

Legislative Assembly of Alberta

Title: **Tuesday, April 28, 1992**

8:00 p.m.

Date: 92/04/28

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Order please. It being after 8 o'clock, I'd ask the members to take their places in the committee.

head: **Main Estimates 1992-93**

Federal and Intergovernmental Affairs

MR. CHAIRMAN: The Chair would invite the minister to introduce his estimates.

MR. HORSMAN: Thank you, Mr. Chairman. This evening I rise to provide estimates for the Department of Federal and Intergovernmental Affairs for the fiscal year 1992-1993.

I want to begin my remarks by saying that the past year has certainly been a busy one and a very challenging one for me and my department. As hon. members know, my department is responsible for our relations with other provinces, the federal government, and foreign governments. In fulfilling that role, we've worked very diligently not only with those other governments but with municipal governments in Alberta, other departments of government of the province of Alberta, and particularly, Mr. Chairman, the private sector on a number of issues.

One of my roles is representing our government with respect to international trade negotiations. In fulfilling that role, the department continues to be involved in the GATT multilateral negotiations, in the implementation of the Canada/U.S. free trade agreement, and in the ongoing negotiations on the North American free trade agreement. On the GATT negotiations my department continues to monitor the developments as the world's trading nations try to bring the Uruguay round to a successful conclusion, and indications are that all major parties remain committed to concluding the current negotiations as soon as possible with the desire to do so before the economic summit of the G-7 countries to be held in Munich, Germany, in early July.

Agriculture, Mr. Chairman, remains the key issue to be resolved. The European community has given the U.S. another set of proposals to attempt to resolve the current impasse on agriculture, and the United States and the European community negotiators have agreed to another schedule of meetings to see if the proposals can lead to an agreement. Our government is still hopeful that an agreement can be concluded within the coming weeks, and we continue to urge the federal government to play a constructive role in these talks as well as to express Alberta's and Canada's export interests, to reduce subsidies as much as possible, and to eliminate harmful protectionist practices wherever they may exist.

With respect to Canadian/U.S. trade relations, my department and particularly my staff in the New York office continue to represent Alberta's interests with respect to continued implementation of the free trade agreement. Of course, we're involved in several current issues of considerable magnitude and impact on Alberta: the softwood lumber issue, the beer issue, and regulatory measures that may affect Alberta's energy and other sectors. Our New York office is also closely monitoring the political situation in the United States as the Americans head towards their every-four-year election in November. Just as an aside, I might say that while fixed term elections have some appearance of meeting the interests of democracy and certainty, they also have the effect of

requiring continuous campaigning towards a fixed date, and that, of course, we can see happening in the United States of America. The outcome of this election there could obviously seriously impact on the situation with regard to Canadian/United States relations, so we're following it very closely.

We're also involved in advancing our province's position with respect to the ongoing Canada/U.S./Mexico free trade negotiations. From our perspective a North American free trade agreement will help North America succeed in an increasingly complex and competitive international marketplace. Canada and Mexico in particular, as small countries with relatively small populations, have to find effective ways to compete with the European community with their 380 million people, Japan with its 125 million people, and the ASEAN nations with 332 million. Eventually eastern Europe and the Soviet Union, or what remains of it, will also provide competitive challenges for North America. A North American agreement will create an internal market larger than Europe, with a combined gross domestic product of more than \$7 trillion. That will enable us to compete with the Europeans and other trading partners more effectively for other markets. Now, those negotiations are continuing and, in spite of the timing of the U.S. elections, I am hopeful that the negotiations will conclude this year.

Mr. Chairman, I will also continue to represent Alberta on the State Legislative Leaders Foundation, of which I am the only Canadian member as an honorary director of that organization. It provides me with valuable insight into what is taking place in the United States in the broad area, including the role of the states as they move into a different situation vis-à-vis the provision of medical care services in the U.S. and, in addition, as they expand their particular interests in international trade and as I observe the way in which democracy is being practised in the United States of America, matters that I intend to share with my colleagues in this Assembly and in particular with the select special committee to be established soon relative to the issues of direct democracy, which may appear on the surface to be very popular from this side of the border, but believe me, from talking to my colleagues on the American side of the border, the old adage that the grass is always greener on the other side of street certainly would appear to be the case.

I also of course, as members know, co-chair with the governor of Montana the Alberta/Montana Boundary Advisory Committee. I especially want to mention the newly established Pacific Northwest Economic Region, which was approved by this Assembly last year. I welcome to that committee my colleagues who also have been working with us on that particular new organization: the Member for Calgary-Fish Creek; the Leader of the Opposition, the Member for Edmonton-Norwood; and the Member for Calgary-North West.

Just with respect to the Alberta/Montana committee, we have announced several new initiatives in the past year which will foster greater co-operation between our two jurisdictions. The joint vehicle inspection station at Coutts, the first of its kind between Canada and the United States, and the harmonized weight regulations for trucks have already improved shipping access between our two jurisdictions. We are now discussing the elimination of preferential bidding practices on government procurement between Alberta and Montana. We're discussing a direct air link. We're discussing harmonizing tuition policies at our institutes of postsecondary education. Though these measures may seem small to some, they provide Albertans and Montanans with the type of competitive edge that we are going to need in the global marketplace. I think they also provide an excellent example to other provinces and states of how we can improve

North American competitiveness without surrendering in any way the sovereignty of either nation.

8:10

The primary aim of the Pacific Northwest Economic Region is to enhance regional co-operation for both internal and international economic development, and the ultimate goal from our perspective is increased competitiveness. As a combined entity this region would be the 10th largest economic power in the world. Co-operating in order to develop regional trade strategies will increase Alberta's competitiveness as a trader within the region but also increase our competitiveness as part of a region seeking new global markets.

Already this organization has begun discussing six specific areas of co-operation: first, making the region a major national and international tourist destination, and this is an area in which Alberta has taken the lead, and I welcome the chairmanship by the Member for Calgary-Fish Creek for that particular initiative; secondly, creating uniform content standards and developing regional markets for recycled materials; thirdly, making the region the world's major supplier of environmental technology, and there, of course, Alberta has a great deal to offer not just this region but the world; fourthly, raising work force skill and education standards to make us more competitive; fifthly, developing value-added wood products for new and expanding markets in the region and indeed in the world; and finally, creating a telecommunications network to link the region's institutes of higher education, the electronic highway of the future. I know the Leader of the Opposition in his work in this area is quite enthusiastic about the opportunities that are offered to us in this region in that particular area.

Well, in a relatively short period of time this new organization has moved from its conception to the point where we are discussing specific and well-defined objectives. In fact, in the areas of tourism, as I mentioned, and environmental technology we have advanced beyond the discussion stage to the point where we're discussing regulatory amendments that would harmonize some standards and practices between the five states and the two provinces. The market of 15 million people represented in the Pacific Northwest Economic Region is growing and diversifying rapidly, and our increased co-operation will allow us to trade amongst ourselves more efficiently and prosperously. Through this unique relationship I am confident that this region will play an increasingly important role in international markets.

Now, last year also saw several developments in other areas of my department, including our special relationships program and the operation of our six foreign offices. We are currently involved, as members will be aware, in sister province programs with Heilongjiang in the People's Republic of China, Hokkaido in Japan, and Kangwon in the republic of Korea. These special relationships have resulted in the development of numerous exchange programs and international co-operation involving thousands of Albertans in areas such as science and technology, trade, education, culture, athletic training, agriculture, and medical research.

Last year also marked the 10th anniversary of our twinning relationship with Heilongjiang, and a Chinese delegation traveled to Alberta this past summer to celebrate the occasion. We have not had the opportunity yet of making a return visit, but that's being considered. Last year also marked the relocation of our Tokyo office in the new Canadian embassy. To celebrate the opening of the embassy, 1991 was designated the Year of Canada in Japan. From June 3 to June 14 Alberta Days in Tokyo took place. That included an exhibition, cultural performances, and

trade and technology seminars and missions and took full advantage of the heightened awareness of Canada. I led a very successful mission to Japan during this period to officially open our new office in Tokyo, and hundreds of Japanese businesses and interested Japanese, potential tourists, visited and took part in those demonstrations and displays.

Alberta's international offices play a vital role in promoting our province's international efforts. The offices work with our private sector, foreign companies, government departments, and Canadian embassies and consulates on a wide range of issues.

I just wanted to mention the twinning relationship that we have with the republic of Russia. It came before the dissolution of the Soviet empire, but because of our relationship which had been established on a free and open basis with the Russian Republic before the events of recent days took place to change the situation there dramatically, we have now been receiving into this province high-profile delegations interested in working with Alberta private-sector people to expand the opportunities particularly in the oil and gas field equipment area, in the oil and gas field exploration area, and in agriculture, to expand the opportunities for Albertans in that huge market. Despite the currency difficulties, Mr. Chairman, we expect that this relationship can be built upon to enhance the opportunities for Albertans in that vast country of Russia.

Well, obviously with regard to the other aspect of my responsibilities – and we debated this issue in part yesterday afternoon – 1991-92 was marked by great uncertainty. Constitutional issues, recent changes in governments in Canada, and the current recession: all these factors have led to this uncertainty. So we have been extremely diligent in monitoring and developing strategies for interprovincial and federal/provincial relations and will continue to do so.

Specifically, my department and other departments will continue to address emerging issues such as environmental jurisdiction matters, federal off-loading of programs, and the disentanglement of federal and provincial programs. That is to say, we are concerned – and this came through to our select committee in spades, Mr. Chairman – about the problems associated with duplication and overlap of government activities at the federal and provincial level. People want to see an end to that duplication by a process of co-operation rather than confrontation. Clearly, aboriginal issues are matters which will affect the future of our constitutional relationships with the rest of Canada. We will continue to implement initiatives under the newly announced Western Economic Partnership Agreement.

Mr. Chairman, as I said, perhaps the most important issue facing us in this forthcoming year is the Constitution. As I mentioned, yesterday we began debate on the report of the Select Special Committee on Constitutional Reform. In opening the debate, I provided an outline of my activities as well as those of my colleagues on the committee with regard to developing a new constitutional framework that will allow Canada to remain united and strong. I'm not going to recount all of those activities in my remarks tonight, but I would like to make a few comments on the process we are now involved in.

First, I would like to point out that this issue has required a great deal of commitment from not only myself but my departmental staff. The public hearing process and the current round of negotiations have necessitated weekly travel in and out of the province for myself and my officials as well as many hours of preparation for these meetings. Now, the weekly meetings will be continuing. This week's meetings will commence tomorrow morning at 8:30 at the Convention Centre here in Edmonton and continue for two days and hopefully will be concluded by the end of May or early June with a first ministers' meeting. But as I tell

the members of the committee this evening, Mr. Chairman, it will necessitate me being absent every week for at least two to three days, from one end of this vast country to another, on the timetable and schedule which has been agreed upon by the federal government, the provinces, the aboriginal groups, and the territorial leaders. I hope it succeeds for the sake of Canada, and I can assure members of the committee that we will give the best possible due diligence to making sure that it does.

8:20

After the process is complete, what the next step then will be is very unclear. The federal government has indicated that they may hold a referendum on the issue, and in the next several days this Assembly will begin debate on the Alberta Constitutional Referendum Act. Regardless of the outcome of these current discussions, the Constitution will obviously continue to be the most compelling issue for me and my department well into this current fiscal year. I'm looking forward, as I know all Canadians are, to a successful resolution of the current constitutional crisis. In the meantime, my department will continue its efforts to present Alberta's interests in this Canada round of negotiations.

Mr. Chairman, the budget for this department now before the Assembly reflects the government's program of fiscal restraint while still allowing me and my department to fulfill our responsibilities to Albertans. The increase in the budget is largely due to currency fluctuations and inflation in our foreign offices element. As I have indicated in providing the background of the initiatives my department will be involved in over the coming year, my role as minister and as Deputy Premier will require active participation in various conferences, meetings, and presentations. Therefore, I will continue to travel extensively within the province, to other parts of Canada and, when required, internationally to best serve the interests of Albertans. I know in the end, Mr. Chairman, that my travel expenses will be the highest again. That goes with the job. Whether it is me or someone else, it will have to be done because Alberta must be present on these issues.

Before I conclude, I just want to indicate that I'm grateful to the leader of the Liberal Party for having provided me with a set of specific questions which they wanted to see answered relative to the cost of operation of the agents general offices, and I have that information, which I will be pleased to share with the members this evening either in written form or, more specifically, by responding to questions which might be posed. I understand the Member for Edmonton-Meadowlark will be taking on that responsibility during the course of this evening's discussions.

I do want to say, however, that there is nothing frivolous about the operation of Alberta's foreign offices. Alberta's International Offices: Report to the Alberta Legislature, which was prepared and submitted to all members of the Assembly last year, points out clearly that these offices are very, very busy. They're busy on behalf of Albertans and Alberta companies who are using these offices to promote Alberta, the sale of goods and services that we have to offer to the world and, furthermore, in attracting investment to Alberta and attracting tourists to come and visit this beautiful province of ours. I have no apology to make whatsoever. I wish we could come to this Assembly and say that we were opening more offices, not having to close one because of economic restraint. I can assure you, Mr. Chairman, and all members of the Assembly and Albertans that the money is well spent on behalf of the province of Alberta. I intend to see that it continues to be well spent in the forthcoming year.

MR. CHAIRMAN: The hon. Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you very much, Mr. Chairman. Before I get into a couple of areas in which I have some rather sharp disagreements with the hon. minister, I don't know whether I want to commend him or commiserate with him in terms of the travel that he just mentioned. I noticed that from the public accounts ended March 31, 1991, he did in fact have the highest travel expenditure of any member of the Legislature, some \$95,000. I'm not raising that to be critical of the minister in any way. It's just that I find it arduous enough to travel back and forth from Calgary to Edmonton on the airbus rather regularly. I know the minister has to not only come the Calgary-Edmonton leg, but he also has to travel down to Medicine Hat to get to the Legislature and back. Personally, I find that rather wearying. When you have to add to that all of this international travel, I certainly must commend him for his endurance, if nothing else.

In terms of areas of disagreement, though, I note from reading last year's estimates that his department was involved in the GATT negotiations, the multilateral trade negotiations. He's currently involved again. He's involved in the North American free trade agreement. As the minister he's involved in the Pacific Northwest Economic Region. I think most of those reflect a very, very busy minister.

In addition to that, he's also responsible for the six – and soon to be five, I take it, at the end of the month – Alberta offices abroad. I note that one of those offices is to be canceled, the one in Los Angeles, and the minister did mention that the expenditure for those offices is increasing. My first question, I guess, would be basically this: if you're canceling one of the six offices, why is it that the estimates for next year are going to be approximately \$200,000 higher than in the previous year?

The minister is also responsible – or his department at least takes the lead in the constitutional discussions. From the minister's point of view, as he just said, Mr. Chairman, this is the most important activity that he's currently engaged in. But for tonight's discussion I think I'd like to focus on the Canada/U.S. free trade agreement, the one we're currently in, and the implications for Canada if we should get involved with Mexico in a North American free trade agreement. I think that somewhere down the road historians might see these trade negotiations as being even more significant to Canada than the constitutional issues that we're dealing with at the moment. From the point of view of many Canadians that study these issues, the very future of our country is at risk if we make the wrong decisions in terms of entering into these agreements.

I might also say that in terms of my own constituency, when I'm out traveling in my own constituency, I find very few people, if any, that want to talk about the Constitution. They're certainly concerned about the economy: they're concerned about jobs; they're concerned about the future for young people in their communities. There's a view that the trade deal has caused a lot of the economic hardship that Canadians are currently experiencing.

Mr. Chairman, I think that Canada at this moment is poised on the edge of a precipice as a nation and that the original problems associated with the Canada/United States trade agreement will be magnified if we enter into a North American free trade agreement involving Mexico, the United States, and Canada. Further, I believe that individual Canadians will pay a heavy price. Study after study shows that the true effect of globalization, which really means control of the world economy by multinational corporations, results in the disappearance of the middle class and an increasing polarization in society between the very well-to-do and the have-nots. Those are the people who will be reduced to minimum

wage jobs as manufacturing jobs in our society disappear or are transferred to low-wage countries such as Mexico.

Now, Mr. Chairman, in order to place the North American free trade agreement in perspective, I think we have to revisit the Canada/United States free trade agreement. Briefly, the '88 federal election was fought on this issue, and here are some points that I think are really relevant to that issue. The majority of Canadians were opposed. In fact, fewer than 50 percent of Canadians supported the Conservatives in that election. Over 50 percent of Canadians voted for either the New Democrats or the Liberals, and those two parties were clearly opposed to the trade deal. Critical to what happened in the province of Alberta, the Alberta government made available half a million dollars, as I understand it, to produce a pamphlet that extolled the virtues of the trade deal. In talking to some elected Members of Parliament – not our New Democratic Party member from Edmonton but members of other parties elected from Alberta – they say that that half a million dollars' worth of advertising and the support the provincial government provided for the trade deal was in large measure responsible for electing a number of Tories in this province. So this province, this provincial government has to take responsibility for electing Tories that made the trade deal inevitable.

8:30

Objections at that time to the trade deal were essentially twofold. There were those who saw that manufacturing jobs would be lost in this country, that they'd be transferred to areas of the United States where manufacturing costs were lower either because of economies of scale or because you had many states in the southern United States in which trade unions did not exist, where you had no minimum wages, where labour was a lot less expensive than in Canada. There were also concerns about what might happen to Canada socially and that if our industries here in Canada wanted to be competitive with these lower wage areas of the southern United States in particular, our wages would have to be reduced and if we reduced our wages, that reduces our tax base, which makes it more difficult for us to maintain our social programs. So a lot of Canadians at that time saw the trade deal as inevitably lending itself to the laws of institutions that we've grown up to really appreciate and consider essential to our Canadian way of life.

It was assumed, Mr. Chairman, by the proponents that jobs would actually increase because of improved access to the U.S. market. That's really how the trade deal was sold to Canadians. It was sold on the basis that we'd get guaranteed access to U.S. markets, and of course that never happened. New jobs have not been created to replace the lost jobs in manufacturing. The other promise that the federal Tories made at that time – and I assume it was an initiative that would have been supported by the provinces – was that we'd have adequate retraining programs in place. Well, none of that's occurred. I don't know where the federal government has come up with lots of money to retrain Canadians, and if they are retraining Canadians, for what kind of jobs? Because there just aren't the jobs.

What is the evidence, if any, to support views on the trade deal? First of all, I have a paper that's put out by a body that I think would have the respect of Conservatives from one end of the country to the other. It's the Canadian Manufacturers' Association. I'm looking at their paper called *Manufacturing in Alberta*. It's subtitled *Building on Strength*. It was published in March 1992, so it's a fairly recent document. It points out that over 325,000 manufacturing jobs have been lost in Canada. Now, this has, as I tried to point out earlier, some severe implications for

our whole tax system. One of the reasons we're in trouble in this province . . . Don't forget that the government just came down with a \$2.3 billion proposed deficit. We're looking at probably an accumulated deficit of some \$14 billion. In part that's caused because the federal government is cutting back on transfers to the provinces through established program funding, through other programs that used to provide assistance in the area of social services. This is because the federal tax base has shrunk. We lost 325,000 industrial jobs. Those were high-paying jobs, as I say, Mr. Chairman, that resulted in blue-collar, unionized workers for the most part, earning good salaries. Those good salaries also provided governments with opportunities to levy a fairly significant degree of taxation against those jobs.

In Alberta, Mr. Chairman, the immediate effect hasn't been quite so profound as it has been in the more industrialized areas of the nation. We've only lost 5,000 jobs in manufacturing since 1989, but that's a significant number, given the size of our population. The report that I just referred to presents the conclusion that "for most manufacturers in Alberta, 1992 is likely to prove an even more daunting year than 1991."

Now, there's an issue here that's important to be examined. I want to acknowledge, Mr. Chairman, that we're into a global recession. It's difficult to a certain extent to determine the extent to which the loss of these jobs is due to the free trade deal as opposed to the recession. Virtually every economic study that I've looked at concludes that Canada is faring worse in this recession than other industrialized states. Basically they conclude that the trade deal has just not worked for Canada. Many economists, for example, talk of hysteresis, which in this case, when we're looking at job loss, means a temporary loss of jobs that gets transformed into permanent unemployment. Factories are transferred to either the southern United States or to the Maquiladoras region of Mexico. That they're just not coming back to Canada is the fear of most of these economists.

Now, I'd like to make it clear, Mr. Chairman, why I'm focusing on manufacturing. In this province I think manufacturing represents our hope. In the city of Calgary alone we've lost something like 50,000 oil industry related jobs over the past few years. We're experiencing low commodity prices at the moment and not just for gas. Oil is trading well below the level we'd like to see it at as well. As I suppose people in the rural areas could tell us, the price of wheat and other cereal grains is well below optimum levels in terms of providing the province with economic strength.

So I think increasingly, Mr. Chairman, we're going to have to turn to supporting our manufacturers. In this document I'd referred to earlier, the one by the Canadian Manufacturers' Association, they point out this rather significant fact. They say:

Manufacturing is, however, the most important engine of economic growth in Alberta, as well as in the rest of Canada. Manufacturing creates demand for goods and services from other sectors of the economy. It is a major source of fixed capital investment activity. And it contributes, through high paying jobs, to personal income and consumer spending.

So I would like to see an increased emphasis on strengthening our manufacturing sector.

Now, this government's strategy, on the other hand, Mr. Chairman, seems to be one of relying on a wish that energy will somehow bounce back, where we'll produce a lot of jobs in tourism, jobs that will pay minimum wages, will require little in the way of formal education, and I think that would condemn our young people to a significant loss of real opportunity in life.

I would now, Mr. Chairman, like to turn to the North American free trade agreement as it's proposed. I have another study with me, the North American Free Trade Area: A Critical Economic

Perspective. It's by Ricardo Grinspun, and it's published by the Canadian Centre for Policy Alternatives, a body that at least can be seen as a neutral body. It's not a left-wing organization. The author points out that proponents emphasize always that the three countries that are going to be part of the North American free trade agreement, Canada, the United States, and Mexico, can expect aggregate efficiency gains from such a deal. That's what the proponents say. The opponents, on the other hand, tend to focus on the negative environmental and social impacts. However, Grinspun goes beyond this. He argues convincingly, at least in my view, that there are strong economic arguments that can be made against the North American free trade agreement and that any gains from increases in access – but not the secure access we wanted to the U.S. market – have been more than wiped out by the overvaluation of the Canadian dollar, which has nullified the effect of lower tariffs. Any new, strong, export-oriented industries will be far more likely to locate in either the southern United States or Mexico.

To understand why Mexico, I think you have to understand that whole Maquiladoras region, an area along the United States border in northern Mexico and the industries located there. There are some 2,000 plants in this area with 470,000 workers. The average wage, at least in 1990 statistics, for workers in that area was \$1.80 an hour compared with wages that are 14 to 16 times higher in Canada and the United States. It makes obvious economic sense that if we open up all these trading relationships, particularly those industries that hire low-skilled workers will soon relocate in that part of North America.

8:40

This area features, of course, low cost of production because of these low wages, an underemployed labour force, a lack of independent unions, a lack of enforcement of regulations in the areas of occupational safety, worker benefits, and the environment, which would, correspondingly, put all of these areas at risk in Canadian society. Cheap Mexican labour will move capital south, shift jobs, create pressures to lower wages, and erode labour contracts in Canada and in the United States. All of that should be obvious to anyone that's looking at this situation. Mr. Chairman, the North American free trade agreement is a direct attack on unionized labour as well, I'd argue, as an attack on Canada itself and all of our institutions and everything that we fought for and worked so hard for as Canadians over the years.

In Alberta, Mr. Chairman, I think we could say these things about the agreement in addition to the points I've already mentioned: NAFTA as it's proposed right now – and I'm referring to the Dallas discussion paper that was leaked and analyzed by an Ottawa group – could potentially allow for fresh water exports. The draft agreement includes the operation of nonenergy pipelines in the provisions of NAFTA. This includes the possibility of water exports and natural gas exports for nonenergy uses such as refinement, refining, et cetera. Alberta would obviously be a natural source for any movement of water down into either the United States or Mexico, and we know that's something the United States has wanted for a long time.

NAFTA, Mr. Chairman, also allows for the continuation of article 906 in the Canada/U.S. agreement permitting trade barriers in the energy sector. Alberta has no recourse over American subsidies of domestic natural gas and oil production, and the critical issue here of course is the fact that the U.S. is subsidizing its coal seam gas producers in the area of about 94, 95, 96 cents an mcf. Continuing this in the NAFTA enhances the negative impacts on Alberta's exports of oil and natural gas to the United States. Further, along with American energy subsidies, NAFTA

will increase Alberta's competition for American markets with Mexico. Mexico's natural gas industry is really in its infancy, and they're willing to sell cheap to Americans. This will keep natural gas prices down and jeopardize our markets in the United States. So to maintain our markets we will have to forgo much royalty revenue, or at least that's my fear. The Americans are excited about the possibility of forcing Alberta and Mexico to compete over natural gas markets. Obviously it's to their advantage to do so.

Finally, Mr. Chairman, I'd like to turn my attention just briefly to the role that Alberta offices play, and I do have the publication that the minister referred to, Alberta's International Offices. I've read it with some care, and I read his remarks last year when he commented on these offices abroad. He pointed out that some 1,250 Alberta companies were assisted, but more importantly, how many jobs were created by this assistance? That's the key question. Did we get value for our money in terms of what it costs us to maintain these offices abroad? The minister has stated in his remarks last year that we must be delighted

about knowing about Alberta and getting other people to know about Alberta and to be knowledgeable what our competitors are doing elsewhere in the world.

Well, in a sense that's an admirable goal, but it doesn't go very far. We need something more concrete, something more reassuring than that. We need to gather business intelligence about what's going on in other parts of the world, but do we need \$5 million to gather that kind of intelligence? Aren't there *Journal* articles that we could clip if we had to?

I have a real concern that the primary mission for these offices is not very clearly established. I think we do have to expand our manufacturing capacity, as I said, which means that we do have to attract capital, but I think this should be part of an economic development strategy. That means we should be working closely with economic development officers in our cities and towns. I know that in the case of Calgary in particular with a 50,000 job loss that I mentioned before, we have to find some ways of rebuilding the whole economy of the city of Calgary.

I think Calgary has a natural advantage. For one thing because of the energy industry, we've got a highly educated work force that we can draw on. They've been very inventive and creative when it comes to developing new energy related technology. We have a good university at the University of Calgary, and we've got a good research park attached to that. I think this is where the government should be providing some real leadership, knitting all those attributes of the city of Calgary together and then working through our contacts abroad to begin not only to export that kind of technology that would be possible for us to do but also to go abroad and bring into our community people that would be willing to establish manufacturing businesses in the city of Calgary. I've talked to people who have come from southeast Asia that are trying to do this in the city of Calgary. They say it's incredibly difficult, particularly in terms of the conditions they've been exposed to in other parts of the world, that there are all kinds of rules and regulations that make it very, very difficult to get small businesses off the ground. This is the role government should be playing; it should be doing that through our economic development offices. I'm not sure that we should be doing it through Federal and Intergovernmental Affairs.

But what do we do in our political offices abroad? I'm just a little afraid, Mr. Chairman, that people in Alberta have a rather negative view of these offices, and they couldn't help but have a negative view. Any good that the offices do is probably far outweighed by the kind of people that are appointed to these offices. Why is it that the people that seem to be appointed to

these offices are always appointed out of partisan political arenas, people that have either been members or have worked for the provincial government? Does that automatically qualify these people to serve in these very strategic and important roles?

Maybe in some cases these people are really well qualified and very capable. I don't want to make too many judgments about individuals, but let's just take a look at the list. It includes: Geoff Davey, Premier Getty's former press secretary; Joe Dutton, the infamous Joe Dutton of Calgary fame, former executive secretary to Peter Lougheed, Premier Getty's predecessor; Bryce Nimmo, who ran Premier Lougheed's Calgary office; Gordon Coombs, a former cabinet executive secretary; Ivan Bumstead, a cabinet committee secretary until 1979; Jim Armet, former executive assistant to the Minister of Economic Development and Trade, Peter Elzinga; Mary LeMessurier, former cabinet minister; and Horst Schmid, former cabinet minister. All of these people occupied positions in these offices abroad. Several other appointees were longtime friends of both the former Premier and his party.

And as I mentioned, Joe Dutton. I just can't understand this at all as a native Calgarian, Mr. Chairman. I don't know what he did when he was in the Asian office, but the whole time he was there, as I understand it, he brought six Chinese businessmen to Alberta; as soon as he left the office, he took 150 Chinese businessmen and \$30 million to Saskatchewan. So is this the kind of people we want in this office? Look what the government does indirectly to a person like Joe Dutton. What do they make him? They give him the most lucrative wine store plum in the city of Calgary on Varsity avenue. I mean, this is just not only appalling, it's outrageous, and no wonder there's no respect within the whole Alberta community for these offices.

On the basis of that, Mr. Chairman, I would like to introduce the following motion.

International Offices

Moved by Mr. Pashak:

Be it resolved that the appropriation for vote 1.0.4 in the Federal and Intergovernmental Affairs estimates be reduced by 50 percent to \$2,677,000.

MR. PASHAK: Now, I think that would automatically mean that we'd have to rationalize those offices, that the minister would have to judge to produce a better rationalization for the work that goes on there. Personally, Mr. Chairman, I think these savings wouldn't be at the expense of what it is that these offices should legitimately be trying to do. I heard the minister in his remarks say that the office in Tokyo is going to or had become part of the Canadian embassy. I don't know why we can't move more of our offices into existing embassies or federal government structures. I don't know why we can't work more with the federal government to reduce overhead. I think maybe we might even be able to combine some of these offices, but in any event, I think based on the public perception of these offices and what I think they're not doing that they should be doing, I'd like to ask the Assembly to support this motion I just proposed.

MR. CHAIRMAN: Question on the motion?

The hon. Member for West Yellowhead, speaking on the amendment proposed by the hon. Member for Calgary Forest Lawn.

MR. DOYLE: Thank you, Mr. Chairman. I stand in support of the motion by the Member for Calgary Forest Lawn. Indeed, he

was right on target when he talked of such advocates of Alberta business when he spoke of Mr. Dutton with his affairs with the businesspeople of Asia. I hope the minister surely agrees with the Member for Calgary-Forest Lawn that this is a shameful act on behalf of that particular individual, who was at one time a longtime supporter of the Conservative Party in this province and then went over there on a government-paid job only to rip off Asians when he came back here and pad his own pockets and end up in a business in a very lucrative part of the city of Calgary. That's only one example of the waste of Alberta taxpayers' dollars in these foreign offices.

8:50

The minister spoke earlier of all the tourism dollars that went into Montana. In West Glacier, Montana, over \$5 million went there to build a tourist booth in that particular community. I was wondering if the minister perhaps feels that that has something to do with promoting tourism in Montana, or was it only his offices that promoted it? I doubt if very many Albertans or Canadians would be employed in West Glacier, Montana. It was only some years before that that the leaders of Alberta were trying to promote tourism in Montana. They had put money in St. Mary, Montana, millions of dollars I understand. That booth will now be demolished. If I'm wrong, perhaps the minister could correct me on that. I would be curious to know if there are any agent generals in the Montana plans, so they could perhaps fill those tourist booths and help with the tourism development between Alberta and Montana.

The Member for Calgary-Forest Lawn has a very good motion before us that the intergovernmental affairs estimates be reduced by 50 percent to \$2.677 million, thereby returning some of the Alberta taxpayers' dollars so that we can better invest them in Alberta and put Albertans back to work.

MR. GIBEAULT: Mr. Chairman, I also want to add my support to my colleague's, the Member for Calgary-Forest Lawn's, amendment to reduce this vote by 50 percent. This government just tabled their budget not that long ago with a deficit over \$2 billion. Two thousand million dollars. That's more money than most ordinary people will ever see and can hardly imagine, and we seem to be seeing no leadership on the part of the government in trying to cut back some of these expenses that have little, if any, measurable benefit to the ordinary citizen of our province.

We see here that despite the cuts that have come in other areas and despite the government's pledge to cut over a thousand jobs of Albertans here in the province, we're proposing in vote 1.0.4 to increase spending on Alberta offices outside the province by 4 percent, even though we're planning to close the Los Angeles office. I have to wonder how much extra money is being spent on all the others. Mr. Chairman, I think my constituents and all taxpayers and citizens in the province are very much concerned. The provincial government talks about how we all have to share the sacrifices, we all have to do our part to deal with the new economic reality facing our province, the drop in revenues that have been dramatic, yet we don't see in the Federal and Intergovernmental Affairs budget for Alberta offices overseas any sign of restraint whatsoever. None. I really do have to wonder about the value of some of these offices.

Now, I would admit, Mr. Chairman, that I had a chance a few years ago to visit our Alberta office in New York, and by coincidence the minister himself was there. I guess we can be thankful that he doesn't run the office because as somebody who came in the office - I want to go on the record and advise the members that the staff were most helpful there. The minister

himself, instead of inviting me in and talking about Alberta and so on, growls at me and says, "What are you doing here?" in a very snotty manner.

MR. DAY: Good question. What are you doing here?

MR. GIBEAULT: Can you imagine if he ran that office and he said to people who came in who wanted to know about our province – instead of welcoming them in, offering them a cup of coffee and, saying, "Let's talk about Alberta," he says, "What are you doing here? What do you want?" What kind of a salesman is that, Mr. Chairman? And he's jetting all over the world. I think those expenses are way out of line. Let's have somebody being a representative for our province that knows how to extend the hand of friendship and work with people and build bridges and not someone who's got the snotty attitude of the minister.

Mr. Chairman, I will conclude by saying that I urge all members in the House to support the Member for Calgary-Forest Lawn's motion that we cut the expenditure proposed in vote 1.0.4, Alberta Offices, by 50 percent.

MR. McINNIS: When the Member for Red Deer-North pipes in and says to the Member for Edmonton-Mill Woods, "What are you doing here?" that prompts me to enter the debate. I'll tell you right now that he's doing a lot more than the Member for Red Deer-North in terms of trying to come to grips with the awful financial situation facing this province of Alberta. I had to scratch my head and wonder why it would be that a Conservative government of Alberta would bring in a \$2.3 billion deficit budget complete with a tax cut. Why would any government do both of those things on the same occasion? It's the most puzzling thing I've ever seen, a government which in the last 20 years has wasted well in excess of \$10 billion of our oil and gas wealth, my heritage and that of my children.

I'm beginning to meet a lot of younger people who no longer say what my generation was taught to say about the previous generation, which was that they built the province and we should be proud of them. They're starting to say that they're the generation that ripped us off. When my colleague from Edmonton-Mill Woods stands up and tries to seek justification and answers about spending and seeks perhaps a resolution to our problems that involves cutting wasteful spending rather than increasing taxes down the road, then I think he's doing what he should be doing here. I don't think he deserves to be told by Red Deer-North, "What are you doing here?" I would like to say that I think this approach makes a lot more sense than the approach we heard from the Liberal Party on the weekend. They want to create a whole new category of tax in Alberta, and the people are saying to me on the doorstep, "You guys better do a better job with the taxes we're spending right now rather than dreaming up new taxes that you can put up down the road."

So when my colleague comes forth with a motion and says that we should cut something in the neighbourhood of \$2.7 million from the budget and presents an argument why he thinks that amount of money isn't required, I would expect somebody somewhere in this Progressive Conservative government of Alberta to come to the defence of this. If not, then I think we should cut that money out of the budget and do it right now.

MR. CHAIRMAN: The hon. Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. I, too, feel compelled to support my colleague from Calgary-Forest Lawn in this amendment. During the past years and months and even the

past days, as a matter of fact, I've heard members from this government go on about privatization. As a matter of fact, the Minister of Education is privatizing just about everything he can get his hands on, from bookstores to distance education, and he's been getting . . .

MR. DINNING: You used to be a Tory.

MR. WOLOSHYN: "Used to be" are the key words there.

Anyway, the Minister of Education is going around just privatizing as fast as he can, and I wish him well in it. The newspapers just love getting into the employment business.

Now, on the other side of the coin we have this Minister of Federal and Intergovernmental Affairs trying to do his darndest to save the Constitution on one hand, and certainly I commend him on that. On the other hand he's got a whole slug of offices. What are they doing? I think one area that's really important is our relationship with the United States, and if in fact these offices were promoting Alberta, were defending Alberta, were giving us a return on our money, then perhaps – perhaps – we could have a look at it. We have not seen anything but rhetoric with respect to this particular item in the budget, unsubstantiated glorification for having places to send people on patronage appointments. Now, that may have been fine and dandy in the good old days, I suppose, but now if we're going to have people sent to these offices to promote Alberta, then they should be people who are able and who are qualified for the job.

MR. DINNING: Like you?

MR. WOLOSHYN: Like myself. I would be very glad to put in my application, but the minister doesn't take applications.

MR. PASZKOWSKI: What are you qualified for?

MR. WOLOSHYN: A lot more than Smoky River, believe me.

MR. PASZKOWSKI: Your nose is growing too.

9:00

MR. WOLOSHYN: Alberta pretends to pattern themselves after all the great nations in the world. Like my hon. colleague the Minister of Education: he's trying to copy the Japanese, while they're coming here asking our help to sort out their problems, but he hasn't figured that one out yet. If that kind of approach spills over into our offices around the world, everybody's in trouble.

As I started to point out, this government is after privatization. In some areas, for heaven's sake, I would agree with them. This is one area where I totally agree with them. The most successful trading nations, such as Germany and Japan, for example, don't go around setting up little offices to send their buddies to. They leave the promotion of business to the people who can do it best, and those are business associations from these countries that set up offices and promote the trading of the countries. The businesses have the direct experience and specific stakes in promoting it.

Now, I don't have any difficulty with helping businesses out. Obviously, we need them for the economy to chug along, but we certainly don't need to have these offices that operate in secret without any given return. We shut an office down in Los Angeles, maybe with good cause, maybe without good cause, yet at the same time we've got offices in Seoul, Tokyo, Hong Kong. Why? Where is the justification for all these? I think that if in fact the minister is so sure of the value of these offices, this amendment should be supported all the more so because then he could get a

bigger bang for his buck and we would have more efficient offices, if in fact he feels they're needed. So I close by saying that I fully endorse this motion of giving half the dollars to give twice the punch. I support the amendment from the Member for Calgary-Forest Lawn.

Thank you.

MR. MAIN: Mr. Chairman, I want to get back to the departmental estimates because this is a very important department of government as outlined in the minister's address, but we can't let five members of the New Democrat caucus go unanswered in some fashion. It would be a snap to go through this book and pick any line out of it and say, "Cut it by 50 percent." What an easy thing. It's a no-brainer to go through and say, "We'll cut this by 50 percent."

Mr. Chairman, over the last three years I've had the honour to be in this department, I've had the opportunity and the need to do some international travel. My first exposure to the international offices was in Tokyo where I found dedicated public servants working intensely for Alberta's best interests – not the best interests of the Alberta government but the best interests of the people of Alberta – selling products, opening doors for commerce and trade and cultural exchanges.

Mr. Chairman, I had an opportunity to be in the office in Hong Kong shortly after that. People there are working very hard at drawing and attracting investment dollars to Alberta to help things happen here.

A year or two later I was in the office in London, having returned from an exchange in Ukraine. The people there were working intensely hard, intensely concerned about the opportunities for Alberta to open new markets in the European Common Market, just about to be opened as it was in 1992.

Mr. Chairman, this past fall I was in the office in New York, and I see there a dedicated staff working intensely hard to make sure that Alberta's interests – not the government's interest but the people's interest – are served in trade matters, in international relations in Washington, and with the business and financial leaders in New York.

Mr. Chairman, for someone to stand up and say, "Cut it by 50 percent," is obviously a motion made by someone who has no idea about what goes on in those offices, the intense amount of work that goes on there, and how valuable they are to the people of Alberta. This motion should be rejected out of hand.

MR. HORSMAN: Mr. Chairman, I urge my colleagues in the Assembly to defeat the motion. I wasn't going to participate on the subject, and I won't at any great length, but I must say that I was prompted to do so by the remarks from the hon. Member for Stony Plain, who had the – well, I don't know how to put it politely. But to say this, to get in this Assembly and say that Germany and Japan, those great trading nations, don't set up offices around the world – is the hon. member suggesting that we should tell the German government and the Japanese government to close their consul generals' offices here in Edmonton? Now, why do you think . . . [interjections]

MR. CHAIRMAN: Order. [interjections] Order.

MR. HORSMAN: I mean, it's the height of foolishness to suggest that the great trading nations of the world do not open offices around the world. Of course they do. We benefit in this province by having representatives here in consul generals.

MR. McINNIS: They don't have them as individual provinces or states.

MR. HORSMAN: The hon. Member for Edmonton-Jasper Place wants to get back in the debate having already participated on this motion. The fact of the matter is, Mr. Chairman, that indeed other states, other provinces in this country open offices. If the hon. member hasn't looked at – and probably hasn't – the report which I put before the Assembly last year, he will see that British Columbia has nine offices, Saskatchewan had five offices – I understand the NDP in typical fashion have decided to bring in the salesmen so they can hire more bean counters to tote up the red ink rather than get out and sell the products of Saskatchewan – Manitoba has three locations, Ontario has 19 locations around the world, Quebec has 29, Nova Scotia has five, New Brunswick has two, and Newfoundland has one. To suggest that other provinces, other states in the United States – and I can tell you that the States are opening up offices all the time, and they're opening them in Canada. Montana just opened a sales promotion office here in Alberta. Are we to tell Montana, "Close your office and go home"? It's the type of petty thinking that is so typical of the NDP: close-minded, petty, lack of vision, narrow-minded thinking that will keep them perpetually in opposition.

I urge the members of the Assembly to defeat out of hand this ludicrous motion now before the Assembly.

MR. CHAIRMAN: Is the committee ready for the question? All those in favour of the amendment proposed by the hon. Member for Calgary-Forest Lawn, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: It sounds rather tentative.

All those opposed, please say no.

SOME HON. MEMBERS: No.

MR. CHAIRMAN: The motion is defeated.

The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: I want a recount, Stan. [interjections]

MR. CHAIRMAN: Order in the whole committee, please.

MR. MITCHELL: Thank you, Mr. Chairman. I'd like to get this estimates debate back on a more professional footing. I have a series of questions I would like to ask the minister beginning with the issue of the number of employees. I note that Full-Time Equivalent Employment is increasing by 3.5 percent, from 120.3 to 124.5 positions, yet Permanent Full-Time Positions are being reduced by four staff, from 79 to 75. Could the minister please explain what the difference is between the Full-Time Equivalent Employment and the Permanent Full-Time Positions? That is to say, what are those positions used for, one, and two, why is there an increase in the first instance? Why is it 3.5 percent? Why is there a decrease in the second instance?

I'm also concerned that the Department of Federal and Intergovernmental Affairs is somewhat top heavy. One only needs to look at the department structure to realize that there are, in fact, three assistant deputy ministers in a department which has 75 full-time permanent positions. Assuming that some of those positions would be excluded from that 75 geographically because they will be in the foreign offices, the ratio of ADMs to staff reporting to them would be far lower than even 1 to 25. It is almost incom-

prehensible that a department would have that many senior staff executive members for that few employees under each such staff executive member given the apparent lack of need for that kind of reporting configuration and given the extra expense, of course, of carrying three assistant deputy ministers.

9:10

Could the minister please also provide a specific figure of the total number of both full-time equivalent employees and permanent full-time positions that are assigned to his office in Edmonton – that is, the Department of Federal and Intergovernmental Affairs office in Edmonton – versus each of the foreign offices? That is to say, I'd like to see the number of staff members who work in Edmonton and the number of staff members who work as well in each of the foreign offices.

I'm also concerned, Mr. Chairman, with apparent salary inflation in this department. I note that there has been a 7.5 percent increase budgeted this year over last year in Salaries, Wages, and Employee Benefits, up from \$7.4 million to \$7.9 million, almost \$8 million. Based on these salary, wage, and benefit numbers, believe it or not the average remuneration to an employee in that department – get this – is \$64,000 per year. That's the average. I wonder if the minister could provide us with a breakdown of how these salaries, wages, and employee benefits are being distributed amongst the six subvotes within the department. I wonder whether the minister could provide us some justification for these huge salaries, this huge salary average, in an era of fiscal responsibility. I wonder whether the minister could itemize the specific amount being earned by the agent general in each office as opposed to the salaries of other senior staff in those offices and other senior staff in the department. I wonder whether the minister could justify for us the 7.5 percent increase overall in salaries.

This department has had a history, Mr. Chairman, of exceeding its estimates by the end of the year by a significant amount. In 1989-90 the department spent \$600,000, or 6.5 percent, more in fact than it had budgeted at the outset of the year. In 1990-91 the department spent \$657,000, or 6.5 percent, more than it had budgeted at the outset of the year. Can the minister please give us some assurances that he will keep expenditures within his department at the \$10.735 million projection contained in this budgetary estimate? Why, to put it another way, should we believe that in fact he will come in on budget when in the past he has exceeded that budget by a significant and substantial amount on more than one occasion?

I am, Mr. Chairman, concerned to some extent with the minister's travel. Yes, it is obvious and expected that the minister might have one of the highest travel expenses in his cabinet. There was, however, an inordinate jump between 1989 and 1990 and 1990 and '91, from \$68,000 to \$95,000, almost \$96,000. Could the minister please explain that?

What is the minister's personal travel budget for this particular fiscal year, and how much will it exceed his budget and his actual travel expenditure for the last fiscal year? We do not have that information anywhere.

Could the minister please also indicate whether all of his travel expenses come out of his Legislature allocation – that is, the one that appears in public accounts, which in 1990-91 was \$95,000 – or does some of it come out of his ministerial allocation?

With respect to Administrative Support, could the minister please explain why it is that administrative expenditures are slated to increase by 3.8 percent this year, from \$1.14 million to \$1.186 million? I should point out that since 1986-87 there has been

quite a significant increase of 12.6 percent overall, and this year seems to be sustaining that level of increase.

I wonder whether the minister could indicate to me as well what the \$110,000 for Purchase of Capital Assets will specifically be spent on. The reason I ask that is this. Our information is that capital assets under that category would be desks, chairs, new word processors, that kind of thing. In a year of restraint when his full-time permanent positions are actually dropping, when he has closed one office, it is difficult to understand why it would be that there would need to be more capital assets purchased. Rather, one would expect that he could move desks from one office to another and similarly with respect to computers. I'm always struck that if there was somebody working at a desk last year that didn't have a computer, why in a time of restraint would we have to take and give a new computer to somebody at that same desk? Surely that kind of expenditure that can be zero-base budgeted each year doesn't need to be sustained from one year to the next. So I would like to see why it is that the minister feels he must spend \$110,000 on the Purchase of Capital Assets.

With respect to vote 1.0.3, Intergovernmental Affairs, I'd like to have a breakdown on what the budget for the social and constitutional division is, what the specific budget is in turn for the international division, what the specific budget is for the economics and resource division, what the budget for the communications division is.

Overall the expenditure in this vote 1.0.3 is going to increase by 12.6 percent. Can the minister please provide us with a specific explanation of what is behind that particular increase?

With respect to the constitutional negotiation, I expect that of course some of that increase of 12.6 percent might be explained by constitutional negotiations and the anticipation of what's going to occur this year. Certainly the minister clearly outlined the rigour of his schedule, and there are costs related to that.

I am concerned, Mr. Chairman, as to how our constitutional position is going to be developed, ratified, and ultimately how whatever package we negotiate in whatever way is going to be ratified in turn by the people of Alberta. What we have before us in the Legislature now, of course, is a motion saying let's accept the report of the special standing committee of the Legislature on the Constitution. However, that is not truly the forum or the opportunity for us to talk about the development of an Alberta position. It is really the forum to determine how we feel about whether or not that report reflects what Albertans told the committee. So it is very important, I believe, that the Legislature have an opportunity to debate what in fact Alberta's position should be and to in fact vote on what it will be.

9:20

That raises the question about whether the Constitutional Referendum Bill would lead to a referendum to ratify a negotiating position and in turn lead to a referendum to ratify the negotiated position. I would like to know whether that is the case or not, and I would also like to know if we do have both those referenda, how they will relate in turn to a national referendum. For example, if the federal government established a national referendum and Albertans along with all other Canadians had the opportunity to vote on it, what would that mean for the question or for the differences on an Alberta referendum? How would that be structured? Would it be structured to demonstrate Alberta's disagreement with that question? Would it be structured to endorse yet another kind of question? What are the ideas and strategies that the minister is considering?

I am, Mr. Chairman, as is my caucus, very concerned with the foreign offices. We note, for example, that the foreign offices

expenditure is going to increase by 4.3 percent, but what that fails to reflect is the fact that the L.A. office has been closed. The expenditure saved as a result is \$866,000. So if you adjust last year's cost base by excluding that \$866,000, the increase in Alberta Offices expenditure isn't 4.3 percent; in fact, it's over 25 percent. How is it that the minister on the one hand has saved \$866,000 by closing an office, and on the other hand all of a sudden scoops that \$866,000 up, adds it into his cost base, and then tacks 4.3 percent once again on top of that? In a time of restraint the government on the one hand is trying to take credit for showing restraint, as the minister said, by cutting this office. On the other hand, they're trying to obscure the fact that they haven't restrained at all; they've just scooped that money up and thrown it at some other office or offices.

We are very concerned, and I would like to say that I appreciate the minister's quick response to my colleague from Edmonton-Glenarry's letter this afternoon. The data provided wasn't easy to assemble, I'm sure, on such short notice, and I appreciate it, as I know my colleague will. I'm still not convinced that the criteria for the assessment of each of these offices, the measurements that are presumably or apparently being used to assess these offices, are particularly clear or particularly concrete. The question remains as to why it is that the Los Angeles office is being closed, which from our point of view is a good idea, whereas the other offices are being left open. What is the cost/benefit comparison that would dictate that conclusion? It's interesting to me to note that in the answer we're given, somehow it's mentioned L.A. isn't quite as important as our Pacific Rim offices. The United States is by far our greatest trading partner, so it seems difficult to sustain that particular argument with any kind of logical support. So my questions are: what criteria that were used to determine that the L.A. office should be closed were also applied to the question of closing or leaving open the other foreign offices, and how is it that those other foreign offices measure up differently than the L.A. office against those criteria?

One of my major concerns, Mr. Chairman, is that it is very difficult ever in a concrete way to measure the success of those offices. If you can't measure it, it's very difficult to manage it. The only thing that you could have that would give you any kind of confidence that those offices were doing as well as they could possibly do would be the quality of the people who are hired to perform in those offices. Well, of course we would have a great deal of confidence in that quality if only they were hired on the basis of merit. Yet if you look at the agents general, what you see in the Hong Kong office is the former director of research and special projects from the Premier's office; you see in the Ottawa office the former special assistant in the Premier's office, a young man, I believe, in his early, early 30s. In the Tokyo office we have the cousin of the Premier's wife. In the London office we have a former PC MLA and cabinet minister. In the Los Angeles office we have – well, we did have; maybe he's still there – the former executive assistant to Mr. Elzinga, the Member for Sherwood Park. In the New York office we have an individual who worked on the Premier's 1985 leadership campaign, and his predecessor worked in the Premier's office under Peter Lougheed. In the Seoul office we don't know who this person is; we've yet to have revealed what exactly the connection is.

My concern is that you simply do not know whether the job, which is impossible to measure, is being done adequately if you don't know that you have the best people, and clearly, Mr. Chairman, political affiliation does not necessarily have any correlation with individual merit.

What I would also like to know is whether the minister can give us some idea what the effect of these political appointments is on

the morale, the dedication, the commitment of well-motivated, well-educated, well-intentioned public servants working within the Department of Federal and Intergovernmental Affairs now, public servants who are passed over for those positions not because they are not good enough, not because they are not young enough – in fact, some are just as young as the executive director of the Ottawa office – not because they do not work hard enough, because having worked there myself some years ago I know how good they are and I know how hard they work, but only because, Mr. Chairman, they have not got the right official political credential. I would say that it is a very debasing realization for a civil servant who has dedicated him or herself to the service of this province to be treated in a way that I believe is tantamount to a fundamental prejudice.

Mr. Chairman, for those reasons – one, because it is very, very difficult to justify, to assess how these offices are successful or not successful; two, because that assessment is clearly complicated now because we have what appears to be almost arbitrary closure of one office while leaving other offices open; three, because we cannot truly have confidence in the people running those offices because, of course, we have no idea of whether they have merit for that job or not; and four, because we know of the fiscal pressures facing this government, a government with a \$2.6 billion consolidated deficit this year, with a consolidated debt of \$14.6 billion this year excluding a \$6 billion unfunded pension liability – if you're looking for places to cut, this is a very obvious place to cut.

Our proposal is much more aggressive than that of our colleagues in the New Democratic Party, who are 50-50 on so many issues, who seem not to be able to take a definite and aggressive position but who seem to waffle: well, we'll leave half open and half closed, or half of this one open and half of the same one closed, or these two and a half open and these two and a half closed, or we'll cut all the staff and we'll only have half-time staff in half of the offices and full-time staff in a quarter of the offices, and somehow we're going to add it up to 50 percent. Well, Mr. Chairman, that is an awesome spectacle to see these five fine New Democrats trying to explain a 50-50 waffle. We are not falling for that. We are saying close them all.

My motion, which I move now, Mr. Chairman – and I know there's a lot of disappointed faces over there. All these cabinet ministers, who aren't going to run next time because they can no longer bear to be in that government, saying: poof, there go those jobs; it's sure drying up the employment market.

International Offices

Moved by Mr. Mitchell:

Be it resolved that the Committee of Supply recommend in its report to the Assembly the elimination of all international Alberta offices and all agent general positions.

MR. MITCHELL: Not 50 percent, Mr. Chairman.

I urge my colleagues in the Assembly, other than these guys, to support this motion. [interjections]

9:30

MR. CHAIRMAN: Order in the committee.

The hon. Minister of Federal and Intergovernmental Affairs.

MR. HORSMAN: Mr. Chairman, of all the foolishness put before the Assembly in my years, I can hardly imagine anything as shortsighted and infantile as that just presented by the Member for Edmonton-Meadowlark. I was just going to say how much I

sympathize with the Member for Edmonton-Meadowlark because of his problems with his voice. Just a few days ago I would have joined him in the problem of laryngitis, but I think it may have gone to his head in a different way with such nonsense.

To think that the hundreds of Alberta companies that are served every year by these offices, to think that the hundreds of Albertans who visit these offices, to think that the thousands of people who are interested in Alberta who visit these offices should be denied the opportunity of learning about Alberta from a foreign perspective or, on the other hand, Albertans not having the opportunity to go abroad and use these offices to sell their services and their goods and their commodities is really, really sad.

I can assure the hon. member that I find his motion particularly offensive in light of the fact that today just before question period the hon. leader of the Liberal Party provided me with a letter requesting information on specific items relative to the operation of the foreign offices as to their expenditures. That information was then supplied to the hon. Member for Edmonton-Meadowlark this evening, and without even reading the information which was provided to him, he came into the House tonight prepared with a motion to eliminate all foreign offices. That shows how much real intent there was on the part of the leader of the Liberal Party in asking my department to provide this serious information that he apparently requested in seriousness while he had instructed his Member for Edmonton-Meadowlark to come in here with this frivolous motion this evening. So much for serious attitudes towards parliamentary democracy by the Liberal Party of Alberta, Mr. Chairman.

I may just give you an example of the information supplied to the hon. Member for Edmonton-Meadowlark in response to his leader's request. Let's look at the New York 1991-92 statistical report. The number of Alberta companies assisted in New York, 102: 30 from Edmonton, 70 from Calgary, two from south of Calgary. Companies by sector: oil and gas, 48; agricultural products, eight; high tech, 15; forestry, three; others, 28. The number of inquiries and contacts and meetings by type in New York: tourism inquiries, 1,076; immigration, 44; investment, 52; general, 90. The number of Alberta promotions: trade fairs by the New York office, 10; cultural events, 10; investment, six.

Mr. Chairman, let's look for just a moment at Seoul. The information was given to the hon. member when he came into the Assembly this evening, but he wasn't even interested in learning about this information. He had that frivolous motion in his hot little hand ready to present to the Assembly without even listening to the facts. Well, look at Seoul. The number of companies assisted in the Seoul office last year, 255: 83 from Edmonton, 90 from Calgary, 16 from north of Edmonton, 33 from central Alberta, and 33 from south of Calgary. Tourism, immigration, investment inquiries, general inquiries: in the hundreds. Six Alberta trade fairs promoted and 11 investment projects carried out by that office.

Look at Tokyo. The number of Alberta companies assisted, 465: from Edmonton, 190; from Calgary, 220; from north of Edmonton, 14; central Alberta, 21; south of Calgary, 20. Tourism inquiries, 18,000.

MR. WOLOSZYN: All wanting to find the mall.

MR. HORSMAN: Oh, well, the obvious comments and jibes coming to me, Mr. Chairman, from the hon. Member for Stony Plain indicate that they're not interested in tourism coming to Alberta. It's interesting.

Investment inquiries in the Tokyo office, 250; general inquiries 2,248; trade fairs, 11; cultural events, 30; investment, eight; others, 30.

London. Total number of companies assisted, 498: Edmonton companies, 152; Calgary, 171; north of Edmonton, 57; central, 23; south of Calgary, 95.

Tourism inquiries to our London office, 7,500; immigration, 820; investment, 115; general, 970.

Trade fairs, 14; cultural events, five; investment, 12; and others, nine.

Los Angeles, which is unfortunately being closed, 135 Alberta companies: Edmonton, 41; Calgary, 63; north of Edmonton, eight; central, 14; south of Calgary, nine.

Tourism inquiries, 1,200; investment, 26; general, 382.

Trade fairs in California and the area served by that office, 56: trade fairs assisting Alberta companies, Mr. Chairman.

I can tell hon. members of this Assembly that this type of activity on behalf of Alberta companies, Alberta citizens, is there to promote this province. Of all the foolishness I can think of in a time when it is tough – there's no question about it – the most foolish thing you can do is bring in your salesmen and hire the accountants to tote up the red ink. The Liberals would have us do twice as bad a job as the NDP, which only leads me to believe that if they ever formed the government, they would do twice as bad a job, generally speaking. But neither event is likely to happen. Thank God for the people of Alberta that this shortsighted, petty, narrow view of Alberta – “Draw in our horns; let the federal government serve the interests of Alberta,” I'm sure is what the cry will be. Oh, indeed. “Let the federal government. Withdraw, while every other province in Canada is out there promoting their own province.” I think these people are so foolish as to not warrant any more breath on my part.

MR. CHAIRMAN: The hon. Member for Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. [interjection] It's okay, Doug. You will get your chance; calm down.

We've seen this evening, I think, a major change in tactic and focus from the Liberal Party. I suppose one should not be surprised at changes in tactics from the Liberal Party from time to time; they sometimes pursue two different tactics at the same time. But today's tactic, after years of this Member for Edmonton-Meadowlark referring not only to me but all of the members of the party that I represent as being extremists and too far out, he comes along and sees our \$2.6 million and raises it. He thinks we've got a good thing, and he's going to double, he's going to bump it. You know, I want to say that I've heard a lot of things from that member, but tonight I thought the crocodile tears that he wept on behalf of the poor slaving bureaucrats in Federal and Intergovernmental Affairs really took the cake.

Somebody the other day sent me a copy of the résumés of all the Liberal candidates in the province of Alberta: a great new team of candidates or some such thing. I enjoyed reading the résumé of the Member for Edmonton-Meadowlark because, you will be surprised to know, he never worked in the private sector. His career before he went into politics was an official in Federal and Intergovernmental Affairs. That was news to me. I thought he worked in the Principal Group with Don Cormie. I thought he was his right hand. I thought he was on the board of directors. I thought he was the vice-president. In fact, it seems to me that I've got a few pamphlets around that say just that.

9:40

Anyway, he's here crying crocodile tears for these poor slaving bureaucrats who have their futures taken away by the patronage appointments of the Tories. Then with his other hand he moves a motion to take away the entire future that they would have. I

mean, what future would they have in the government serving the people of Alberta, as hard as they work and slave, if you took away every international function that there was in the government? Now, I can assure you and I can assure Albertans that the New Democrats do recognize the need to promote Alberta in trade, in travel, in tourism, and we recognize that whatever the organizational structure, whether we're working on our own, in conjunction with other provinces, or through federal embassies, we have to have an Alberta presence. That's why we didn't take the figure down to zero. I think it should be said for the record that there needs to be work done in that area, and it should be done by qualified people. For that reason I regret that this Liberal tactic is not worthy of our support.

MR. CHAIRMAN: The hon. Member for Calgary-McKnight.

MRS. GAGNON: Thank you, Mr. Chairman. The minister is very defensive tonight. He has said: let the federal government do it; is that what you want? No, that's not what we want. We want what we would think a Conservative government would want, and that is: let business do it. Business can seek investment on its own. We don't think it needs the tremendous help that it's getting from this government. If business potential exists, companies will travel to those cities on their own at their own expense and arrange for their own investment opportunities. Businesses want someone local to deal with, who knows people, not some transplanted Canadian.

The preferred method, actually, would be to have a corps of businesspeople travel, as I said, at their own cost to targeted areas to seek investment. There is no need for permanent offices. In this day of faxes and rapid transportation, permanent offices such as these have become obsolete. At a time when we have such a huge accumulated deficit in this province, there is no way that we can continue to operate these offices. My constituents are very worried about the fiscal crisis that we find ourselves in, and they don't want us to go on doing everything that we've been doing just because it's pleasant.

In addition, it's been mentioned already and I'd like to repeat that these offices have become safe havens for former Tories, Tory friends, Tory employees. International offices have become our equivalent, our province's version of the current Senate: no open competition for the jobs; selection is done on the basis of party affiliation.

I urge all of you to support this motion to close these offices – they are obsolete; there are better ways to do business – and let business seek its own investment.

Thank you.

MR. MAIN: Mr. Chairman, I'm both disturbed, distressed, and somewhat elated that finally we have what we have now: the Liberal caucus clearly stating its position on Alberta's future, which is to shut it down, pull everybody in, hide underneath the bed, and do nothing from now till the end of time. This motion is so ridiculous. I thought the New Democrat's motion to cut the spending by half was insane. This is utter, complete madness.

Mr. Chairman, the hon. Minister of Federal and Intergovernmental Affairs read the list of companies, individuals, events that have gone on, that have been helped, instigated, furthered, and advanced by the efforts of our foreign offices. The number of companies in Edmonton that have been highlighted – 150 here, 83 there, 190 somewhere else – 500 to 600 companies around the globe have been assisted in doing business from Alberta into the foreign companies. The Member for Calgary-McKnight has obviously no idea how business is done in other countries,

couldn't possibly have a 'schmeg,' which is half a clue, if she'd ever been there. She couldn't possibly.

Let's just take as an example how companies in Asia deal with it. She suggests send a fax: "Dear Mr. Hashimoto, my name is Yolande Gagnon. I'm the vice-president of marketing for XYZ company in Calgary. Please sign a multibillion dollar deal with me. Yours truly. Hard copy to follow." Now, come on. This is not how it's done. It requires face-to-face meetings to have any kind of a relationship established. You don't do business over the fax. Faxes are fine for sending copies of contracts once a relationship is established. Once a relationship is established the fax is a wonderful, convenient tool. So is a telephone. But how do you establish a relationship for a long-term business arrangement, Alberta to a foreign company, without being there? How do you get there, and how do you meet the people unless there's someone there who knows Alberta and knows the country in which he's operating? It can't be done.

I'm hoping that the Member for Calgary-McKnight will send faxes to her various constituents: "Dear constituent, I'm the MLA from Calgary-McKnight. Please vote for me. I'm a nice person." It's not going to happen, because it requires relationships. If those are the tactics they're going to use, I look forward to a Conservative member representing Calgary-McKnight, because we're not going to use faxes to talk to Albertans or anybody. We're going to talk to them face to face, because that's how relationships are built; that's how business is done.

Now, that's Alberta going foreign. What about foreign coming here? What about the other way? The Alberta office is there to provide entrée coming this way as well, which is another important part of what we're trying to do. We're not just trying to sell our goods abroad, we're trying to have foreign investment come here and look at the opportunities there are for investment. Do that by fax? I don't think so.

The notion to close the international offices is the height of shortsighted stupidity. It's just madness, and I am so glad to see the Liberals out of the closet with this information now in the record now they've got a motion. I've got a piece of paper signed by Grant Mitchell that says he wants to close all our foreign offices. This is a wonderful piece of news, because I'm sure the 500 or 600 companies who have done business just in Edmonton using the facilities provided by the Alberta government in our foreign offices will be thrilled to know that Mr. Mitchell, Mr. Decore, and the rest of the Liberal to and fro-ers now are out of the closet and finally have come clean that they really are twice as crazy as the New Democrats.

MR. HORSMAN: In view of the remarks of the hon. Member for Calgary-McKnight, I just have to pose a rhetorical question to her, and that is this. When the governor of Montana led trade delegations here into Edmonton and into Calgary in the last two years, he came to me as a friend and as a great supporter of increased trade between our province and their state, and he said: "I think we want to open an office in Canada. Where should we open it?" I said, "I'd like to see you open that office in Calgary, Alberta, because there's a lot going on between Montana and Calgary." Now, if you take what the attitude of the hon. Member for Calgary-McKnight and the Liberal Party would have been, I would have said to him: "We don't want you to have an office in Alberta. Stay out. Go to Vancouver." That was their other alternative.

AN HON. MEMBER: Send them a fax.

MR. HORSMAN: Send them a fax. Send them a fax from the Liberal Party: "Stay out of Alberta, folks. We are closed to business." Now, that is the attitude demonstrated by the Member for Calgary-McKnight and the Member for Edmonton-Meadowlark: "Stay out of Alberta. We don't need your business." Well, I'm really pleased, as the Minister of Culture and Multiculturalism has just pointed out, by the attitude of the Liberal Party towards trade.

Now, I just want to ask another rhetorical question. Would she have approved of the trade missions conducted by the mayor of Calgary or the previous mayor of Edmonton when he took and led trade delegations from Edmonton to China, to Heilongjiang, to Hong Kong, to Japan, seeking trade and investment in Edmonton? She would have said to the then mayor of Edmonton, "Stay home; send them a fax, Laurence." "Send them a fax, Mayor Duerr. Don't go abroad. Don't try and promote Calgary."

9:50

Do you know why Calgary isn't on its knees today because of the collapse of the oil and gas industry? It's because Calgary has diversified its economy, and it has done so as a result of progressive administrations in that city, formerly led by the now Minister of the Environment and now by another equally aggressive and I might say properly oriented mayor, who have gone out and sold the city of Calgary and brought new investment into that community. And they haven't done it by sitting at home and sending out faxes.

Well, that's a great slogan. I can just imagine the Liberals going to the people of Alberta next time and saying, "If we are the government of Alberta, we are going to burn up the fax lines saying: Boy, come to Alberta."

MR. MAIN: Fax your way to prosperity.

MR. HORSMAN: That's right. Just the "fax," ma'am; just the "fax."

Well, I can tell you, Mr. Chairman, I had wanted, actually, to try and answer in a serious way some of the questions that have been posed by the Member for Edmonton-Meadowlark relative to the issue of how the department operates. I will get those answers to him in more specific detail, and I hope he'll read them. I mean, he's asked some serious questions about details about hiring, levels of salary, those things which are of some importance and should be answered. But in view of the frivolous and nonsensical motion he's now got before the Assembly this evening, I'm going to have to say that I will do it by way of a reply by letter.

AN HON. MEMBER: Fax him.

MR. HORSMAN: Fax. I'll send him a fax, and I hope that he'll read it.

Quite frankly, Mr. Chairman, this has been rather entertaining and delightful. I'm only too happy to have had this opportunity to have the Liberals come forward tonight and demonstrate just how much imagination, how much intent they have of trying to promote Alberta, Alberta products, and Alberta services for the world. I just repeat again, as I've said in this Assembly many times, 30 percent of the gross provincial product in this province is dependent upon international trade – 30 percent. That includes hundreds of thousands of jobs in Alberta. You know that what our government wants to do is expand those job opportunities by trading our goods and our services, by welcoming new investment into this province so that we can upgrade our natural resources here and value add to our commodities. That's the progressive

attitude of this government and so much in contrast to the Liberal Party that they should hang their heads in shame.

MR. CHAIRMAN: The hon. Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. We're still speaking to this motion. Is that correct?

MR. CHAIRMAN: Yes.

MR. DOYLE: It doesn't surprise me that the Liberals would want these jobs pulled after all the dollars they wasted in foreign offices when they had the Liberals in power in Ottawa.

Mr. Chairman, I listened carefully to the Minister of Federal and Intergovernmental Affairs when he was reading his financial report or statement from the international offices. Perhaps he was reading the one that will be coming out shortly. The most recent one I have is from April '91, and tourism inquiries from London were 7,270 and trade fairs were 14. Perhaps the Liberals haven't taken the opportunity to read the financial report. In the New York office in the 1991 year, in fact, tourism was 1,650 inquiries and trade fairs were 11. Indeed, those offices have helped promote tourism, as many of them come to my riding of West Yellowhead. Los Angeles, in fact, had 7,400 requests on tourism. Alberta trade missions: they helped support 10, and trade fairs, 50. Many of those offices have helped remarkably in answering requests. Tourism in Tokyo: the requests were 15,000 in 1991. The trade fair requests were 24, with assistance on trade missions of 61. So I was curious. In fact, the Liberals couldn't have read this document or they would never have proposed to cut 100 percent of the offices. We said that we would cut 50 percent of the funding, and perhaps it might scale down some of those offices. We didn't say to close the offices.

Mr. Chairman, the total summary was: trade fairs, 111 that were helped; and for tourism, which is one of the greatest benefits to this province with the downturn of the economy, the requests in 1990-91 were 25,255. So I would hope that the Liberals would take a look at the most recent one at least. They have the figures from 1991-92 apparently, the minister indicated. Perhaps if they tally those together, they would see how many jobs would be lost in tourism alone if they were to close down all the offices.

MR. CHAIRMAN: The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I must say that on the whole I have enjoyed the debate on this motion, and I certainly appreciate the members' interest in it.

I would like to take exception to several things said by the minister. The minister – and I should have done a point of order on this – sort of impugned my intentions when he said that I didn't read the material. I was very grateful for the material, Mr. Chairman, and I read it, but just because he provided the material as answers to the questions doesn't mean that in fact they effectively answered the questions. Our question was: what criteria did they use to establish whether or not the L.A. office should be closed and others should be left open? My question was: how effective were those standards and those criteria?

Let me read some of the answers I got and why I therefore felt that I had to proceed with my motion.

The office's mandate and activities do not readily lend themselves to classic notions of cost-benefit analysis.

Well, Mr. Chairman, we're guessing, I guess. They're okay? "Well, they seem okay. I was there the other day, and they

seemed like they were working hard. Well, jeez, we had a nice meeting."

"It doesn't lend itself to classic cost/benefit analysis." Well, how do you know that they work? "Well, the costs are quantifiable, as can be seen from the responses to your other questions. The benefits are not so." That's an interesting observation, and that's a good reason to spend 5 and a half million dollars every year into perpetuity. "We just can't quantify the benefits." My gosh; darn it.

Even activity reports, which are an important tool for assessing office performance, cannot give a full picture of the importance of office operations as many functions such as "providing business intelligence" are not readily quantifiable.

More of the same.

Note that we have worked with the federal government on this matter in the past and even they . . .

Even the federal Conservatives, who have been vilified here recently, tonight in fact, because we would never want to work with them and depend on them – now we're using them as some sort of standard to defend the position. The government's using them as a standard.

. . . even they – with [their] 98 year history – cannot produce a reliable cost benefit analysis.

Well, let's pursue the federal government's policy of deficit spending, because they're so much better than this government at it.

Mr. Chairman, I read this material. I'm surprised that the minister hasn't read this material, because if he had, he wouldn't be so confident to stand up there and say that I'm wrong and he's right and these offices are fine. He can't defend it. Even in black and white it's indefensible. He said that we help a lot of companies. Well, I am certainly glad to hear that; 2,212 companies a year were helped in these offices. I wonder how many companies there are in Alberta. Two thousand two hundred and twelve companies were helped, and the question that's never asked – I'll bet you it's never asked of the companies that ask for help – is: would you have done this some other way if our office wasn't there? Is this minister saying that every one of those 212 companies only did what they did because that office was there? I don't think so, Mr. Chairman. I think that we have more confidence in the entrepreneurs of Alberta, who would know that maybe they're just not going to pick up the phone and phone a bureaucrat. Maybe they're going to phone a company in Japan. Maybe they're going to phone a business trade office in Japan and say, "Who would we deal with on this particular item or to sell this kind of product?" Maybe they're going to phone up and deal with some kind of consulting firm in Japan that knows about Japanese business. I wonder how much a political appointment from Alberta knows about Japanese business. I wonder how much a political appointment from Alberta knows about business in Hong Kong. I wonder how much they know about business in L.A. and in Seoul and in London. Well, at least in London I suppose they could speak the language.

10:00

Mr. Chairman, it is absurd and arrogant for this government to say that only they – only they – can help business relate to the rest of the world. Well, I am appalled. I mean, I am amazed that they would think that only they are the last hope, the last link between business success and failure for Alberta businesses abroad. The profound arrogance of it. In fact, if you start to add this up, let's look at the efficiency. New York: \$580,000 for that office; 110 companies. You know what that cost? Per company, \$5,272. Well, that's quite an efficiency rating. Los Angeles: \$866,000; 84 companies they helped. Wow. Per company,

\$10,309. That's quite a track record. Tokyo: \$2,298,000; \$6,600 per company. London: \$920,000; 315 companies; \$2,920 per company.

Now, it looks to me like Tokyo is about half as efficient as London, which is about 60 percent as efficient as New York. Well, why would these great discrepancies in this efficiency rating, which the government didn't do in their analysis, because I suppose they don't do that kind of analysis – why didn't they figure it out? Why don't they tell us which is the efficiency threshold? Which is the level at which it's okay to keep doing it? Because it costs \$5,000 per company? And it's not okay to keep doing it because it costs \$6,000 per company? Mr. Chairman, is there any rhyme or reason to this? Not in particular. If you average it out over the year, each of these six offices on average dealt with 368 companies. Well, that is a tough, demanding, intense job: one company per day. One company per day. You know what? I'd have expected that if I put a political appointment into an office like that, they'd be able to do one company per day, absolutely. That's quite an accomplishment.

The minister can stand up and tell me that we didn't read this material. He can tell me that these offices work. He can ask me and the people of Alberta to make a leap of faith, and somehow he can ask them to make a leap of faith about a \$2.6 billion deficit and not give us one cogent way of cutting down those cuts. Well, when it comes to cutting costs, it's not easy, and sometimes you have to cut some of the nice perks you have for your friends, for your political associates. Mr. Chairman, it's time these offices were cut.

[Motion lost]

MR. HORSMAN: Mr. Chairman, before I sit down this evening, I wanted to add the statistics for Hong Kong, which I overlooked, so that the record is there for the hon. members as well. The total number of companies, 200. Edmonton, 85; Calgary, 80; north of Edmonton, 4; central Alberta, 14; south of Calgary, 16. Tourism enquiries, 100; immigration, 918; investment, 700; general, 400; trade fairs, 15; cultural, two; investment, 12; and other, one.

Having just heard the mathematics performance by the hon. Member for Edmonton-Meadowlark, I am mighty grateful that he's not giving me business advice. Of all the foolishness I've ever heard. He recited the number of companies served, but he ignored completely all the other aspects of the foreign office activities: the investment inquiries they dealt with from people wanting to invest in Alberta, the immigration inquiries and the other inquiries that came to those offices, the trade fairs that were promoted on behalf of Alberta by those offices, the cultural events and activities which were undertaken on behalf of Albertans by those offices, the investment seminars promoted by those offices, and the other general, unquantified activities undertaken by those offices. He went through the performance of indicating that all that these offices were doing was dealing with these 2,000-plus companies. Well, I think it would be interesting to those 2,000-plus companies to know exactly what the Liberal Party's attitude is towards them, and we'll let them know, because it's all part of *Hansard*. I think Albertans want to know the positions of the various parties in this Assembly, and I can assure you, Mr. Chairman, that those companies that utilize our foreign offices will know the attitude of the Liberal Party following tonight's discussion of my estimates.

There were some serious issues raised, as I mentioned, and I wanted just to deal with a couple of them before I make an appropriate motion. The qualified people in the Department of Federal and Intergovernmental Affairs are being well paid, it is true. Many of them have been with the department since its

inception – the hon. Member for Edmonton-Meadowlark knows that – and in the process of those years of working for the department, they have received appropriate wage increases. The reason for that is that they don't leave the Department of Federal and Intergovernmental Affairs very readily. It's a good department to work in. They are highly qualified people who work in the Edmonton office, and the hon. Member for Calgary-McKnight knows that very well from having been associated with them in the past several months as we've gone through the constitutional endeavours, knows that they're highly skilled, highly qualified, and recognized for their achievements across this country. They're entitled to be paid well because of their lengthy years of service. I think that's the answer to that particular question.

With regard to my travel. Mr. Chairman, that, of course, is always a contentious issue and is always brought to the attention of the Assembly and to all Albertans every year. Well, I'm prepared to discuss that at any time. I don't know what my travel expenses will be in the forthcoming year. I had no idea, for example, that we would now be embarked upon a proposal whereby tomorrow and the next day we'll be in Edmonton on the constitutional issue. The following week I'll have to fly to Saint John, New Brunswick; the week after that, to Vancouver, British Columbia; the week after that, to Montreal; and the week after that, to Toronto or maybe Saint John's, Newfoundland, because the Liberal Premier of Newfoundland has invited us to come there, or to Charlottetown, Prince Edward Island, because the Liberal Premier of Prince Edward Island has invited us to come there for our meetings. I don't know what my travel expenses will be because of the uncertainty, but I do know this: Alberta must be there participating on behalf of this province in the constitutional development that is so necessary for the future of Canada, and wherever I'm required to go, I will go. It's going to cost money to fly anywhere in this country; it's a fact of life.

10:10

You know, the hon. Member for Edmonton-Meadowlark doesn't have to budge out of Edmonton. He's within 15 minutes or so of this Assembly. Of my travel expenses last year, over \$13,000 was expended in flying back and forth to Medicine Hat. You know, when I was first elected to this Assembly, the round-trip fare on Time Air – or was it MEL Air at the time? – was \$89. Do you know what it is today? It's \$450. What's the airfare that the hon. Member for Calgary-McKnight has to incur by flying back and forth on the airbus? I can tell you what it was 17 years ago: it was about \$50 round-trip. What is it today? I mean, the fact of the matter is that these expenses are there.

Now, I could live in Edmonton. I could live in Edmonton, Mr. Chairman. For 17 years I've been flying back and forth to my constituency every week, and I'm going to keep on doing that because that's a decision I made on behalf of my constituents and my family. I can tell you that I'm not going to apologize to

anybody for the fact that I have to do it. It is grueling. I get up at 5 o'clock every Monday morning and fly up here. The hon. Member for Edmonton-Meadowlark doesn't have to get up and fly up here. He can just get in his car and drive over from his comfortable residence a few minutes from here.

The same principle applies to travel as a minister. I have to go, and I have to sit around airports. I tell you, anybody who thinks it's a holiday is full of hot air. I can tell you that I only travel when it is necessary on the part of the people of Alberta. But I'm going to keep on doing it because it's my job.

MR. MITCHELL: Get to those sales at Harrods.

MR. HORSMAN: Now, what a foolish comment by the Member for Edmonton-Meadowlark: sales at Harrods. That is so typical of the picayune thinking of that member in the Liberal Party to think that the travel that is undertaken by members of this government is to fly to London to attend sales at Harrods. Well, that may be what he would do, but it's not what I do, Mr. Chairman.

Well, I won't go on, because I think it would be appropriate now if I move that the committee rise and report.

[Motion carried]

[Mr. Jonson in the Chair]

MR. ACTING DEPUTY SPEAKER: Order please.
The Member for Drumheller.

MR. SCHUMACHER: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Federal and Intergovernmental Affairs, reports progress thereon, and requests leave to sit again.

MR. ACTING DEPUTY SPEAKER: All those in favour of the report by the Member for Drumheller, please say aye.

HON. MEMBERS: Aye.

MR. ACTING DEPUTY SPEAKER: Those opposed, please say no. Carried.

Hon. Deputy Government House Leader.

MR. ANDERSON: Mr. Speaker, tomorrow afternoon it is intended that we will once again revert to Committee of Supply and discuss the estimates of the Department of Agriculture.

[At 10:14 p.m. the Assembly adjourned to Wednesday at 2:30 p.m.]

