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8:02 p.m.

[Mrs. Gordon in the Chair]

### Subcommittee D - Economic Development

Gordon, Judy, Chairman  
Haley, Carol, Deputy Chairman  
Amery, Moe  
Broda, Dave  
Carlson, Debby  
Coutts, David  
Herard, Denis

Langevin, Paul  
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Magnus, Richard  
Nelson, Pat  
Pannu, Raj  
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Taylor, Lorne  
West, Stephen  
White, Lance  
Wickman, Percy  
Zwozdesky, Gene

THE DEPUTY CHAIRMAN: Good evening, ladies and gentlemen. We are here to deal with the estimates of Economic Development. My understanding of how this works is that we'll be dealing with the Department of Economic Development, Alberta Opportunity Company, Alberta Gaming and Liquor Commission but not the lottery estimates tonight, as that is not part of what we're here to do this evening.

Customarily the minister would begin her comments.

MS CARLSON: A point of clarification, Madam Chairman. If you look at lottery estimates, it does include the lottery fund. That is on page 108 and 109.

THE DEPUTY CHAIRMAN: My understanding, hon. member, is that we're simply dealing with the three that I've outlined and not lotteries tonight.

MRS. NELSON: For clarification, Madam Chairman, the lottery fund is dealt with on a separate date. I believe it's April 15.

MR. WICKMAN: To follow up on that point, the commission, though, is dealt with tonight. That's part of Economic Development.

THE DEPUTY CHAIRMAN: Under the three headings that I've indicated, yes.

Madam Minister.

MRS. NELSON: Thank you very much, Madam Chairman. It is my pleasure and privilege to submit for your review and approval the 1999-2000 estimates for the Department of Economic Development and the related agencies for which I am responsible: the Alberta Gaming and Liquor Commission, the Alberta Economic Development Authority, the Alberta Opportunity Company. The Alberta lottery fund estimates, of course, will be dealt with on April 15. I will report to you on the state of Alberta's economy and on my ministry's plans to continue to help create a climate for growth, investment, and jobs in our province.

I would like to begin with a quote from the respected Standard and Poor's Data Resources Incorporated Canadian market outlook. They said: Alberta is expected to post one of the fastest growth rates in the nation as a whole over the coming decade, aided by low taxes and a relatively high concentration of high technology, high knowledge based industries. This statement, Madam Chairman, is typical of the positive reviews that our province is generating, not only here at home but across Canada and in fact abroad.

Our province is reaping the benefit of six years of balanced budgets, streamlined government, a favourable tax climate, deregulation,

and the benefits of a substantial pay-down of our net debt, which is expected to be eliminated by March 31, 2000. The Alberta economy continues to demonstrate its strength and diversity despite sharply lowering crude oil and other commodity prices. Continuing growth in employment, high levels of investment, and thriving business activity are indicative of the fiscally prudent policies of our government. They are paying off, giving us solid, broad-based economic growth.

I think the term broad-based is particularly important. As the chief economist of Scotiabank put it: the key to Alberta's economic resilience is diversification, which has occurred across a broad range of industries. In a March 1999 study by Mr. Ted Chambers of the Western Centre for Economic Research at the University of Alberta, he states that over the past two decades Alberta has moved from having the most volatile economy in the three most western provinces to having the least volatile, most diversified economy.

Important factors in reducing Alberta's volatility in the past decade include, first, a more diversified agricultural sector whose increased ability is a reflection of the different crop and market conditions associated with the wide range of commodities being produced, also the increased relative importance of the natural gas sector, the emergence of a new and expanding internationally competitive segment of manufacturing, and the rising relative importance of business and professional groups in the business and professional service sectors.

One only needs to look at the numbers on Alberta's economy in 1998 to see that these opinions are solidly rooted in fact. Our gross domestic product went up by an estimated 3.1 percent in 1998, and over the past five years Alberta's economy has had a growth rate that is the fastest in Canada.

Employment in Alberta grew by 3.9 percent, the highest growth among all provinces and well above the national average rate of employment growth of 2.8 percent. With only 9.6 percent of Canada's population, our province created 15 percent of its new jobs last year. A record 1,514,000 Albertans were employed in 1998. That's 57,100 more than in 1997. Alberta's unemployment rate averaged 5.7 percent, our lowest unemployment rate since 1981. This tied us with Manitoba for having the lowest average rate among the provinces, well below the national average of 8.3 percent.

Retail sales were up an estimated 4.7 percent, the third highest growth in Canada, and once again Alberta led the country in retail sales per capita. Housing starts grew by 15 percent to 27,122 in 1998, the highest annual level since 1981 and the highest growth rate among the provinces. Over the 12-month period between June 1997 and June 1998 Alberta gained a net total of 46,787 people from other provinces. That is the highest on record, Madam Chairman.

Despite a billion dollar decline in energy investment in 1998, total investment grew by 4 percent last year. Manufacturing and service industry investment grew by 29 percent. While the value of our manufacturing shipments declined 4 percent in 1998 to an estimated \$32.9 billion, virtually all of this decline can be attributed to the

lower values of our refined petroleum product shipments, which are directly tied to crude oil prices. The value of exports also declined by 9.4 percent in 1998 to \$30.5 billion. This can primarily be attributed again to lower prices for crude oil and agricultural products. However, the real value of exports, discounting the price changes, actually rose by 4 percent in 1998.

The fundamentals of Alberta's economy in our short- to medium-term growth prospects remain very strong. There is no question that we have felt and will feel the economic impact of lower crude oil prices, yet the diversification of our economy has kept Alberta healthy and vibrant. Scotia Economics' chief economist reports that there is a tremendous resilience in the Alberta economy driven by diversification and competitiveness in the local marketplace. They also report that although the plunge in crude oil prices has cooled Alberta's fast-paced economy, its performance remains well above the national average. The senior vice-president of the Investment Dealers Association of Canada says that he sees Alberta's economy as being one of the top performers in Canada and cites our economic fundamentals as very, very strong.

Looking to 1999 and beyond, we expect Alberta to continue to benefit from moderate and sustainable growth in the United States, our major trading partner, expected stabilization and gradual recovery of the Asian economies, low inflation, low interest rates, and a modest recovery in commodity prices as we've seen recently in our crude oil. In 1999 Alberta's economy is projected to grow by 2.4 percent in real terms. This will be Alberta's 13th consecutive year of economic expansion. Alberta's domestic economy is forecast to remain strong, led by healthy consumer spending and continuing high levels of investment in oil sands, petrochemicals, pipelines, and food processing industries.

Consumer spending should be driven by steady employment growth, positive net migration, and continued increases in wages. Tax changes announced in the 1998 budget and 1999 budget will also increase personal disposable income and further boost our consumer spending. Housing activity will slow in 1999 to about 24,000 starts, down from 27,122 in 1998, but we predict residential housing activity to grow to over 30,000 units by the year 2002. We are expecting business investment to remain strong with numerous major projects planned or under construction. Some of those include almost \$4 billion in transportation and communication industry investments for this year, more than \$2.3 billion in manufacturing investments in 1999, more than \$1 billion in industrial and commercial construction this year, and plans to invest over \$15 billion to develop new oil sands projects and expand the existing facilities over the next five to 10 years, a projected total in capital projects of \$42 billion based on our March of 1999 data. At the end of the day, in 1999 Alberta's economy should create 29,000 new jobs. That's an increase of 1.9 percent.

#### 8:12

The unemployment rate should average 6 percent this year. The national unemployment rate is expected to average about 8.5 percent. Alberta's low unemployment rate and attractive business climate will continue to attract new investments and job seekers from other provinces. These new Albertans will need housing and consumer goods. Their spending will encourage business to expand and create more jobs. We're forecasting Alberta's economy to grow by an average of 3.8 percent this year. Over the next four years we expect employment over the period to grow by an average of 2.3 percent per year.

Madam Chairman, at this point I would like to highlight the plans of Alberta Economic Development, which plays a key role in developing and fostering our Alberta advantage. Alberta Economic

Development focuses on the government's core business of prosperity. Its mission is

to be the most credible and reliable source of strategic information and competitive intelligence on doing business in Alberta and in helping Alberta businesses to succeed in a global economy.

It achieves this mission through three core businesses:

strategic information and external relations; industry development and investment attraction; and trade, market, and regional development.

To achieve these ends, the department has five key goals. The first is to "be an advocate for, and promote, the Alberta Advantage." The second is to "promote trade, industry development and investment to facilitate the growth and competitiveness of Alberta's key industry sectors." The third is to "strengthen cooperation and partnership in addressing economic planning and development issues and priorities." The fourth is to "provide timely, relevant, accurate information and expertise to clients and stakeholders." Finally, the fifth is to "ensure that the department is administered effectively and in a way that provides a positive work environment for all employees."

Madam Chairman, we are facilitators for the economic growth of the province. We will continue to manage the opportunities and challenges of growth through expanded partnerships with business leaders, organizations like the Alberta Economic Development Authority, community groups, and through the Council of Economic Development Ministers. We will work together on a number of priority projects. For example, the department will continue to work with the Alberta Economic Development Authority and Alberta Treasury to assess the province's overall competitiveness in terms of taxation. We will continually benchmark our position on all aspects of taxation and regulation relative to major competing jurisdictions. In response to pressures of growth, we will identify and evaluate major needs in terms of infrastructure to support expansions in areas such as agriculture, energy, forestry, manufacturing, and tourism.

On the subject of tourism, after consulting with industry, we unveiled a new tourism framework. Led by the Strategic Tourism Marketing Council, which consists of both industry and government members, the strategic marketing plan will be delivered by the Travel Alberta secretariat in partnership with Economic Development.

In the area of international trade in conjunction with Intergovernmental and Aboriginal Affairs, Advanced Education and Career Development, Education, Agriculture, and Energy we are developing a comprehensive, governmentwide international strategy. This strategy will assist in determining the future of Alberta's foreign representation.

On the subject of strategic information, we will implement an information management strategy and upgrade the department's Internet site to better market its products, services, and information. We will also strengthen Alberta's profile as a trading partner, business location, and tourism destination by developing and implementing a brand identity program to support public- and private-sector marketing efforts.

Madam Chairman, those are some of the priorities that we will pursue in the year to come.

I would now like to highlight some of the budgetary issues. Our estimates add up to \$74,919,000. The budget for the Department of Economic Development is \$52,239,000. The first program, ministry support services, is responsible for the office of the minister and the deputy minister, finance and administration, funding for the Alberta Economic Development Authority, and funding for the standing policy committee on jobs and economy. This total budget is \$4,722,000.

Our second program, marketing and business development,

includes international markets and regional development, industry development, and strategic resources. Its total budget is \$28,972,000.

Our third program is tourism, designed to implement the new tourism framework announced last August. Its total budget is \$16,100,000.

Our fourth program, technology commercialization initiatives, includes \$2,445,000 for initiatives that will bring research ideas to commercial production.

Alberta Opportunity Company is also funded through the ministry. Over its 26-year history it has made large contributions to Alberta through financial support to our primary vehicle for job creation in the small business community. The Alberta Opportunity Company proposes to approve loans to over 330 businesses in 1999-2000, helping those businesses to create or sustain a further 2,400 jobs in our province. Over the next three years lending will amount to roughly \$37 million in 1999-2000, \$39 million the year after, and \$39 million again the year after that, increasing its loan portfolio by 17 percent by the year 2002 at no extra cost to government. As well, it will provide \$3 million in financial assistance to support the development of new exports and the growth of existing exports out of the province.

Over the past three years the Alberta Opportunity Company has maintained a low level of write-offs. Their aim is to ensure that their annual write-offs will not exceed 3.3 percent of their loan portfolio. Its operating grant of \$5,447,000 is consistent with last year and will be used to undertake the high-risk lending called for by their mandate.

I am also, Madam Chairman, responsible for the Alberta Gaming and Liquor Commission, which is an independent, impartial, and autonomous tribunal. The commission develops policy, collects gaming and liquor revenues, disperses provincial lottery revenue and licences, and regulates and monitors gaming and liquor activities in the province of Alberta. The Alberta Gaming and Liquor Commission was established under the Gaming and Liquor Act on July 15, 1996. The board of the Alberta Gaming and Liquor Commission is a quasi-judicial administrative tribunal that may hold hearings into any matter that pertains to gaming and liquor. It can impose penalties, including fines, suspensions, and cancellations of licences for breaches of the legislation.

The Alberta Gaming and Liquor Commission's mandate, in accordance with the Gaming and Liquor Act and the Criminal Code of Canada, includes the following:

- license, regulate and monitor gaming and liquor activities in [our province];
- ensure integrity and social responsibility in the operation of gaming and liquor activities;
- collect gaming and liquor revenue;
- ensure business and program operations are run effectively and efficiently;
- define operating policies and procedures for gaming and liquor activities;
- disburse provincial lottery revenues;
- support industry and government initiatives to address problem gambling and responsible alcohol consumption; [and]
- communicate to gaming and liquor stakeholders accurate and timely information.

In addition, Madam Chairman, the commission administers the Alberta lottery fund. In 1999-2000 net revenues from lotteries, liquor, and gaming are estimated to be in excess of \$1.2 billion. These revenues include \$767.5 million from our gaming activities and lottery sales, an increase of \$108 million from last year's business plan but equal to fiscal 1999 projected actuals. Revenue

from liquor products are estimated at \$453 million dollars, significantly up from last year's business plan of \$420 million. VLT, slot, and lottery revenues are transferred directly to the Alberta lottery fund. Liquor revenues are transferred to the general revenue fund.

The commission's operating expenses this year are estimated at \$70,233,000, the same as the prior year's business plan. No increases in operating expenses are anticipated. The major components of their operating expenses are: amortization, \$20 million; salaries and benefits, which include the Western Canada Lottery Corporation staff, \$17 million; the communication network, which is the linkup to all of our electronic gaming, \$5 million; lottery ticket advertising through the Western Canada Lottery Corporation, \$6 million; ticket printing for instant tickets, \$5 million.

Madam Chairman, this concludes my opening remarks on the estimates of the Ministry of Economic Development and the agencies for which I am responsible. I'd like to thank and commend the management and staff of the ministry and the agencies for their continued efforts, dedication, and professionalism. Their performance remains noteworthy.

Madam Chairman, I'd like to thank you for the opportunity to provide these remarks. I look forward to hearing the comments from hon. members and to answer any of their questions regarding these estimates. As in the past I will undertake to review the *Hansard* and to respond promptly to any questions that I may not have time to answer here tonight or may not have all the details on.

I thank you very much.

8:22

THE DEPUTY CHAIRMAN: Thank you.

The Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Madam Chairman. My opening comments on the Economic Development estimates tonight have to do with the process. As the minister is aware and as the government is aware, our critic for Economic Development, the Member for Lethbridge-East, is exactly the same critic as for agriculture and has been for some time. When this meeting was scheduled tonight, it was scheduled at the same time that Agriculture, Food and Rural Development was meeting in subcommittee C in room 512.

DR. TAYLOR: Good planning.

MS CARLSON: Good planning on your part perhaps. Absolutely impossible for that person to split himself in two and be in two places at one time.

DR. TAYLOR: If you'd elected more members, you wouldn't have to worry about that.

MS CARLSON: Well, I think we're not going to have to worry about that next election, are we? You guys will be looking at a different situation then, and believe me . . .

THE DEPUTY CHAIRMAN: Hon. members, maybe we could have a little less back-and-forth across the floor and a little more concentration on the estimates, which is what we're here to deal with.

MS CARLSON: It's on these estimates that I am speaking when our critic, the person who leads all of the questions and the direction in our caucus, cannot be here to put forward his questions to the minister and cannot be here to listen to the responses from the minister on those questions.

MRS. NELSON: With due respect, Madam Chairman, *Beauchesne* 459, relevance. We are here to discuss the estimates of Economic Development. I cannot get into a debate as to who was selected to sit on what subcommittee. It's not relevant to the estimates debate here tonight, so I'd ask that we get on with it.

MS CARLSON: Well, with due respect, Madam Chairman, it has everything to do with who leads the discussions on this side of the floor.

THE DEPUTY CHAIRMAN: Thank you. I understand the comments from both sides of the floor, and I'd really appreciate it if we could focus on the estimates, member.

MS CARLSON: Madam Chairman, I'm making my point that a person cannot be in two places at once, and we are opposed to the splitting of these estimates because our critic in Economic Development cannot be here to speak to the issues.

MRS. NELSON: A point of order, Madam Chairman.

THE DEPUTY CHAIRMAN: Madam Minister.

MRS. NELSON: The arrangement for dealing with estimates was a position agreed upon by the House leaders of this Legislature on all sides. So I would ask again, 459, that we continue on the debate with the estimates so that members can ask their questions.

MS CARLSON: Madam Chairman, that agreement was made under duress. I'll continue with my remarks.

THE DEPUTY CHAIRMAN: The "duress" part caught my attention, because Standing Orders are agreed to at the beginning of each session in here and . . .

MS CARLSON: But it is in the Standing Orders, Madam Chairman . . .

THE DEPUTY CHAIRMAN: Excuse me, member. We're here to discuss the estimates. Perhaps you'd like to talk about the estimates.

MS CARLSON: I want to make my point one more time that that was the estimates I was talking about.

I will now move on to the minister's opening comments. She stated that the key to diversification here is - that economic prosperity in this province is based on the premise of diversification. Then I'm wondering if the minister can answer for me why they missed the mark in some regards here. I would refer the minister to the report that was undertaken by KPMG that is referred to in the business plans, where they point out that Economic Development as a ministry has a problem in terms of being underfocused on emerging industries. I'm wondering how the minister will respond to that.

Now, I know that she answered a question in the House on this issue not that long ago, but there were some problems with the answers she gave, from my perspective, that I would like her to elaborate on here. She went into some detail in her opening comments in terms of the kind of economic growth that we're seeing here in this province. That's very positive, and we're happy to see that. But if Economic Development is a facilitator in that process, if their core business is prosperity, then how can it be that in a review they seem to have missed the mark in international marketing activities? Not only do they need focus, but the rest of the country is experiencing huge growth by anybody's standards, particularly by

Canadian standards. We see growth in this province overall of less than 5 percent whereas other provinces are seeing 20 percent or more growth. We see in Alberta a drop in growth in the very area that this minister has supported, markets internationally, and the figures I heard were 40 percent. So perhaps if she could clarify that, I would appreciate that.

In her comments on that when she said that they were reviewing the international marketing activities of the department at this stage - and just so that everybody's clear on my reference, I believe this comes under vote 2 in the estimates - she talked about getting together with the western provinces and the territories or Yukon and putting together a western regional alliance. She didn't say "and" Yukon. She said "or" Yukon. Madam Chairman, I'm wondering if the minister could tell me if this is a parallel system to PNWER, the Pacific Northwest Economic Region, which includes some of those same provinces, Alberta and B.C. Is this a parallel function that she's proposing, or is this in conjunction with the existing organization, which I believe has been a good organization and has been beneficial for Alberta to be a member province of and which promotes the entire northwest region of both the northern states and the provinces? Or is this something independent, something new that we're going to start to see more dollars put into?

Having been involved in PNWER off and on for a couple of the years that I've been in this Legislature, I know that like any organization that deals with a number of government bureaucracies, there were growing pains. There still are some wrinkles to be ironed out, but the essence of the belief of those states and provinces in terms of coming together and promoting a region is very sound. I think it has worked for Alberta in a number of instances. In terms of trade corridors, in terms of transportation corridors, in terms of ironing out some of the agricultural conflicts that we have faced with the States, in terms of promoting our environmental technology, I think it has been extremely beneficial to Alberta. In spite of the growing pains it has experienced and in spite of the costs associated with it, I think overall some serious progress has been made there, and it is a benefit to the entire region and specifically to us.

If this minister is now talking about going out and starting some new organization, a different organization involving no states but more provinces and duplicating structure and the number of meetings - because I would anticipate that it would be similar kinds of industries this ministry would be targeting - then I think that should be a more full and open debate here in the Legislature, Madam Chairman, and not only in the Legislature but out in the community. I think there are a number of industries who would like to be at the table in any planning there. Thinking back to PNWER and some of the growing pains that were experienced there, it often was because industry organized in isolation of the government bureaucracies and the government bureaucracies organized in isolation of industry. By the time they got together and co-ordinated, there were some problems.

Quite frankly, Madam Chairman, this department, Economic Development, particularly in the area of international marketing activities and their trade offices, doesn't have an outstanding track record. You can take credit for all of the gains this province has experienced if you want to. Certainly we've heard that on more than one budget year in this House. But the fact is that after massive reorganization in the past few years, we have seen a department that has been basically gutted. So that brings forward a couple of questions. That brings forward the question: what were they doing before? How unfocused were they at that stage? How much time, money, energy, and staffing was wasted?

And it brings forward the question of how in that gutted state, in what must be I am sure either a rebuilding stage or a survival stage -

I'm not sure which one, and certainly from the minister's opening comments I didn't see it from the direction taken there. We need to know how it is that they can be effective, given the outlines that we've seen here in the business plans and their major strategies. In the near future I'm not sure how those can be accomplished. So I would like a little more detail on that, Madam Chairman. If the minister can provide that information and exactly how she's going to address the KPMG report in terms of specifically the whole department needing focus, which seems to be contrary to what the department believes, given what I read in the business plan summaries - the kind of benchmarking they're expecting, the major strategies they've outlined, and the credit they've taken for what's happened in this province - and also, most specifically, the under-focus on emerging industries and explain specifically the drop in growth that this province has experienced in comparison to growth in other provinces. I think that's quite important to us.

8:32

The minister talked about how the Economic Development Authority works with Economic Development to plan trade missions and trade promotions. The way she explained it in the question the other day and the little bit of information we get here, the explanation to me sounds like the people are really glorified travel agents. So my question would be: give me some more detail so I know what it is that they're doing there. If they're just organizing the travel arrangements for trade missions and putting together first entry-level meetings, we would expect more of them. If they're doing more than that, then we want to know.

We just want to know what the money is being spent on and exactly what's being accomplished out there. I know that the Premier comes back from these trade missions and says: oh, we signed millions of dollars of deals, everything looks wonderful, and there's going to be continued excellent trade relations in the future. But we know, Madam Minister, that often those deals are set up. Yes, we know that often those deals have been deals in progress that have been operating independently of government, that the connections get made sometimes at the last minute. Sometimes they're very valuable in terms of the offices putting people together with contacts in Alberta and in progressing to come forward with very good frameworks, very good plans, and very good end results, but we also know that sometimes that doesn't happen.

So we'd like a few more specifics perhaps in terms of the number of contacts that the office makes; how long it takes from the beginning contact to the end of contact for there to be some actual business done; the percentage rate of successful contacts; and the time span between the initial contact, the time a mission takes place, and the time actual business is directed. I know that the missions often happen separate from the actual business contacts. So if we can get some of that detail, that would be wonderful and very appreciated and would give us a better feel for what the department does.

Some more comments in terms of your opening comments. On the Alberta gaming I would like to know - we talked about the gaming activities bringing in revenue and supporting services. In terms of economic development in this province there's a cost to getting revenue from gaming. There's a social cost, a huge social cost to this province for that, and because Economic Development is measuring business successes, they should also be measuring business costs. In terms of Alberta gaming I would like to know the costs of the support services to help solve problems caused by gambling.

We hear all the time that for every dollar of gambling revenue that is taken in by Alberta gaming, we pay out \$3 at least in associated

social costs, be that in the food bank, be that in lack of access to housing, be that in addiction rehabilitation, be that in crime, be that in kids who go to school hungry or without adequate clothing in the winter. Those are all costs, and somebody needs to be gathering them. I think it should be Alberta gaming, because that's where the buck starts, and we should know that that's where the buck stops. So if the minister can give me some direction on that, I think that would be valuable for us to know as well.

Some questions on the Alberta Opportunity Company. The organization has been around for a long time. Certainly I understand the mandate of it. We've seen over the course of the past few years many organizations who provide support or funding to business, be they rural or urban, undergo quite a few changes. They've modernized. They've changed with the marketplace. Some have amalgamated. Some have folded. Most of them have re-evaluated their strategic strengths and weaknesses and, often as a result of that, re-evaluated their strategic direction. I'm wondering what Alberta Opportunity has done in that regard to get ready for the years 2000 and 2001 and on. So if the minister could give us some sort of a direction on any kinds of reviews that have taken place there recently that have helped ratify their existing strategy or modify or change it to adapt to emerging economic strategies that are required, that would be helpful.

Also, my understanding is that their focus to a great extent is on rural Alberta. The face of rural Alberta is changing from an economic development perspective, and I'm wondering if Alberta Opportunity's role is more than just as a lender. What are they doing to get out into rural Alberta to see how people are adapting to the changing requirements and needs out there, and how are they supporting those rural people? I would think that that should be a large component of somebody's job, and if Economic Development's core business is prosperity, then I think that's your job.

It is not just agriculture. There are many businesses other than agriculture in rural Alberta that need to be supported. Definitely we've seen core businesses in small rural communities move out, collapse because of a lack of demand and many other reasons. What is the government doing to support those industries and place more advanced technology in rural Alberta, which is where the jobs I think are definitely needed in this province? I think there's an opportunity there, and we just want to ensure that the government is in fact capitalizing on that opportunity.

Specifically on the Alberta Opportunity Company I would like information on plans for the full-time equivalent levels in the department. Also, if you could provide that for your entire department, that would be helpful so that can tie in to the information you'll be providing on strategic direction. I wasn't clear whether or not the KPMG report talked about any specific focus on Alberta Opportunity Company. If so, what was it? If not, why not? If you could give me some information on that, I would appreciate it.

Now, the ministerial expenses. If we can get a breakdown on a few things there. I'd like the breakdown to come by object for the following components, if you don't mind, and I understand that this information is unlikely to be available tonight. If you could provide it to us sometime in the future, that would be excellent. The salaries: the permanent positions and nonpermanent. [interjection] Oh, the Minister of Community Development can do it in a week. Good. Well, that should be excellent turnaround time. She provided this information very quickly, so I'm hoping that you can, too, before we have to actually vote on all of this stuff.

We'd like the wages for the contract employees, travel expenses, advertising, telephone and communications, and hosting. In the past we've had to FOIP some of this information, so I'm hoping that you can provide the components. Certainly other ministers have done

that. That would be good. If you could give us similar breakdowns for consolidated program expenses in terms of what you anticipate them to be, that would be good.

Lottery revenue. I guess we're not doing that tonight, so I'll talk about that when we get to lottery estimates.

8:42

Support services. I think I have a couple of questions there. Program 1 I'm at now. We would like to know how many full-time equivalents are under program 1, ministry support services. What are the breakdowns there by the four subprogram areas, being your office, Madam Minister, the deputy minister's office, finance and administration, and the Alberta Economic Development Authority? What are your projections there for full-time equivalents? Can you give us a breakdown, please, of the ministry support services by subprogram in the business plan on page 101. That would be also very helpful for us in trying to tie these things together.

In your office specifically could we have the \$380,000 broken down into the permanent positions for your staff, nonpermanent wages, travel, telephone and communications, and hosting? I don't see . . .

DR. TAYLOR: Just say no, Pat.

MS CARLSON: Well, you know, she could say no, but other ministers haven't. So I would expect that that would not be the response we'd get here. [interjection] Yes, in a week. In a week we've had other answers and very much appreciate it, because that means we get those answers in time to make factual decisions when it comes time to vote on the budget.

Also, if the minister can tell us what benchmarks or targets have been established within the office to meet the mandate of the ministry. Here an example would be correspondence received from the public. Do we have specific areas that have been satisfied, that haven't been satisfied? That kind of level of detail is what I'm looking for.

Thank you. I have some more questions, but I'll let my other colleagues speak.

THE DEPUTY CHAIRMAN: Thank you.

The hon. Minister of Economic Development.

MRS. NELSON: Let another one talk.

THE DEPUTY CHAIRMAN: The Member for Edmonton-Rutherford.

MR. WICKMAN: Thank you, Madam Chairman. I'm going to keep my comments very focused, because I do have the opportunity of two days of debate during the lottery estimates, during which I would expect to get into much more detail.

Before I start and just to ensure that we're both on the same track, Madam Chairman, I just want to point out, as pointed out by the minister, that one of the mandates of the Alberta Gaming and Liquor Commission is to "license, regulate and monitor gaming and liquor activities in Alberta." My questions will be focused on that particular mandate and also on the goals and strategies, the one to "work closely with gaming, liquor and hospitality industries to develop solutions to industry issues and concerns."

Now, on the first part, with the mandate, we're aware of what the mandate of the commission is. The minister has pointed out revenues of \$1.2 billion, which is much larger than the budget of a lot of the departments that ministers have responsibility for. So we

are talking about a great, great deal of responsibility that has been transferred or delegated to what is really an unelected commission, accountable possibly through the minister but unaccountable directly to Albertans.

When we look at the functions of the commission, it's been pointed out repeatedly that one of the responsibilities of the commission is addressing the whole question of the VLTs and the removal of the VLTs. We've gone through that debate, and we'll continue to go through that debate. But, Madam Chairman, quite frankly I can't say that I'm really satisfied with the way we've seen that handled. Whether one can fault the commission or fault the government becomes questionable, but the government always says: it's the responsibility of the commission; it's delegated to them. So I have to address my questions through the minister to the commission. Why was there not enough thought given so that some of the difficulties that would arise in the removal of these machines would have been foreseen?

The commission is now in a situation where they're not sure if they can even cap them any longer at the 6,000 that was originally proposed by the government. We don't know, for example, when Wood Buffalo is going to ever have the opportunity of having those machines removed. Maybe machines will be going back to Rocky Mountain House. We don't know. So to sit back and say, "We're satisfied with the operations of the commission in terms of the VLTs," no, absolutely not.

Secondly, Madam Chairman, I look at the way the bingo regulations were handled. I'm not sure if the minister became involved directly in that, but to me it was a disaster. We see a process where changes are done by the commission, an independent review is set up sometime after that, and it's announced then that some of the changes had already taken place before the committee could even have a chance to meet. Then that same day - and I suspect because of pressure by the minister; if so, I commend her for it - they decided to flip on about half of them, which was great, although they should have rescinded them all, frozen them all until that review was done.

Am I satisfied with the operations of the commission? No, I'm not. I really think it's time that this government looked at the amount of responsibility, the \$1.2 billion, that they have delegated. Possibly it's time to say: "Hey, we have to harness that back in, and we have to take responsibility for it ourselves. We've got to monitor it because we have to ensure that we can react quickly through the legislative process to do what Albertans want." We know that some Albertans requested months and months and months ago to remove machines. That can't be done by the commission because they don't have the legislative powers defined by the courts. So possibly that authority should never have been delegated in the first place.

The second point I want to raise is on the question as it relates to the goals and the strategies of the commission, and that deals specifically with addressing the concerns of the industry. One of the concerns of the industry is that when the sale of liquor was originally privatized - and the Member for Vermilion-Lloydminster, if I recall correctly, was minister at the time - it left an impression that these little guys would sort of be protected, sort of be protected to a degree. Meanwhile, what happened is a number of facilities were licensed . . .

DR. WEST: A point of order, Madam Chairman, under Standing Order 23(h), (i), and (j). It's covered in there. He's alleging or dropping an innuendo of a motive that I had in the privatization of the liquor stores that simply is not a fact. I wish him to clarify where he gets the relevance of his statement that I said that the small liquor store owners would be protected from any risk.

MR. WICKMAN: No, no, not from risk. From competition from the big guys. That's where I got that from, Madam Chairman.

DR. WEST: Madam Chairman, again I say that he's alleging a different motive in the privatization of liquor. The big guys are within the liquor privatization. He's insinuating that it might have been a Superstore or something like that. I think that somebody who owns 11 liquor stores is just as big as a Superstore.

MR. WICKMAN: Madam Chairman, let me just carry on; let me rephrase that. Some owners of small liquor outlets have come to me and other members of this caucus.

MRS. NELSON: Madam Chairman, I'm sorry; I missed your ruling on the point of order from the Minister of Energy.

THE DEPUTY CHAIRMAN: I was going to ask the Member for Edmonton-Rutherford if he had wanted to comment on the point of order.

MRS. NELSON: Well, he continued to debate, Madam Chairman. I'm sorry to interrupt, but I do need to know if you've made the ruling on the point of order.

THE DEPUTY CHAIRMAN: Thank you, Madam Minister.

I would prefer if we were very careful in what we say and how we say it, hon. member.

MR. WICKMAN: I'll withdraw it, and I'll address it from a different point of view.

THE DEPUTY CHAIRMAN: Thank you.

8:52

MR. WICKMAN: Many, many owners and operators of the smaller liquor outlets that sell liquor have come to me, have come to various members of this caucus, such as raised by the Member for Edmonton-Castle Downs the other day, saying that when they got into the business, they were led to believe that at least for a period of time the big stores would not be granted the opportunity to compete against them. Some of them put their livelihoods in there, everything. They mortgaged their homes. Now because of the way those stores have been monitored and the permits have been monitored, in terms of giving them out, we have situations where we have maybe three or four outlets in a very small area, where one kills off another and so on. That was raised by the Member for Edmonton-Castle Downs making a plea on behalf of an owner who was facing bankruptcy and requesting the minister to intervene, to somehow try and address that concern.

Now when I drive around the city and I go to Superstore, I see one outlet on the Calgary Trail; I see one in the west end. I see one at the Save-On in the west end. So the big guns are now in there buying volume, and I'm led to believe - and I may be wrong - that there are limited specials that can be purchased in quantity, and the big guns can afford it. The small ones can't. So I'm saying that there is another point that should be addressed by the commission, because I think we as government have an obligation to act in a responsible fashion so that we don't lead people down the path of disaster.

Madam Chairman, when this whole plan was put into place, it was very clear from what had happened in Montana that there were going to be problems. Now, somebody didn't look ahead in terms of projecting some of those problems. Rather than license all of these various outlets - it was like a free-for-all when they didn't put some

controls in place, some avenue of protection. Let's face it; we wanted them to enter the marketplace. We encouraged them. Then we kind of just left them out there on their own. So, you see, again it points to the responsibilities of the commission.

I am not satisfied with the way that the whole question of the VLTs has been handled, with the way that the granting of permits for the various private liquor outlets has been handled. That brings me to the conclusion that the minister should really evaluate that whole role and that whole area of responsibility.

Because there are other members of our caucus that want to speak more specifically on Economic Development and because I will be, as I said earlier, afforded the opportunity of two days of lottery debate, I am going to send over to the minister, as she had requested in her opening remarks before we got under way - I have here 38 written questions. Now, if I were to read all these out and ask the minister to respond verbally, it would take forever. So what I'm going to do, Madam Chairman, is I'm going to send these over to the minister. They're all nicely typed. They're very intelligent questions that this caucus really, really needs the answers to.

I would hope that the minister will take it seriously and will respond to all 38 of these questions in a fashion that will allow us to possibly retackle some of them during the lottery debate. I'm not asking to have them back in a week, Madam Chairman, to the minister, but I would like to have them back before we get into the two-day lottery debate so that if there are any questions as a result of the responses to the original questions . . . [interjection] It can be done?

MRS. NELSON: Sure.

MR. WICKMAN: I appreciate that commitment from the minister, and I'm going to conclude on that remark and ask to have this sent over.

Thank you, Madam Chairman.

THE DEPUTY CHAIRMAN: Thank you.

MRS. NELSON: Madam Chairman, I think I should respond a little bit to some of the comments, particularly from the hon. Member for Edmonton-Rutherford. I know he has a keen interest in the AGLC, and I will undertake to have the 38 questions that he is sending over to me answered prior to the actual lottery fund debate on April 15. We'll keep the staff busy.

I want to make it abundantly clear that he writes to me frequently with questions, usually the day after he gives them to the press, but I do get the letter the day after, so that's fair. I may give the answers out first to someone else, but we will get back to you.

I was a little concerned with his dialogue on the privatization of liquor stores and the role that AGLC had to play in it. This privatization probably will go down in the history of Alberta or even the country as being one of the most successful privatizations from a government. [interjection] The Member for Edmonton-Calder is shrieking. But when you go from a government-run organization that had been there for decades to moving it out to the private-sector environment, there are always the skeptics that say it will never work. It has been the most successful privatization that I can think of that any government has gone through. There are over 600 liquor outlets. People go into a business with the expectation - they have done their own market assessment. They've looked at the competitive forces. They've looked at the risk factors involved with it, and they've put their best efforts forward.

It is not the government's role to go back in and help refinance private-sector industry. That's socialism, and this government doesn't follow that. In fact it's against the law.

MR. WHITE: What was it? Millar, \$120 million.

MRS. NELSON: When you talked about us going back in and looking at financing concerns for . . .

MR. WICKMAN: Yeah, West Edmonton Mall, \$400 million.

MRS. NELSON: Well, the hon. Leader of the Opposition will remember those things. They were the gifts of the '80s that she and her group left for us, quite frankly. They got involved in those things a long time ago.

MRS. MacBETH: They?

MRS. NELSON: That government, yeah.

MS CARLSON: That would be you.

MRS. NELSON: No. The gifts of the '80s. I remember them well, the long list of them. Frankly, I remember very well the privatization process that went on, and I really want . . . [interjections]

THE DEPUTY CHAIRMAN: Excuse me, hon. members. Could we do this through the chair, please, and not back and forth across the room. Thank you.

MRS. NELSON: Madam Chairman, yes. I want the hon. Member for Edmonton-Rutherford to be very much assured that the privatization process that is in place has not only served the investor well but served the client. The surveying that has taken place by the Alberta liquor association themselves, the retail outlets, has been very successful. They have found that a lot of small businesses have developed in communities that may not have been there before, and in the customer surveys they've put out, the customer is satisfied. In any venture if the customer is happy, that tells you mostly the success of the business, particularly small business in a province like Alberta.

The other thing the hon. member talked about was some of the strategies of the gaming commission. Remember that the gaming commission is quasi-judicial and as such has to operate separate and apart from the daily operations of government. It must do that because it is a regulatory body that governs gaming and liquor activities within this province.

The gaming activities are governed by the Criminal Code of Canada. That draws a very fine line where political interference can get involved in Criminal Code activities. These are very serious things, and naturally you do not want political interference to be at the forefront of gaming activities because of the criminal nature. The commission has done a tremendous job, quite frankly, in making sure that Alberta has a very tight set of regulations and is monitored very well insofar as legal gaming activities go. They've been very tough on illegal gaming activities that have emerged now and then. We've had incidents that have been reported where they've clamped down and worked with the RCMP and the local police to go in and shut down those activities. That, as citizens, we want to have happen. If we're going to have gaming activities, which we do have in this province, we want them to be run tightly, cleanly, and without any bad element coming in.

We also want to have the benefit of those gaming activities accrue back to our communities, and that occurs, Madam Chairman, because we have a charitable model in this province that we as a government have embraced, endorsed, and believe must continue on. We do not want, like other provinces, private gaming to come in or

even the government to run all the gaming facilities like they do in other provinces. There's a commitment from the community; there's a commitment back to the community. It's regulated by the commission. It works quite well, and in fact the beneficiaries are the people back within the local communities through their charities and through the funds flowing back. So I think they do a very good job.

The act that they are governed under was in fact established by this Legislature, and if in fact we have to review that act, so be it. It must be done on the floor of this Legislature, and we have to accept responsibility to do that review every so often. But I think they have done a wonderful job. They've dealt with some very difficult issues these last two or three years and have done an admirable job. Instead of knocking it, I think we should applaud them and support their efforts. If we as legislators have to make some changes, so be it. Then we will have to do that.

9:02

The Member for Edmonton-Ellerslie talked about prosperity, and she made reference two or three times to the KPMG report. This is a working document that we can utilize not only in Economic Development but throughout government. Through our Council of Economic Development Ministers and the Alberta Economic Development Authority we have changed things somewhat, and I don't think the hon. Member for Edmonton-Ellerslie has the full impact of crossing over the barriers of departmental lines.

It's been a long time in coming, and it's actually necessary in order that we can draw upon each other's strengths and intelligence and knowledge base in order to promote the province. None of us are large enough any longer to be able to do it all alone, Madam Chairman, so we must be able to cross over boundaries not only within government but between governments.

She referenced an answer I gave as it pertained to the last western Canadian economic ministers' meeting, where we sat down and dialogued on how we could promote western Canada globally together, park our political philosophies at the front door and work together to promote western Canada, which would include the four western provinces and the two territories. We did that because none of us are large enough, really, to have the financial backing in any of our departments to go out and do it alone, and we know that in western Canada - and it's not a slam; it's a fact of life - if we don't promote western Canada, nobody else will do it for us. That has been the history of western Canadian development.

We agreed that we would go back to our officials and ask them to work out a game plan as to how they could in fact work together, again parking the political philosophies at the front door, focusing on economic development, possibly sharing some of the dated intelligence, and recognizing that our competitor really isn't Saskatchewan, our competitor really isn't Manitoba, that our competitor is really the global arena, and get away from this east/west, north/south competitive mode within western Canada and start focusing on putting forward a competitive advantage for all of western Canada. Because quite frankly when something comes to Alberta, some of the services may in fact come from Saskatchewan. So it's a benefit all the way across western Canada to have economic development investment occur.

The other element you talked about was PNWER. PNWER to me is a prime example of how a region can in fact come together to promote economic development. I had the opportunity to be invited to a PNWER meeting - I think it was in November - in Victoria to talk about tourism. Again, tourism is a very important industry. In fact, it's the fastest growing industry in the country, and PNWER, which involves the western region of the United States as well as Canada, came together to talk about the promotion and the linkages



that were natural between the regions. If you take that regional concept and put it into strictly western Canada and the territories, the four provinces and the territories, it makes abundant sense to join forces, because we recognized at PNWER that, again, none of us can do it on our own. But we have a natural allegiance because of geographical location and some of the common economic demands, and having PNWER in place is extremely beneficial for Alberta and the other members of PNWER. We not only strengthen PNWER, but we carry that even further and put that into all of western Canada and group together.

So I think that as we look at KPMG crossing over barriers and boundaries and moving together, look at PNWER, look at the global arena, we come to the conclusion in many ways that we have to work together. We have to park the scud missiles of our philosophies at the front door and recognize that if we don't promote western Canada as a big entity in the global arena, then we won't have success, because we don't have enough people in our province. We certainly can attract the business investments, but we are fewer than 3 million people in this province. We can't possibly service the global economy without support from other regions. We don't have the people. If we had the people, then we might think differently. But I think it's wise to join forces.

So Edmonton-Ellerslie is quite right that we have to focus on where we go internationally. We have to focus on our Pacific Northwest regional activities. We have to focus on our global arena.

She talked about AOC's effectiveness within the province, and quite clearly, they have been extremely effective, particularly since the restructuring took place at AOC. They have done a tremendous job in servicing, yes, clearly the rural communities but also our urban communities. They have been very successful in reshaping their loan portfolios and, of course, being supportive of a number of the new businesses that have started in the province. They've also had people who've gone back for second applications or second businesses to develop through AOC, and again, they've been successful.

I had an opportunity to tour some of the people who were clients of AOC in southern Alberta this year. The comments that came back were that if it hadn't been for AOC, they wouldn't exist. No one else had the faith and the support to give them for their businesses to take off. Quite often these businesses are family run. They start off that way, and then they move out and branch out into developing opportunities for other employees to join forces.

I will get the details on the information she asked about. I do have by vote the breakdown of the costs for programs 1, 2, 3, 4, 5, and 6. Our plan, Madam Chairman, on permanent salaries, wages, contracts, employee travel and transportation is with me tonight, and I will send this over to the hon. Member for Edmonton-Ellerslie tonight before the end of the evening. So I do have that information for you tonight. I brought it with me, and I will send it over to you for your viewing.

She asked about the problem gambling, that AGLC had a responsibility there. Last spring, as you know, we had the gaming summit in Medicine Hat. One of the big recommendations was to have more research done and more information come out on the social and economic difficulties with problem gambling. Quite frankly, I've traveled around to try and find hard information on that. That's why I think the recommendation from the summit to establish the Gaming Research Institute is very important. I fully support that. It was announced in the Speech from the Throne and the budget, and we're moving forward on that. I think that body will be very effective in providing us with some concrete information on research so we can make some clear decisions.

9:12

I must say, Madam Chairman, that I was very appreciative of the Member for Edmonton-Rutherford for putting forward a name for the council. I appreciate your input. I did put that name forward, and we'll see if that person is willing to sit on the council. So I appreciate your input. We're hoping to get the institute up and running very quickly. It should give us research not only for AGLC but for other government departments' use, such as Community Development through AADAC, and through some of our community development work that we do. So I'm looking forward to that research component going forward, and I think you're quite right: it's very necessary so we know what we're dealing with.

So with those comments and responses, Madam Chairman, I'll take my seat for now.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Calder.

MR. WHITE: Thank you, Madam Chairman. I should like for the time allotted to deal with lotteries in response to some of the earlier responses by the minister, secondly, the liquor stores response to more than one member on the other side, then AOC, and lastly, some tourism. I'll leave the economic development proper to some others.

First of all to deal with the lotteries and the response to some of the others.

THE DEPUTY CHAIRMAN: Hon. member, I'd just like to remind you that lotteries will be dealt with on April 15; okay?

MR. WHITE: Oh, yes. It's only that which has already been dealt with.

THE DEPUTY CHAIRMAN: I'm just pointing out, hon. member, that we'll deal the lottery estimates on April 15, so your comments should be with regard to the areas we outlined earlier.

MR. WHITE: Right. Those are contained in the pages titled Economic Development, Lottery Fund, in the book, which is . . .

THE DEPUTY CHAIRMAN: No, hon. member.

MR. WHITE: . . . the management in the department. That's all there is: just the gaming moneys dealing with the management.

THE DEPUTY CHAIRMAN: The gaming commission is perfectly fine, hon. member, but not the lottery portion of it.

MR. WHITE: Yes, that's it. It's just the gaming money, not the lottery fund proper. Sorry.

Those statements about the wonderful, wonderful management and that the summit in Medicine Hat was so successful, having known a couple of members that were at that and then having seen the other summits, too, and having the same faces manage the situation there - I mean, this is such a managed outcome that it was hardly worthwhile even participating for some of those members. There was a perfectly good report when the Member for Lacombe-Stettler went through the entire province. It's not that all of those recommendations should be taken up, but to do it again for window dressing was absolutely ludicrous, and to place any stock in it is beyond being reasonable.

Now, the area that the minister spoke of on some research and development on addictions: from this side it has long been said that

there should be additional moneys. This member actually was the lotteries critic for a while, and there was some minuscule amount of money put to it at that time. It's fortunate that this government has seen that there is need for at least some reclamation of some of the poor souls that have fallen down into this bottomless abyss of gambling addiction.

I'd like to move on to the liquor stores and the assertion, I think to paraphrase the minister a little, that it goes down in history as the best privatization ever. I mean, what a load of it. Talk about trying to rewrite history. I mean, come on. You will not recall that there was absolutely no plan put forward, absolutely none. It was Minister Bull in a China Shop, just heading full steam ahead, and damn the torpedoes. He was going to charge in there and do it, and the bureaucrats were going to do it tomorrow. You'll also remember that the morning it was announced at about 10 a.m., this caucus by 1 p.m. had said: yeah, it's the right thing to do; absolutely the right thing to do. It should be privatized. We didn't have any qualms at all with doing it. But you had X number of years in one system, and to just allow the bureaucrats to say, "Okay, we have to go from here to here, and how do we do it," and get some kind of plan laid out: oh no, no, no. We fired off, and there were questions asked: well, is Safeway going to get it? Oh, no, no, Safeway won't get into it. They'll have to have a separate door. There was never any hard definition of what could and couldn't happen. It was a horrible way of doing it.

If you ask those people that are in the business now, there are three kinds of people. There are those ma-and-pa operations that said: yeah, we'll take that chance and take that risk, but on the basis that the big people won't come in and move next door and put me out of business by buying in large quantities and being able to outmaneuver what I can do in advertising.

Then there are the other folks that went into it with their eyes wide open, some of them in this city and some in other cities, who knew exactly what they were getting into and did not believe the government when the government said: no, no, no, Safeway will not be into it, and the big superstores, the big box stores will not be into it; no, no, no, we'll protect it for the small operations. They actually knew better than to believe it. They have been really quite successful, but their business plan recognized that they didn't trust the word of the minister of the government of the day.

Then, of course, there are those that, the day the minister said, no, no, no, there would not be the big box stores into it, didn't believe it either because they were the big box stores. They actually knew it was just a matter of time. We just have to wait them out and just keep coming at them and coming at them and coming at them. And, yes, because they have no plan of action, they'll just keep taking a step back until there will be the superstores.

I don't know what caucus would have said at the time, but this member has no difficulty with - and I think it was a heckle from the other side, probably from about where the Minister of Environmental Protection now sits, somewhere around there. He said: you don't believe in getting the customer the best price? This member would say: yes, I do believe the customer should get the best price. But you set the plan. The day that you say you're going to get out of the business of being in the liquor store business is the day that you say what the rules are. Or you say: okay, that's when we had planned to do it out there. We're going to set the rules so that those who go into the business at X date know what the rules are ahead of time. This government did not do it. If that member can do it, then maybe you file with the House or send to this member the exact rules and the public statements that were made there. We can do a little search of history and find out exactly what did happen. You can't rewrite it that way.

Moving on to AOC. The first question that has to be asked - and it should be asked annually at this time - is: could the minister provide a one-page explanation of why the Alberta Opportunity Company should still be in business? Not that this member believes it should not be, but this is an expense in the government, and it should be reviewed each and every year. I hear the same kind of arguments made as to why the government should still be in the banking business, that we have to be there. Well, it has to be reviewed every year. You do it at this time of year when it comes down to expenses. This member believes there are other areas where perhaps the money used in this could be used, although I'm not making that judgment at this point in the absence of that information.

I think the minister said something about them being highly successful with the new board and the restructuring. That may be the case, but as I recall, the new board came in somewhere in the '97-98 year and started operations in '98-99. In that year the operations budget went up 17 percent. For the '98-99 year it went up another 7 percent.

9:22

This member should also like to know what the projections are for the 2000-2001 year and the 2001-2002 year on the operations. If there aren't any more funds being put out on loan to affect the *raison d'être* of the company, well, then, why would one need more money for operations and not less?

I'd also like to know: what is the change in policy when you go from an operating year in '97-98 of a little over \$2 million in a category called provisions for doubtful accounts? You go from that to the next year of a \$3.3 million budget and a forecast to finish off the year to \$3.9 million in what this government says are supposedly fat and fine economic times. Well, the indication would be that if you're expecting more losses than the government put into the provisions for that doubtful account, then your expectations are that businesses are to fail, not that business is doing fine. So I'd like to know what change in policy there is and then the marginal increase again for this coming year. Perhaps it's as easy as clearing out some doubtful accounts. Who knows? This side would certainly like an explanation for that.

The projections for net revenue seem to vary somewhat, and there's some loss. You can see how it gets to that point. How does one project that in a business plan into the 2000-2001 year, and 2001-2002 year. I'd like to know what those numbers might be.

Oh, yes. We'd like to know what portion of the \$37 million in loan approvals during the '99-2000 year to the sum of 333 businesses will be utilized for restructuring of debt or refinancing or purchasing of existing businesses. This member happens to be aware of exactly that: restructuring of a debt, buying some property that the manufacturer happened to be located on, when there's an operation in this member's constituency that is a successful operation only because the market in Alberta for the product is limited. It's a heavy product. To produce it is rather expensive, but it has to be produced relatively close to the site. It's building blocks, concrete blocks. There's a manufacturer here in town, and there's another manufacturer in Calgary. There's enough business to keep those two in reasonable operation.

Other outfits have come and gone. Then a failing company went into long-term debt with a competitor that was borderline going out of business. Well, when is it and how is it that the AOC can draw that line of what should be in business and what should not be in business and what is market driven? Everyone in this House knows that the market being the regulator will weed out from time to time those that should not be in operation. Then the AOC comes in and lends a helping hand to one of the market players who in the normal

course would have gone out of business perhaps, perhaps not. I'd like to know how those judgments are made and how in fact one can split up the \$37 million in new venture capital or in refinancing existing failing businesses.

I'd also like to know how much of the \$3 million in lending support to assist in the development of new exporters and the growth of existing exporters to out of the province is through the export loan guarantees. I'd like to see what the rationale for the loans is and the criteria for that. We'd also like to know if the minister will provide a breakdown of components of the \$3.372 million budgeted versus the \$3.928 forecast in provisions for loan losses in the following categories for just this one year of 1998-99: charge for losses on realization, charge for loan losses, write-offs, specific allowances for loan losses, and general allowances for loan losses. Will the minister provide a similar breakdown for the expected \$4.021 million provision for doubtful accounts in the coming year? What is projected there?

Will the minister provide an update of total placement by the AOC under the export finance assistant program since April 1 of '94? Have any payments under guarantees been made under the export finance assistant program since its inception?

Finally for AOC, will the minister indicate what impact the reductions in the numbers of FTEs in AOC from 84 in '97-98 to 63 in '98-99 will have on the levels of service? In that the overall complement of FTEs in the whole department remains the same, will in fact the department be delivering some of the services that AOC is delivering now with those same FTEs in other parts of the department?

I should like to move now to some questions related to the minister's responsibilities as they relate to tourism. [interjection] Did the minister ask a question of this side?

MRS. NELSON: It's the fastest growing industry in Canada. Do you finally get it?

MR. WHITE: Yes. The minister has reminded me that tourism is the fastest growing industry. Well, if it's the fastest growing industry, perhaps the minister can explain why Alberta seemed to be singled out by the Asian flu as it related to tourism and a 40 percent drop in Asian tourism versus the other markets that only lost 20 percent.

MS CARLSON: No. They gained 20. The other provinces gained 20.

MR. WHITE: The other provinces gained 20. Oh. I thought they'd lost 20. Well, perhaps the minister can . . .

MS CARLSON: No way. They gained. We lost.

MR. WHITE: Oh. I was under the mistaken impression that the other markets lost 20 percent, and those markets actually gained 20. So if it's the fastest growing market, perhaps, she could explain how that did occur and why.

We'd like to know what cost-benefit analysis has been undertaken by the ministry or on behalf of the ministry of Economic Development to indicate the increase in efficiencies and effectiveness of the new tourism marketing framework. Will the minister provide copies of the cost-benefit analysis for this side?

Turning to 3.0.1, management and administration, I have these questions. How much of the \$1.1 million is being allocated to the Strategic Tourism Marketing Council? How much of the \$1.1 million is being allocated to the Travel Alberta Secretariat? How many professional marketing FTEs will be allotted to the Travel

Alberta Secretariat? Further, what are the formal terms of reference for that same secretariat, the Travel Alberta Secretariat, and will the minister provide a copy of these terms of reference for review by the House?

I'm sorry, Madam Chairman. I ran a little longer and didn't get to the finish of that. So many more questions that I'm sure the minister would like to have answered.

THE DEPUTY CHAIRMAN: Thank you. I'll recognize Edmonton-Centre.

MS BLAKEMAN: Thank you very much, Madam Chairman. Well, this has been a very interesting and enlightening evening, and I've really enjoyed myself. I don't usually get to sit in this committee, and there's another woman in the chair tonight. I'm enjoying all of this and learning quite a bit, and of course questions are coming up, and I know that the minister would be delighted to accept questions from me.

9:32

It has been very interesting switching committees with this two-committee structure. I don't usually end up in this particular stream, so I don't get to question or scrutinize the estimates for Economic Development. It's been a very good night, but I am disappointed that I can't do this more often. If we didn't have the committees doubled up, I would be able to enjoy the company of the minister more often in looking at the estimates there.

So a few things have come to my mind while I have listened with great interest to the presentation of the minister and to the questions of my colleagues. Under vote 1.0.3, finance and administration, there are evidently five new human resource programs. I know that the Minister of Advanced Education and Career Development has a performance bonus section under his budget, and I'm wondering if this relates in here somehow.

These five new human resource programs include an employee performance management program, the management rewards strategy - now, that's individual performance bonuses - an employee rewards and recognition program, and an early employee support and assistance program that I'm really interested in, and a new employee orientation program. These are all turning up on page 95 of the business plan book, which is just under the operating expense votes. So I am interested in what those five different programs are and how all that's going and how much money is being allocated to each of these areas and all of that.

Also under 1.0.3, finance and administration, I'm wondering how many applications or requests were received under freedom of information by the department in the comparison year and how many are being estimated to be received in the year that we are examining the estimates for. I'm just trying to get a feel for whether that's a common thing, how many of them are fulfilled, how many are turned down, that sort of thing.

Alberta Economic Development Authority, 1.0.4. Now, this is an interesting animal, and I notice that on page 98, it's turning up again I think. What role does the Alberta Economic Development Authority Taxation and Financing Committee play in the implementation of the recommendations for the Alberta Tax Review Committee. It's interesting, because we appear to now be having more than one tax review committee going on at the same time. The minister is going to shed light and understanding upon the world in answering this question for me. Is this group reviewing the tax policies during this year? What's it there for? Why?

Also, what actions are being undertaken by this Alberta Economic Development Authority in conjunction with both the Department of

Economic Development and also Advanced Education and Career Development as it relates to preparing for a changing workforce? I mean, what this department is trying to do, part of its mandated goal, is job creation or encouraging the private sector to create jobs. So what's being done there? Is there a database of information being prepared on workplace trends or skill requirements or expectations or training opportunities? Is it looking at expanding co-operative work programs or apprenticeship or at what the future is for apprenticeship or mentoring programs, career education foundations? Preparing that workforce or job creation: how does that relate to curriculum changes? What's being done under this development authority around those areas?

Now, here's another really interesting one, 1.0.5, standing policy committee on jobs and economy, related to the previous series of questions. What role does the standing policy committee on jobs and economy play in reviewing and approving the ministry's three-year business plan? You see, I'm really enjoying being in this different stream tonight, because I had never seen the actual costs for the standing policy committees come under the departmental budgets before. This is the first time I've seen it, so I get to ask questions about it now. I'm interested in the nature of the reports that are prepared by the standing policy committee on jobs and economy to the Treasury Board in reviewing the three-year business plans of the department. If it's done, is the minister able to table that report or that review on the department's three-year plans?

Does the minister have a question?

MRS. NELSON: The business plan of the department is in the budget documents. You have that.

MS BLAKEMAN: Okay. Has this been developed or reviewed by . . . Sorry; through the chair.

THE DEPUTY CHAIRMAN: Preferably through the chair, yes.

MS BLAKEMAN: I'm sorry. Having commented on having you here, yes, I should direct my comments to you.

I've never seen this. I mean, there's \$87,000 in the budget of this department for this standing policy committee, so I'm fascinated about what it does and what the relationship with the department is. It would be interesting to see a business plan. What role does this standing policy committee play in monitoring the business plan on a monthly or quarterly basis? Do they do it, or do they get sort of updates or what? [interjection] I'm not wearing my glasses. Standing policy committee: it's in here. It is under vote 1.0.5, \$87,000 paid by the department for this committee. What's its relationship to the larger department in developing jobs and the economy and what this ministry is doing?

DR. TAYLOR: Ask Carol. She's the chairman of the committee.

9:42

MS BLAKEMAN: Well, I would love to ask her, but she is serving in another role right now. I don't think she's at liberty to answer those kinds of questions.

Now, the other series of questions that I have neatly marked with bright orange markers. Under program 6, vote 6, assistance to the Alberta Gaming and Liquor Commission, \$17.233 million. Wow. I had no idea there was that much money that is assistance to the Alberta Gaming and Liquor Commission. I'm wondering how many FTEs are in this department. I did look, and the information is not here. Perhaps the minister would be kind enough to also provide the information of how many of these are managerial or executive

positions, how many in the organizational structure. It often breaks down where you've got other agencies that are under this. One of them, I've already noted, is the Racing Commission.

I'm also wondering about, as part of the advice that's being offered here in this particular program, the function it's performing. Is it examining the mini games rooms concept? What's being developed or checked over, or is that whole discussion happening under this vote?

Also, I made a note when the minister was speaking, and perhaps she can clarify this. Tell me it isn't so, Madam Minister - I didn't understand this - that the government doesn't want to run all of the gaming. Does that indicate that they want to do some of it? The minister was talking about not being in the business and that this is for charitable purposes and that they don't want to run all of it. Perhaps it was just a slip of the tongue or something, but my ears sort of perked up and I went: what do you mean you don't want to run all of this? Does that mean you want to run some of it? So I'm offering the minister the opportunity to clarify this.

Now, the next thing that's really interesting. Under this same vote of program 6, assistance to the Alberta Gaming and Liquor Commission, I notice that under the goals for this is the Racing Commission. This is a new beast established not that terribly long ago - it looks like October of '96 - and falls under this particular department, specifically under program 6. There were a number of recommendations made by the Auditor General. I'm wondering if in this year any of the following things will happen. Will there be established a process to support the accountability of the Alberta Racing Commission in the execution of its responsibilities? I presume it does report. Yes, actually I am remembering this. There is a report made to the minister, but there's no other reporting requirement for this Racing Commission. So what's being done to improve accountability there?

Still on Alberta Racing Corporation, under vote 6, Y2K compliance. Has the Racing Commission under this budget year - one would certainly hope so, seeing as it's halfway through - now prepared and implemented a plan to ensure that information technology that it relies on is year 2000 compliant?

There is a recommendation on accountability for the lottery fund, but the chairperson will instantly be calling me to order on that one, so I'll just skip right over it and go on to Alberta Opportunity Company.

I was listening carefully when the Member for Edmonton-Calder was asking questions, in an attempt not to repeat a question to the minister. What struck me when I was looking at this was that there's 4 million and some odd dollars in there for bad debts, essentially. This appears on page 120, Alberta Opportunity Company income statement, \$4.021 million, provision for doubtful accounts. Wow. That's a lot of money, and that's up from the comparable forecast from '98-99 of \$3.928 million. Now, that's not up by a lot, but it is up. The previous year, which was '97-98, it was \$2.152 million. I take it this is a bad debt fund, but what is being done by the department to reduce the amount of money that it is necessary to set aside for this provision for doubtful accounts? As I say, I've really enjoyed tonight and the ability to scrutinize all these new parts.

The Auditor General was recommending and my question is: were the loan processes streamlined to increase efficiency and effectiveness? That of course is tied to my previous point about \$4.021 million in doubtful accounts. I'm assuming that that would have something to do with - perhaps the minister can answer whether the loan approval process has been modified to reduce the approval times or whether a direct debit system was able to be implemented for customer payments. Was the department or is the department successful in eliminating redundant disbursement approvals or improving the success rate or the utilization of the knowledge of

lending officers in determining loan provisions and also communicating the experience gained from loan failures in order to benefit future loan decision-making?

I know that in areas like this keeping track of all that information and making it readily accessible to every loans officer or every person who is dealing in that area takes some doing. I mean, certainly the banks I know have worked hard to have that information in a sort of central database, so I'm wondering what's been done. Obviously the Auditor General had some concerns, and perhaps the minister could assist me in answering some of those questions about improving that.

Lastly, there is a note from the Auditor General that given the downsizing of the department, a number of the younger staff were moved out. I suppose given seniority plans and all, you end up with the older, more experienced people there, but the Auditor General is pointing out that there needs to be "a succession plan to ensure the continued availability of knowledgeable staff." Has that been done, or will it be done in this fiscal year? You can get it from *Hansard*, Madam Minister. I will be happy to accept your written responses, knowing the many demands upon your time and attention.

Also with that, if you're going to get the older, more experienced employees retiring or losing them through attrition, what's being done to develop training programs, strategies, recruitment ideas to bring in the new employees that will inevitably replace them to ensure that there's a smooth transition process? Again, that's looking to the future, but this is the future. We are moving into the new millennium with this fiscal year that we're examining the estimates for. So what training strategies, new employment strategies have been or will be developed?

The Auditor General is also recommending "enhancing the communication of policies and procedures," always an important point in a department and especially when you have new employees coming in. You know, where's the standby policy manual? Is it up to date? Does it explain everything, the most important information?

Again, I really am glad to have the opportunity to switch to different departments and a chance to learn many things and work with a different minister. I appreciate that. On the other hand, I wish I didn't have to do it, that I would have the opportunity to scrutinize each and every department in turn. I would far prefer to have the 20 days of estimates back so that I could examine each and every department and bring my small way of questioning and holding ministers to account to each and every department. [interjection] I note that the minister of science and information technology is eager to join the discussion, and I look forward to his no doubt valuable, knowledgeable, and intelligent contribution.

With that, Madam Chairman, I will take my seat.

THE DEPUTY CHAIRMAN: Madam Minister.

MRS. NELSON: He asked if he could speak for a few minutes.

THE DEPUTY CHAIRMAN: Calgary-Buffalo.

MR. DICKSON: Thanks, Madam Chairman. Just two very brief points. The European Union privacy directive came into force last year. I want to know what projections your department has done in terms of the amount of trade in terms of exporting goods and services to western Europe, which is put at risk because of the fact that the province doesn't have any legislated protection in terms of privacy.

9:52

I also want to know, Madam Minister, what projections have been

done in terms of the impact of Bill C-54, which is a piece of federal legislation that says that every single business in this province that trades extraprovincially, outside the province, in three years is going to be subject to a set of legislated standards around privacy protection unless the province has in the intervening three years enacted legislation to address that. I'm anxious to know, given particularly the goal about business and market development, exactly what's at risk, what projections have been done in terms of what the downside is, what the cost may be to Alberta businesses. Madam Minister, you may remember that I've put this to you before. At least one, maybe two years ago, we talked about this issue. Now that Bill C-54 is there, the European Union privacy directive is only part of the challenge for you, so I'm interested in what the impact is going to be to Alberta businesses.

Madam Chairman, Madam Minister, thank you very much.

THE DEPUTY CHAIRMAN: Madam Minister.

MRS. NELSON: Madam Chairman, thank you very much. I'd like to briefly respond. I'll start with Edmonton-Centre's comments. I think it was beneficial to have her in the room and discuss our portfolio. She's quite right. She doesn't normally participate in Economic Development, and I appreciated her comments. One of the things she referenced a number of times, which I would compliment her on because it's something that's near and dear to my heart, is human resource planning processes. One of the things that I believe governments historically have been negligent in doing is succession planning and human resource development and planning programs so that you keep people in government. There are a lot of very good people in government, and as things change and environments change, they have to be able to grow with the opportunities, and they have to be able to be integrated and molded. As restructuring takes place, you don't want to lose good people. If you have a human resource planning program within government across departmental lines, then you have the ability to easily move people as governments are reshaped or reinvented.

We have put a human resource planning process into the Ministry of Economic Development. It's an initiative that I insist upon so that people have opportunities for enrichment and enhancement, so that they stay up to date on their training and have the ability to grow and have successive growth patterns throughout the organization, not only within Economic Development but across government boundaries. So it's a topic that I'm pleased you raised. It's one that is quite often overlooked in favour of other initiatives. Quite frankly, I don't think there is anything that is more important than the people who work with you. If you enrich them and enhance them - you may not be able to pay them the highest salary in the world, but you can give them other things and other benefits that make sure that there's continuity and consistency, Madam Chairman. I believe that helps to add to a strong organization and a strong team, one that works together.

The hon. member asked about the business planning process. I'm going to go from the back to the front on some of her questions. She asked about the role of the standing policy committee and what it does insofar as the business planning process. Standing policy committees were put in place so that there was involvement of the entire caucus in our government policy development. This is unheard of, and it was a new process that had never been there before.

The standing policy committee is made up of members from our caucus. It is not chaired by a cabinet minister. Cabinet ministers become members of that process, but they must take policy to the caucus for decision. The caucus debates it and makes a recommen

dation. The recommendation then goes forward by the chairman of the standing policy committee to the cabinet. The standing policy committee chairmen sit at the cabinet table, again something quite different, which I believe is an opportunity to have the assurances that our caucus is involved in all the processes. When normal policy decisions are developed, they then feed into the business planning process of each department that reports through that particular standing policy chairman.

In the case of Economic Development we report through the standing policy committee on jobs and economy. Our business plan is in this document, *The Right Balance*, that was filed with the budget. This has been vetted through the standing policy process. It's developed by the department, but it is reviewed and accepted or rejected or amended or changed by the standing policy committee before it goes to Treasury Board. What happens is that the department creates a business plan. It is then taken to our standing policy group, which is our caucus. They review it. They make recommendations as to how they think it should be framed. They question it. Then the minister takes it forward to the Treasury Board for Treasury Board approval. Then it comes in here as part of the budget process.

THE DEPUTY CHAIRMAN: Ms Blakeman.

MS BLAKEMAN: Yes. Thank you. I understand that. What I was really questioning is: does the ministry plan then get monitored by this standing policy committee throughout the year?

MRS. NELSON: Absolutely, through various processes. Not only does it get monitored by the standing policy committee . . . I'm losing my voice from my son's hockey games this weekend. I cheered at six hockey games over the weekend, so I'm a little hoarse.

The annual report and the annual review are done to make sure that the department has in fact met the actions and performance measures it says it's going to do. If it doesn't, it has to say why it doesn't. Again, that is monitored by that same standing policy process that accepted the plan as presented by the department in the first place. So there is an accountability back.

The second element is very important, and I think Alberta should be very proud of this. This is the only government in this country that actually does quarterly updates on their budget. The budget is the best guess you have at the start of the year. Then as you move into the actual year, you can reforecast. So, again, every quarter the Provincial Treasurer provides Albertans with a quarterly update. It's called a variance analysis, and it actually compares the estimate to the actual, and then that carries forward. So there's accountability every quarter, and I think we must never lose sight of doing that. That to me is accounting back to what I call the shareholders. That's the almost 3 million people in the province of Alberta, who hire us,

all of us, and can fire us if we don't do a good job. I think there's a lot of accountability.

The last thing, Madam Chairman, that I want to clarify with the hon. member is the role of the Alberta Economic Development Authority. Always keep in mind that AEDA is a volunteer group of business leaders who have come together from all sorts of businesses, whether it's in transportation or in energy or in forestry or in labour or in tourism. There are eight committees that have volunteered their time because they're committed to the economic development of this province, volunteered their time to provide us with suggestions and advice. They don't set policy. Only elected people set policy. But they provide us with their expertise, their advice, and recommendations, and whether we accept them all or not is up to the government to decide.

We have the opportunity in Alberta of being the only jurisdiction that we've been able to find actually worldwide that has this tremendous relationship with private-sector people to help us in areas where we need other expertise, whether it's on the taxation side of things and being part of a review of the taxes in this province or whether it's in the climate change issue, which one of our subcommittees in AEDA is co-hosting, a roundtable on climate change to bring industry players and government people together. So they deal with a number of issues for us and help us with their expertise and do it on a voluntary basis, which I think is a wonderful, wonderful showing for the private sector, the commitment they have to the economic sustainability of this province. That, Madam Chairman, is very important. I hope the hon. member realizes that these people are volunteers who are committed to this province and to the prosperity within the province of Alberta.

10:02

I notice the time, Madam Chairman. I will undertake to make sure that we go through *Hansard* thoroughly and that we do answer all of the questions that have been raised by hon. members. The questions that were delivered to me by the Member for Edmonton-Rutherford, I have already sent those off to have the answers drafted and will get back to him immediately. I do have, which I will send over to the hon. Member for Edmonton-Ellerslie, a copy of the summary of expenses by the various votes and programs. So I'll have a page take that over to her now.

I would move that subcommittee D now rise and report.

THE DEPUTY CHAIRMAN: Thank you, Madam Minister.

[Motion carried]

[The subcommittee adjourned at 10:04 p.m.]