

### Legislative Assembly of Alberta

Title: Monday, March 4, 1996      **Designated Subcommittee**  
 Date: 96/03/04  
 8:03 a.m.  
 [Chairman: Mr. McFarland]

#### **Committee of Supply: Designated Supply Subcommittee Economic Development and Tourism**

THE CHAIRMAN: Okay, ladies and gentlemen. It's three minutes after 8 by my watch. We'd like to get the meeting on the move. It's a four-hour schedule, and as per the meetings from last year, we have a procedural motion that we need to have discussed and passed. It was my understanding and for the record I guess we'll note that there are no Official Opposition members here at 8 o'clock, the starting time.

We have to allocate four hours without unanimous consent, and the minister has up to the first 20 minutes. This is last year's procedural motion here:

that the opposition subcommittee members and independent subcommittee members would have the first hour, followed by the government for one hour, followed again by the opposition subcommittee members for one more hour, and with the remaining hour being allocated to the government subcommittee members. The time that we're talking now counts as government time, as does the minister's time.

It had been my understanding that the opposition wanted two hours of continuous question; they wanted some continuity to it. But I don't know how we should deal with that now if they're not even here. [interjection]

Okay. Now if the committee were to designate the first two hours to the Official Opposition and they're not here, I guess the clock runs. We'll have the last two hours, and the minister can make his previous commitment with some time to spare hopefully.

MR. DUNFORD: Will the minister still be obligated to go ahead with his 20 minutes?

THE CHAIRMAN: Yeah.

Okay. If that's the case, could we have a motion, then, that this designated subcommittee . . .

MR. DUNFORD: Well, before we have that, can I ask a question?

THE CHAIRMAN: Sure.

MR. DUNFORD: In the House last Thursday afternoon when we were doing the estimates for Municipal Affairs, although it wasn't a designated subcommittee, as we are in now – it was subcommittee C – quite often, certainly in one particular instance, there were only two Liberals in the House. Now in our designated subcommittee we have no Liberals here in attendance. Are we seeing a boycott of this procedure? What is happening, Mr. Chairman?

THE CHAIRMAN: I haven't had any correspondence or notification. I don't know if you have, Diane.

MRS. SHUMYLA: No.

THE CHAIRMAN: I can only assume that they're late, and I would suggest that maybe by the time the minister has finished his comments, if they're still not here, they're boycotting.

MR. TRYNCHY: Could I ask a question, Mr. Chairman? If we move a motion that we give the first two hours to the opposition and they're not here, what do we do for two hours? You know, you asked a question. They're allowed two hours. Let's assume we give them that. What happens?

THE CHAIRMAN: Well, I'm just going by my gut reaction. They were properly notified of the start-up time of the meeting. We have to have one-third of the subcommittee members here for a quorum. They choose not to be here. They've got a clock like everyone else. If they choose not to be here on time – we're passing a procedural motion not because they're not here but, in essence, the time. If we give them the first two hours, we'll listen to the minister's comments and perhaps have some informal discussion or questions of our own.

MR. DUNFORD: Am I to understand that the motion we are about to vote on is a request by the Liberal opposition party?

THE CHAIRMAN: Sorry. Diane was asking me a question.

MR. DUNFORD: This motion about this first two hours: am I to understand that is a request by the Liberal opposition party?

THE CHAIRMAN: Maybe Stan can clarify that.

MR. WOLOSHYN: That was the procedure that was last year, and, yes, it was a request. I would suggest, Mr. Chairman, if I may be so bold, that you start the meeting with the minister's remarks, at the end of which then as a committee, if we still have a quorum here, you decide the procedure from there. It doesn't seem to me to be appropriate (a) to pass a motion which maybe the other members don't want to follow anymore and (b) to sit and wait the clock on them. So I'd suggest that you just get on with the program. If some of the members choose to show up, if there are only one or two, they may have relatively few questions that can be answered quickly and the meeting could be adjourned a lot sooner than had been planned.

THE CHAIRMAN: Okay. Here comes Debby. Diane just went out to phone a few.

MR. TANNAS: Well, I was going to have a plan similar to Stan's, that rather than make the motion now, we hear the minister's comments and then see how many people are here and then make an appropriate motion at that time.

THE CHAIRMAN: Very good.

Okay. Mr. Minister, if you would care to make your comments then. I'll just explain to the Member for Edmonton-Ellerslie that the minister is making up to 20 minutes of comments. Then we'll talk to you a little bit about the procedural motion, Debby, and then take it from there.

Mr. Minister, please.

MR. SMITH: So am I to understand then, Mr. Chairman, that this is part of the time, and it constitutes opening comments, and then we move directly to questions from the opposition?

THE CHAIRMAN: That's correct.

MR. SMITH: In that case, then, I think everybody's had an opportunity to read the business plan. We've spent a great deal of time putting this forward for perusal by all members of the committee from the government who are here today and by the Member for Edmonton-Ellerslie, who's here from the opposition. Knowing that the Member for Edmonton-Ellerslie would probably like to get right into the time allotted to the opposition, I'm certainly prepared to move directly to that.

THE CHAIRMAN: Okay. If that's the case, I gather that since we're in designated supply, it's still rather formal. Are we to address ourselves by our names or by our constituency? Does it matter to you?

MS CARLSON: It doesn't matter at all to me. We usually have done it just by names in these committees.

THE CHAIRMAN: Okay. We require a procedural motion. It was our understanding, Debby, that the opposition would prefer to have two hours continuous time so they could get right into it.

MS CARLSON: Certainly. That's wonderful for us.

THE CHAIRMAN: Okay. If that's the case, what I would propose, then, is that after the minister's comments here, which you've just heard, the opposition and the independent subcommittee members will then have two hours for questions and answers, followed by the government's portion of two hours for questions and answers. If there is a shortage of time, that's up to the committee to extend it. On the other hand, if all questions have been asked in the allotted time or a smaller portion thereof, we will pass a motion to unanimously conclude prior to the expiration of four hours. Any questions?

MR. TRYNCHY: I'd like to make a motion that we allow the opposition to ask questions up to 10 o'clock this morning or whenever they're finished, and then we'll go from there.

THE CHAIRMAN: Okay. So that would be 10:12 a.m., I guess, by the clock.

MR. TRYNCHY: It would be 10 o'clock. We started at 8, but they weren't here.

THE CHAIRMAN: Oh, our speaking time with the ministers counts as – so it would be two hours from now, then followed by government members.

MR. TRYNCHY: Up to two hours, yes.

THE CHAIRMAN: Okay.  
Question?

MS CARLSON: Thank you. I'd like to say that I've never had an unlimited opportunity to ask the government anything, so this should be a real treat.

Mr. Minister, to begin with, I'd like to start with a general comment from you in terms of the manpower authorization. I'm looking at page 78 on the government estimates. There's been a significant reduction in full-time equivalent employment. I'm wondering if you could comment on that for me.

MR. SMITH: Certainly. What page?

MS CARLSON: Page 78.

MR. SMITH: That's Community Development, isn't it?

MS CARLSON: Economic development, manpower authorization in the government estimates. Do I not have the right spot? I'm sure I do.

8:13

MR. DUNFORD: My book says that 78 is Community Development.

MS CARLSON: Well, I might have the wrong number.

Okay. Mr. Minister, do you have that in your records for government estimates?

MR. SMITH: Debby, I'm referring to Economic Development and Tourism, ministry manpower authorization, full-time equivalent employment: 1995-96 estimates, \$494,000; 1996-97 estimates, \$318,000; and then the FT equivalent with Alberta Motion Picture Development Corporation and the Alberta Opportunity Company.

MS CARLSON: Yes. Can you comment on that reduction?

MR. SMITH: Certainly. As you can recall from being in designated supply subcommittee last year on March 20, at which other members of the opposition were present, we had tabled a business plan from January 21 that indicated we were moving towards a significant downsizing in the department because we were moving out of program delivery and focusing the department on a strategic base, basically a knowledge-based group of employees with strategic focus whose primary function was to provide two things, two fundamental aspects of business development to our customers, the private sector. Those are, one, business intelligence, and the second being business opportunities. With that and with the termination of a number of programs, the readjustment of the staffing requirements pulled us down from the numbers that you see in front of you on the estimates, from \$494,000 to \$318,000.

MS CARLSON: Okay. If we go to the Agenda '96 in terms of economic development, you talk in the vision about "a competitive tax climate." Can you comment in terms of the tax climate and how the additional user fees in this budget will have some impact on the economic development of the province, or do you see that as a deciding factor?

MR. SMITH: No, I do not see that as a deciding factor. I see user fees being something that is a cost associated directly to the user or directly to the person or company that avails itself of government services, and I think there is a strong benefit not only to the government but to all taxpayers to have that costed fairly. We have not seen through taxation strategy analysis either that in fact user fee changes have had any direct impact on economic growth and certainly not as a retardant to economic growth.

MS CARLSON: So then you would say that the competitive tax climate is primarily for businesses, not for individuals?

MR. SMITH: The key for the department, when you discuss fundamental tenets of the department and where it believes it can impact economic development in the province of Alberta, is focused in two directions. One is regulatory reform, and second is taxation strategy. When we discuss the latter, we mean that to reflect directly upon business development, business creation, and overall economic health of the private sector in Alberta.

MS CARLSON: Last year you were talking about having a finance and taxation task force committee to review the corporate tax structure. What were the recommendations that came through from that?

MR. SMITH: The finance and taxation task force committee to which you refer could possibly be the subcommittee task force created by the Alberta Economic Development Authority. The Alberta Economic Development Authority works as a consulting agent and an adviser to both the Premier and the government on matters of taxation, matters of economic development. The specific recommendations that they have delivered to government were, one, the fact that the machinery and equipment tax was in fact an inhibitor to economic development, was in fact a tax on capital. When one is competing for capital in the world markets, it is known clearly that capital flows in the path of least resistance, similar to water and, I would guess, human nature. The ability to create a conduit that is conducive to capital attraction by a taxation structure shift away from taxing capital and in fact into taxing profits has proved to be an economic motivator as opposed to an economic inhibitor.

I would suggest that taxation structure change announced in Agenda '96 has already started to pay dividends with the recent announcement in the constituency of Lacombe-Stettler of initially an \$850 million to \$900 million Canadian ethane cracker, a joint-ownership venture by Nova Corporation and Union Carbide, with secondary benefits in construction of two polyethylene plants and probably a derivatives plant. Total investment over the period of construction would be somewhere in the neighbourhood of \$2 billion. This investment was clearly signaled as a result of the machinery and equipment taxation revision. It was not necessarily a deal maker, but it could have been a deal breaker. The issue with the adjustment to the taxation change is that any company can benefit from this reduction in capital tax; that is, whether you're a bakery with an oven, a welding shop with a drill press or a lathe, or a major petrochemical plant. It goes across the broad spectrum of all manufacturing and value-added development across the province.

Interestingly enough, it moves also towards developing rural areas of the province as opposed to concentrating industry or concentrating development in the two major urban areas. In fact, when one sees the lonely road out to Joffre, which is well maintained by the municipality, and then sees the development that'll accrue from that, you can see that it's a diversification whose rate is determined by the application of capital from the private sector.

MS CARLSON: What steps have been made to date to deregulate business rules and get rid of some of the problems that there are in terms of interprovincial regulations?

MR. SMITH: Okay. Debby, let me turn that over to Peter Crerar, the assistant deputy minister of policy, who sits on the Regulatory Reform Task Force. He can recap some of the initiatives that have taken place.

Before Peter starts with that, I just want to reference an OECD study that analyzed job creation and market growth in the United States and in Europe over a 10-year period. The results of that study indicated that the United States was able to create 30 percent more jobs over that period than they could in the European Common Market countries. Under analysis they found out that the primary reason for that was the relatively regulation-free environment in which the United States operates. That in turn allowed companies in the private sector to capitalize more quickly on market opportunities without going through the extensive regulatory process which they found is presently preventing the European Common Market countries from doing the same thing.

So, in fact, there is clear evidence that regulatory reform and the ability to shed unnecessary regulations but still operate as a

government with a regulatory framework for the protection of the public interest pay dividends in that the government can without any direct investment create a conducive environment for private-sector job creation.

8:23

MR. CRERAR: The Regulatory Reform Task Force, chaired by the Member for Peace River, has been in existence for some five, six, seven months now. Through that process each ministry has had an opportunity to appear before the committee to discuss their own plans for regulatory reform. Each ministry has developed a three-year plan whereby every regulation in that department or that ministry will be under review with the intent of streamlining their operations and in terms of lessening the regulation impact on businesses. That's under way now, and each of the departments has developed a more detailed one-year plan for 1996, which they are proceeding with.

The intent of it is that every regulation will have a sunset clause. The sunset clause won't necessarily be three years or five years; it'll depend on the intent of the regulation. Nevertheless, each regulation will be reviewed periodically at some interval in the future with the intent of making sure that regulation is still valid, that it's still not inhibitive to business, and that it's still serving what it was intended for. It's a very thorough process with a commitment from each of the ministries that this is a step in the right direction to streamline the operations of government.

MS CARLSON: So what about interprovincial regulations?

MR. CRERAR: Oh, I'm sorry; interprovincial regulations. At the present moment it's on more of an informal basis. In our own ministry many of the interprovincial regulations involve trade issues, and we are raising many of those with the various federal departments at the present time. Through the internal trade agreement if there is an issue where Alberta companies do not have a fair chance to compete in other jurisdictions, issues that impact business opportunities for Alberta companies, those are dealt with on a case-by-case basis with whichever province is impacted.

So we are working on a fairly constant basis with the other provinces as well as the federal government to not only streamline the regulatory process that impacts interprovincial issues, but where appropriate we're even trying to make sure that Alberta companies do have that opportunity to compete under the internal trade agreement.

MS CARLSON: Do you feel that you're making any significant progress there?

MR. CRERAR: Yes, we are. That's the quick answer to your question. What it is doing is in fact creating a heightened awareness with the private sector that Canada is open for business, that it's not just limited to one jurisdiction or one market where those companies would normally compete. So it is giving a greater opportunity for Canadian companies to compete. What it is really doing, as I said, is creating a heightened awareness of the opportunities that exist. The federal government as well as Alberta and some of the other provinces have an on-line bidding system, which we're again encouraging more and more companies to participate in to create, to open up their own markets, make their own services or products known, and to be able to compete more widely than they are perhaps at the moment.

THE CHAIRMAN: Excuse me, Debby, but Deputy Minister Al

Craig would like to respond to you too, please.

MR. CRAIG: That major agreement was signed about a year and a half ago. The file on that is presently carried by Mr. Rostad in Federal and Intergovernmental Affairs. The major effort that's currently under way in interprovincial trade barriers deals with the MASH sector. It's applying the principles, logic, and details of the agreement to the municipal area in government. They're having a bit of a problem with that at the present time because it's a major struggle to bring to the municipal level the same features that apply to the provincial governments, their boards and agencies, and indeed the federal government. They're moving that along, and the agreement now includes that part of the municipal area.

MS CARLSON: What are you expecting to achieve there in terms of the MASH sector?

MR. CRAIG: Well, what it means is that basically the purchasing and procurement approach used by the MASH sector means it has to be open to national competitive systems above a certain level. I've lost track, but I think a hundred thousand dollars strikes me as the level at which the international system kicks in. This is a major concern for small municipalities. It probably isn't as big a concern for the big cities across Canada, but when you get into the smaller jurisdictions, it's quite a challenge for them to have to open up their competitive process and look at it as an international area. They're still trying to get that sorted out. I know it's a major issue.

MS CARLSON: So what do you see as a reasonable ceiling?

MR. CRAIG: Well, the problem is that if you set it too high, then of course most of the purchasing would be outside of the rules and regulations. If you set it too low, then it makes it difficult for the smaller jurisdictions to play by those rules. I think the original judgment was around a hundred thousand. I think they're trying to move that up a little bit higher; it probably is a touch low. Somewhere between a hundred thousand and two hundred thousand is probably a fair limit.

MS CARLSON: Okay. Mr. Minister, can you comment on the trade development and export sales strategy and where it's at?

MR. SMITH: Sure. I can call you Debby, can't I?

MS CARLSON: Yeah, sure.

MR. SMITH: Thanks. Well, as you know, Debby, firstly the province is highly dependent on export markets for economic growth in Alberta, and the last three years have seen record trade numbers on an annual basis. We're approaching \$30 billion in terms of export. In fact, over 33 percent of our gross domestic product is now keyed to trade. There have been some spectacular successes. Certainly the trade with Cuba stands out loud and clear as a tremendous increase.

MS CARLSON: For the next two days.

MR. SMITH: Yeah. That may be a temporary movement, but in fact the company that has been responsible for that change in trade balance has formed a Cuban-only corporation, and I would expect that they will be able to continue doing business.

Some of the other interesting highlights. The trade to Mexico

increased at 40 percent, and I believe that this year's numbers should be about 23 percent. That was through a period where the gross domestic product of Mexico dropped 5.7 percent. Trade into Argentina has also grown due to the increase in technology exports into the oil industry, and that country has seen a 6 percent reduction in their gross domestic product. In fact, Alberta traders are doing better in the world market. There are increases in the manufacturing sector. There are increases in all other areas as well as in primarily unprocessed commodity exports. Our biggest trading partner continues to be the United States, where some 80 percent of all that we export moves.

The target, as outlined in *Seizing Opportunity*, of moving towards \$25 billion in export trade has clearly been exceeded, and that is one of the reasons we're embarking on a contemporary economic development strategy now not only to further focus our trading efforts but also to update our targets.

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The ability of the private sector to move on exports is also to a large degree due to the changes in some of the different sectors. Probably the best reference would be NorTel, which now exports well over a billion dollars' worth of wireless telephony to world markets. That has created a large expansion in the Calgary market with the Calgary facility requiring some 200 new jobs. They have recently signed an extensive contract with Sprint in the U.S.A. They are also moving to supply wireless telephony to Mexico in a big way. That's probably due to the fact that Mexico has at present about eight telephone lines per hundred. They are leaping right through cable technology; they're going right to wireless technology. Canadian companies have that expertise to be able to supply them and also to work very favourably with the Canadian dollar, the exchange rate.

We anticipate that the Canadian dollar is not going to change a great deal over the near term, that the export strategy will continue to be focused on sectors where the private sector has identified we can help. Those areas would be in the Asian markets, a continued trade presence in Japan, to which lumber exports have increased due to some of the rebuilding after the Kobe earthquake, and also with the two-by-four and stick-construction expertise that Canadian companies provide to that marketplace.

Another reason for the spectacular growth in exports has been the tremendous increase in the price of pulp, paper, and allied shipments. That has created a large export opportunity for the forestry industry. Its receipts now are very close to \$6 billion and comprise the third largest trading sector in the Alberta marketplace. There have been some weaknesses in that pulp market, in the spot rate, so that sector will probably be a little weaker next year. But we expect another strong year in exports. It was calculated by the NAFTA negotiating committee that for every billion dollars in exports, you can create some 12,000 to 13,000 jobs. So it's critical that Alberta maintain its export path, and it's clearly a critical component of the Alberta economy.

MS CARLSON: Well, I was looking forward to two hours of questions all to myself, but it looks like I'm going to have to share the floor here quickly. I'll ask one more question in the meantime.

MR. SMITH: That's fine. If you'd like to continue solo for two hours.

MS CARLSON: I'm ready.

What direct support does the department give to businesses in

the province who are trying to start dealing internationally or who have existing operations?

MR. SMITH: The direct support is in the market development assistance program. That is a program of some \$365,000 that provides small export-ready companies an opportunity to do some market work in foreign markets. We have put on export-ready seminars. Those are on a user-pay basis, and they usually break even and don't cost the taxpayer any money.

The other side is we have a trade department that will work with any individual company in providing the business intelligence from foreign markets. For example, after representing Team Canada in the Argentina Oil and Gas Expo, we were then able to take our trade officers and work directly with oil companies and oil field service companies that are establishing in Argentina. What we provide them with is, one, how to do business there. In other words, if you go to the Argentine, it'd cost you about \$5,000 or \$6,000 to incorporate. It talks about the tax side; it talks about specific import duties. We provide that trade scenario for that particular marketplace.

We have also signed a \$100,000 joint marketing agreement with the Petroleum Services Association of Canada. What that is is an association of oil field exporters representing the world-best technology that Alberta has in oil field work. We ask for direct leverage, a minimum of 1 to 1, and then we will react to the markets identified by PSAC and put together both trade missions and also market-support programs for them. Interestingly enough, when asked in a survey in a constituency in Calgary called Calgary-Varsity if the Alberta government should do more in terms of marketing the Alberta advantage in international markets, over 71 percent of the respondents, which is a 2 and a half percent sample, said that, yes, we should be actively involved with the private sector, supporting the private sector in marketing goods and services from Alberta in the international marketplace.

MS CARLSON: Just one question, and I'll pass the floor over to my colleague. One of the largest complaints we're starting to hear now from people who are doing business internationally, particularly in eastern Europe, is that while their business dealings have gone smoothly for a year or two years, they're now getting to a stage where it's very tough to collect money. Any comments on that?

MR. SMITH: You're absolutely right. Eastern Europe, particularly the area formerly known as Russia, with the exception of probably three oblasts in Siberia, has a great deal of difficulty meeting their financial obligations. There has been some representation from the private sector as to the government of Alberta getting involved in lines of credit or other financial arrangements. We believe that's not part of what the Alberta government's mandate is, but we do see continued involvement with the Export Development Corporation of Canada where that entity will guarantee upwards of 90 percent in receivables.

Secondly, we have targeted, as you see in the business plan, international financial institutions. In other words, we want to put our marketing effort into areas where in fact we can get paid, and that is with World Bank projects, with European Bank for Reconstruction and Development projects. In fact, we have lightened our marketing effort specific to those eastern European countries that have a bad record now of payment for services rendered.

MS CARLSON: Okay. Thank you.

MR. BRUSEKER: Good morning, Mr. Minister. How are you?

MR. SMITH: It's nice to see you here finally, Frank.

MR. BRUSEKER: It's good to see you here. I would like to suggest that maybe next year we hold this in Calgary and get all the rest of the folks to come visit us since we live right next door to one another virtually. How does that sound, Mr. Minister?

MR. SMITH: If it's after June, it'll be interesting, and if it's before June, certainly.

MR. BRUSEKER: All right. We'll take that somewhat cryptic comment.

I'd like to start at sort of the end of your budget department estimates, and I see quite a significant reduction in manpower from 594 to 412. I wonder if you could just talk briefly about what, if any, kinds of separation packages, separation allowances, relocation packages, whatever you want to call them, are going to be provided for the 182, by my arithmetic, that are going to be downsized.

MR. SMITH: The topic has already been discussed in one line from your colleague earlier, Frank, and yes, we have the voluntary separation agreement, the VSA, that has been offered. In some of the transition, for example, into the Alberta Tourism Partnership, people have been hired from government directly into the partnership, so that is a direct transfer. Those who had taken separation, I believe, are under an obligation to repay separation if they're hired by the partnership.

It's never comfortable to be on either side of a downsizing situation, whether you're a downsizer or a downsizee. In my business career I've been on both sides as well. I think that the programmed attrition and the movement to rightsize this department has been done in a very professional manner.

8:43

MR. BRUSEKER: Okay. I'd like to talk about tourism education. There are two sections. Program 4 talks about tourism education, what used to be called ATEC, and the tourism education fund. I notice that there was for this year a predicted deficit, and I'm wondering if you could just sort of talk a little bit about the future directions of ATEC. I see that there are no estimates at all for this year, but I know that the government has long had a policy to promote, develop, and encourage the tourism industry in the province of Alberta. I guess I'm wondering how it is that that promotion, development, encouragement is going to occur when in fact there seems to be less commitment to development of the tourism industry.

MR. SMITH: Well, in fact, Frank, there's continued commitment to the industry, and the industry commitment is to primarily unshackle the chains of government from the industry and let them proceed on their own. The component of the Tourism Education Council has always been one that has been destined for the private sector. The group has done an exceedingly efficient job in bringing education training and the Alberta Best program to members of the industry. In fact, that Alberta Best program is such that it is now an export product. It's been sold into South Africa; it's been sold into Scotland. It has been also sold into cross-industries in Alberta in other sectors. I believe a telephone company has contracted the program. I also believe that a police force in Alberta is looking at the program.

One of the things that can help deliver this higher level of

service in Alberta is to remove the council from government and a legislated mandate to be able to more broadly apply its training skills to the private sector. This will result in greater revenue into this area, into this organization, and also give it more capability in being able to direct its programs for profit and on a profitable basis.

MR. BRUSEKER: Just to continue on with tourism then, I'm looking at program 7, the Alberta Tourism Partnership. I support the initiative, Mr. Minister. I think it's a move in the right direction, and I've even bought my \$50 share in the Tourism Partnership, wrote the cheque.

MR. SMITH: Has that share been declared?

MR. BRUSEKER: No. It's under a thousand dollars, so we don't need to declare that to the Ethics Commissioner. I checked that, Mr. Minister. But if you have multiple shares, you may wish to confer.

Their initial request was for more than \$8.8 million. This is down from what they originally requested. Again, I'm sort of continuing on the same theme I guess, Mr. Minister, and that is that tourism is a user-friendly, renewable resource, all those good kinds of things you can say about an industry. I guess I'm a little concerned whether between the privatization of ATEC as well as the change in the Alberta Tourism Partnership, the total revenues being dedicated towards the promotion and development of tourism are going to be adequate. I wonder if you could just comment about the \$8.8 million figure, how that figure was arrived at, and what assurances you have from those, Tom McCabe and others in the Tourism Partnership, that that is an appropriate figure.

MR. SMITH: So if I understand you correctly, you want me to comment on why we're not giving more money to the private sector?

MR. BRUSEKER: No. I'm wondering why it is you're not promoting tourism.

MR. SMITH: Okay. Well, in fact we are promoting tourism. It's a number that I'm going to ask Jim Engel, who has successfully handled the transition of tourism from government to the private sector, to talk about. If I can just make a couple of comments on the concept of it, it's not the amount of money that is delivered to the marketplace; I believe it's where that money is targeted and how effective that money is in terms of generating increased receipts in tourism. In fact, tourism continues to grow in the province. It's had an extremely good year. Receipts indicate that they should be around the 5 percent level increase during the transition year. That's meeting the target set forth in Seizing Opportunity.

The amount has been a function of the dollars that have been spent by government on advertising, marketing, and promotion, which is the key underpinning of the partnership. The Alberta government continues to maintain responsibility for tourism product and tourism policy development. So in fact we still have a minor presence in the industry in terms of cost but with the ability to develop this project in determining what is spent on an ongoing basis in moving tourism as an industry sector in partnership with government up through its previous targets and also with the primary focus on asking the industry where they want the money spent. That's been one of the key components of the tourism partnership: the ability for that partnership to gather

consensus from the six tourism destination regions that now exist rather than the 14 zones before and for them to work in a cohesive manner in order to accurately target advertising and promotion dollars.

I think that when we look at what's on the boards for 1996 in terms of tourism initiatives in Alberta, there is a tremendous impetus moving in tourism to the marketplace; for example, the police and fire games of some 11,000 competitors to be held in Calgary and the firefighters and fire chiefs in Edmonton; the worldwide Rotary convention to be held in Calgary, some 33,000 people expected to attend. It's my understanding that there are no hotel rooms available in the Banff-Calgary corridor for the month of July at this point and very few for August.

MR. BRUSEKER: People are having to book rooms in Red Deer.

MR. SMITH: So there are of course spin-off opportunities to other areas in Alberta.

The other thing that's coming up shortly is the world figure skating championships to be held in Edmonton. The economic impact of that in Edmonton is substantial. In that sport the advertising time surrounding those telecasts is second only to professional golf. It attracts a very high demographic profile of spenders and certainly has a large tourism attraction.

There's the ladies' professional golf association tour stop being held here in July of this year. That is expected to have a broad economic impact and of course has the awareness capability that the figure skating has. So it's looking to be a very strong year in tourism in Alberta for 1996.

To get to the specific of how the number \$8,803,000 comes up, I'll ask Jim Engel to comment on that further.

MR. BRUSEKER: Thank you for that introduction, Mr. Minister.

MR. SMITH: My pleasure.

MR. ENGEL: I guess we should probably start with 1995-96 because that's when the whole matter of the ATP came up. What we agreed to do was to contract with the ATP for the equivalent amount of money that we currently spent in government for tourism, and that figure was \$10.7 million in '95-96. Now, there were several small elements that the ATP didn't want to contract for which are remaining in government, and they total about \$1.5 million worth of programming. It's roughly \$170,000 worth of programming in Peter Crerar's area in terms of corporate tourism policy and some small areas in tourism research that are reflected across Canada in terms of buy-ins that we do with the provinces and the Canadian government and the Canadian tourism commission.

### 8:53

The other area that is staying with government is the area of the development side of tourism. My colleague Stan Schellenberger, for instance, is doing the work with Union Carbide and Nova in terms of positioning the developments at Joffre. We do the same kind of thing with the tourism developers, and ATP, largely being a marketing driven organization – and that's what their corporation is centred around – did not want to contract to do the development work. So of the \$10.7 million, roughly \$1.5 million is staying in government. That leaves in 1995-96 roughly \$9.2 million that would be ATP's.

Now, we have to take into account that in 1996-97 and 1997-98 and going on into 1998-99, tourism is subject to the same kinds of three-year business plan reductions that we would have to meet

across the department in other areas as well. They're not large, but the reduction is something in the neighbourhood of about \$10.7 million down to \$10.3 million for '96-97. So if you take the \$10.3 million that's available and the \$1.5 million that is being retained, that is really how you reach the \$8.8 million that we're contracting for. In fact, we're contracting with them for the entire amount of money that we previously spent on tourism.

Now, I should comment just briefly on the fact that the ATP's expectations were for a larger sum of money, but in addition to the actual cash value that's being contracted for, there is capitalization support in the form of intellectual property that we have. In other words, the software system called SMART, that runs the visitor service and sales area, is being contracted to them too, free of charge. So they're getting to use that. They get to use all the film and footage stock in our tourism photo library, and they also have an arrangement with Mr. Fischer from public works that he is going to provide some capitalization support to them under the contract in the early years. So their contract actually comes to \$8.8 million in cash and \$1.2 million in capitalization support, which does put them at the \$10 million.

Their expectation for more money than that, which initially started at roughly \$19 million, was based on moneys resident in what we would call terminating programs, things like the community tourism action program, Team Tourism, the Canada/Alberta partnership agreement on tourism, and so on. Of course, those have come to an end. It was never the intention that we ourselves would have that money retained. So those moneys come to an end. What we're contracting with is exactly what we would have spent in the government.

MR. BRUSEKER: And those CTAP and Team Tourism programs are not likely to be renewed?

MR. ENGEL: They're concluded and won't be renewed.

MR. BRUSEKER: Just one more thing, following up on the Tourism Partnership, and then I'll turn it over to someone else. With respect to something that I think there's universal agreement within the tourism industry on, they hate the pillow tax or bed tax or whatever you want to call it. Two questions. One, it's not shown specifically in the consolidated income statement, and I'm wondering why that is the case on page 110, and I'm wondering what the government's plan is with respect to the pillow tax or room tax or whatever you want to call it.

MR. SMITH: The hotel tax, as it's referred to in estimates, represents about \$32 million. It's consistent with a tax that is in virtually all jurisdictions, certainly in Canada and in competitive markets. In fact, I think Hong Kong has a 10 and 5 room tax, so you're in fact paying 15 percent over and above. Other areas are as high as 8 to 10 percent. There has been a lot of examination by the industry in reference to a study made by Purdue University as well as other work done by other jurisdictions as well as ourselves. The information is sketchy as to the elasticity of room demand with respect to the 5 percent tax. There's certainly not universal support that lowering the tax would increase the occupancy rate.

One of the things the Alberta Tourism Partnership is working on with the department is a return on investment model that then allows both government and the tourism sector to show some direct relationship between revenue accumulation and funding. For example, in Florida, Frank, they take I think it's \$2 off every car rental and use that to fund tourism. Oregon and California are also looking at different types of ways of gathering funding

and redistributing to the industry. So we would look forward to the industry building a return on investment model that we can examine for a funding base after the first three years of the business plan are completed and see where the industry wants to move towards recognizing the funding side.

The other part when the hotel tax is discussed that is not discussed is the benefits that have accrued to the industry, particularly the hotel side, through the VLT program and through the privatization of liquor stores. That also has a direct monetary impact under the revenues of the industry and may want to be included in discussion.

MR. BRUSEKER: Good point. Thank you.

MS CARLSON: I'd like to talk about the Alberta Motion Picture Development Corporation for a little while, Murray. Can you tell us why there is a change in funding this year and talk a bit about why you're not making the changes the way the industry has asked you to?

MR. SMITH: Well, in fact, we are responding, Debby, to industry requests to move this development corporation into a privatized, industry-run model. What you find when government tries an orderly exit from any process, similar to the question asked earlier, is that it seems to be never enough and always too fast. What this is in fact a timely and an orderly exit. The corporation was the first in Canada. It has been around for a long time. It has helped develop the industry. It's accorded that the benefits reflect some \$25 million worth of investment.

So what the industry has asked us to do is look at a privatization model. They have proposed a couple of alternatives. We've taken the decision of providing transition funding for 1996-97. They'll have about \$1.3 million in revenues, grants from government, and existing funds to move towards transition. That now gives us about 13 months to deliver an orderly transition over to the private sector. There are entities in the province that represent a substantial amount of movie production, movie business, being the cable companies, individual broadcasting companies that are mandated as part of the CRTC licensing requirement to invest in Canadian motion pictures and Canadian television arts, if you will. We're working with those groups. We're moving towards partnering in that model. I've been open to any type of suggestion. We look forward to having more discussions on that. The board itself, the private-sector board of AMPDC, is meeting this evening to start its transition process. I think that we can move this orderly into the private sector over the 12-month period.

We've done some examination on questions asked by the opposition in the House with respect to direct cancellations, specifically the Walt Disney production. We can find no direct evidence that that production of some \$3.2 million was a result of this transition in funding from the government.

*9:03*

MS CARLSON: You spoke for a moment there about the private companies being mandated to invest, but what traditionally happens in those kinds of investments is the private companies are the last players in at the table. Provincial moneys have been first or second, then outside investors, and then companies like the cable companies, and that's similar to what happens in other provinces in Canada. If you change that funding formula, it does put Alberta at a distinct disadvantage. Could you comment on that?

MR. SMITH: I guess if we were the first in the program through

the development of this corporation, there are certain risks that you take when you're the first up. There are, as you know, a number of things that this government has done first in Canada: moving towards fiscal responsibility, surplus budgets, balanced budgets. This is consistent with the overall government policy. We have found that on certain occasions the investment by AMPDC is to top up, and in fact we're last in, and in some we are being approached to be in a different order. What that's going to do is reflect that there are probably some funding differences. If you look at some of the records of the investments, they're not always necessarily investments in productions, but they're investments in research as well. According to your comments that you've made in *Hansard* that there is a record of bad investments, it does make it difficult to determine whether government in fact can choose wisely in the direct investment of its funds.

MS CARLSON: Perhaps the criteria should have been re-evaluated in terms of those bad investments, but it does not change the fact that you've stated that there's some risk in being first out as a government. Well, part of that criteria of having that government money in has always been that a number of the jobs were mandated to be Alberta-only jobs. So you're saying that the risk of being the first out as a government is worth the risk of losing those Alberta jobs.

MR. SMITH: Well, in fact, if one were to look at the overall review of what's happening in Canada with respect to the television and motion picture industry, one could argue also that the devolution of funds from both Telefilm and the National Film Board more directly and appropriately placed in provincial markets might be of benefit as well. The ability of this industry to flourish in Alberta – this industry also shares in the same benefits that all other industrial sectors share in, and that is the lowest corporate income tax, one of the lowest income taxes in Canada, also the ability to purchase goods and services in Alberta with no provincial sales tax, also the fact that we will continue to have the office of the provincial film commissioner, which has a steady, not increasing, budget of about \$275,000, also that we will continue to work with the film commission in Calgary and Murray Ord, the city's film commissioner, as well as sharing with the film group here in Edmonton.

We have to remember as well that many parts of this industry will not be affected by this AMPDC transition into the private sector. Those are the development and production of television commercials, the attraction of feature movies from other countries, primarily the United States. That investment is directly related primarily to made-for-television movies and lesser events of that description.

MS CARLSON: You talked about the \$1.3 million in funds that the corporation will have access to. Can you tell us exactly where those funds will be coming from and how they'll be able to access them immediately over the next year and a half or two years?

MR. SMITH: Absolutely. Actually, I'm going to turn that over to Peter, who's got the line items on the funding, so he'll be able to describe those to you in detail.

MR. CRERAR: Just to give you the breakdown of that. The Motion Picture Development Corporation was working off the last six or seven years a fund of \$10 million in which they were making investments in a number of motion pictures, television series. There is still about \$500,000 of that fund available for

investment. So that's \$500,000. Throughout the investments that over the years they've made, in the last, I believe it is, three or four years – I'll correct the number of years for you – the investments have been in the form of loans. So there are loan repayments coming as well as that some of the series they have made investments in, for example *North of 60*, have been syndicated. There are royalties that they receive from those. So between the loan repayments and the syndication revenues, it amounts to about \$200,000 annually. So from the funds that they have for '95 and the forecast revenues for '96, that's \$400,000. Then there's the \$300,000 for transition operational purposes. I'm short \$100,000, but that's \$1.2 million, if I recall. I'm not sure where the other \$100,000 is. Sorry.

MS CARLSON: Okay. So again there's about a million dollars of cash flow they'll have access to. The \$200,000 is going to be there for a long time because of syndication and loan repayments, but once the \$500,000 is gone, where are they to make up the money? What about additional transitional funding in years to come from the government?

MR. SMITH: The approach, Debby, is that we will have this amount of funding for this year. We then move this entity into the private sector. In fact, present equity investments can be either sold to a commercial entity or could be folded into a new entity, whatever is determined by the private sector. So in fact the residuals could be transitioned to the private sector or retained by government or sold by government. That option has not been decided yet.

MS CARLSON: Do you actually believe that selling those equity investments to a private investor is feasible?

MR. SMITH: Well, it makes money.

MS CARLSON: Eight million dollars and only a \$200,000 a year return is not a very good return.

MR. SMITH: That original investment has been a sunk cost. You now have ongoing syndicate and residual revenue, and anything that generates revenue is available for sale. So in fact the marketplace would be making that transition.

MS CARLSON: So what's the government's position if that doesn't work?

MR. SMITH: Well, that's a speculative question. We'll address that issue when we get to it, similar to the fact that it seems the opposition has changed its position on this corporation, when it was clearly a campaign commitment by the previous leader of the party that this would immediately be disintegrated and transferred into the private sector should they become the governing party.

### 9:13

MS CARLSON: We've never changed our position in terms of that investment, Mr. Minister.

MR. SMITH: Well, that's interesting. We only go by what is said in the public record, and the previous Leader of the Opposition, prior to the downsizing, had indicated that it would be terminated immediately. You were on record as saying that it has a record of bad investments, and then we have other members of your party coming forward and saying that, you know, we're demolishing the industry and that this should be kept, if not increased.



MS CARLSON: Certainly we're on record in terms of the bad investments and the criteria and how it was evaluated and how the money was spent. It needed to be overhauled. But there's no doubt that over the years we've seen that the good investments this department has made have resulted in many dollars of revenue for the province and many jobs within the industry.

THE CHAIRMAN: The next question. I think we're getting off the bases here. Maybe we can get back on to question of the estimates.

Peter Sekulic, Edmonton-Manning, please.

MR. SEKULIC: Thank you. Mr. Minister, gentlemen.

MR. SMITH: Peter, good morning.

MR. SEKULIC: Mr. Minister, I have a question. I'd like to have you clarify the government's approach or commitment, going back to what you said on the Alberta Motion Picture Development Corporation, and the strategy you've undertaken in terms of extracting government from that area. Then I look at Westaim, and I'd like to know if there is a set of rules, that they be applied consistently. I think both of these areas are very promising in terms of contribution to the Alberta economy and diversification. What I don't understand is why you're moving away from AMPDC at the rate you are, yet you're forging ahead in other areas, primarily Westaim as an example.

MR. SMITH: That's a good question, Peter, and thank you. Firstly, the research capability of the Motion Picture Development Corporation is not consistent with the research position of this government. We have indicated clearly that the Alberta government is strongly cognizant of the contribution that research and development make in forwarding the Alberta advantage and job creation and future employment opportunities. In fact, when the Fortune 500 companies were surveyed, over half of the companies indicated they had no idea where their revenues would be accruing from over the next five-year period. So there's a tremendously accelerated pace of change in any economies throughout the world today.

The decision on Westaim was a long-term decision. It is a decision that continues to lever research moneys both from the federal government and doubly so from the private-sector partner. In fact, the Westaim initiative was examined both by the Alberta Economic Development Authority and the Alberta Science and Research Authority and determined to be the best gating system of determining which projects are a go and which projects are a no go in all the research initiatives going on right now in Alberta.

The commitment as outlined in the estimates is the completion of the long-term commitment by the government of Alberta to this initiative. It's already starting to pay commercialization results in that the anticoking technology that was developed at Westaim is now being tested with Nova, an integrated petrochemical company that recently announced a major expansion in Alberta, in Joffre, in connection with Union Carbide, another major world player. I don't know if you've read the press releases on that from the private sector, but the news is very promising in terms of how investment continues to create jobs and economic opportunity and wealth creation.

Also one of the second processes coming through from Westaim is in special battery technology. There are already some 28, 29 people working in the Leduc area using that technology to bring it to commercialization. In fact, there is a fence around the delivery of that funding, Peter, in that if the commercialization

does not take place in Alberta, then the funding must be paid back immediately to the Crown.

MR. SEKULIC: Thank you, Mr. Minister. Yes, I am very familiar. I have been reading the press. I'm very excited about the new investments in Alberta. I'm sure you, likewise, watched perhaps the Geminis last night and saw the programs that were produced in Alberta, that employ hundreds of Albertans, perhaps thousands, and generate I think significant revenues to this province. So you, too, must be a little bit sad to see that investment perhaps at risk.

Despite the discussion or the explanation which you attempted to give, I'm still not clear as to what criteria exist when we speak of investing government moneys into the private sector, particularly when we discuss the repayment of any portion of those funds. Now, I'd like you to discuss that area as it applies to AMPDC and to Westaim. What are the returns to government in terms of direct returns, financial returns for the dollar other than those indirect returns: potential employment, corporate taxation?

MR. SMITH: Direct returns as measured through the disposition of research funding are valued differently than what direct investment into companies has been. I think it's clear that this government has a mandate and a responsibility to remove itself from being in the business of being in business, and in fact that's very consistent with the AMPDC decision. The risk or the hurdle rate at which one would analyze removing direct government investment into companies through the Motion Picture Development Corporation into that television and movie industry is something that I believe is acceptable to government. We are not talking about the total size of the industry, which is some \$100 million. It's my opinion and the opinion of those in the business that that business will continue to occur in Alberta, that the complete industry is not totally dependent upon funds coming from government for specific investments. If one were to look at it for direct taxation returns to the province as opposed to direct taxation returns to the province from other investments, it's my opinion that the Motion Picture Development Corporation is probably lower than what would accrue from other government investments.

MR. SEKULIC: Thank you. Continuing on with the Alberta Economic Development Authority now, I'm not sure what number you originally started at. I believe you're around 85 right now. What I'd like to get a feel for is the authority's advice or recommendations particularly as they apply to these two areas, the AMPDC and Westaim.

MR. SMITH: The authority did not examine AMPDC nor have a specific recommendation with respect to the decision made by government. The Alberta Economic Development Authority and the Alberta Science and Research Authority both examined all of government's research initiatives, the Cornish report, and also the Westaim initiative specifically. The Alberta Economic Development Authority brought forth a recommendation to the Premier and government that the funding of this Westaim initiative should be completed and that the benefits that would accrue from levered federal government funding and private-sector funding would be of benefit to the province in the long run in terms of creating continued new industry in the province.

9:23

MR. SEKULIC: Mr. Minister, if you could give me an idea, what number of members were there at the start of the Alberta

Economic Development Authority and by what number have we grown?

MR. SMITH: Actually, Peter, the number at the start is fairly consistent with where we are today. The authority is divided into the Premier and three co-chairs. Mr. Doug Mitchell is I guess the capo de tutti capi, the boss of all bosses. Charlotte Robb, vice-president of the Canadian Imperial Bank of Commerce, is the chair of the economic council, which is a broad group of business interests in Alberta. Then Eric Newell is the chairman of the board of management group, which is about 14 businesses. The membership is broadly based, not gender specific, not region specific, nor is it sector specific. It is in fact a group of volunteer Albertans who meet on a regular basis that provide direct linkage from the government to the private sector. It is unique in Canada with respect to its size and ability to represent the major industrial sectors of the province.

There has been some attrition due to people moving out of province due to changes in responsibility. Those in some cases are immediately filled with a replacement into the position, or in fact other groups are chosen, depending on the choice of the co-chairs as to how they see the composition of the authority. In fact, that composition is determined by the authority itself with recommendations put forward to the Premier as to membership.

MR. SEKULIC: Thank you, Mr. Minister. The other question that I have here is: would it be possible to get a membership list? I know that came out when the authority was first struck.

MR. SMITH: Absolutely.

MR. SEKULIC: If I could have that this morning. And a bit of background. I think they had the organizations they were currently involved with, like you gave with Charlotte Robb.

MR. SMITH: I can certainly undertake, Peter, to provide you with a membership list.

MR. SEKULIC: Thank you.

I notice that the budget for the Alberta Economic Development Authority stayed roughly the same as it was last year, and I assume that's primarily the cost of administration, travel, publication maybe.

MR. SMITH: Your assumptions are correct. The costs are administrative support and travel and meeting expense. It's interesting to note that not all members of the authority submit travel expenses or claims to government. They view it as a corporate contribution to the community and to the betterment of business in Alberta. In fact, we could have substantially higher costs, but the volunteer members have undertaken to provide not only volunteer time but at volunteer expense.

MR. SEKULIC: Now, I'm not sure if you included this in one of the previous answers, but if we could touch on it again. I notice the research and technology partnership program, of which Westaim is one of the primary if not the only part of that budget, and then I look at the Alberta Motion Picture Development Corporation again, and that's a significant part of the department's budget. This being the Department of Economic Development and Tourism and the authority being the Alberta Economic Development Authority, why is it that they didn't provide any recommendations or reflections on those two specific expenditures?

MR. SMITH: Okay. In fact AMPDC would represent just over 1 percent of the total budget of the department, which is less than 5 percent of total government expenditures, so we're talking about one half of 1 percent of total government expenditures on that particular issue.

With respect to the research and technology partnership agreements, that covers a spectrum of research initiatives including the Alberta Microelectronic Centre, which has a 1996-97 budget of \$1.5 million, and TRILabs, telecommunications research labs, which leverages dollars from the private sector and in fact is a terrific link between government, industry, and academia. The last time I was over there, about three weeks or a month ago, they had a master's candidate in electrical engineering working on a way of eliminating interference on your cellular phone. She has received over six job offers to date to practise in her field. So not only does TRILabs leverage money from the private sector and provide that link between academia, government, and business, but it also value adds to its students so they can get better and higher paying jobs upon graduation.

The third item in the research and technology partnership agreement, Peter, is the Alberta Laser Institute. It receives \$700,000. It has also provided a link between university, government, and business. It's the application of laser technology to industry in Alberta. It has moved along. They have a job shop that has provided some funding. We're in examination of privatizing that initiative as well, so in fact if that occurred this year, that would kind of be the AMPDC of next year's estimates.

The fourth is the network of centres of excellence, which receives \$300,000. There is no further funding to the High Performance Computing Centre, which was scheduled to receive \$2.2 million in funding this year. That is not occurring. They are in fact out on their own. That is something that occurred last year. What's been done with HPC is also consistent with the approach being taken with AMPDC.

Then finally the Westaim agreement, which is \$7.5 million for two years. Totals in the research and technology partnership agreement: \$10.8 million of which Westaim is \$7.5 million, which represents 70 percent of the research budget and about 10 percent of the department's budget. So clearly its priority in terms of the maximum impact to the private sector much exceeds that of the AMPDC.

MR. SEKULIC: Well, thank you, Mr. Minister. As you know, I have a very strong opinion about using public funds for private interests. I'm very much against it, be it Disney or any other entity. The thing that I was trying to pursue is what criteria are being applied. I'm still not sure that I have a clear understanding as to how you're moving away from AMPDC and remaining in other areas, because I see them all as valuable contributors to the Alberta economy and I also see all of them being, I guess, private enterprises which should be able to run on their own. If we are to move to a model which is the private sector pursuing its private interests using private dollars, not public dollars, then I would assume that when that decision is made, at that point we'd see a significant extraction from government in all private-sector investment or assistance. To me, it's still very much, not gray, blurry. There are more justifications than there are explanations about this blurriness as to how we remain in certain private-sector involvements and not others. I just want more clarity on that. Like I say, I just want to reiterate that I don't believe public funds should ever be used for private interests.

MR. SMITH: Well, thank you, Peter, for clarifying your comments.

9:33

In fact, if you'll look at the movement from the ministry in terms of orderly extraction from the area of business – the Laser Institute being one example, AMPDC being another example, the Tourism Education Council, the privatization of the tourism initiative through the Tourism Partnership. You will note that Westaim has term limits on its funding. In fact, it's funded this year and next year, and then that's the end of it. Again, an orderly exit will occur, and I think we're extremely consistent in being able to exit from areas in the private sector. However, I do believe there is a basis for working in partnership with the various sectors and being able to do things where the sum of the parts is greater than the whole.

I would point towards the expected benefits to accrue from the Tourism Partnership, where they have to meet specific leverage marks, specific leverage to occur from the petroleum services association. In fact, if one were to examine the movements out of the industry in all of these areas and compare them with the approach from government, I think you would find that the exit is consistent, and it does follow government criteria for not being involved in the business of being in business.

MR. SEKULIC: Just a final comment here, and maybe I'll just have you comment on this. The way I see it is if government gets involved with any individual entity, it distorts the marketplace. It takes the playing field and makes it uneven. However, when government gets involved in industry – and by this I don't mean directing funding but perhaps facilitating or co-operating as a partner – it would make sense to me. How do you differentiate some of the continued involvement, which I would call distortionary to the market, versus assistance to an industry or attempts at diversifying the economy?

MR. SMITH: Well, I would take exception to your comment that you would see government funding in specific industry that is distortionary to the marketplace. That's one of the things we've examined and clearly want to stay out of.

MR. SEKULIC: Point of order, if I can. I didn't say that government involvement in the industry is distortionary. Government involvement in an entity, a private-sector entity, an individual player within that industry is distortionary. That was my comment.

MR. SMITH: Okay. I understand. Again, we don't see that as happening. The private-sector players in the advanced materials initiative known as Westaim are in fact unique and noncompetitive to the Alberta marketplace. The ability for us to continue to move this department from being in program delivery and direct program funding to industry is terminating. In fact, we continue to concentrate our activities on providing the environment in which the private sector can flourish, and I think also we are focusing our efforts on being able to provide strategic information to Alberta businesses to make them uniquely capable to excel in the international marketplace.

MR. BRUSEKER: Mr. Minister, I would be remiss if I didn't ask a few questions about my favourite company, that being the Alberta Opportunity Company. I'd like to speak about your grant to this business, \$7.4 million, as shown on page 99 of the book. You mentioned a word that I want to come back to, and that is "orderly extractions". My question is: when are you going to have an orderly extraction from this black hole?

MR. SMITH: The Alberta Opportunity Company has reduced its spending by over 50 percent over the past three or four years. It has moved towards being a far more responsible lender. It continues to generate efficiencies in its ability to provide small business start-up funding, to provide business funding to companies that have been turned down by conventional lenders. In fact, in terms of orderly exit the Canadian Bankers Association at present provides over \$39 billion in funding to the small business marketplace in Alberta. It approves 81 percent of its applications.

I think we realize the banks have had comfortable profits over the past two or three years. I have said that I would expect or I would hope the private sector can come forward with an initiative that allows them to provide some fertilizer for their own fertile ground and allow the small microbusinesses to develop in Alberta without the need of any government organization at arm's length that provides lending facilities to small business. This is a private-sector board. They do make loans to Alberta businesses. Alberta businesses provide their own personal guarantees. It continues, Frank, to be under examination to find that orderly exit that allows us to move out of the marketplace.

MR. BRUSEKER: Well, let's talk about this wonderful company then. Why is it that it has this year in the estimates an allowance for provision for doubtful accounts more than 10 times greater than '94-95's actual figure, \$380,000 at that time and \$3.9 million for doubtful accounts this year? Why is that?

MR. SMITH: Okay. The Alberta Opportunity Company, one, has now changed the way it receives its lending funds and is now changed out of being funded by the heritage trust fund and is funded directly through borrowings. They now lend at a rate either equal to or usually greater than the marketplace rate. Their default ratio is about 7 to 10 percent, which is significantly higher than what is found in schedule A or the chartered bank industry sector.

The allowance for doubtful accounts change: I'm going to ask Brian Williams, who sits on the board of the Alberta Opportunity Company, to reflect on the change in allowance for doubtful accounts. Brian.

MR. WILLIAMS: Thank you. First of all, the minister is absolutely correct. The bad loans are running just under 7 percent, about 6.7. There is a major write-off program there as the company got out of their seed and venture capital funding. Primarily that represents that one-time increase, and we now, with the exception of two or three accounts, are completely out of the seed and venture capital program.

MR. BRUSEKER: Last year is not great either, but if you look at the current fiscal year's estimate, it's \$3.6 million, \$3.9 million: this is a figure that is going up. It's dramatically up, so there's two years it seems at least that are significantly higher from the '94-95 actual year, just looking at the budget documents we have before us, page 115.

MR. WILLIAMS: The lending portfolio of the AOC is approximately \$86 million. As a matter of fact, that's virtually exactly what it is today. They're actually going down on their write-offs. You know, the figures you're quoting we're getting down under the 4 percent area. Historically, their losses have been about 7 to 8 percent.

MR. BRUSEKER: Well, I guess then the question would be: has the size of the loan portfolio increased significantly in the last couple of years?

MR. WILLIAMS: No. As a matter of fact, just the opposite. The loan portfolio – I just don't have the figures. But off the top of my head about seven or eight years ago it was running at \$140 million, and it's now gone down to \$86 million.

9:43

MR. BRUSEKER: Well, if the loan portfolio has gone down and the size of the provision for doubtful accounts has gone up, then the performance overall is getting worse.

MR. WILLIAMS: Well, no, not necessarily. When the loan portfolio was running at \$140 million – let's even say, \$125 million to \$140 million – their bad debt ratio was about 9 to 10 percent, consistently. Now with the lower portfolio they're down into the – I mean, that fluctuates so much, but on an average it's probably 4 and a half to 6 and a half percent now.

MR. SMITH: Frank, can I just maybe help a little bit on that? In fact, you know, with the growth and the relatively buoyant economy the write-offs have in fact decreased, but there is a reversal of accounting procedures on provisions for the venture seed program which was virtually a total write-off and is now reflected in that allowance for doubtful accounts. So there is a skewing because of the termination of that program and recording those particular losses.

MR. BRUSEKER: Can I infer from that that what you're suggesting is – and then of course this is going ahead to the next fiscal year – that we will see a return to a lower dollar figure for that provision for doubtful accounts from the nearly \$4 million shown this year?

MR. SMITH: I would hate to speculate on what the performance of every loan in the Alberta Opportunity Company will be, but what the board has told me is that not only are they becoming more efficient in terms of lending dollars at a lower administrative cost, but in fact our loans are becoming much better performing loans. So if you were to apply private-sector measurement criteria to the Alberta Opportunity Company, yes, in fact you would expect that their allowance for doubtful accounts would decrease in actuality.

MR. BRUSEKER: All right. You've mentioned the possibility of privatization of this corporation if the right opportunity comes along. I know that the accumulated debt of this corporation at one time was \$34 million. That has now been reduced by nonbudgetary infusions by the government so that now this year they're going to be showing an accumulated net revenue. That's only because the government has kept this thing on life support. Now, the question I have is: if a private-sector buyer is ever found for this, what happens to the accumulated net revenue, which is taxpayers' money that has been put into this corporation to prop it up?

MR. SMITH: All right. The funding mechanism whereby the AOC shows a positive revenue statement is also reflected as an expenditure grant from the Department of Economic Development and Tourism of – I think it's called – the small business grant that goes directly to AOC. That is recorded as income on AOC's financial statement. So in fact in terms of net dollars they continue to run a deficit. The privatization model would not be to privatize the entity as it exists today but in fact to floor plan or discount the loan portfolio commensurate with the risk associated with that loan portfolio and make that disposition to the private

sector. To do a business evaluation of the entity as it operates today, it would have a negative value.

MR. BRUSEKER: Which makes it tough to sell.

MR. SMITH: In its presently constituted form, that's correct.

MR. BRUSEKER: When I looked through the business plan, I didn't find anything in terms of the goals of AOC particularly focusing on any sector of the economy, and I'm wondering why that isn't in the business plan for AOC in particular.

MR. SMITH: The AOC, as I said, is an arm's-length organization run by a private-sector board. They do have their own business plan. They are not sector specific. They are more small business specific in concentrating on what is known in the trade as SMEs, small and medium enterprises, that have gross sales under \$5 million per annum.

MR. BRUSEKER: Well, it may be at arm's length, Mr. Minister, but when you plug in \$46 million last year and another \$7.4 million this year, they've got their hand in your back pocket, so I think that it would be a little more prudent to include that sort of statement in the government documents.

MR. SMITH: The AOC has a business plan that is available for public consumption and in fact will be tabled as part of the detailed business plan. The specific dollar amounts were a one-time disbursement of \$27 million to reflect the spread in funding and the annual small business grant, which is clearly stated in the estimates of the Department of Economic Development and Tourism. Their financial statements and three-year business plan are a part of the department's detailed business plan that's open for public consumption.

MR. BRUSEKER: Did I hear you say that will be tabled, as in future?

MR. SMITH: Absolutely. Similar to what was done last year.

MR. BRUSEKER: Okay. With respect to AOC you mentioned that the number of bankruptcies are increasing, which may be reflected in part in that provision for doubtful accounts. The department lists a number of key performance measures on pages 108 and 109. One of the things I don't see there is a decrease in the number of bankruptcies. I'm wondering if AOC has taken that into consideration in terms of the number of bankruptcies generally speaking and what the department plan is overall with respect to AOC and to a broader overall measure of success, if you will. Have I made that question clear?

MR. SMITH: No. Can you give me some help on that?

MR. BRUSEKER: You mention and the statistics show there is an increase in the number of bankruptcies, particularly those SMEs, the small and medium enterprises. More and more of them are being formed, but also more and more of them are going under. That is a cost to Alberta Opportunity. It is also a cost to the economy in general. You've listed a variety of key performance measures showing increases in this and that, growth measured in manufacturing shipments, tourism revenues increasing, business formations increasing. I'm wondering if you are tracking at all the rate of bankruptcies, and is a reduction in the number of bankruptcies a key performance measure that you are looking at

both for AOC and for the overall department?

MR. SMITH: Actually the reduction in number of bankruptcies is something that it's my opinion the government would have a very difficult time in influencing. The ratio of bankruptcies to business formations is relatively consistent over the past 10 years. There are two reasons for companies that go bankrupt, and generally the largest percentage occurs in the first year. One is undercapitalization, and secondly, it's poor management capabilities. The private sector has a strong representation in being able to provide business counseling and entrepreneurial business training to those looking to start new businesses, and it would be the effectiveness of these people in that consulting marketplace that will probably have more and more of an impact on bankruptcies than anything that the government can do. Capitalization is the other key side. The only capitalizing assistance we provide is through the Alberta Opportunity Company. Part of that goes with the development of a strong business plan that is evaluated by the lending officers of the AOC. Determination is made to the relative success of the business venture, which is then a determinant in the lending profile of the company.

9:53

Bankruptcies can increase as a result of changing and deteriorating economic conditions, so I think a number of factors would impact upon the change in the business bankruptcy rate. One of the things that has been attributed to changing the bankruptcy rate, not only in Alberta but in North American markets in general, is individuals who leave a major corporation, take a severance package, then without sufficient due diligence, small business management expertise, will proceed into a small business arrangement or company arrangement and will be either undercapitalized or poorly trained in business management. That has had a bit of an impact on business bankruptcies in the whole North American marketplace.

MR. BRUSEKER: Just before I leave the Alberta Opportunity Company, I guess the question I would have is simply this. It seems that whenever the government is determined to get out of a venture, they get out of a venture. How determined are you to get out of this?

MR. SMITH: I think we will continue to pursue an orderly exit and view alternatives as they come to bear but not to jeopardize, Frank, what has been clearly identified as a need or an operating area in which the private sector is not yet fully involved in providing small business funding to those small businesses throughout Alberta where it has been difficult for them to raise traditional debt financing. In this I'd refer to the differences applied in the hurdle rate from schedule A banks, trusts and credit unions, to lending money on real property and on sufficient business collateral to areas outside of Calgary and Edmonton.

MR. BRUSEKER: Well, it seems to me that if the government is really keen on eliminating duplication and overlap, we've got Treasury Branches all over this province in large centres and small. That is a provincial agency. We've got the Alberta Opportunity Company. That is a provincial agency. Why do we have to have both of those?

MR. SMITH: Actually there is no duplication with respect to the functions and mandate of the Alberta Opportunity Company and that of the Alberta Treasury Branch.

MR. BRUSEKER: But you've got two head offices. You've got two lending operations.

MR. SMITH: And two companies that do entirely different things.

MR. BRUSEKER: So why not amalgamate them and streamline and downsize as the government has been doing?

THE CHAIRMAN: We're moving past the point of the estimates into speculative policy, and I would just caution that the minister is here to answer the questions on the estimates for this coming year and not the future direction of what might be a policy or might not be a policy of this government. So can we just kind of back onto the actual issue right now?

MR. SMITH: Just to close that loop then, Mr. Chairman, we note your comments.

MR. BRUSEKER: Thank you, Mr. Chairman. How much time do we have left before we . . .

THE CHAIRMAN: About 14 minutes.

Okay, go ahead.

MR. SEKULIC: Thanks. I do have to apologize. This morning I was a bit late. We had a family medical emergency. My two and a half year old took very ill, so I'll be jumping out on occasion to make calls.

Mr. Minister, on page 106 . . .

MR. SMITH: Is he okay?

MR. SEKULIC: Actually, I don't know yet. I'll have to call.

On page 106 of your estimates you indicate that one of the goals that you have of your department is "to create more jobs, particularly higher skilled, higher wage jobs." You know, that's been an area of contention in the Legislature where we're questioning as an opposition that we've been losing, in fact, high-paying, full-time jobs and increasing the number of low-paying, part-time jobs.

Although the argument can be a job is a job, I do want to hold you to this goal and question then: why is your department or your government not measuring and providing the measure of change according to that goal; i.e., to indicate the number of higher skilled, higher wage jobs that have emerged in Alberta in the last year or two or three years, in effect to provide a better breakdown not only of the number of higher paying jobs, let's say, but also the number of higher paying full-time jobs that are being created. That's the Alberta advantage that I know I'm looking for, and that would be a measure which would define to me or explain to me or justify to me that we are in fact achieving that goal. So you provided a goal, but there is no measurement of it.

MR. SMITH: Well, there are measurement factors on that, and I entertain that as a good question from a well-trained economist who needs strong statistical bases on which to make reasonable operating decisions.

Much of our job creation data is from Statistics Canada, which is rated as one of the top four statistical organizations in the world. Their analyses, provided to the Department of Advanced Education and Career Development on a monthly basis, are the primary measuring sticks that we use. The most recent statistical analysis from advanced ed indicates that over the time from

December 1992, job creation has reached some hundred and three thousand jobs. Over two-thirds of those jobs are full-time jobs, one-third of them being part-time jobs. When you look at the breakdown by industry sector, much of those jobs have been created in the service sector. Yes, they are more low-paying jobs than what has formerly been created by the private sector.

So one of the main reasons for the movement on the taxation strategy side – with the adjustments of the M and E, the investment challenge to industry indicates that the type of capital investment that's attracted by this M and E change leads to more high-paying jobs. It was referenced in Joffre on Thursday by Mr. Jeff Lipton, president of Nova Corporation, that the average salary paid at the Joffre plant is in the neighbourhood of some \$60,000 per annum. So with this investment – and it's indicated that a billion dollars' worth of investment would create some overall 4,000 to 5,000 jobs that would vary from construction to operating – many of these jobs would in fact be high-paying, permanent jobs. They would allow the opportunity for an individual to leave a Rocky Mountain House, a Whitecourt, or a Lacombe, attend one of the world-class universities in Alberta – the University of Calgary, the University of Alberta, the University of Lethbridge – and get a professional degree, get professional designation, and then move back to their communities and be able to ply their trade in the community.

This is also noted in the forestry industry. The forestry industry jobs now approach some average salary base of \$45,000 to \$50,000 per annum. So those jobs that are created in the value-added sector, whether they're agribusiness, petroleum, or forestry, are in fact more of a permanent, more of a technical side in terms of jobs. Also in the export initiatives, Peter, when you look at the high-tech exports that are now taking place in Alberta, specifically referencing NorTel, they're looking for some 200 people with a high degree of technical training who are competent: long-term jobs. If you look at the LaPorte investment of some \$30 million into Alberta, they're advertising for high-tech, well-trained individuals. The ability for us to directly influence the creation of jobs is not a part of the mandate of the department. Our job is primarily to concentrate on the environmental side of it, to create the environment that's conducive to allowing the private sector to create these jobs and to make these job decisions.

### 10:03

As a matter of fact, the *New York Times* yesterday had a four-page article on 43 million jobs that have been lost in the United States since 1979. It clearly states that the ability for the North American marketplace to be competitive when global markets and world markets trend towards downsizing of corporations, the changing of work as probably we knew it 15 to 20 years ago – there are going to be different ways of being in work.

One of the things that we don't measure in our statistics is consulting income, small single-proprietorship types of companies, contract employment. In fact, when I was in the private sector, I made far more money under that basis than I did as an employee. Also, I was basically able to enjoy flat tax advantages, being in a small business that was making under \$200,000 a year net profit.

So not only has industry changed in the way it manufactures its goods and services and the way it delivers them to the marketplace, but the nature of work has changed in terms of what kinds of people are employed, what type of employment agreements are in play today. How can you measure those areas in which traditional measurement factors are not there to actually measure the microprogress of the economy?

It's a long-winded answer to I think more than just a statistical

question, but I also think it's a question that allows us to start determining trends about the nature of employment in the workplace. It's clearly a commitment of the Department of Economic Development and Tourism to concentrate on value-added processing. There's strong evidence that the jobs created by the private sector in those marketplaces are long term, they are permanent, and they are well paying.

In terms of more definitive measurement as to differentiating between part-time employment, contract employment, full-time employment, more work needs to be done with not only Statistics Canada but also with what we're doing here. We have allocated some of our resources to try and determine where job markets are heading. Hopefully we'll be able to report to you on an undesignated basis next year, when we're probably not going to be in designated committee because of the small amount of the total budget we represent but in estimates in the House, just what progress we've made in being able to differentiate.

MR. SEKULIC: I'll just do a quick follow-up here. I think there's a bit of time left. I agree with some of your comments there, and the only suggestion that I have is on the goals. It should read: to facilitate more jobs. You clearly put "to create more jobs," so it's slightly misleading for myself and I think many Albertans. I know when I was knocking on doors, I would always use the word "facilitate" because that's all you can do as a government. You cannot create them. In fact, you can only do the opposite.

Now, when we look at Budget '96, we see how reliant we are as a province on resource revenue. We also see the windfall over the past three years, which has been significant, in fact more significant than the years prior to the past three. So we see that as a strong contributor to job growth in Alberta and perhaps to some of the pleasure we see or the contentedness of Albertans with the current economic environment. But much of it is external to government initiatives, and really when we sit down at a table like this, we're discussing government initiatives and trying to move away from the volatility of the resource base which we've had and held and which has held us for the past 30 years in Alberta. What I'm trying to get after here is stable, value-added job growth or an indication of vertical integration or vertical growth in the marketplace.

I believe our exports last year in Alberta were somewhere around 50 percent of our GDP, and for the most part that was resource exports. Raw materials are leaving the province as opposed to a couch or a bed leaving the province. We're shipping timber. The real sign for me that the government is facilitating change is when we start shipping that final product and not the raw material. That's the kind of structural change we need in Alberta, and those are the types of initiatives I'd like to see in your department, Mr. Minister, if your department continues to exist. Some of that is going to come, I think, through the Alberta Economic Development Authority and their recommendations to you, and I think we're going to see some of the direction that you show in terms of technology investment or promotion.

Now, what is being done or what can I read from this budget to satisfy myself and Albertans that we're going to start capturing the part of the market after extraction and export of those extracted materials, that we're promoting and exporting the final product? That's where the jobs are.

MR. SMITH: I can only add to you answering your own question that in fact that's exactly the goal of the government, of this department, of other departments: to capitalize on the opportunities that exist in value-added processing. One of the linchpins to

that strategy has been this machinery and equipment taxation change in capital tax, if you will, so as to promote the accelerated investment of capital towards value-added processing.

There are now about 360 plastics companies in Alberta. In fact, with the announcement in Joffre of a 2-billion-pound cracker, that now brings the Joffre site to the world's largest processor of ethane and cracking it into components for polyethylene. That in turn has stimulated the construction of two polyethylene plants, and it is also expected that there will be a derivative plant occur from that.

The recent investment of Dow Chemical of some \$800 million into the expansion of their facility also leads to value-added processing in the petrochemical business, and that creates something more than just direct jobs. It creates fence-line industries. It creates wealth creation. It creates small businesses that will either use that product because of their closeness to polyethylene or will in fact be involved in the instrumentation, the maintenance and ongoing debottlenecking of these plants.

When you start to establish critical mass in an industry sector such as this, it does two things. One, it becomes the site of corporate investment over the long term. In other words, it's not a 10-year investment and then it leaves; it's a 35- or 40-year investment because of debottlenecking and because of value-added opportunities. So we're really starting to see tremendous moves in value-added processing in the petrochemical sector. Secondly, the value-added movement through government policies on forest industry development also leads to value-added. As you know, Peter, there are discussions for at least two if not three paper machines possibly taking place in the province. Trying to create this environment where we can value add to pulp production will again lead to increased job creation by the private sector in the Alberta economy.

Also, that has been noted with the most recent RFP in the forest industry, which brought Ainsworth Lumber into Alberta, creating value-added products with their oriented strandboard plant. Certainly the way in which the government handled the RFP and asked the private sector to reply in terms of what they can add to it was met with a high degree of success by the industry.

### 10:13

There's more movement afoot in terms of using aspen and black poplar for veneers and molding. The purchase of a range of forest products by West Fraser will continue to add value to the products as well as eliminating a guarantee to the province in the Slave Lake Pulp partnership.

The other thing that starts to add towards these value-added jobs is the infrastructure network that exists in Alberta today, particularly when you see the development of a distribution centre in southern Alberta and to a second degree in Edmonton, competitive rail rates, and also extremely competitive trucking rates. Now you see that one measurement of seeing that develop is the price that light industrial and warehousing space is commanding in both the Calgary and Edmonton markets. It's increasing in Calgary, and the capacity has now started to be taken up in Edmonton. So not only are we developing, through the private sector, value-added opportunities in our major sector but also are developing the substructures, the subeconomic structures that are important to deliver those products to the marketplace.

So your comments, exactly, are critical to the success of Alberta, in that as you build up on processing your commodity side, that also builds up subeconomies, subcompanies – delivery companies, support companies – and starts to create critical mass. That, I think, is reflected in the fact that in 1990 the gross domestic product of Alberta was some \$70 billion per annum. It

is now approaching \$90 billion, yet in fact the dependence of the Alberta economy on the performance of its raw materials, although strong and critical to the diversification by the private sector for the private sector, has diminished the revenues that we depend on for taxation revenues.

THE CHAIRMAN: Well, thank you, Mr. Minister. It now being 10:16, I think we've had fair and adequate time for the questions from members of the opposition. We'll switch over now to the questions from the government members.

First on the list we have Clint Dunford, please, Lethbridge-West.

MR. DUNFORD: Thank you, Mr. Chairman. Good morning, Mr. Minister, and congratulations to your staff. I noted a couple of times this morning the humbleness of yourself in talking about only 5 percent of the total budget. It has been said – and I would draw this analogy – that sex is only 5 percent of a marriage, but some philosopher/wag indicated, “Yeah, but it's the first 5 percent.” I think we might be able to consider the fact that you in economic development might be the first 5 percent as well.

My comments and questions are going to cover three areas. The first two areas really come from the addition of your business plan now in the estimates document, but I'm taking the liberty of moving to Agenda '96 and to your actual business plan. My comment is that certainly you are aware – let me step back a minute and introduce it this way. I've started using as a general phrase now in my public appearances that have anything to do with agriculture or economic development that the future of southern Alberta is so bright that we ought to be wearing more than sunglasses; we actually probably need welder's goggles. I really believe that and want to commend the role that you're playing in that.

In terms of some events that have happened in my area, you are aware, I believe, of the Sakai Spice recent expansion, a further development of the mustard business. That really was based on a long-standing personal relationship between an individual from Lethbridge and an individual in Japan. They'd been trading for years and years, and, you know, the synergy got together and created this thing. We can't forget that in the city of Lethbridge we have a long-standing co-operative tradition with areas of Japan. There are, of course, family relationships that extend there.

What I'm concerned about is not in the estimates at this point, but it's an operational concern, because it's been reported to me by a businessman who, I understand, was either in attendance or perhaps someone from his company was in attendance at a rather lengthy briefing from the Alberta government's representative in Japan that went on and on about the Alberta advantages and talked about the university structure in Alberta and mentioned only the University of Calgary and the University of Alberta.

Now, you've corrected that this morning. My heart took a jubilant leap when I heard the minister make the comment. I don't know which of your staff here in the room, if any, are responsible for Asia and Japan, but I really think that with what is happening not only in the chemistry situation but certainly in the whole management area at the University of Lethbridge, they certainly deserve to be counted into the Alberta advantage and must be part of any presentation that any of our foreign staff would be making. So I'm asking that there be some follow-up on that.

The second area, and again it's in terms of working in – and I'm referring now to page 180 of Agenda '96. You talk about “working in partnership to develop consortia.” The federal

Speech from the Throne indicated that there was going to be a greater concentration on the part of the federal government in the area of research and development, and they talked particularly about biotechnology. Now, I'm not smart enough to know where the lines are drawn between microbiology and biological technology, or biotech, however it's used, but again I would wonder if the department is currently working on any initiatives in light of the Speech from the Throne that might incorporate the research station in Lethbridge, which is developing as a centre of excellence for all Canada for microbiology. Then, of course, the University of Lethbridge and the Lethbridge Community College.

MR. SMITH: Your comments are well taken, Clint. In fact, the University of Lethbridge takes a very active role in not only specific trading initiatives with link cultures such as Japan, but also in the groundbreaking work that they've done in tourism and their tourism co-op program and their ability to place students in a co-op basis and integrate industry experience with part of their academic learning.

In fact, the president of the university, Howard Tennant, made the trek from Lethbridge to Fort Macleod for the opening of the Alberta Tourism Partnership and portrayed himself, correctly so in my opinion, as a key industry player as well as an academic practitioner. An interesting conversation that I had with him that I thought outlines the direction of the government is his comment that balanced budgets are a part of the Canadian value system.

I think that our ability to move ahead on facilitating has been mentioned earlier. Job creation and operating in a conducive business climate is much in part to the players who are in that industry. To see a university president who can link academia with trade, with a volatile industry sector where jobs are increasing continually is an important contribution to, I think, the Lethbridge economy.

### 10:23

Also, your comments on the relationship of the spice company that resulted in the expansion of their plant. A number of things came out of that. One, international trade is often a function of cultivated contacts and trustful relationships. That is primarily the focus of our trade group: to be driven by the private sector in the marketplaces where these contacts can take place in a neutral environment with the support of the provincial government, for the provincial government to be able to reflect on the contribution that these companies make not only to the Alberta economy but to their competence in world trade as well.

In fact, when you look at the economy, the jewel of the south as you've talked about – you're in an area where 4 percent of the arable land represents 20 percent of all agricultural production in this province. Clearly the initiatives that are under way in not only Lethbridge but the whole area about value added and value-added production, particularly in the area of agribusiness, I think will continue to build jobs and job opportunities in the private sector for the players in that marketplace. The area is also characterized by tremendous business acumen, a real entrepreneurial spirit, and the ability of those individuals to work in developing the sectors in which they're strong, those being tourism and agribusiness. In fact, if I remember correctly, I think the chair was part of that agribusiness transportation link some years ago that has also contributed to the Alberta advantage.

The biotechnology initiatives announced by the feds are primarily some of the old standard stuff of setting funds and getting government money involved and kick starting specific industry sectors. They are setting up a biotechnology pool for businesses, which would be administered by the chartered banks.

How much of that is going to accrue to Alberta, specifically where that's going to happen I don't know as yet. I think that the biotechnology side could be accelerated by the feds looking at some deregulation initiatives.

In fact, I have a case where somebody wanted to build a pasta plant in Alberta. They had difficulty getting approval by the feds' equivalent of the FDA, the food and drug group. They were able to license, get approval, and build in the United States faster than they could even get their application accepted by the group in Ottawa. So I think there are real areas where it wouldn't cost the federal government a great deal of money but where they could actually further accelerate not only biotechnology initiatives but other industry sector initiatives in the area of facilitating competition and working more in a deregulatory scenario.

MR. DUNFORD: Thank you. I appreciate your comments, and I want to just finish off this one before we get into the actual estimates by saying that we held an expo in Lethbridge just from Wednesday to Saturday of last week, and traveling around the various exhibits through – I think they have to use four or five buildings now to house all the exhibitors that want to show. It's just absolutely amazing what is happening in that whole agriculture tech, ag business sector. There were displays of satellite positioning, and you hear of some of the new techniques in crop spraying and that type of thing. It's a wonderful thing. It happens the same weekend every year, and I would invite the minister and any of his staff to attend. I'd be pleased to be the host.

Now, moving to the department summary of your estimates on page 96: again, not a large increase but perhaps in the order of, I suppose, about \$100,000 – well, no. I guess it's maybe about \$1 million on program 6, research and technology partnership agreements. Could you just expand on what we're looking at there?

MR. SMITH: That's primarily due to the Westaim initiative in that we've had some funds available to move research through in the province, but with the approval of the completion of the long-term agreement with Westaim, that reflects primarily the difference in forecast estimates.

MR. DUNFORD: All right.

Item 7, the tourism programs. I assume that is the dollars of course now that go along with the Alberta Tourism Partnership. I'm sorry I had to miss that meeting in Fort Macleod. I'm a big supporter of that initiative you have taken.

MR. SMITH: Well, the aura of collegiality at the signing ceremony indicated that your presence was maybe not in body form, but certainly your feelings were there.

MR. DUNFORD: Thank you.

Just one last question. Under program 2, your business and tourism development, under 2.2.2, industry development. I'm nitpicking, but, I mean, there's an increase of about \$100,000 there. What sort of programming are we looking at in that area?

MR. SMITH: Vote 2.2 in development services?

MR. DUNFORD: No. It's 2.2.2, industry development, under industry, technology and forestry development.

MR. SMITH: Oh yeah, industry development. That \$100,000 change: I'm going to turn that number over to Peter to reflect on.



MR. CRERAR: We've done some internal redistributions. We had a group who focused more on transportation issues. We've got out of many of those because there is a Department of Transportation and Utilities. We have reduced some of those functions, but there are still some policies which should impact transportation relating more to economic development. So we retained a small portion of that, and we've consolidated it into this area. That's why it reflects an increase. It's an internal reallocation.

MR. DUNFORD: Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you.  
Don Tannas, please.

MR. TANNAS: Okay. I'm just wondering, Mr. Chairman: perhaps I would ask one or two of my questions and then turn it over. I have quite a few.

THE CHAIRMAN: Certainly.

MR. TANNAS: Okay. In response to Edmonton-Ellerslie's, Debby Carlson's, question with regard to the trucking, I'm just wondering what you're doing to clear up trucking issues with British Columbia. Now, I know, Mr. Craig, that you've mentioned something about FIGA taking that on, but there is a lot of awkwardness about it. For instance, if a B.C. truck hauls something from Vancouver to Edmonton, it can then haul something from Edmonton to Calgary and from Calgary back to British Columbia and make a full loop. Alberta trucks are not allowed that privilege, so it's much more costly to use an Alberta truck because they can't do all of the backhaul or a within-the-province backhaul.

MR. SMITH: Yeah. That part is now in the hands of Federal and Intergovernmental Affairs to deal with the ongoing side. As these problems are brought to economic development as being, I guess, the operating department, we then start to work with our counterparts to see if there's any ability for them to move along the regulatory harmonization path. One of the initiatives moving forward is the regulatory side of the free trade highway that puts more emphasis on being able to move 98-foot, 132,000 GVW trucks through the north/south corridor and being able to have the same rates and regulations on highways through the interstates and down into southern markets. We've probably had more success dealing with this on an international basis than we've had dealing with this on an east/west basis.

### 10:33

One of the problems is: how do you move governments that are far more protectionist than what Alberta is, who's strongly committed to free trade and trade that moves either east/west or north/south into this? What we do is work with this reduced transportation group and the department of transportation to see if we can get some warmth from other governments to move towards some regulatory harmonization. You put the ball in their courts, and in their Harcourts, and you wait for the response.

MR. TANNAS: I was interested in you referring to the Mexico telephone opportunities for Alberta companies, particularly in wireless technology, and I just wondered: would you suggest where the Alberta wireless technology came from?

MR. SMITH: Sure. The development of technology in telephony

in Alberta is something that has accrued over the last probably 10 to 12 years. Some of the residual components and residual technology that have been left in Alberta from NovAtel now contribute both to the establishment of Northern Telecom, now named NorTel in Calgary, that's expanding on a regular basis, also with the fence-line industries it's created by being there. Also the chipboards from the original NovAtel are being used in global positioning systems that are being marketed worldwide and being produced and manufactured in Alberta.

MR. TANNAS: I'll pass for now.

THE CHAIRMAN: Peter Trynchy, please.

MR. TRYNCHY: Thank you, Chairman. To the minister. I'm going to speak on the forest industry. I see that total shipments in the last year were some \$3.7 billion, export total \$2.2 billion. That means there was about \$1.5 billion used in Alberta if I'm reading this correctly. Now, what is the department planning to do to make sure we use more of that in Alberta, the \$2.2 billion, on value added instead of having it shipped out, or are we looking at more shipments outside the province of our goods in the raw form? That's my first comment and question.

Then I want to go to the FMAs in the province. As you know, we have one under consideration, and I'd like to know when that'll be resolved. Maybe you don't want to let me have that information here, but I'd sure appreciate a move towards that. It's been ongoing for several, several years, and I understand that you and another minister are involved. It would be nice to have that information when I'm asked, and I've been asked several times over the course of the last couple of weeks, "When will that be resolved?"

So those are the two things I'd like to raise now, and then I might come back in later.

MR. SMITH: Okay. Thank you. If I can address your second question first and your first question secondly. With respect to the FMA, both establishment and in review, a standing policy committee has a subcommittee on the review of the FMAs through Wayne Jacques, David Coutts, and Gary Friedel. That committee is scheduled to report to the standing policy committee towards the end of March. There are a number of details with respect to not only the FMA that you've mentioned but also to the ongoing discussion about FMAs renewal policies and also with respect to the FMA discussion underway with GAP and Manning Diversified. So I can certainly give you an update as to the details of the progress of that specific FMA this afternoon.

With respect to your first question: boy, I'll tell you, there's nothing that couldn't be solved by having about 4 or 5 million people in this province that would cause us to build a lot more houses. The export value of shipments is dependent on two things. One is increased volume, and actually one of the companies that located in the Whitecourt constituency has done an excellent job of international marketing and has secured a very good long-term contract with a tissue company in the United States that continues to build exports and to build jobs particularly in the Whitecourt area. Also that particular company looks on building more value-added facilities that are contingent upon its security of fibre. I think that can be brought into play with respect to the FMA discussion.

Secondly, the price of the export also determines of course the total value of the exports. Prices have been very high in terms of pulp-related products, also with lumber, also with OSB. That market is now under intense scrutiny as to the continued growth

of the marketplace. It's estimated that there is going to be well over 8 million cubic metres of OSB coming onstream. That is of concern in terms of increased capacity and also the rate of product substitution for plywood. The ability for Alberta to continue to value add on OSB will be dependent on, I think, the increased rate of substitution for plywood in southern markets.

The other side of course is the ongoing discussion about countervail and tariffs into the United States market. It's going to have an effect on softwood exports. There is an agreement now, I believe. It's either signed or at the final stages of determining market share. Basically when you go into dispute resolution on free trade with the United States, that dispute can be initiated by a trade association of the United States. They then move that towards their trade panel and Mickey Kantor in Washington, and it's not always necessarily a function of competitive pricing as opposed to our being able to supply softwood products at a less rate than the United States because we're more efficient, we're more productive, and we have better timber.

How that's going to finally be resolved will probably be towards market share, and there will probably be more discussions as to the province extracting higher revenues from the industry itself. That's going to affect the amount of exports on that side. So I would think that the lumber industry, both from an SBF basis and also from a pulp basis, will probably not be as robust as it has been in the last 18 to 24 months.

MR. TRYNCHY: Well, that's just a supplementary.

Then let me ask this: what can your department do to not have that raw product shipped, exported? Then we don't have to worry about the countervail. We can put those OSB boards and our raw lumber into manufactured goods here in the province, whether it's furniture, whether it's cupboards, whether it's chesterfields, or whether it's specialty woods that you can ship out in a finished product, whether it's Japan or wherever. What are you doing towards that so we have less of the raw product leaving the province that can be countervailed, whether it's industry moods or whether it's political moods?

10:43

MR. SMITH: Yeah. I always thought the best example of that was Sweden. Everybody knows Sweden for Husqvarna chainsaws as opposed to the fact that it was a very strong forestry area in the early years that created the value-added industry, then subsidiary industries that ended up in chainsaw development.

One is to work very actively with the Alberta Forest Products Association and members of the industry in value-adding exports. You know, you said it yourself, Peter, in terms of the increased market penetration to the Japanese market, being able to facilitate those trading relationships, enable the private sector through trade missions into these marketplaces, and being able to deliver the technology necessary to cut products to the Japanese market. It's my understanding that their random saw lengths are different than ours. I believe Millar Western has established that technology that allows them to manufacture products specific to that marketplace and also to have less waste and more production. So one of the things that we do is provide all of that information to industry members.

Secondly is to provide as much supply substitution for Alberta-made products and services for the maintenance of these facilities throughout Alberta, and that helps create an increased industry activity inside Alberta as opposed to bringing products in from outside of Alberta to support these structures.

THE CHAIRMAN: Thank you, Peter.

The Member for Barrhead-Westlock, Ken Kowalski, please.

MR. KOWALSKI: Well, Mr. Chairman, thank you very much. At the outset let me say that I appreciate the comments made by my colleague for Lethbridge-West recognizing the importance of agriculture in the deep southern part of the province of Alberta and recognizing as well that the nearly \$3 billion of taxpayers' money that's gone into that part of the province in the last 20 years is really paying off in the mid-1990s. The infrastructure development was fundamental to the quality of life that our good friends now have today.

I've always taken a view, Mr. Chairman, that I would not ask specific questions about a department that I had previously been associated with, and it's not my intent this morning. But I do want to raise three areas of questions dealing with policy, and there is in this department a policy development area.

The first one has to do with banks. Business in the province of Alberta and the economic environment in the province of Alberta is conditioned upon small businesses having an opportunity to participate in being involved in the marketplace. In the last year and a half and two years across this country, particularly in Ottawa, there's been a lot of heavy pressure put forward by the Canadian Bankers Association to in fact have the federal government change federal legislation that will allow chartered banks in this country to get involved in a variety of new activities that they're not used to being involved in. Traditionally banks got involved as secure places for people to put their money, and then after the money was in there, some of it was loaned out and somebody made interest if profit was generated. In recent years, however, banks have started to diversify away from what their traditional purpose was, and some banks now have in fact become stockbrokers and provide services for individuals to buy stock, which puts them in competition with another part of the private sector. Now there's a big push in 1996 to have federal legislation with an impact on business in the province of Alberta to have banks in fact get involved in the insurance business and into the car leasing business, and some are looking at becoming travel agents as well.

So the question here is a policy question. Has this matter been looked at by the very competent and bright people in your department to see what the implications are going to be on the economy of the province of Alberta? One would suspect that if this trend were to continue, in fact there would be such an integration and consolidation of business that the impact on the thousands and thousands of independent small businesses in this province would be very, very negative and would be fostered by a business environment in this country that's already been protected. I daresay that if you try and continue, you'll see Tim Horton doughnut shops in virtually all of the banks too. But my fundamental question is: from a point of philosophy and policy what is the position that you're advocating with respect to allowing chartered banks in this country to become increasingly competitive with small businesses?

MR. SMITH: The points are well taken, as well as the reflection of this government's commitment not only to the tremendous amount of infrastructure that has been poured into southern Alberta but also in the development of resources in all parts of Alberta, and certainly the part of the taxation structure that changed the M and E is hopefully to precede investment and facilitate investment in all parts of Alberta.

With respect to the banking question, the policy side reflects a number of things. Firstly that the chartered banks do have a very strong presence in small business in Alberta. They contribute over \$39 billion to the small business marketplace in terms of lending. They approve over 81 percent of all applications. More

and more what you see happening now in the Alberta marketplace is that small companies through a very properly regulated Alberta Securities Commission have found other avenues to raise capital and that more and more Alberta businesses are not necessarily directly dependent on debt financing. They are moving more and more towards equity financing. That's giving them much more flexibility for growth and profit participation in the Alberta marketplace. Banks, as we all know from schedule A's, from seeing their profit positions, have moved more towards a fee-for-service type of revenue as opposed to making the majority of their revenue through the spread on loans. More and more we see Albertans turning towards relatives, other types of debt institutions for raising equity for business marketplaces, looking for equity partners from outside of Alberta.

The importance of capital, as you've so rightly stated, into Alberta is something that we're very concerned about at the department. We in fact are moving towards setting up access to capital, an access to a capital markets division in the department that would orient itself more directly to providing Alberta businesses and Alberta businessmen with a clear and simple pass towards business financing, whether it be debt or equity. Also the success of obtaining this financing is proportionate to the skill and information through business information, business intelligence that these businesses have for their own specific market sectors.

One of the parts about seeing banks in nonassociated businesses is something that's federally regulated through the Bank Act, as you all know, probably the most potent lobby in Canada being the Canadian Bankers Association. It is seen through preliminary analysis in this department that the interest of the business community would not necessarily be better served by concentrating further and further economic power to local banks. In fact, it could be seen as an impediment to competition and in fact be displacing the thousands and thousands of small businesses in Alberta that make their living through insurance, that make their money through auto leasing and other sides of the financial marketplaces. Financial services continue to be a high-growth industry sector in the Alberta marketplace, and we are focusing on continuing to provide that environment that allows small businesses to flourish and grow in the financial services marketplace.

MR. KOWALSKI: Murray, the last part of your answer was in response to the question that I asked. The recognition of the word that you used, that it could be an "impediment" – are you prepared to go to Ottawa and appear before the Finance Committee and basically point that out, that in terms of the situation and our analysis in the province of Alberta, should federally chartered banks be provided an opportunity to get involved in the secondary businesses, none associated with traditional banking, that would be a negative to the economy of Alberta and have a negative impact on small business in the province?

10:53

MR. SMITH: I am certainly prepared, Ken, to represent this government in any committee where we can facilitate small business growth in all parts of the province, where we can provide a presence that business can't normally do.

MR. KOWALSKI: Mr. Chairman, can I ask my second question?

THE CHAIRMAN: Briefly, if you can.

MR. KOWALSKI: Okay. Well, it has to do with the changing demographics in the province of Alberta. In 1996 we have approximately 2.8 million people. In 1971 we had 1.7 million.

In 1971 of that 1.7 million people approximately 460,000 were school-age children, kindergarten to grade 12. In 1996 that number is now about 525,000. Our population has escalated over the last 25 years by about 1.1 million people. The number of children in our schools has gone up by approximately 50,000. The conclusion of all that is that we are demographically becoming an aging population, and one just need look around in most meetings that one attends these days and you'll see that is so.

We are different than some other jurisdictions in Canada, but in terms of the long term and into the future and if you project this out, if one out of 10 Albertans is a senior citizen today in 1996, by the year 2010 it could very well be three out of 10, which then has a very, very, very important impact on the economy of Alberta and where we're going. What is the minister suggesting we might do to attract additional migration into the province of Alberta, not only a migration that might be paid for by an individual wanting to come to Canada on that ill-fated and perhaps questionable program saying that you can buy Canadian citizenship for \$250,000, that seems to have been useless in most places, but in terms of truly attracting a major migration of people. Secondly, where would the minister see them coming from? Would they come from Europe? Would they come from South America? Or would they come from Asia? Where should we be directing our attention?

MR. SMITH: You're absolutely correct about the changing demographics not only of Alberta but of North America in general and the immense pressure this puts on the working public in terms of supporting entitlements in the United States, as they're called, and supporting the social safety net in Canada. Alberta still continues to be one of the youngest provinces in all of Canada. We continue to have a growing workforce. We have now about 1.4 million Albertans participating in the workforce. We have the highest level of workforce participation in Canada. We continue to have a workforce that is one of the most highly skilled in North America, with over 40 percent of its participants having some form of postsecondary education. In fact, health and the education sector continue to be high employers in the province of Alberta.

If we go back to the fundamental tenet of creating the environment that will attract businesses that will attract investment, and in fact if we continue to create the environment that allows the free flow of capital, that will continue to attract individuals who are in well-paying jobs and who can support the changing infrastructure necessary in Alberta. When one looks at the \$2 billion potential investment that could occur in Joffre, that alone starts to create the attraction of increased population.

One of the things, too, that I think will contribute to an increased population in Alberta with a high tax base is the resource initiative put forth by the national oil sands task force. They indicate that the development of some 330 billion barrels of in situ oil in northern Alberta could have an economic impact of some \$22 billion and generate some 37,000 jobs, not all of which would be in Alberta. That original development has attracted young people. Fort McMurray, as you know, has some 10,000 people from Newfoundland. So in fact continued industrial and value-added initiatives do attract people. They attract younger people. They attract more skilled people.

With respect to the discussion on increasing migration from other countries, Asia continues to be an important marketplace. The immigration from Hong Kong to Canada – Calgary is now the number three location in Canada. The analysis done on the entrepreneurial investment program indicates that has a very positive leverage on increasing employment, increasing job

creation. The investor status has somewhat lesser of an impact, still has an impact and still allows capital to be attracted into the province.

THE CHAIRMAN: Thank you, Mr. Minister.

With the chair being cognizant of the time, it was my understanding that you have an appointment that you'd committed to previously. At this time we can do one of two things, if it's agreeable to you, Mr. Minister. If there are specific questions to you from the members, if you would undertake to respond to them or if your staff can respond to them, that will be your call. If, on the other hand, the government members are satisfied that they can ask the questions and have you get back to them at a later date, that's also another option. Notwithstanding any of that, I understand that you would like to be able to leave at this time but your staff would remain.

MR. SMITH: I'm at the will of the table.

THE CHAIRMAN: Okay. Are there any specific questions to the minister that you would like to air right now, or do you feel you'd like to address them to the staff from EDT?

MR. SMITH: I know, Mr. Chairman, that we have allocated more than, as a matter of fact, probably the opposition time for estimates, and I'm always in constant dialogue with my colleagues and open for suggestions. As a matter of fact, much of the business plan, the initiatives that have taken part in this business plan, is due to their ongoing, continual input representing their specific areas and specific sectors that are active and growing in members' constituencies, and I thank them for their input into the development of this business plan.

THE CHAIRMAN: If you have no further questions right now, could I have a motion then, which would be required under the Standing Orders, that we have unanimous consent to conclude this designated supply committee on EDT?

MRS. GORDON: I so move.

THE CHAIRMAN: Call the question?

MR. SEKULIC: Can I speak to that point?

THE CHAIRMAN: You bet.

MR. SEKULIC: Now that we've had the opportunity and government members have exhausted their line of questioning . . .

MR. TRYNCHY: I haven't.

MR. SEKULIC: You haven't? I thought that was just the direction given.

THE CHAIRMAN: No. I asked if there were any specific questions to the minister. If you're wanting to move on, Edmonton-Manning, I know that the government members have other questions, but I was simply trying to find out if there were any specifically to the minister that his staff couldn't respond to right now. I know the members are prepared to ask his staff further questions.

MR. BRUSEKER: Be happy to hear them.

THE CHAIRMAN: I take it, then, that there isn't unanimous consent to adjourn this portion of the meeting.

MR. BRUSEKER: That's correct.

THE CHAIRMAN: Okay.

Thank you, Mr. Minister.

MR. SMITH: Thank you.

THE CHAIRMAN: You're welcome.

Can we take it that if your staff can't respond, then we'll have them relay the questions to you, and you will get back to the members?

MR. SMITH: Absolutely, and I know that members of the department have been very focused in development of this business plan and have detailed answers and detailed responses that they're more than prepared to give to government members in the examination of this business plan. And thank you for allowing the opposition more than ample time for their portion of the designated subcommittee.

Thank you.

*11:03*

THE CHAIRMAN: Okay. Good enough.

MRS. GORDON: First off, I just want to say that it was very, very exciting last Thursday in my constituency when we announced this major expansion of Nova and Union Carbide. I'll tell you there was a lot of talk on the streets and in the cafes this weekend, and the economic benefit to the area is going to be phenomenal.

With that thought in mind I just want to ask Murray's staff – I was pleased to see that included were the key performance measures under Economic Development and Tourism and certainly, of course, the first one being job creation. In an announcement such as what transpired the other day, with the creation in the first phase of 130 new jobs and the spin-off from the construction period, when it's estimated that a number of Alberta companies will of course be on-site contractors employing upwards to 1,000 tradespeople during the peak construction periods, my first question is: at what point in time do we put new numbers for the new jobs into something such as what is indicated on page 108? Also, how do we measure the spin-offs from an announcement such as what was announced the other day with just the number of contractors and subtrades that will be involved during construction?

MR. CRAIG: I can start on that, and then perhaps some of my colleagues can also add some comments. The economic spin-off figure that we traditionally use is, I believe, somewhere between 2.5 and 3, so the long-term benefits in terms of jobs by having that project up and going is tremendous in central Alberta for all the small business that can add product and abilities and skills to those three or four operations they have. We think that initially some of the issues you've asked about will come up through the regulatory process when they go through the ERCB hearings, and many of the fundamentals will come out at that point in time.

In terms of the total job creation, the economic benefits to Alberta, the economic benefits to Canada, as a matter of policy the ministry, in dealing with these large projects, is influential in dealing with the companies in terms of maximizing Alberta benefit. So in terms of the goods and products and the people that

are hired, in all likelihood their project approval will include a commitment on behalf of the companies to maximize Alberta benefits. So firstly we look forward to that. My understanding is that the regulatory process in this area will take maybe about a year, and the construction will start likely in 1997, so we're probably maybe 12 to 18 months away from actual on-site construction. Certainly it's an exciting project for central Alberta.

MRS. GORDON: It certainly is, and I just want to go on the record, Mr. Chairman, as saying that of course both Nova and Union Carbide have been involved in the Joffre-Prentiss area for some time and certainly have been good corporate citizens. I'm sure that they'll move ahead during the regulatory process and the public consultations with what they have done in the past: taking into consideration the neighbouring farmers as well as the communities, which they work very closely with.

On another area, the Alberta Tourism Partnership. In the past there have been several programs that have been related to the hospitality industry. Alberta Best is one that comes to mind. Oftentimes with tourism the hospitality industry, be it a restaurant, café, or hotel, has the first on-line people that see the tourists and must meet with them. Are some of these types of courses and certifications going to be taken over? Will Alberta Tourism Partnership be utilizing working with the hospitality industry?

MR. CRAIG: Well, we have two continuing organizations, member. One is the Alberta Tourism Partnership, which will be fundamentally involved in the marketing of the Alberta tourism product. The other one is the Alberta Tourism Education Council, which will be a continuing organization that has dealt with the human resources training dynamics of the tourism industry, and that is the area that manages the Alberta Best. Mr. Engel might be able to also add some comments. Jim is involved in both of these.

MR. ENGEL: Well, there certainly is a close alliance between the two, and with respect to programming that ATP is going to undertake, there will be a liaison with the Alberta Tourism Education Council. They're very supportive of both the standard certification program that ATEC runs and also Alberta Best, which has become probably the single most important and most successful program they have. In view of the fact that 80 percent of the people who come to this province come not by reason of marketing efforts or publications we produce or literature we send out but come by reason of an experience that they had before in the province, service is probably the first and paramount thing that any industry will have to take a look at over the next number of years. So the ATP is certainly aware of that and is working with ATEC on a joint basis. As a matter of fact, there has been just a recent request made of ATEC to the Alberta Tourism Partnership to have their Calgary office contained within the same building that ATP is going to be occupying in Calgary, with the distinct intention that the two would be working in closer partnership as the years go on.

MRS. GORDON: Thank you.

Just one more quick one, Mr. Chairman, the Alberta Motion Picture Development Corporation and of course the recent announcement on decreasing dollars there. I know that we certainly have heard a lot of questions regarding that over the last week. Is it not true that, other than dollars, the Alberta government has offered oftentimes the Alberta Motion Picture Development Corporation the use of land and/or other things, not just financial assistance but assistance in kind, so that they can go

ahead and produce some of these pictures and TV series that have taken place in Alberta?

MR. CRAIG: Well, certainly in terms of site location the province has done a lot of work. I'm mindful of the *North of 60* film, which I understand is within the Kananaskis park.

MR. BRUSEKER: Bragg Creek.

MR. CRAIG: In the Bragg Creek area. In order to get that up and going, I know our ministry together with lands and forests did a lot of work in terms of getting site approval and getting those investment interests up and going as quickly as possible. So in terms of assistance to the industry, that is the primary job of our film commissioner: to assist the industry in site location and to deal with the regulatory approval to get site locations up and going as expeditiously as possible. I don't know; maybe some of our other people have some other detail on that.

MR. CRERAR: I think you've covered that, Al, quite well. *North of 60* is the one that pops up. It's done in Bragg Creek. Not just our department but others worked to help site that, and that's a function I see us continuing, as Al has said.

MR. CRAIG: Well, particularly when the site location is on Crown land.

MRS. GORDON: Thank you.

THE CHAIRMAN: Thank you, Mrs. Gordon.  
Don Tannas, Highwood.

11:13

MR. TANNAS: I'll ask a couple more questions and then pass. Then I have more as well.

First of all, I wanted to just respond, if I could, with a little bit of local bragging to Whitecourt-St. Anne's question with regard to building things and sending them to Japan. A small company in my constituency has a contract this year for 600 homes in Japan and is shipping them out at the rate of three a day. They have great hopes of increasing that. Okay; that's a little bit of local chamber of commerce.

On page 178 of your business plan I see that you're saying 1994 is the base year for job creation, international exports, investment, and tourist revenues. I had thought that the government was using '92-93 as its base year, certainly for the budget and deficit reduction purposes and that kind of thing. I'm just wondering – it's not a big point – why we're just looking at that year. I know there's a limitation to how many items you could use, but that would be helpful.

MR. CRERAR: Actually, you're correct. The base year is '92-93, from Seizing Opportunity. As we continue with the three-year rolling plans, we don't forget them, but you limit some of the historical information.

MR. TANNAS: Okay.

Back to another question that I was talking about before in terms of wireless technology but certainly advanced technology. Is the department putting any emphasis on advanced technologies? I presume so, but if so, what's the strategy and what are your priorities for enhancing economic development based on these advanced technologies?

MR. CRAIG: Certainly arising out of the restructuring which

involved bringing the previous technology, research, and telecommunications ministry into the economic development area, we have continued with a sectoral approach to the high-tech industry per se. We have upwards of 12 to 14 people who are dedicated to the information high-tech industry that work in a major way with growing the industry from within Alberta in terms of finding market share, finding market opportunities for existing industry in Alberta and, secondly, also to attract from outside Alberta industries that can augment what's happening within our province and also industries that are looking at Alberta as a place to invest or a place to start a business. So we have the high-tech area as a sectoral approach, as a sectoral priority, and we have some modest granting, facilitating programs for our internal ministries in terms of moving into new technology and applying new technology within their industries. It's generally a joint contract between the industry and our ministry.

At least that's an overview on it, Mr. Member. If you want more detail, I'm not sure. Our person that's responsible for that is not here, but if any of my colleagues have anything they want to add, then I would invite them to respond.

MR. CRERAR: I only have a couple of things. You talked about what are some of the approaches we're taking. You know, there are increased partnerships rather than public funds going to a lot of extra research or additional research. It's the partnering with the private sector. We had a discussion earlier this morning on Westaim, and I think that is an example of where you have the private sector and two levels of government who have made an investment in the long-term future in technology.

Then taking that a step further, it's not just the research of technology. It's the commercialization of it, and that's, again, where we will put greater emphasis: taking the efforts of the investment in research and working with the private sector in taking that out to the marketplace. That's where we're looking at our long-term sort of recouping of our investment in research.

MR. TANNAS: Okay. I do have other questions, but I'll pass and get my turn again.

THE CHAIRMAN: Gary Severtson, Innisfail-Sylvan Lake.

MR. SEVERTSON: Thank you, Mr. Chairman. I would like to ask a few questions on the Alberta Opportunity Company, AOC. Different people have mentioned the importance of small business, and I think Alberta Opportunity Company plays a big role in that area. To start off, when I look at page 115, the nonbudgetary payment to the Alberta government of \$27 million: how does that affect the payment on operations in the current year then? Because I see on that page that that was the only year that the \$27 million was paid. In '94-95 there was no payment, and this year, no estimate payment.

MR. CRAIG: I would ask Brian Williams from our area to respond to that, if you would please.

MR. WILLIAMS: Yes, thank you. I just want to make sure I understand your question correctly. You're talking about the \$27 million that was provided to AOC in this particular fiscal year?

MR. SEVERTSON: Yes. How that affects the operations of it.

MR. WILLIAMS: In itself it does not affect the operations other than there's about a \$21 million deficit net worth. Virtually, what that does is wipe out your current deficit and then turn that into

a profit or to a positive net worth. I suppose the best way of describing it is: what has changed the operation of AOC is that we are now trying to match our funds that we borrow against the outstanding loan portfolio. In other words, if we have loans that are outstanding two, three, and four years, when we borrow from the GRF, which we do now – we don't borrow from the heritage trust fund – we try and match those on the same thing. We weren't able to do that before when we were simply borrowing constantly from the heritage savings trust fund. So that probably is one of the major changes, because we were able to take some of those funds and pay down the heritage savings trust fund debentures outstanding.

MR. SEVERTSON: Mr. Chairman, supplementary to that. When I see the debt servicing costs: in '94-95 it was \$9,572,000, and it is estimated this year at \$5,460,000. So there's not that much difference compared to last year when you had \$27 million extra funding – on page 115 on the debt servicing line. Like, last year we paid \$6.33 million, and this year is estimated at \$5.460 million. I thought it would reduce more than that, like all the way across that line.

MR. WILLIAMS: Well, first of all, we're paying less. Interest rates have decreased.

MR. SEVERTSON: Oh, okay.

MR. WILLIAMS: That is a major factor. Even your bank prime rate a year ago was probably 9 and three-quarters as opposed to 7 percent today. So that follows that your costs of borrowing . . .

MR. SEVERTSON: That's part of it, not just the \$27 million.

MR. WILLIAMS: That's right.

MR. SEVERTSON: One more question. AOC: is one of their goals to reduce completely the deficit in operation, or is it still a mandate to help companies that otherwise – my understanding is that they have to be refused financing from another institution before they can come to AOC.

**11:23**

MR. WILLIAMS: That's right.

MR. SEVERTSON: So what's their mandate? Is it to try to eliminate the deficit completely or to try just to keep the deficit as low as possible?

MR. WILLIAMS: Well, first of all, just to go back to your first comment. Before AOC will make a loan to an Alberta business, they must have a letter of decline from a major lender. So in essence they are a lender of last resort.

As far as eliminating the deficit, I doubt quite frankly whether that will ever happen, because AOC is operating strictly on borrowed funds; in other words, they have no equity or very, very little equity. It's like any other normal business. If you were going to borrow 100 percent of your funds required and have virtually no net worth or any equity, you just really can't operate. The grant requirement, though, will continue to decrease.

You know, I think the matching of funds is a very important change that we made in the past year. Also, where AOC was really getting hit was during times of decreasing interest rates. The old regulations of AOC did not contain a penalty clause. In other words, you could walk in and have a \$700,000 loan, and

when that loan was made the interest rate was, say, 13 and a half percent for five years. As the interest rates declined, what would happen is that many of the customers could get similar financing for, say, rather than 13 and a half, 10 and a half percent. They'd walk in, pay AOC off with no penalty, yet AOC's still hung out there with paying, in this particular case the heritage savings trust fund, let's say, 13 percent. So those are some of the reasons why we believe that in the future – well, we know that in the future there'll be no more, there should be no more \$15 million, \$16 million, \$17 million grants. Like, now we're looking at \$5 million and \$6 million.

THE CHAIRMAN: Is that it, Gary, or have you got another one?

MR. SEVERTSON: I know that AOC is doing a review of the whole program. What's the status of that review right now?

MR. WILLIAMS: That's a review being undertaken by senior management and the board of directors on the whole. There is a monthly board meeting. There's an agenda all established of different items we've discussed actually following the board meeting. There are probably 35 to 40 major issues that we would be looking at with the objective of streamlining the operations of AOC: more accountability, better control on costs as far as our branches are concerned, implementing budgets that can be monitored on a quarterly basis. There's just a number of those, and we anticipate that we should have that review virtually finished and our recommendations by June of this year.

MR. SEVERTSON: Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you, Gary.

Before we go on, our next question is from Clint Dunford, Lethbridge-West, but I've got a mix-up. I didn't mark it down properly. Was it you, Peter, or Ken who wanted the next question?

MR. TRYNCHY: I'll pass. I'll ask mine directly to the minister.

THE CHAIRMAN: Okay. Clint and then back to Don Tannas.

MR. DUNFORD: We've been talking this morning a fair amount about the interrelationship of, of course, economic development and tourism, really, recognized by the title of the department itself. But some of us have been looking for a marketable name for the north-south trade corridor. I'm wondering if the minister's use this morning of "the free trade highway": is that an indication of this department's position? If it is, that's great. If it isn't, will it consider it?

MR. CRAIG: Well, certainly we think it would be useful to look at something like that, member. I believe that, as the minister indicated, we are arriving at some reasonable degree of success in terms of our north-south corridor and that arrangement which would involve Alberta and four or five of our major colleague states, which would take a product technically right from northern Alberta, from Grande Prairie right through to northern Mexico on one bill of lading and a lot less hassle on dynamics when you cross provincial lines or state lines or down into even Mexico.

That's not the only corridor that's being developed. Our colleagues in central Canada, certainly in Manitoba, are looking at a similar corridor going down through Texas into Monterey, and I'm sure that probably our friends on the west coast will also be looking at lining up transportation networks. So it's a

reflection of the free trade agreement and the whole dynamics of moving product back and forth from Mexico to the U.S. to Canada and vice versa.

If we wish to use "the free trade highway," certainly we would give thought and attention to that. The budget speech identified the government's priority in terms of continuing to four lane the highway from Lethbridge south. Additionally, we have dealt with Revenue Canada, I believe – who is it that runs Customs? – in terms of a different approach to organizing Customs at that border crossing there. I know that sometimes the trucking industry can have a real problem, and you're lined up for five or six blocks trying to get the trucks through that border crossing. So there's an interesting set of dynamics from the U.S. Customs Service and the Canadian Customs service in terms of really moving the trucking industry quickly through these areas. That hasn't always been the case.

So, I mean, we're encouraged by certainly the corridor development, whatever name you want to attach to it, the increase in the infrastructure costs that'll be put to that, and looking at the border crossing dynamics to try to improve those attributes also.

MR. DUNFORD: A supplementary, then, based on that answer. If we were able to negotiate the one bill of lading, does that remove the need for sort of free trade zones, or would that still be required? Southern Alberta will certainly become a distribution and service centre on the free trade highway. Do we still need to be looking at something like that in case the products happen to come from Japan or Germany for assembly into a Canadian product?

MR. CRAIG: I don't have detailed technical information on that, member, but certainly it strikes me that the feature of the U.S./Canada free trade agreement dealt with the reduction of the taxes over the years. So if you're starting with 30 percent, 20 percent, 10 percent, I think we probably are looking at an additional three or four years to bring that down to zero. When it comes down to zero, then in my own mind I'm not sure what we'll be checking, because if the products have a full opportunity to cross from Canada to the U.S. free of any tax, then it would be interesting to see how the distribution setup occurs on both sides of the border. Certainly we see southern Alberta as being instrumental because of the north-south situation, as we spoke of, but also because it connects to – what? – I-10.

MR. DUNFORD: I-15.

MR. CRAIG: Whatever goes into Chicago. Taking you east into the Chicago network is probably as important an access to us as the north-south one because there'll be a lot of agricultural product that will go down that highway and then head east.

11:33

MR. DUNFORD: That'll be fine. I'll just go to the bottom of the list and come back, if there's time.

THE CHAIRMAN: Thank you.

Don Tannas, followed by Judy Gordon, please.

MR. TANNAS: Okay. I want to ask a question or two based on the Alberta Economic Development Authority under program 1.0.6. I would say that government has always had the ability to receive information from the private sector on a variety of fronts. So what's the benefit of the creation and the maintenance of the Alberta Economic Development Authority? That's for openers.

MR. CRAIG: Let me respond this way, Mr. Member, because I think you're quite right. The standing policy committees receive briefings and proposals from a variety of business-related organizations, either the industry association or the chambers or a variety of historical organizations that represent the business community. I suspect the advantage of the authority is that the authority then can take a total look at industry issues. While an industry association may represent that particular industry's interest with respect to public policy, the other organization probably is set up in such a way that it can take a more macro look at what's occurring for all of industry in Alberta. Not to depart from the specific industry association, but it kind of represents a collectivity more toward the chamber model. That's the one advantage that the authority has in terms of economic advice to government.

MR. TANNAS: All right. You probably partly answered the next part. I was going to ask you about more of the specifics of it. As you suggest, the standing policy committees hear from the Alberta Cattle Commission or the Western Stock Growers or the beet growers or whatever. I presume you can get in any of the interest groups. I was wondering if there were maybe some more specific items that showed the spectrum that you deal with.

MR. CRAIG: Well, the authority is broken up currently into 15 or 16 subcommittees, and the subcommittees range from taxation issues to regulatory issues to export development issues to transportation issues. It has its own subset of subcommittees that would look at issues in relationship to a narrower focus. So if you're talking about taxation issues or, for example, if you're talking about regulatory issues, then those sectors of the Alberta economy that have some concerns or some advice or some public policy issues dealing with the government's regulatory program then can look at that in some detail. When they're finished with their detailed look at it, then it moves back into the broader committee to also gain the broader perspective of it. If the committee then reaches some conclusion, it can move on to government by way of a recommendation for government's consideration. The relationship to this case could be taxes. It could be transportation issues; it could be regulatory issues; it could be deregulation. They have the ability to look at issues both in a narrow focus and then bring it up to a broader focus and then move it on to government for their consideration.

If we look at M and E, this is a tax that had an implication on a substantial number of business communities in Alberta. They took a look at M and E as well as the tax commission. So they were satisfied in their minds that there were benefits to government looking at some form of reducing the machinery and equipment tax.

MR. TANNAS: Okay.

With the chairman's permission, then I'll pass and rise again. I have more questions. I'll pass to somebody else.

THE CHAIRMAN: Thank you.

MRS. GORDON: Part of selling the Alberta advantage is to let people know – whether they be in Canada, in North America, or around the world – what is happening in Alberta. Presently what is the dollar value of the publications that are published through Economic Development and Tourism telling interested parties what the advantage is of locating in Alberta?

MR. CRAIG: I don't know if I have the dollar value with me. Peter, can you help me?

MR. CRERAR: I'm sorry; I can't. I will need to take that question and respond to you specifically.

MRS. GORDON: All right.

Well, I'll just follow through on that then. Peter, is there a great demand for publications from the department?

MR. CRERAR: There is a great demand, but I think one of the things we are also looking at is different ways. As times change and means of communicating messages change, you need to keep on top of how people are receiving those messages. One of the publications that has been well received from the business community is the Alberta *Venture* magazine, where we profile Alberta companies, success stories, some opportunities. Again, it's an information source about our province and our businesses and where the successes are and where the opportunities occur. We are partnering more to help us defray some of the costs. We have – and Jim can speak to this one a little more – a series of guides on small businesses that now range from starting a business, financing a business, to marketing your business. They've been in tremendous demand and distributed somewhere in the area of a hundred thousand a year free of charge. This year we're adjusting, and there's going to be a fee for those to offset the cost. So there's still a lot of paper material that we distribute to position our province as a place to do business or a place to visit.

In addition, we have moved more and more, as others have, towards using the electronic media. I don't mean television. I'm talking about things like the Internet. When the government's new or revised home page was unveiled in mid-February, our department on the same day also had a new home page. We are using that medium more and more to communicate, I want to say, the Alberta advantage: what the opportunities are for doing business in our province, which industries are the growth industries, where they are. There's not a lot of information on that, but the power of information is making sure that it's current. So we will focus on not just the content but the relevance of that information. Again the information that I referred to in the small business guides – I believe it's the end of March that we're looking to have that available on Internet as well. So that's a general response to some of your questions.

11:43

MR. CRAIG: The reason why the figures are moving targets, hon. member, is because we have devolved much of our tourism brochures, pamphlets, documentation to the Alberta Tourism Partnership, and this has been a recent phenomenon. So the type of information that we keep and distribute is changing in relationship to the way we do business. Also, when the restructuring came about three years ago, we had to go through a rationalization of the information that we keep and disseminate, because we came together from three or four different ministries that had their own pamphlets, brochures and such, and so forth. So we've gone through the whole business of rewriting, rationalizing, and downsizing the amount of documentation that we have. As Peter says, the process for delivering it changes, so a lot of it goes onto the Internet and the electronic process at the same time that we've moved a great deal of our tourism information over to the Alberta Tourism Partnership. So the figure you ask for is kind of changing as we speak. It's not something we've kept track of on a current basis.

MR. ENGEL: Al, I can comment a bit on some of that, too, but with respect to the business side of it.



MR. CRAIG: Sure.

MR. ENGEL: We have sort of three avenues of contact, one through a 1-800 WATS line that we operate under where business from anywhere in the province can contact us free of charge for information, for literature, for publications, for whatever kind of help they need. We receive on that particular line something in the neighbourhood of about 12,000 calls a year, which are serviced out of our offices in Edmonton and Calgary.

Up until this year we have operated business service facilities in both Edmonton and Calgary. That covers a whole wide range of services to business, from pre ventures – in other words, individuals interested in start-up – those getting into start-up, operating businesses, and businesses who are in the export market development or expansionary mode. Between the Edmonton and Calgary offices we have typically gotten somewhere in the neighbourhood of another 15,000 inquiries and contacts, facilitation items beyond those 10,000 that come in on our WATS line.

Then we have a regional office structure across the province, 10 regional offices that receive another 25,000 inquiries each year. We distribute as a very basic minimum at least 60,000 self-help type guides and pieces of information just with respect to things like financing, marketing, operating a small manufacturing business, legalities of business, taxation law, that kind of thing.

Now, the important move we're taking in this coming fiscal year, which will be I think an interesting one for us and a good one for us as a partnership, is that in both Edmonton and Calgary we are dissolving the business centres that we had within our own offices, and we're instituting a business service centre partnership in both of the two cities. Hopefully, as the years go by, we will look at perhaps extending that into the rural areas too. By way of brief explanation, what it involves is that in Calgary, for instance, the Alberta government through Economic Development and Tourism, Western Diversification, Industry Canada, the Calgary Economic Development Authority, and the Calgary Chamber of Commerce are all getting together and co-locating in the same building, which will be in the Standard Life centre. It will likely open up in April. It's currently under construction. We're just in the latter stages of signing off the partnership agreements amongst ourselves in terms of sort of a co-located, one-stop business service centre.

It's a good move for us and I think certainly an even better move for the client from the standpoint that it'll be one face to the client. It doesn't really matter whether it's a provincial issue, a federal issue, or a local issue. Whatever the case is, that individual will be serviced with information in terms of what they need rather than information from a specific agency in terms of what that agency believes they should be providing. So we're co-operating together to get those under way. In Calgary, as an example, and in Edmonton, I should comment as well, we're doing the same thing only on a slightly larger scale. WD has their head office here, and we have our head office here. In the Edmonton area we have a co-operative agreement, a partnership agreement between ourselves and Western Diversification and Economic Development Edmonton, and the women's enterprise centre, which is a federal entity, is joining us on this initiative as well.

In Edmonton, as an example, we had 16 FTEs – or people, if you want to refer to it as that – on our payroll, and we used to spend about a million dollars a year in our budget delivering business services in our Edmonton area. The partnership agreement, which we just signed last week as a matter of fact, will bring that down to \$525,000 instead of a million, and there will be no people on staff in our department with respect to

business services. We have managed the downsizing of those 16 people, some through attrition, some through voluntary severance, and for six of the individuals who in fact wanted jobs, we negotiated continuing employment for them with Economic Development Edmonton. So they're moving across, without any severance I might add, into the partnership arrangement and will be operating in the business service centre as employees of Economic Development Edmonton.

So we will not have any staff on our payroll anymore, but we'll participate in a financial way under this partnership agreement to in fact make that business service centre operable. It will be operating out of the Boardwalk centre. It in fact just sort of opened its doors last week in an informal way. We haven't advertised or promoted it; we want to get some of the bugs worked out because of the partnership arrangement. Some of the federal authorities are still to move in. The women's enterprise centre is still to move in.

In the Calgary area we had five people, and we spent something in the neighbourhood of \$450,000 annually. We will have one person left, who we are transferring to another area of our operations because we need the clerical support. Of the people that were negotiated with, one person took voluntary severance, and three of them will be moving across to the centre as well under continuing employment. So we will again in Calgary have virtually no staff from the previous business service area on our own payroll, and the \$450,000 that was previously spent on servicing, that kind of thing, will now be spent in servicing in partnership under a contract agreement between ourselves and the other partners, with an expenditure of \$217,000 on our part.

We think the service will be considerably better to the client, because all of the current data and information we have in terms of the electronic data warehouse and all of the publications that we produce will be available to the centres and will be available for distribution, as will the federal publications, as will the local Economic Development Authority publications. We are currently moving right now to convert all of our publications into electronic format so that in fact they can be accessed by modem from anywhere in the province. They could be downloaded over the Internet, and you could in fact print them out at your home location and use them as a self-study guide if you want to. In fact, if you require the services of a direct kind of facility, you could still come into our regional offices and get help there, and that office in turn can link itself back to the business service centres, because they're all going to be linked back to the two centres in Edmonton and Calgary. So I think it's an exciting opportunity for Alberta businesses out there.

MRS. GORDON: I congratulate you. It's a very proactive approach.

THE CHAIRMAN: Thank you, Judy.

Folks, it's getting near that hour when we're going to be putting forward a motion, but before we get to that, on behalf of all the members here I want to thank Mr. Williams, Mr. Engel, Mr. Turner, Mr. Crerar, and Mr. Craig for all their time here this morning. The information that you've provided to this entire committee has been very open and very concise and precise as well. So I thank you for the dedication that you've shown and the opportunity to see you folks face to face and ask questions of you and your minister.

Under Standing Order 56(8)(b) we would require a motion that we as the designated supply committee on Economic Development and Tourism "conclude discussion and rise and report." Is there a mover for that motion?

MR. TANNAS: I was just going to say that I would be happy to move it, but I'm also going to be receiving it.

MR. DUNFORD: I'll move it.

THE CHAIRMAN: Mr. Dunford, Lethbridge-West, has moved the motion. Is there any debate? All in favour?

HON. MEMBERS: Aye.

THE CHAIRMAN: Opposed? Carried. Thank you.

[The committee adjourned at 11:53 a.m.]