thank you, Chair.

The Chair: Anybody else have any questions? Mr. Drysdale, did I see your hand? We have about four minutes left.

Mr. Drysdale: Yes. The provinces have talked about increasing labour mobility and removing barriers for internal trade for years. I know this is one of your favourite subjects, the TILMA, I guess. You know, I understand that Alberta and B.C. have worked successfully to remove labour mobility barriers for certified workers, including all tradespeople, to reconcile business registration and reporting requirements, and to remove or amend standards and regulations that operate to restrict or impair trade, investment, or labour mobility. I guess the first question would be: what is the status of Alberta's implementation of TILMA?

Mr. Stevens: Well, April 1 TILMA became fully effective. On the labour mobility front I think there are over a hundred regulated occupations and professions that are now subject fully of the TILMA, so people should be able to move between the two jurisdic-

tions in those regulated areas and be able to be recognized and get work in the other jurisdiction without unnecessary, limiting restrictions being in place. Now that we've got Bill 18 passed, once royal assent is given, we'll be able to establish the corporate registry piece. It was necessary to get that done before that piece was fully impacted.

There is sort of a life after, too. You know, there is continuing work that will be done with B.C. to identify new opportunities. Indeed, on the credit union piece there is going to be work done this year to further that particular discussion because there were some impediments that were identified during the process that did not allow it to proceed as, perhaps, people had hoped going back a couple of years. But in large measure most of the work has been done as per the plan.

Mr. Drysdale: Okay. Well, if I could just have a little supplemental.

The Chair: Yeah, about two minutes.

Mr. Drysdale: Okay. What is TILMA's impact on the agreement on internal trade?

Mr. Stevens: Well, the TILMA is actually a subset of the agreement on internal trade. It's established so that other provinces and territories could sign on as is. I mean, think of it as an amendment to the agreement on internal trade that was initiated by Alberta and B.C. but which everybody else could sign on to. What it spawned is some TILMA-like discussions. You have Ontario and Quebec that have gone down the road and have indicated that they're going to come out with something this year that will be TILMA-like. I believe New Brunswick and Nova Scotia have entered into some TILMA-like discussions, and of course the joint cabinet meeting between B.C., Alberta, and Saskatchewan spawned an agreement to work towards greater liberalization and a western economic partnership that will have discussions along those lines.

Probably as important as anything, however, is the fact that we actually did after years of discussion agree to an amendment to the agreement on internal trade regarding labour mobility and a new dispute mechanism. That is a piece of business that 10 provinces and two territories, not Nunavut because they aren't part of this piece, agreed to. It's a work-in-progress, so as this year unfolds, you'll find that there's more labour mobility across the country.

The Chair: Thank you, everyone. That was just perfect. We've just run the clock out, so I'm going to advise the committee that the time allotted for this item of business has concluded. Thank you, everyone, very much for your participation.

I would like to remind committee members that we are scheduled to meet next on Monday, April 27, 2009, to consider the estimates of Sustainable Resource Development.

Pursuant to Standing Order (2)(a) the meeting is adjourned.

[The committee adjourned at 9:30 p.m.]

