

Legislative Assembly of Alberta

Title: **Wednesday, May 5, 2004** **8:00 p.m.**
 Date: 04/05/05
 head: **Committee of Supply**

[Mr. Tannas in the chair]

The Chair: Good evening. I'd like to call the Committee of Supply to order. Again, we'll observe the usual, only one person talking at a time.

head: **Main Estimates 2004-05**

Executive Council

The Chair: Are there any comments, questions, or ideas to be offered with respect to this? The hon. Premier.

Mr. Klein: Mr. Chairman, thank you so very much. Hon. members, I'm pleased to appear before this committee to discuss the 2004-2007 Executive Council business plan and, of course, the estimates for the fiscal year.

Programs under Executive Council include the office of the Premier and Executive Council, which includes all of cabinet, of course; the office of the chief internal auditor; and the Public Affairs Bureau.

Before I make any mention of the chief internal auditor, I would like to note that after I mentioned today that we had a chief internal auditor in the office of Executive Council, a media member finally phoned him to find out what was going on.

Mr. Chairman, I'd like to provide a brief fiscal overview for 2004-2005, and then I'll offer some details on upcoming initiatives. Executive Council's spending for 2004-2005 is forecast at \$24.4 million. Now, that compares to \$20.8 million in 2003-2004, but the increase of roughly \$3.6 million can be attributed to three items. The first, of course, is the creation of the office of the chief internal auditor, which, by the way, is the only office of its kind, I understand, in Canada. That office accounts for approximately \$2.5 million of the increase. The second is \$535,000 to cover a 3.5 per cent increase in salaries. The third is \$450,000 for the Queen's Printer to produce updated occupational health and safety materials, but we anticipate that sales will offset the increase, making it a cost-neutral item.

Turning now to staffing. There will be an increase of 20 FTEs, full-time employees, for the chief internal auditor's office, and this will bring the total FTEs for Executive Council to 231. That's up from 211 last year.

Now, Mr. Chairman, I would like to offer an overview of Executive Council's program areas and overarching goals for the coming year. Programs under Executive Council include secretarial support to cabinet and, of course, to all the cabinet committees, the standing policy committees. It includes, also, my offices here in the Legislature and in McDougall Centre in Calgary. It includes the protocol office, which will be extremely important next year especially with the visit of Her Majesty the Queen. It includes also administrative support for the office of the Lieutenant Governor and the Alberta Order of Excellence Council and the deputy minister's office, which includes support for policy co-ordination and business and strategic long-term planning for the government as a whole.

A key activity for Executive Council staff has been the co-ordination of a long-term, 20-year strategic plan for Alberta – in other words, Mr. Chairman, the big picture, not a \$27.50 jug of orange juice, not an \$800 expense, but the big picture – the 20-year

strategic plan, the plan that was officially launched in March of 2004. And it's a good plan. It's a plan that builds on pillars, and it's a plan that will bring about a strong, strong Alberta, an Alberta so strong that it builds on such a strong foundation that, God forbid, not even the Liberals if they're elected could begin to tear it down.

In the coming year, in addition to co-ordinating activities related to the government's 2004 to 2007 business plan, Executive Council staff will work with ministries on strategies set out in the 20-year strategic plan. The ultimate vision of the plan – and this is a vision – is a vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident and proud about the future for themselves and their children. Mr. Chairman, I should point out that although government ministries make important contributions to that vision, such a far-reaching goal could never be achieved by government alone. It can only be achieved if all Albertans work in partnership, and that means government, public sector, and not-for-profit partners, the private sector, of course, and individual Albertans all working to create the province's future success.

Part of co-ordinating that work involves making sure Albertans understand the road ahead and are able to judge government's progress in achieving its stated goals. That's why Executive Council holds a strong commitment to open and accountable government, to make sure Albertans can fully assess government actions and form their own opinions, not the opinions of the Liberals or the *Edmonton Journal* or the other media but their own opinions about the issues of the day. Interestingly enough, I was asked today if I'm fazed by the hammering of the Liberals on this expense issue, and I said no. What interests me is what Mr. and Mrs. Grundy are saying and Martha and Henry, and I am not getting any cards and letters on this issue.

This government has been a leader in public-sector accountability through its comprehensive business planning and performance measures work and its quarterly fiscal reports. By the way, no other jurisdiction in this country, no other legislative body, provides quarterly reports to its citizens. But there's always room for improvement, and my government remains committed to refining and strengthening the way business is done on behalf of Alberta taxpayers. That commitment is reflected in the recent creation of a new chief internal auditor for government. As I mentioned, this is an office that is unique in Canada.

The office of the chief internal auditor came about in response to a fall 2002 recommendation from the Auditor General to centralize existing internal audit functions across government, and he wanted it assigned to Executive Council and not to his office. Previously some ministries had internal auditors assigned through the Alberta Corporate Service Centre, but there wasn't one central auditor to fully co-ordinate internal audit work across government. So with the creation of the chief internal auditor government has a more efficient and comprehensive process in place.

Mr. Nick Shandro, who I believe is in the audience, who was formerly principal auditor in the Auditor General's office, was appointed chief internal auditor in mid-July of 2003, and only today did the media discover that we had an internal auditor for Executive Council. That is speed. Since then he has been working to establish the structure, processes, and methodology for the office.

8:10

The new office moved into full operation on April 1 when internal audit staff transferred from the Alberta corporate service office. The office is now responsible for the internal audits of all government departments and agencies, boards, and commissions. The written mandate of the office covers a range of assurances and advisory services, including compliance audits; internal control audits,

including financial controls; program audits; information technology audits; and special investigations. The ultimate goal of the office is to help government managers and employees be more productive and effective in their jobs while ensuring that Alberta taxpayers get maximum value for every dollar spent.

The charter for the chief internal auditor calls for the office to be overseen by an internal audit committee. It will also work in concert with the office of the Auditor General to ensure maximum accountability with a minimum of overlap or duplication between the two offices. The Auditor General will have some discretion in terms of sharing the internal auditor's findings with Albertans as appropriate.

Mr. Chairman, I'd like to now touch on the protocol office and the office of the Lieutenant Governor. As members of the committee will know, the protocol office is responsible for provincial government ceremonial events and visits from senior international dignitaries, and the most senior of those dignitaries, of course, will visit this province next year. Although the province's centennial doesn't take place until next year, protocol staff have already begun preparing for ceremonial events expected to take place in 2005. A highlight of that event is the anticipated royal visit from Her Majesty Queen Elizabeth II, and although a specific date has not been confirmed, we are hopeful that Her Majesty will be able to celebrate the province's 100th birthday. It's expected now that she will attend sometime in May.

In anticipation of that visit I wrote to the Prime Minister asking him to extend the term of Alberta's current Lieutenant Governor, Her Honour the Honourable Lois Hole. While Her Honour is not here, I can say that she has done a remarkable job as the Queen's representative in Alberta, and I personally can't think of a better ambassador to welcome Her Majesty or a person more deserving of recognition for her outstanding service. Well, the Prime Minister obviously agrees as he has extended Her Honour's term through 2005, and that is good news.

Mr. Chairman, I would now like to touch on strategies listed in the business plan for the Public Affairs Bureau. The three core businesses of the bureau are helping government ministries communicate with Albertans, providing Albertans with two-way access to government, and publishing and selling Alberta's laws and other materials.

The first of these includes ensuring open, timely, and accurate communications with Albertans on the wide range of government programs and services that impact their daily lives. Bureau communicators work with the ministry staff across government to make sure Albertans have the information they need on the curriculum their children are covering in school, on infrastructure and road improvements taking place in their community, on how they can live healthier and more active lives and on the health system improvements that impact their health and well-being, on efforts to preserve Alberta's water, forests, public lands, fish, and wildlife so these resources can be enjoyed by their grandchildren and great-grandchildren, on how the government is spending their hard-earned tax dollars, on progress and work to reopen the U.S. border to live cattle or how they can access farm safety net programs, on ways they can stay safe behind the wheel and keep accidents from occurring on Alberta's roads, and on how we can all work together to reduce the impact of family violence in Alberta communities.

Mr. Chairman, this is just a handful of examples. The complete roster of government communications programs is too long and too diverse for me to list in full detail, and while the list is diverse, what these communications programs all have in common is a commitment to making sure Albertans get the information they need quickly and efficiently.

The focus of the second core business of the Public Affairs Bureau

is to make sure Albertans are able to access that information. The bureau maintains a number of key avenues for Albertans to do just that.

One of those is the Service Alberta call centre, formerly known as the RITE number. Mr. Chairman, I think the members of the committee will agree with me when I say that the staff who answer calls at the Service Alberta centre perform a key front-line service. In the past year alone they answered close to 1 million calls, and on average each operator handles about 70,000 calls a year. Despite call volumes staff maintain a high level of customer service. Over the years call centre users have consistently shown satisfaction ratings of 95 per cent or better. Work will continue in the coming year to further refine this service and to ensure that call centre technology is able to keep pace with staff answering the calls.

Another popular information resource is the Alberta government web site. User statistics for 2003-2004 tell us that the government home page was accessed approximately 19.5 million times, or more than three times more than in 2001-2002. Statistics also show that the site users are very happy with this resource. Again, bureau staff have worked this year to further improve this already effective and popular information resource for Albertans. That includes refining the public consultation listings that were recently added to the web site and increasing public awareness of the resource. Work will also be ongoing so that the visually impaired Albertans are better able to access all government web sites.

Mr. Chairman, I would now like to turn briefly to the Queen's Printer. As I mentioned earlier, the Queen's Printer will receive an additional \$450,000 this year to produce new occupational health and safety materials. The updates are part of the government's WorkSafe Alberta initiative, which is designed to reduce the number of workplace accidents and fatalities in the province. The increase will allow the Queen's Printer to reprint enough materials to satisfy what has turned out to be a strong demand for a very popular product.

Mr. Chairman, I would like now to end my introductory comments here so that members of the committee may enjoy ample opportunity to ask whatever questions they might have, and I do hope that members of the committee will confine their questions to the estimates. Thank you.

The Chair: The hon. Leader of Her Majesty's Loyal Opposition.

8:20

Dr. Taft: Thank you, Mr. Chairman. I appreciated the Premier's comments, and I will try to limit mine to issues relating to the estimates, although you never know where these things go.

I understand here that Executive Council, as the Premier indicated, is requesting \$24.399 million, and it is an increase over last year. I did listen to the Premier's explanations for that increase, and as I understood it, the largest cause of that was through creation of the office of the chief internal auditor.

In the spirit of back and forth, if we can work that out, I guess my first question would be a request of the Premier to just elaborate a bit on the work of the chief internal auditor in some more detail, and I'm sure the media will appreciate this. What's the detailed mandate of the chief internal auditor? What is his focus? Is it the Executive Council? Is it within the government? How is his office going to relate to that of the Auditor General? What are some of those issues? I'd like the Premier to elaborate.

Thanks.

Mr. Klein: Mr. Chairman, I thought that I covered it fairly well. Basically, the office of the chief internal auditor, which now exists

within Executive Council, is to provide compliance audits, which should be of extreme interest to members of the opposition, to make sure that all members of Executive Council, all boards, authorities, agencies, and committees comply with accepted accounting principles vis-à-vis expenses, operations, programs, and so on.

He is to provide internal control audits, including financial controls, program audits; in other words, to make sure that programs by various ministries, by members of Executive Council, various MLA committees are properly carried out, and that programs that have been assigned to the administration by Executive Council are being properly carried out.

He is to perform information communications technology audits to make sure that all of the communication systems within Executive Council and all the related activities are being used properly and are functioning properly.

He is mandated to conduct special investigations if, indeed, there is a need for a special investigation into any matter.

He is mandated to identify and recommend improvements to risk mitigation processes designed to prevent such things as failed initiatives, financial mismanagement – that's why I mentioned the internal auditor to the media, because he is charged with looking at that, and there's some suggestion through innuendo that that is taking place when it's not – or reputation damage, which the Liberals are trying so desperately to do.

His function was transferred from the provincial internal audit services mainly to three ministries. I mentioned the increase in funding to expand provision of internal audit services to all departments as well as agencies, boards, and commissions. Of the \$4.6 million in increased spending \$3.6 million is to be recovered from ministries and other users.

Now, I don't know how many other ministries have done their estimates, but in the estimates of the individual ministries – mainly there are three ministries, and I'm not sure which ones they are – virtually all ministries will show as an expense their contribution to the function and the costs incurred by the internal auditor.

The Chair: The hon. Leader of the Opposition.

Dr. Taft: Thank you, Mr. Chairman. It's not clear to me why that work couldn't be done by the Auditor General, but we'll pursue that.

Anyway, my primary interest with the budget presented tonight is with the Public Affairs Bureau, which is a very effective organization, I must say. It's a large and powerful organization and well financed. I think it is this government's secret weapon in its success in relating to the public over the last 10 years, and I say that as a compliment. So they're a force to be reckoned with.

One of the questions I have is on the role of the Public Affairs Bureau in relation to other government departments. As you go through the estimates for other government departments and add up their total amount spent on communications, it's some \$8.4 million. So in addition to what's presented in the budget tonight for Executive Council, there's another \$8.4 million scattered throughout the other departments for work on communications.

I'm wondering if the minister responsible for the Public Affairs Bureau, the Premier, could elaborate some on how the Public Affairs Bureau works with the other departments and how this \$8.4 million gets accounted for. In particular, does the Public Affairs Bureau bill out to other government departments for its services? Is there some interdepartmental transfer of accounting mechanisms when the Public Affairs Bureau works in a particular department, if that made sense?

Thank you.

Mr. Klein: Mr. Chairman, I will take that question under advisement. I'm sure that my officials heard the question.

Relative to how other ministries, other departments bill the Public Affairs Bureau for services, if indeed they do, that information will be provided to the hon. member.

Mr. Chairman, just to clarify part of the preamble that didn't relate to any questions about the Public Affairs Bureau but did mention the role of the internal auditor, the internal auditor came about for Executive Council as the result of a recommendation of the Auditor General, and it has been a policy of this government to take his recommendations very seriously and implement them. As a matter of fact, over the course of this government's mandate and previous mandates we have paid very careful attention to the recommendations of the Auditor General and have virtually implemented all of his recommendations, and this was one of the recommendations that we implemented.

Relative to the Public Affairs Bureau I take exception to the – I know that the hon. member said that he meant this as a compliment, but it didn't really sound like a compliment. I think his term was an effective weapon. [interjections] Well, a secret weapon and a very effective weapon, he said. Well, it's not a weapon; it is a device and a well-managed device to get myriad information out on just a phenomenal number of government services and what is happening in government. All one needs to do is key up the government web site and look at what is on the web site relative to the multitude of activities that are taking place within government.

8:30

You know, I sometimes wonder why the media doesn't use the web site. There are so many good stories. It reminds me of when I was a reporter. I used to go after the unusual. One day I did a sewer tour. I wanted to know: what's underground; what makes sewers tick? It's a phenomenal story. You get a bit of a scoop that way because no one else would go into the sewers; I'm telling you that for sure.

I don't want to give anyone a clinic in journalism, but this story a day keeps the editor away attitude seems to prevail here in the Legislature: wow, did the Premier ever give us a juicy 15-second bite. Well, today it went 90 seconds. So, you know, it was really juicy.

There are so many things. The Public Affairs Bureau disseminates information relative to the myriad activities that take place within government. The bureau involves 131 full-time employees. The budget breakdown is thus. There are 78 full-time employees helping government ministries to communicate with Albertans, to communicate that multitude of services I talked about, supplying professionals to government departments to develop and implement communications programs, providing communications planning and consulting support to government, co-ordinating government communications to and from Albertans on priority areas for government initiatives and during public emergencies, providing specialized writing and editing services to government, creating and implementing a corporate communications strategy to ensure that public information programs are co-ordinated across government and that Albertans are getting the information they need in the most cost-effective way possible. That involves 78 full-time employees doing just that function.

There are 34 full-time employees who are charged with the responsibility of providing Albertans with two-way access to government. That means managing the Service Alberta call centre, formerly the RITE centre, as I mentioned, to give Albertans toll-free access to government, providing Alberta Connects call centre support for comments and information on major government

initiatives – and I indicated how many calls they received last year – managing the two-way flow of information through the Alberta government web site, providing technical support for major government news conferences and announcements, providing communications technology support to Executive Council and Internet consultation to departments – and believe me, that comes in very handy, especially for those who might be computer illiterate – managing the province-wide distribution of news releases.

Then there are 11 full-time employees charged with publishing and selling Alberta's laws and other government materials. These are people who work in the Queen's Printer's office. They are charged with publishing and selling Alberta's laws and other government materials and operating the Queen's Printer's bookstore.

There are three full-time employees assigned to the managing director's office, and the responsibility of these three people is the overall management of the Public Affairs Bureau.

There are five full-time employees responsible for human resources and administration. Their functions are to manage the human resources finance needs of the Public Affairs Bureau, to develop business plans and budget preparations, to do performance measurement co-ordination, to prepare annual reports and develop annual reports, and to administer five FTEs to administer FOIP. That in itself should involve about 55 FTEs considering the multitude of requests that come from the Liberals.

So, Mr. Chairman, that pretty well covers the functions and the operations and explains the employee functions, at least of those involved with the Public Affairs Bureau.

The Chair: Before I recognize any further members at this time, I wonder if the committee would agree to briefly revert to Introduction of Guests.

[Unanimous consent granted]

head: **Introduction of Guests**

The Chair: The hon. Leader of Her Majesty's Loyal Opposition.

Dr. Taft: Thank you, Mr. Chairman, and thanks to everybody for agreeing to this. We have unexpected visitors tonight, the parents and sister of one of our pages, who are seated in the public gallery. I will ask them to rise. They are Gerard Zentner and Maureen Zentner, who are dad and mom, and Emilie, who is a sister to our page, Matthew Zentner, who might as well rise as well. I would ask them all to receive the warm welcome of the Assembly.

head: **Main Estimates 2004-05**

Executive Council (*continued*)

The Chair: The chair would also ask the indulgence of those who wish to speak if they would try and speak into the microphone. That way *Hansard* will be able to hear better what they're saying.

The hon. Leader of the Opposition.

Dr. Taft: Thank you, Mr. Chairman. Now I'd like to draw the Premier's attention to page 202 of the ministry business plans, core business goal 1 of Executive Council, and under Strategies it says, "develop advertising guidelines and best practices to help ministries maximize the clarity, consistency, cost-effectiveness, accessibility and reach of their advertising programs."

So my questions to the Premier are really an elaboration of that point that is going to be funded through this budget. What kind of

advertising guidelines are going to be developed? Could we get a bit more detail on that?

Given that guidelines are being developed for future use, what kind of guidelines are being used now or have been used until this point? Are there guidelines in place historically, or are we starting from scratch? Perhaps each advertising contract has been handled on a one-off basis. I don't know. But if there are guidelines historically, perhaps he could even provide a copy of the guidelines to us. That would be most helpful. Are ministries each using their own guidelines? Is this an attempt, then, to perhaps consolidate all the advertising contracts into a single standardized approach?

How much money from the budget is being spent on modernizing the Alberta government corporate identity? That's a significant initiative. Large, large organization like that: it's a big process. So it would be interesting to get an update on how that is proceeding, including a listing of which outside firms have been hired to help – perhaps we should think of it as rebranding the government or changing its corporate identity, updating its corporate identity.

I don't know if the Premier wants to respond to those now or would prefer to respond in writing at a later time.

8:40

Mr. Klein: Mr. Chairman, relative to the second issue as it relates to the corporate identity across government, I would prefer to provide the hon. member with a detailed reply as to what we hope to achieve by developing a corporate identity. Quite generally, it would expand on the 20-year strategic plan and identify Alberta as we have identified Alberta over the past 10 years through phrases such as the Alberta advantage, such as the stylized logo. But it involves much more detail than that, and I will have our department people undertake to prepare a detailed reply for the hon. member.

On the advertising policy. The Public Affairs Bureau provides consultation and co-ordination support for all government advertising, and the cost of the work is covered by the government ministries responsible. In 2002-2003, for instance, government spending on advertising by departments totalled \$7.2 million. I'll have to go back into my budget to find out – and maybe the hon. member has it at his fingertips – what it is this year. I would imagine that it would be the normal increase.

Mr. Chairman, increasing communications with Albertans in areas that they identify as top priorities is a key goal of the Public Affairs Bureau, and part of this, of course, is advertising. Having a corporate approach to communication and advertising helps to ensure that Albertans receive the information that they need in the most co-ordinated and effective manner possible. So objectives of the strategy would include making sure that Alberta government messages are clear and reach the appropriate audience.

Sometimes, unfortunately, we have to resort to advertising in order to communicate properly and accurately the programs that have been undertaken. A case in point relative to misinformation . . .

Mrs. Forsyth: Bill 11?

Mr. Klein: Well, Bill 11 was a good example. The massive misinformation campaign that was conducted by the Liberals prompted the provincial government to publish ads to explain to the Alberta public exactly what we were intending.

An Hon. Member: Kyoto.

Mr. Klein: One hon. member is mentioning the whole situation relative to Kyoto, why we opposed the accord but not the reduction of greenhouse gases and what steps we were taking to achieve a

reduction in greenhouse gases when the general media portrayed Alberta as being anti greenhouse gas reduction, and we weren't. Nothing could be further from the truth.

Mr. Chairman, a more recent instance of miscommunication – and I've instructed the appropriate minister to respond – was a recent column in the *Calgary Sun* on War Amps. It wasn't prompted by the Liberals, but it was prompted by someone. Nothing could be further from the truth than the rantings and ravings of this misinformed, uninformed columnist. The War Amps program will continue. The department is working very diligently to make sure that we protect the legislation that is in place and was supported by the Liberals relative to protection of privacy and at the same time provide some means of access for the War Amps to licence plates. It's a good program, and everyone is working co-operatively to my understanding, but that's not what the column would indicate, and unfortunately sometimes we have to advertise to make clear the government's position and exactly what we are doing in regard to various programs.

So I reiterate: objectives of the strategy include making sure Alberta government messages are clear and reach the appropriate audience; secondly, identifying government advertising in a consistent way so Albertans know who the message is from and where they can go for more information; for example, by placing the Alberta signature and key contact information in a consistent format for all government advertising. The strategy also involves giving government advertising a unified, creative look and tone. Most importantly, it involves getting maximum value and effectiveness for the dollars spent.

The strategy does not change the way government advertising is funded, and ministries will continue to fund advertising campaigns out of their respective budgets. The Public Affairs Bureau simply provides advertising expertise and assistance, particularly for major campaigns.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I'd like to express my appreciation to the Premier for his taking the time to go through some of these plans and numbers with us. Today during Public Accounts the Premier, I guess, tried to put a question to me, which wasn't really allowed by the chair, and it had to do with some numbers that I quoted in terms of communications' people or so-called spin doctors – I don't really think that's an insulting term; it's not meant that way – and wanted to know why the numbers I had were at variance with his. I've got that information for him, and I'd like to ask him about it as well.

The FTEs of the Public Affairs Bureau have been fairly constant, and they've varied, I guess, between about 127 and 131, in there, but we've looked at it in a different way, and the Premier asked the source. Well, what we did is took the government of Alberta telephone directory. It's not very scientific, but it tells a little bit of a different story. So I'll just share that with the Premier if he wants to comment.

We included the Premier's Office, the Public Affairs Bureau. It excludes communications support staff, excludes Crown corporations, and excludes regional health authorities, but includes provincial health authorities, associations, and AADAC. We broke it down by public affairs officers and directors. In 2001 there were 85 public affairs officers and 48 directors for a total of 133; in 2003 there were 56 directors, 98 public affairs officers for a total of 154; and in 2004 there were 60 directors, 103 public affairs officers for a total of 163. If you compare that to the 1993 numbers, there were 30 directors, 17 public affairs officers for a total of 47. So according to this approach it's tripled.

8:50

They grow in a number of different ways. Since 1993 the number of ministries has gone from 17 to 24, each of which has its own communications staff. More ministries have added assistant communication directors as well as communication directors. For example, Municipal Affairs and Transportation have added assistant directors in the past year. Finally, when a new office is created within a ministry, they'll sometimes have their own communications staff, and a good example is the Utilities Consumer Advocate office within Government Services, which has its own communications director and no less than two public information officers.

The question really is: do the FTEs contained in the Premier's office tell the whole story, and what public affairs professionals are excluded from that number, and what's the organizational relationship between those people and the Public Affairs Bureau?

The second question. I also raised this with the Premier today, and it's a document which we tabled in the House from Alberta Agriculture, Food and Rural Development communications branch which gives speaking points for the minister or her officials, I guess, basically trashing the New Democrats. [interjections] We aren't sensitive, Mr. Chairman. I want to make it clear. We're not thin-skinned people. We couldn't be and still survive in this place. But it raises a question. It raises a question about the independence of the professional civil service in this province. There is a distinction to be drawn between caucus staff – we have five, and they have an enormous number of people. [interjections]

Chair's Ruling Decorum

The Chair: Hon. members, there's really only one person that's supposed to be talking and asking questions at this time, and that happens to be the Member for Edmonton-Highlands. The other members that are offering their opinions right now can well do so after the hour has passed, and they will come in their turn and one at a time. The Premier can't possibly answer questions from 20 different people at the same time. I know that he's able to answer questions but not 20.

So right now it's the hon. Member for Edmonton-Highlands.

Debate Continued

Mr. Mason: Thank you very much. Mr. Chairman, I'm not trying to make the point that they have too many. Indeed, sometimes we think they could use more. But the point is that they have a large number of political staff who are entitled to write partisan political material. I'm not saying that we don't do it. I'm not saying that the Liberals don't do it. Certainly the Conservatives do it, Mr. Chairman, but the question is . . . [interjections]

The Chair: I wasn't signalling to you, hon. member. I was signalling to the hon. minister and the hon. member who is not sitting in his seat but sitting next to her that they might be named. Anyway, please continue, and hopefully they will cease and desist.

Mr. Mason: It must be Wednesday night, Mr. Chairman.

Okay. So, you know, Mr. Chairman, this is the question: whether or not the professional civil servants of this province ought to be engaged in partisan activity. I'm trying to say that I don't make that distinction for caucus staff, because that's political staff, but professionals in the Public Affairs Bureau, in my view, ought not to be producing this kind of material. I'd like the Premier's comments on that, and I'd like to inquire further about what other activities they might be involved in that might be of a partisan nature.

Thank you, Mr. Chairman.

Mr. Klein: Mr. Chairman, I think I clearly outlined the function of the Public Affairs Bureau. The hon. Member for Edmonton-Highlands alluded to many offices that indeed do have communications people working in them but have nothing to do with Executive Council and do not report to Executive Council. They might report to various ministries, or there might be other mechanisms within government for the reporting.

The ATB, for instance, has its own communications officer. I would imagine that the tire board, which is a designated administrative organization, would have its own communications director. I would imagine that AADAC – I don't know. The MLA who formerly chaired AADAC is not here, but I'm sure that AADAC had its own communications director. It did; I received a nod in the affirmative.

Mr. Chairman, the hon. member is right: they do. But they have nothing to do with Executive Council and are not part of the Public Affairs Bureau, as I understand it.

The information that I have is the information that is contained in the budget documents, and that is that the Public Affairs Bureau has 131 FTEs, and I broke down those FTEs for the hon. Leader of the Official Opposition: 78 to help government ministries to communicate with Alberta, 34 FTEs to provide Albertans with two-way access to government, 11 FTEs to publish and sell Alberta's laws and other government materials, 3 FTEs to manage the director's office, and FTEs to provide human resource and administrative services.

The note that I have is that the member is also right that the number of PAB FTEs has remained constant, and I'm advised that departments sometimes complement PAB staff with their own staff, and that is the department's decision not the PAB's decision. If a minister feels that he needs assistance, then he can contact the PAB, and the PAB will provide whatever assistance is necessary. These staff will assist with tasks such as web site management, handling calls from the public, writing tasks. These would include news releases.

I apologize – well, no, I don't apologize, because I don't think that government news releases are generally provocative and confrontational, unlike the news releases that are produced by the NDs. I'm inundated by news releases from the NDs that are very provocative, very confrontational, and often misleading and full of misinformation. So . . .

Mr. Mason: Oh, come on.

Mr. Klein: No. I am coming on, and I'm telling it like it is. I wish I had an example of a government news release and an ND news release. Perhaps someone up there can get me one because I would be very glad to read from a government news release.

9:00

Okay. This is a government news release.

Alberta 2003 Athletes of the Year announced.

Four outstanding Alberta athletes are being recognized as Alberta Athletes of the Year for their significant achievements, performances and contributions as amateur athletes at the international level during 2003.

Then it goes on to explain who's in the junior category, the open category.

These awards acknowledge the commitment, dedication, skill and character of each of the recipients who inspire athletes all across . . .

This is a very, very good news story, and it doesn't subscribe, of course, to the fundamentals that make for journalism. It doesn't subscribe to controversy, conflict, confusion, chaos, and confrontation. That is a government news release, and that is a good example of a government news release.

Now, here is an example of a New Democrat news release. I'm going to read it unemotionally.

Political connections are likely behind the 67% cost overruns in the Calgary courthouse project.

New Democrat MLA Brian Mason released figures today showing that the partners in BPC realty holdings, the consortium selected to build the courthouse, contributed over \$21,000 to the Alberta Conservative party over the last three years.

Oh, yeah, and it goes on. I mean, this is a controversial, confrontational press release.

Mrs. McClellan: Here's an industry news release in response.

Mr. Klein: An industry news release. You know . . .

Mrs. McClellan: In response to an ND news release.

Mr. Klein: Right.

But, Mr. Chairman, here is the tale of two news releases, one written in a positive manner. I don't think that it got an inch of ink, by the way, in the newspapers. Maybe in the rural newspapers. This got a whole bunch of ink. You know why, Tom? You know why? Because it's controversial, it's conflict, it's confusion, it's chaos, and it comes from the NDs. Anything from the NDs is good according to the media, the *Edmonton Journal* anyway. Anything that's written by the Conservatives in a very nonconfrontational manner gets about, well, luckily, an inch or maybe two. So don't tell me about confrontational press releases by the government. [interjections] Do you have some more? Send them over because I'll be glad to table them.

So communication staff do not do political work. They write well-thought-out press releases that state the facts, and communications do brief ministers on issues related to government business. That's what my briefings are for when I meet the media every day. They are straightforward briefings. Sometimes they allude to questions that may be asked, or were asked, if the briefing is after question period, and will say that Liberals mentioned this, this, or that, and here is a suggested response.

That is the way briefings are prepared, and I'm sure that the hon. Leader of the Official Opposition has his researchers and his people do the same thing. If I make a statement in the Legislature and it's anticipated that the media will ask the hon. leader for his response, then he will have prepared for him a suggested response. That's the way it works.

Relative to press releases it is reasonable, it is responsible, and, Mr. Chairman, above all and unlike the NDs, it is nonconfrontational.

The Chair: The hon. Member for Calgary-Currie.

Mr. Lord: Thank you, Mr. Chairman. It's my pleasure to rise this evening to ask a few questions of our Premier in regard to the budget and the business plan, and frankly I appreciate the opportunity to do so. Now, normally during these questions you'd expect to hear questions on the budget intended to challenge expenditures with an eye to reducing them or justifying them. That's all well and good, but I expect that our opposition with their usual competence will overdo that this evening without my help. So my concern and my questions are slightly different, taking a different approach.

I'm wondering a bit about false economy. I'm wondering if we're spending enough, perhaps, in this very critical area to provide the best level of services that Albertans really want to see, services that are, frankly, worth every penny at this very critical level.

Now, our tendency as a government and certainly the Premier's tendencies are to lead by example and to keep our expenses to an absolute, bare-bones minimum. Of course, I totally support that direction as well, but sometimes I wonder, especially at this critical level, whether or not we're perhaps penny-pinching a bit and looking at false economy in our zeal to keep expenditures and taxes down.

Specifically, I'm going to refer to two areas that I'm wondering about. I'm wondering about staff working in the Premier's office. I mean these are people that get crabbed at, complained at, castigated continually – and I know it's a very, very tough, thankless, and demanding job – probably more so than almost anyone in our government. Whatever they're getting paid, frankly, I'm sure that they're more than worth it. In fact, I have the same views of our own constituency staff and assistant. So I question if they're perhaps getting paid enough to put up with all the abuse and keep a smile on their face and a chipper, cheerful attitude. You know, are their paycheques big enough to keep that inspired? After all, they are our front-line staff, our first interface with the public, and I'm wondering if the Premier is confident that they're earning enough and will be earning enough in coming years to keep them really happy.

My second area of concern with our expenditures is actually our public relations department. We've heard a lot of comments about it tonight, people in opposition talking about how big it is and so on. Frankly, I'm a little worried – you know, I'm seeing occasionally in the media, in our e-mails, et cetera, articles and comments that are very critical, misleading, misrepresenting, malicious accusations and so on – that many times there is no official response to those articles, none at all from our side to clarify the situation. In fact, I've collected a number of these, and I do try to answer them, but I can't. There are just not enough hours in the day.

So my concern is that if there is no response at all to such negative statements and columns and articles, maybe it has the tendency to create some doubt in the public's mind, doubt that perhaps we're afraid to answer or have no answers or that perhaps we aren't listening or that we don't care, didn't notice, et cetera. Because if we were or if we did have good answers and responses – and of course from my position I know that we do have excellent responses and answers – why wouldn't we want to set the record straight? Not for our benefit, not so that we look good, but for our citizens' benefit, for their peace of mind.

Frankly, I don't think that our citizens want to believe that this is an incompetent government that squanders their tax dollars on unnecessary plane flights and so on. I think that for their peace of mind it's important that we respond to these negative articles and set the record straight. So I'm wondering: are we perhaps a little short-staffed in our public relations department? We're not getting our good stories told so that people can be less stressed and sleep better at night knowing that their tax dollars and their governance really is in good hands, despite what they might be seeing or hearing from media and e-mails.

So the fact is, you know, that there is a whole other side to all these accusations and criticisms that our opponents are simply not going to be telling them, and as I said, it's for our citizens' peace of mind. You know, I'm specifically wondering: are we perhaps being lulled into complacency when we hear that our public relations department is a great secret weapon? Well, frankly, it shouldn't be a secret weapon. It's a public relations department. It should be high profile, very public, front and centre. So my question is: are we funding it enough to make sure that our side of the story gets out?

With that I thank you, Mr. Chairman, and look forward to the responses.

Mr. Klein: The questions and the statement made are somewhat

subjective, Mr. Chairman, in that if you were to ask, maybe, the PAB staff if there are enough of them and if they are being paid enough, they would say no, maybe. I don't know. If you asked the Liberals, they would probably say that there are too many and they are getting paid too much, and the NDs . . .

9:10

Mr. Mason: No. We'd just say that they're biased.

Mr. Klein: Oh, well, there is another. So the question is subjective.

Really, the manager of the Public Affairs Bureau, who is in the audience, makes a determination as to what is appropriate relative to the day-to-day operations of the bureau and also what is appropriate in terms of salaries. The salaries paid to PAB staff would be consistent with the salaries paid to any other person of the same level in any other component of the public service. So we try to be fair to all employees, and we do have a grid that categorizes an employee at a particular level. Within that level that an employee receives payment in the way of salary, either to the bottom of that grid or to the top of that grid.

An example would be a grid for ADMs, assistant deputy ministers, or division managers or people with particular expertise: lawyers, engineers, doctors, who all work in the public service. Basically, we try to treat everyone fairly. Now, if I were to ask Mr. Turtle, who's the head of the PAB, he would say: yeah, I'm worth more. Maybe he is. I'm sure that Gordon, if he went out into the private sector – and I'm not suggesting he do so, because he's doing a fantastic job – could make a lot more money than he's making here in government.

Relative to my own staff too, I guess, the question is somewhat subjective. If you were to ask members of my staff, although they wouldn't say it to me, they might say it to someone else: I deserve more money.

[Ms Graham in the chair]

I think that they are worth every penny that they earn because, as you pointed out, from Lynn Hall and Yolanta, who man the phones at the front office – you know, the front-line workers take a lot of unnecessary abuse, really – to Nargis and Colleen in my office; and Debby, who handles my scheduling; and Cathy; now Steve West and Jim Kiss, indeed, they deal with a lot of issues. Julian Nowicki, our deputy of Executive Council, I know for a fact could earn much, much more in the private sector. He knows it as well, but he is a dedicated public service employee, and he appreciates and understands what service to the public means.

So, yes, I would like to pay them all more, but unfortunately we are limited by the conventions of government and by the rules of government. We have to pay them what is deemed to be fair in relationship to what we pay other employees, but they do work very hard.

The Acting Chair: The hon. Leader of the Official Opposition, please.

Dr. Taft: Thank you, Madam Chairman. In the spirit of the comments from the Member for Calgary-Currie and the response from the Premier, thinking back to when the Premier first took his position – I think memory serves me correctly here – he publicly listed the public servants in the province who were earning \$100,000 or more, which I thought was actually an effective thing to do.

So I have a couple of questions along these lines. Could the Premier provide a list of the employees of the Public Affairs Bureau

who make over \$100,000? Since there's actually, I think, a line item in the budget for bonuses – or certainly there was in the annual report – could the Premier also provide a listing of the number of bonuses paid out to Public Affairs Bureau staff last year and the size of each of those bonuses and the basis on which they're calculated so that we might have a sense of how that'll play out during this budget year?

Mr. Klein: Madam Chair, I don't have that information at my fingerprints as it is not detailed or itemized in the budget, but certainly our officials heard the question and will be happy to provide the information.

Having said that, you know, things have progressed since 1992. I know that my salary has increased somewhat.

Mrs. McClellan: Not much.

Mr. Klein: Not much, but salaries have increased generally. I'm sure that the manager of the department, who is ostensibly at a deputy minister's level, would earn well in excess of \$100,000, not \$200,000 but in the mid-range, \$150,000, and that would be consistent with generally what DMs are paid, and I don't know exactly what they are paid. I don't know if an assistant director would be at the \$100,000 mark. I'm just looking for a nod. I'm getting a shaking of the head in the negative. But I will try and provide you the detailed information.

The Acting Chair: Leader of the Opposition, are you finished?

Yes, Madam Deputy Premier.

Mrs. McClellan: I do want to just make a couple of comments about the estimates of Executive Council, and there's been a lot talked about tonight about the Public Affairs Bureau. I want to certainly put on record the importance of the function that they provide in providing information to the people of the province, and I can assure you, Premier, that we have known that first-hand in the past 11 and a half months with the incident of BSE that has rocked the agriculture industry in such a dramatic way.

Probably any success of getting through that is a good communication plan, and it was necessary that the communication plan come through government as to what we were doing. The Public Affairs Bureau played a very strong role in that, whether it was the members of the Public Affairs Bureau that are located with Executive Council or the person that is assigned to Agriculture through the Public Affairs Bureau to help with that communication. It was imperative that the 38,000 producers in our province were kept abreast as well as possible as to anything that was happening, positively or negatively. It was most important, I think, to the consuming public of Alberta that they be kept abreast of those issues, and I use that as an example.

We were talking about news releases earlier, Mr. Premier, and the importance of them being factual. I looked at a news release that was presented by government when we made a trip to Washington to make a case for the border reopening and talked about the importance of that exercise of ensuring that key leaders in Washington understood clearly our position and the fact that we were going to base our evidence on science and not on emotion or hysteria or politics, and that was important.

[Mr. Tannas in the chair]

Then I looked at a couple of news releases that the beef industry, in fact, put out in early March in response to a rather inflammatory

and inaccurate news release put out by the opposition third party. This is the industry's; this is not mine. This represents four of the cattle-producing organizations: the Western Stock Growers, the feeders council, the Feeder Associations. Their quote is this: "The real shame from this entire episode of finger-pointing is that the needs of the province's beef industry are being ignored by the provincial opposition parties." That's a shame. But that was from inflammatory news releases and again stems from the comment that the hon. ND House leader has raised on Agriculture staff. All they said – and I'll paraphrase it – was that particular comment showed clearly how little the NDs knew about the cattle industry. That wasn't political. That was a fact that was raised by some information that was put out that was incorrect.

9:20

So, you know, you can get into this, but I say again how important the Public Affairs Bureau work is, how important it is that you have the opportunity to put factual information out, and I think that all of us, Mr. Premier, as members of Executive Council stand behind the factual material that is in the news releases that are put out through the Public Affairs Bureau to the people of Alberta. If we are not factual, we should be called to account. When we aren't factual, it should be based on fact, not innuendo, and that's the real harmful thing.

Mr. Chairman, I could go on and read excerpts from the Alberta Beef Producers letter, which is lengthy, which is a response to that same news release, and it really just shows the productivity deficit when you do things like that, and it causes a reaction and takes away from the important issues.

There is another area, Mr. Chairman. I wanted to ask a specific question of the Premier on the office of the Auditor General. As the Auditor General is an independent officer of the Legislature with the responsibility to audit the expenses of government ministries, I would like to ask the Premier to explain the Auditor General's role in reviewing Executive Council's expenses. I think that would be a point that we would all be interested in hearing.

Thank you.

Mr. Klein: Well, Mr. Chairman, I don't know if the hon. Deputy Premier has opened the door on this whole issue of expenses, but I'd be very happy to respond.

While much has been made about government expenses and particularly my expenses and the expenses of other ministers, there is a process. You know, today, for instance, in the Public Accounts Committee the Member for Edmonton-Centre was waving around a document and made the allegation that Peter Elzinga, my former chief of staff, was approving his own expense accounts. In fact, after the process was explained to me, he looks at it and then he puts a stamp on it and says, "This is basically what I spent," and that then goes to the Deputy Minister of Executive Council, who reviews that. Then it goes to the Finance department, and they do a further review, and of course it all becomes a part of the annual audit of the Auditor General.

So the Auditor General conducts an annual audit of Executive Council, and that includes all expense claims. It also involves the auditing of the financial statements and all transactions underlying these financial statements.

As I mentioned, the audit includes ensuring that expenses are authorized, complete, and accurate and have gone through the process; in other words, have been looked at by the employee or the government representative incurring the expense, have been properly examined by – I forget the name of the officer, but in this case the Deputy Minister of Executive Council; we'll call it the examining

officer – and then have gone through Treasury Board as well. The Auditor General, then, will look at the expenses overall to ensure that the expenses are authorized, that they are complete, and that they are accurate.

I understand that the Auditor General, as part of his mandate, in conducting his audits must get sufficient evidence to support his conclusions, and that, as I understand it, is what auditing is all about: the collection of evidence to support conclusions and recommendations. During the course of his audits the Auditor General has full and open access to our staff and full and open access to all financial information necessary to conduct his audits.

I can say that this government since 1993 adopted a policy of not shelving the Auditor General's reports but paying careful attention to the Auditor General's report and adopting his recommendations because his recommendations are based on evidence that something is not working right, and we want to make it work right. So we take very seriously the recommendations of the Auditor General, unlike the Liberals in Ottawa, at least under the former leader, who somehow seemed to ignore and pooh-pooh and disregard the recommendations of the Auditor General. At least this new leader, although he's being hoisted on his own petard, nonetheless is taking heed of what the Auditor General said about Ad-scams and is conducting an inquiry. Of course, the inquiry inflames controversy, and the media are having a heyday with it.

I would like to point out that the Auditor General is a very sincere individual who takes his job very seriously indeed, as did previous Auditor Generals.

In that regard, I would like to point out that in his 2002-2003 annual report, which is a public document, of course, the Auditor General has reported that the transactions and activities he examined in the financial statement audits, which include Executive Council – and in that audit would be all the expenses incurred by members of Executive Council – complied with the relevant legislative requirements. He never, never, never, never has reported any instances of noncompliance for Executive Council. That, unfortunately, has never been reported. Never been reported. I am not talking about in *Hansard* but by the media. I am confident that the Auditor General is reporting fairly, and if there were any reasons for concern with respect to Executive Council, he would have raised it in his annual report, and he didn't because he found nothing – absolutely nothing – wrong.

9:30

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I have a few more questions for the Premier. Before beginning, though, I'd like to correct something that the hon. Deputy Premier said. She created the impression that the document, which we did table in the House, written by her professional bureaucrats and attacking the New Democrats was somehow in response to a really nasty news release that we wrote, and nothing could be further from the truth.

This Key Messages deals with the NDs' Public Accounts motion. The issue, it says, is that the NDs made a motion at the Public Accounts Committee calling for Alberta's Auditor General to conduct a value-for-money audit of the way BSE compensation was spent. This document was an attempt to discredit the New Democrats for asking for the Auditor General to get involved, something which the Deputy Premier herself changed her position on just a few days later and stood in the House asking for.

Now, I want to ask the Premier. I notice that the Executive Council is basically the cabinet, and I know that the Premier is interested in keeping the size of government down. In fact, he's

made his reputation on this. What's interesting to me is that since 1993 when this Premier took office, the number of ministries has gone from 17 to 24. That is a 41 per cent increase over about 10 years, Mr. Chairman, and I don't think the province has grown that much in 10 years, although I could be wrong. Certainly, I would ask the Premier why we have had this expansion of ministries. Why, for example, do we need a Solicitor General and an Attorney General? Why do we need a Finance minister and a Minister of Revenue, and so on and so on? Could the Premier talk about that?

Does he have any plans to try and shrink government again before the next election? One way to do that would be to reduce the number of ministries in the government. Each ministry has to have a deputy, has to have in most cases ADMs, needs to have communications staff, needs to have administrators, so there's a tremendous duplication of bureaucracy as a result of the expansion that has taken place in the number of ministries during the period that the Premier has been in office. I would ask him to comment on that and whether or not he has any plans to reduce the number of ministries again.

The Chair: The hon. Premier.

Mr. Klein: Yes, Mr. Chairman. To answer the hon. member's question, prior to 1992, when I became the Premier, I think there were 27 – I stand to be corrected – members in cabinet, and the size of the caucus was 53. I don't know how many MLAs there were, probably in the area of 80 or 83. I don't know whether that has changed that much, Mr. Chairman. You were around then. So was I, but I can't remember completely. But there were 27 ministries.

When our government was re-elected in 1993, I reduced the size of cabinet to I believe it was about 17 at that time, and we had 51 members. The Liberals had 32. The NDs were decimated; they were wiped out. They were the opposition. We increased our majority between 1993 and 1997 when two members of the Liberal Party and one member of the NDs . . . [interjection] Oh, I'm sorry. You didn't cross the floor. You ran for us. Two members of the Liberal Party – was it two?

Mr. Woloshyn: Three.

Mr. Klein: Three members of the Liberal Party crossed the floor and joined our caucus. I can't remember what the size of the cabinet was at that time. I believe it was around 20. Then in 2001, of course, we increased our majority again to 74 and, coincidental with that, increased the size of cabinet.

It remains to be seen – and that's a matter for ongoing examination. Certainly, it is the prerogative of the Premier to decide the size of cabinet, what he thinks is needed to run an efficient organization and provide accountability, and that decision will be made after the next election. I don't hear any opposition to that from the other side, so obviously they assume that we're going to win.

Mr. Mason: Don't assume anything.

Mr. Klein: Well, I will assume some things, and I'll bet you. I'll bet you right now. You want to put \$10 on it? [interjections] Yeah. Okay. Next time. Right. Anyway, we will do our best.

Mr. Chairman, the size of cabinet in some respects is in relationship to the size of the caucus. We are cognizant and we're well aware of the need to have as little government as we possibly can and to economize where we can, but we also have to understand that elected people are elected to be accountable to the public and that they expect to receive services from various ministries, various departments. They would like to talk to a political figure who has

been elected in his or her constituency, who is responsible for either a department or a standing policy committee or a government committee headed by an MLA as opposed to a public service employee. That is the nature of government.

Having said that, Mr. Chairman, I'd like to point out something, because it's bothered me, relative to what the hon. Member for Edmonton-Highlands alluded to, and that is the politicizing of the public service. I've been in politics now for 24 years and in the Alberta government now for 15 years, and I'm said to be the longest serving Premier in Canada. During the course of my tenure I've had the opportunity to be involved with various Premiers from British Columbia. I think I've gone through about seven. Many of them have been ND Premiers. We'll start with Mike Harcourt, then go to whoever was the interim, Miller, then Clark, then Ujjal Dosanjh. Right? Okay. So there are four. I got to know a little bit about them.

9:40

The one thing that the Liberal Premier there now, Gordon Campbell, said is that the most difficult thing to do is to reorganize government and rout out all of the senior posts right down to mid-management level that were filled by ND party hacks. They recruited from around the country and called in all of the NDs they could possibly find to fill all of the public service jobs.

You want to talk about the politicization of a public service? You need to look no further than what the NDs did in British Columbia. I have to say that they were masterful at doing it. As a matter of fact, one of his former colleagues, who used to be my critic, ended up in the public service in British Columbia. I think others did. Anyone with an ounce of political smarts became a bureaucrat in the ND public service in British Columbia. They were masters at it. Absolute masters.

The Chair: The hon. Member for St. Albert. [interjections] St. Albert is the only one that's recognized.

Mrs. O'Neill: Thank you very much, Mr. Chairman. I'd like to extend my appreciation, too, to you, Mr. Premier, for the opportunity this evening to hear you explain the organization and the various responsibilities through your office.

I would like to take this opportunity also, because I do have the honour of being the chair of a standing policy committee, to say thank you to and recognize the two fine women from Executive Council who assist us, Doris Porter and Kristine Oberg, who provide us with some very excellent advice and assistance and help us to correspond with Albertans in order that they can present to us and inform us of those issues and items that are very relevant to Albertans. Indeed, through your office we're able to service them and to respond to them and to articulate policy so that, we believe, through your leadership we can, again, as I say, serve Albertans.

You also mentioned, Mr. Premier, at the beginning of this evening's presentation that within your jurisdiction of office you have the Alberta Order of Excellence. I do notice that recently those who are responsible for that specific honour and Order of Excellence awards did make the most recent announcements to very deserving Albertans who have served our communities extremely well. So I would like to ask you if you could please, Mr. Premier, explain to us actually how it does work, where it does fall within your office and ministry, and if you could also provide us with your thoughts on the Alberta Order of Excellence, please.

Mr. Klein: You know, the question pertains somewhat to what I said earlier, and that is that there are so many interesting things and

wonderful things going on in this province that aren't reported, and the Alberta Order of Excellence is one of them. It's Alberta's equivalent to the Order of Canada, and many distinguished Albertans have received this award: ordinary citizens, doctors, lawyers, plumbers, pipefitters. Anyone who has made an outstanding contribution to his or her community has been honoured. It's the highest honour the province of Alberta can bestow upon a citizen. Quite basically, the Order of Excellence is to accord recognition to Albertans who have rendered service of the greatest distinction and to recognize them for singular excellence on behalf of all the residents of Alberta.

The ceremony is a very simple ceremony at Government House. The Lieutenant Governor presides and presents the recipient with the Order of Excellence, which is an emblem that is worn proudly by the recipients below their OCs, the floral pin. Many of them are also OCs, Orders of Canada.

As I said before, members of the Alberta Order of Excellence come from all walks of life, and their careers cover a wide range of things all the way from medicine, as I said, to plumbing, to the arts. The only thing that all members have in common is that they have made an outstanding contribution to their province or they've had an impact on the international scene. The Alberta Order of Excellence is about more than simply doing one's job well. It's about recognizing Albertans who have made a difference and who have served Albertans with excellence and distinction and whose contributions will stand the test of time.

[Ms Graham in the chair]

The Alberta Order of Excellence Council considers the nomination of candidates to the Alberta Order of Excellence, and that council is made up of prominent volunteer representatives appointed by order in council from across Alberta. So there is a very thorough adjudication of the worthiness of potential recipients for the Order of Excellence. I can tell you that last year I think that there were about 300 nominated, and I believe that only three or four are selected from all the nominees. I'm sorry; it's five. Five Albertans are honoured each year for their outstanding contribution.

Mrs. McClellan: Up to five.

Mr. Klein: It's up to five.

As I said before, unfortunately the Alberta Order of Excellence, although it's been around for many years, has had a relatively low profile. I would like to see an expanded profile for the Alberta Order of Excellence where more Albertans know about it and know about the people who have received it and then have the ability to nominate potential candidates or recipients. So I would encourage Members of the Legislative Assembly and all others interested to spread the message about the order and to encourage their constituents to nominate Albertans who are deserving of this great honour.

The Acting Chair: After considering the business plan and proposed estimates for the Department of Executive Council for the fiscal year ending March 31, 2005, are you ready for the vote?

Hon. Members: Agreed.

Agreed to:

Operating Expense

\$24,399,000

The Acting Chair: Shall the vote be reported?

Hon. Members: Agreed.

The Acting Chair: Any opposed? The motion is carried.
The hon. Government House Leader.

9:50

Mr. Hancock: Thank you, Madam Chairman. I'd move that the Committee of Supply rise and report the estimates of the Executive Council and beg leave to sit again.

[Motion carried]

[Ms Graham in the chair]

Mr. Tannas: Madam Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, as requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2005, for the following department.

Executive Council: operating expense, \$24,399,000.

The Acting Speaker: Thank you.
Does the Assembly concur in this report?

Hon. Members: Agreed.

The Acting Speaker: Any opposed? So ordered.

head: **Government Bills and Orders**
Third Reading
Bill 27
Alberta Corporate Tax Amendment Act, 2004

The Acting Speaker: The hon. Minister of Revenue.

Mr. Melchin: Thank you, Madam Speaker. I would like tonight to certainly move third reading of Bill 27, Alberta Corporate Tax Amendment Act, 2004.

As mentioned previously, this act is to incorporate changes to the corporate income tax rates: 11 and a half per cent general rate and from 4 per cent to 3 per cent for the small business rate.

[The Deputy Speaker in the chair]

Ultimately, I would like to at least make one statement, I think, when we're asked about trying to make sure that we have the right structures for economic activity. I would like to actually quote something from the C.D. Howe Institute. There are many others with similar statements that we could quote. They said that the central cause of Canada's poor investment performance and the stagnant growth of the living standard is Ottawa's and the provinces' business taxation policies.

As C.D. Howe Institute studies have shown over the past five years, Canada's effective tax rate on capital remains one of the highest in the world and actually rose from 1987 to 2000. Businesses have been given some relief in the past three years, but Canada's competitors have been reducing business taxes even faster. A recent report showed that Canada's effective tax rate on capital has actually risen relative to the OECD average. Even high-tax countries like Sweden and the Netherlands have lower effective tax rates than Canada because they keep corporate taxes low.

So it is true that our averages have been high. It is true that when we go, certainly as I've said before, and talk specifically to the investment community in New York, when they are comparing effective tax rates and return on investment, business taxes are a very critical part of retooling investment, both machinery and equipment, creating jobs, taking the risk, attracting capital for high capital-intensive industries that we have in Alberta. It's very fundamental that we have the right structures that will attract the capital to create the jobs for all of us to have opportunities to live and work here in Alberta.

In that respect our GDP growth, our own estimates of creation, continues to show this province – it's not just because of price factors. Industries beyond oil and gas are growing here in Alberta. Both small businesses and large businesses are coming here. People continue to move here. We get the GDP growth. Our investment per capita is highest among all of the provinces.

These are all factors that when you ask in surveys point to – when CEOs are asked about some of their policies about where they're going to locate, the facts do come back to support Alberta being known and recognized for being a more conductive business friendly environment to come and locate. Even the banks will acknowledge that themselves when you talk to them about how they structure internally and even put some of their business in Alberta, Alberta being their western financial centre much because of this being the right place to invest. Tax structures are very fundamental to it.

So I would recommend that everybody give strong support to third reading of Bill 27.

The Deputy Speaker: The hon. Leader of Her Majesty's Loyal Opposition.

Dr. Taft: Thanks, Mr. Speaker. I've spoken to this bill earlier, so I don't feel any need to prolong the debate this evening.
Thank you.

The Deputy Speaker: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you, Mr. Speaker. I just want to not really prolong debate at all, but just to put on the record for one final time the opposition of the New Democrat caucus to the corporate tax cut plan of the government. This is a plan of moving corporate income tax down from 15 per cent to 8 per cent over what was originally four years. We take some credit for delaying it in one year when the Treasurer got nervous. So it's going to take them five years.

They have provided no evidence that this is necessary or will produce the types of results that they expect. The Auditor General has called for measures to determine what exactly is going to be achieved by this policy and a way to measure results against expectations. The government has not provided that, and we see it merely as part of their corporate mindset and acting on behalf of the corporate sector in this province to reduce the tax level on corporations, which will have a strong negative effect on the government's ability to continuously provide necessary services to the citizens of this province and make the province even more dependent on natural resource revenue and gambling revenue as an alternative to a solid and justifiable tax base, including corporate income tax, in this province.

So we want to go on the record once again, Mr. Speaker, as opposing this bill and want to indicate as well that we support the portions of the bill dealing with reductions to small business, but we can't vote for the bill.

Thank you.

The Deputy Speaker: The hon. Minister of Revenue to close debate.

[Motion carried; Bill 27 read a third time]

Bill 29

Agriculture Financial Services Amendment Act, 2004

Mrs. McClellan: Mr. Speaker, I'm pleased to move third reading of Bill 29, the Agriculture Financial Services Amendment Act, 2004.

Mr. Speaker, this is an important bill, and the proposed amendments will go a long way to help those in the agriculture industry and those in rural Alberta in particular, although not confined to them, to develop more business investment in their product and in their communities.

Mr. Speaker, this bill will allow individual farmers as investors to each borrow money from Ag Financial Services and then collectively invest in a project. Of course, as has been indicated through some of the debate on this bill, there is a strong interest in the communities – mainly rural I will admit, but obviously urban investors as well – to invest in more capacity in our slaughter area.

Through this bill individual shareholders will be able to access loans of up to \$2 million, which they could before, and be subject of course to the financing terms. None of that has changed or the requirements as they're set out. What this does is allow more than one investor to borrow up to \$2 million. It's a clarification of what the intention of the original program was.

10:00

Mr. Speaker, we do want to make it possible for entrepreneurs to invest in value-added opportunities in our province. There is no question that Ag Financial Services and now incorporated into it Alberta Opportunity Company have an outstanding record on loan losses of under 1 per cent, which I don't think anyone would really debate or argue is a bad figure.

Mr. Speaker, let me just conclude by taking the opportunity to say one more time that we grow a wonderful agricultural product and products here in the province of Alberta, whether it's barley or beef

or potatoes, sugar beets, lentils, and of course our emerging and growing small fruit industry, and we believe that our producers do deserve the opportunity to value add their product right here at home and keep the jobs right here at home.

I want to thank all members on all sides of the House for their support of this bill, and of course we'll urge all members to vote in favour of it in third reading. Thank you.

The Deputy Speaker: The hon. Leader of the Opposition.

Dr. Taft: Thanks, Mr. Speaker. If the effect of this bill is to increase the productive capacity of the agricultural industry in Alberta, that's fantastic. I really hope that's how it plays out. There are of course risks with this, but we manage the risks. We take our risks. In many ways perhaps the risks are greater in doing nothing than endeavouring to put in place the mechanisms for Alberta's agricultural industry to expand here at home.

If we are able to increase the slaughtering capacity at home, the spinoffs of that are marvellous. I mean, every live animal we ship out of the country takes with it jobs, and if we can keep those jobs here, expand them here, develop them here, good for us. Let's hope it works out.

I'll certainly be supporting this bill. Thank you.

The Deputy Speaker: The hon. minister to close debate?

Mrs. McClellan: Question.

[Motion carried; Bill 29 read a third time]

The Deputy Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:03 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]