



Legislative Assembly of Alberta

The 28th Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of International and Intergovernmental Relations  
Consideration of Main Estimates

Wednesday, April 17, 2013  
8 a.m.

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The 28th Legislature  
First Session**

**Standing Committee on Alberta's Economic Future**

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Fox, Rodney M., Lacombe-Ponoka (W), Deputy Chair

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Cao, Wayne, Calgary-Fort, (PC)  
Donovan, Ian, Little Bow (W)  
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McDonald, Everett, Grande Prairie-Smoky (PC)  
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## **Standing Committee on Alberta's Economic Future**

### **Participants**

Ministry of International and Intergovernmental Relations

Hon. Cal Dallas, Minister

Hon. Teresa Woo-Paw, Associate Minister



8 a.m.

Wednesday, April 17, 2013

[Mr. Amery in the chair]

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

**The Chair:** Good morning, ladies and gentlemen. It's 8 a.m., and we must begin. I would like to call this meeting to order. Also, I would like to welcome everyone in attendance here this morning.

The committee has under consideration the estimates of the Ministry of International and Intergovernmental Relations for the fiscal year ending March 31, 2014. Just a friendly reminder again that the microphones are operated by *Hansard*, and I would ask members not to operate their own consoles as it causes technical issues. Also, please do not leave your iPhones, BlackBerrys on the table.

Now, I would like us to go around and introduce ourselves, and I'd also ask the minister to introduce his staff. I'm Moe Amery, MLA, Calgary-East, and the chair of this committee.

**Mr. Xiao:** David Xiao, MLA for Edmonton-McClung.

**Mr. Quadri:** Sohail Quadri, Edmonton-Mill Woods.

**Mr. Bhardwaj:** Naresh Bhardwaj, Edmonton-Ellerslie.

**Mrs. Sarich:** Good morning. Janice Sarich, MLA for Edmonton-Decore.

**Ms Pastoor:** Bridget Pastoor, Lethbridge-East.

**Mr. Luan:** Good morning. Jason Luan, Calgary-Hawkwood.

**Mr. Dorward:** David Dorward, Edmonton-Gold Bar.

**Ms Woo-Paw:** Good morning. Teresa Woo-Paw, Calgary-Northern Hills and Associate Minister of International and Intergovernmental Relations.

**Mr. Dallas:** Good morning. Cal Dallas, Red Deer-South and Minister of International and Intergovernmental Relations.

With me today, in addition to Associate Minister Woo-Paw, I have Lorne Harvey, who is the acting deputy minister; Jason Krips, who is the assistant deputy minister for international relations; Garry Pocock, who is the assistant deputy minister for intergovernmental relations; and Howard Wong, who is the acting assistant deputy minister, corporate services. We have a number of others here: Jeff Henwood, my chief of staff; Patrick Naud, who's the assistant to Associate Minister Woo-Paw; Mark Cooper, press secretary; and Evan Romanow, who is in the deputy minister's office as well.

**The Chair:** Thank you, Minister.

**Mr. Strankman:** Drumheller-Stettler, Rick Strankman.

**Ms Smith:** Danielle Smith, Highwood.

**The Chair:** Are you substituting?

**Ms Smith:** I'm substituting for Bruce Rowe.

**The Chair:** Okay. Thanks.

**Mr. Donovan:** Ian Donovan, Little Bow.

**Ms Olesen:** Cathy Olesen, Sherwood Park.

**Mr. Eggen:** Good morning. I'm David Eggen, MLA for Edmonton-Calder.

**Mr. Cao:** Wayne Cao, Calgary-Fort. Welcome.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk

**Mr. Fox:** Rod Fox, MLA for Lacombe-Ponoka and vice-chair.

**The Chair:** Thank you very much.

Hon. members, as you know, the Assembly approved amendments to the standing orders that impact consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of International and Intergovernmental Relations, I would like to review briefly the standing orders governing the speaking rotation.

As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or the member of the Executive Council acting on the minister's behalf may make opening comments not to exceed seven minutes for a two-hour-long meeting. For the 40 minutes that follow, members of the Official Opposition and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes the members of the third party, if any, and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes the member of the fourth party, if any, and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes private members of the government caucus and the minister or the member of the Executive Council acting on the minister's behalf may speak. Any member may speak thereafter.

Members may speak more than once, with speaking time divided equally between the member and the minister. A minister and a member may combine their time for a total of 14 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Once the specified rotation between caucuses is complete and we move to the portion of the meeting where any member may speak, the speaking times are reduced to five minutes at any one time. Once again, a minister and a member may combine their speaking time for a maximum total of 10 minutes. Members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time, and the minister must consent.

Two hours have been scheduled to consider the estimates of this ministry, the Ministry of International and Intergovernmental Relations.

Committee members, ministers, and other members who are not committee members may participate. Members' staff and ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee.

As noted in the Speaker's memorandum of March 22, I would like to remind all members that during main estimates consideration members have seating priority at all times. Should members arrive at a meeting and there are no seats available at the table, any staff seated at the table must relinquish their seat to the member.

If debate is exhausted prior to the two hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at 10 p.m. Sorry; 10 a.m. That was going to be a long meeting.

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

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 22, 2013.

I will address the rules and regulations concerning any amendments. An amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount.

Vote on amendments is deferred until Committee of Supply on April 22, 2013.

Written amendments must be reviewed by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty-five copies of amendments must be provided at the meeting for committee members and staff.

Now I would like to invite the minister to begin his remarks.

**Mr. Dallas:** Thank you, Chair. Good morning again to everyone. It is indeed my pleasure to be here today and represent the Ministry of International and Intergovernmental Relations, a ministry whose significance has grown over the past year and whose influence will hopefully continue to grow with support from this committee.

I introduced some of the team that are here today, so I'll move forward and say that together we have worked towards fiscal 2013-14 with a balanced approach of funding critical work to achieve market access goals while achieving a program spending reduction in other areas.

I'd like to begin today's presentation with an overview of my ministry. In essence, we are a relationship-building ministry. We manage Alberta's relations with our provincial, federal, and international counterparts. International and Intergovernmental Relations' mission is to advance Alberta's interest by leading government-wide strategies that capitalize on Alberta's regional, national, and global relationships and opportunities, including but not limited to protecting and enhancing Alberta's position in Confederation, ensuring that Alberta's voice is represented in domestic and international trade policy development, building economic and cultural relations with the 173 countries to which Alberta exports products, promoting Alberta's business-friendly environment to attract investment into our province, connecting Alberta businesses to new and growing export markets, and coordinating the activities of Alberta's 10 international offices.

Over the past year my ministry has shifted its focus to better align with Premier Redford's vision. The Alberta of today is about building bridges into the world and seeking out new opportunities. Nowhere is this more important than in our \$95 billion export sector, the backbone of Alberta's economy. It's why the Premier has given me and my associate minister, Teresa Woo-Paw, a strong mandate to expand market access for Alberta-produced goods and services.

The Premier has also indicated that she would like my ministry to further consolidate the government of Alberta's international capacity. This means that my ministry must grow both in scope of responsibility and in size. We've been asked to take on internationally focused parts of other ministries and consolidate them under one leadership to better advocate for Alberta around the world. We expect to reduce duplication in government and more sharply focus existing resources on clear outcomes. How much of that we can achieve depends on the level of support that we receive from you.

**8:10**

One thing is certain. We will require additional resources if we're going to do this right. Although my ministry is asking for \$5 million in new funding, I would note that we have made reductions of \$3.7 million, resulting in a net increase of \$1.3 million for 2013-14. I will outline the reductions for you in a moment.

In this budget my ministry is asking for 17 full-time positions to deliver its market access mandate. We will use resources in the following ways: \$4 million for international relations and our international offices. This includes nine full-time positions to establish an improved Alberta presence in Asia, the United States, and Europe; we'll establish an international policy branch to work with other government of Alberta departments; third, we'll move forward with programs such as the Alberta abroad externship program; finally, to streamline and co-ordinate ministerial and Premier's missions. And \$1 million for ministry support services comprising my office, the associate minister's office, communications, and corporate services.

To help address these administrative challenges, we are asking for eight full-time positions. These funds are required to address funding shortfalls due to decisions made after the finalization of Budget 2012 as well as for support for the increased initiatives and new full-time equivalents. We intend to provide a benefit for Albertans in a time of fiscal restraint, and I assure you that what we seek is not only reasonable; it is necessary.

Our greatest challenge and our largest cost driver leading up to the 2013-14 budget is the ministry's mandate to expand market access. Expanding market access is vital, absolutely critical to the health of our economy for all Albertans.

In 2011 we exported 87 per cent of our goods to the U.S. Even though the U.S. is an ally and will continue to be our largest trading partner for some time, it is not sustainable to rely on that market. We must expand our trade into Asia and take advantage of the 4.1 billion consumers that live there. We must diversify our export markets and capitalize on our great cultural relationship with countries such as China and India. We will put in place the people we need to carry out these orders. Otherwise, they're just ideas on paper.

However, International and Intergovernmental Relations shares the same reality as all of government and, indeed, all Albertans. We must find and deliver efficiencies. We have reduced by half the number of externships envisioned in the original Alberta abroad program, eliminating about \$1 million in spending on that program. We have, during this time of restraint, deferred the proposed Alberta ambassador program. All told, International and Intergovernmental Relations has pared back previously projected expenses, as I mentioned, by \$3.7 million.

Against that backdrop we are moving ahead immediately on exciting and major steps. Very shortly we will release the renewed international strategy mapping the road ahead and a report on our international offices, focusing on our government, on the future of this powerful tool for global performance.

This leads me to another very important discussion for this room, how we gauge outcomes of the work of my ministry. The ministry's effectiveness in serving its functions and delivering on its mandate carry performance measures set out in our three-year business plans. In Bill 1 of March 2012 this government introduced results-based budgeting, a new approach to government budgeting that emphasizes successful service delivery outcomes and requires a comprehensive review of all programs and services. With that in mind I directed the ministry to examine

whether its performance measures remain effective in an RBB environment.

Beginning this year, we've created new measures for inclusion in the 2014-17 business plan. The new measures ask for proof points, tracking the percentage of objectives achieved.

**The Chair:** Thank you, Mr. Minister.

Before we begin, for the record we have been joined by Mr. Rogers and Mr. Hehr.

Ms Smith, I understand that you'll be leading on behalf of your caucus for the next 40 minutes.

**Ms Smith:** Yes. Thank you, Mr. Chair.

**The Chair:** Would you like to share your time with the minister?

**Ms Smith:** I would if the minister is open to that.

**The Chair:** Minister?

**Mr. Dallas:** Absolutely.

**The Chair:** Great.

**Ms Smith:** Can you, Mr. Chair, just let me know as I do this in seven-minute increments?

**The Chair:** Ten. We'll go for 10. It's 40 minutes. We'll divide them equally.

**Ms Smith:** Well, I would prefer seven, actually, if you wouldn't mind.

**The Chair:** Seven?

**Ms Smith:** Yeah. I've got this divided into three sections, so I would like to be notified at the seven-minute mark. If you don't want to do it, I can ask the vice-chair to let me know.

**The Chair:** Minister, is it okay to go seven and seven minutes?

**Mr. Dallas:** It leaves two minutes at the end. It picks up an extra two there. Is that the idea?

**Ms Smith:** That's how we did it when I was in Executive Council.

**The Chair:** Yeah. We did it at Executive Council.

**Mr. Dallas:** Let's give it a go.

**The Chair:** Great. Thank you.

**Ms Smith:** Okay. Perfect.

The way I wanted to proceed with this, Minister, was to go into three different sections. Just so you know how I'm going to be structuring my comments with you today, I wanted to start off by talking about our international offices, and then I wanted to move more specifically to talking about Washington and our relationship with the United States and then come closer to home and talk about Canada and some of the issues that we're going to have domestically. If I get a chance on the next go-round, I can get a little bit more granular.

On this first back and forth between us I wouldn't mind if we could talk about some of the objectives of your ministry and also about some of the performance measures. I do find it interesting the way you've characterized what's happening in your ministry as a cost savings when what we've actually seen is a 64 per cent increase in three years. Now, of course, if every department

increased by 64 per cent over three years, we'd be in even worse trouble than we're in today. It does strike me that this ministry is one where there has been a little bit of controversy over some of the patronage appointments to different offices, over some of the overexpenditure when it comes to travel. Some of those questions, I think, are ones that we'll have to get to a little bit later.

I did want to start off by asking about your goals in your business plan. In particular, you've got goal 1, to ensure that Alberta's international policy objectives are met. Of course, related to that, you've got Alberta business activity in targeted foreign markets being increased. Those are two of the main things that you do want to achieve. The thing I'm a bit concerned about, when you're talking about opening up new offices, is that it does seem to me premature to be talking about opening new offices before the international offices review is complete. I would like to get some indication about how that international offices review is going, when we can expect to see it, and if you have any preliminary findings you can share with us.

**Mr. Dallas:** Sure. I appreciate that very much. With respect to the international offices review we're in the very final stages of our internal policy on that. There have been a number of developments post the previous budget and, obviously, subsequent to the election that I think have been instructive.

We've appointed the members of the Asia Advisory Council, which provided an opportunity for that council to provide me and Minister Woo-Paw instruction and review of some of the material that we were able to provide in the context of where we anticipated there might be priority areas that the council would provide advice on.

We've been able to work around the province, speaking to quite a large variety of what I guess you would describe as stakeholders, whether that's the postsecondary system, business associations, a variety of Albertans that have unique and important experiences with respect to international business and culture. What's evolved, I think, is a very thorough and thoughtful review of the opportunities around the world as we see that.

We've also been able to interact with some of our provincial counterparts to better understand the work that they're doing and how we complement that. In particular, we've had a long and constructive dialogue with the federal government through DFAIT to talk about their renewed strategies and where they see opportunities and to make sure, as we explore these opportunities on the launch of the strategy, that we're well positioned to make sure that we're utilizing each other's assets.

**Ms Smith:** May I ask, then, just from a specific point of view: when would we expect that review to be complete, and when are we going to see the public report?

**Mr. Dallas:** Yeah. Obviously, all of this will be public. While it's hard to predict the timing of the finish of the internal processes, I would expect to tell you that we're somewhere in the range of four weeks to six weeks from the launch of that strategy.

**8:20**

**Ms Smith:** Excellent. Thank you.

I wanted to ask about the Auditor General's report because I guess I need to understand what happens internally in a department when the Auditor General gives recommendations. Of course, the recommendations that came out of a 2008 report talked about the need to do a thorough analysis. It was then indicated in October 2012 that the following recommendation had been outstanding and was not yet ready for a follow-up audit based on October 2008.

When the Auditor General makes a recommendation to do something, I'm just wondering why it wouldn't be acted upon by this department for four years, until it was pointed out yet again. Is that a failure on the part of the ministry, or is it a failure on the part of the deputy minister? It does seem to me that we should be taking the Auditor General's recommendations seriously and they shouldn't have to be nagging and reminding that these kinds of things need to be done for them to finally be acted on. Can you just explain why it took four years and a second reminder before that international review commenced?

**Mr. Dallas:** Well, as you know, we're considering the budget and the estimates for '13-14, but I will make a comment that dates back to the budget estimates of last year. At this meeting I made a commitment that we would review the performance measures with respect to the ministry. With the chair's permission I actually have a one-page handout that I would distribute to the table right now if that's all right, Chair.

**The Chair:** Okay.

**Mr. Dallas:** Essentially, what's happened is that we've engaged the firm KPMG and developed 49 new performance measures that will be incorporated in the ministry, performance measures through 2014-17. Now, I have to say that for two-thirds of those measures we have the baseline data to provide comparables moving forward in the first year. For one-third of those 49 measures we're going to have to collect data over a period of several years before we can provide the comparables.

I'm very pleased that you've raised this. I think the Auditor General's notation with that, actually – you know, certainly, while I agree that we need to pay close attention to that, that was important to me. Albertans need to have confidence in the value of the work that this ministry is doing and that the performance measures that we had were ripe for improvement, and that's exactly what we're proceeding with.

**Ms Smith:** Minister, I do appreciate that. My very next question was: I understand that in several places you've indicated there's going to be a change in performance measures. Can you give us some idea of what those might be? You knew where I was going with that, so thank you for that. I appreciate it.

Because I've just received this, I wonder if you can just talk to a couple of things about whether or not some of the previous performance measures are going to be included on a go-forward basis. The reason I wanted to note these is for you to perhaps tell us what we're likely to see in 2013 when the annual plan comes out and whether or not these performance measures are going to continue on. I have to say that the performance does seem a bit spotty when it comes to looking at the previous assessment we've done of our international offices. That may be because we weren't using the very best indicators.

I'm looking at the 2012 business report. I recognize the methodology change for the number of hits on the website, so I can see the dramatic decline there is because of a change in methodology, but I am a bit concerned that we do see some declines. For instance, local market and industry intelligence reports generated: we had 121 in '11, and then it went down to 101 in '12. The number of companies and investors participating in missions or delegations to Alberta: 345 in '11; 330 in '12. The number of missions or delegations to the market: 363 in '11; 260 in '12. The number of Alberta companies participating in missions to the market: 718 in '11; 641 in '12. Those are going in the wrong direction, it seems to me, especially since we've seen such

a dramatic increase in the amount of resources going to your department.

I guess I'm a little bit concerned that part of the rationale for changing the performance measures is that some of them just don't look that good. So if things don't look that good and we're not succeeding, let's change and measure something else. Maybe you could comment on that, and maybe you can comment on why those are going the wrong way.

**Mr. Dallas:** Okay. Well, I guess I'd first say that if I anticipated that or expected that, I would have had to do that in advance of the event because I made those commitments around renewing and refreshing and having much more vigorous performance measures more than 12 months ago. Obviously, the reportability of this: I appreciate that.

One of the problems I saw with this is the difficulty in measuring what constitutes actual performance or activity. When we talk about the effectiveness of the ministry, measuring pieces like how many businesses actually came on a mission is not indicative at all of the activity of the department. For many, many transactions, many visits, many of the services that we provide, there's not a direct relationship between the number of missions or the number of businesses that are associated with that.

There are still some of the performance measures that we will maintain. Obviously, we're very interested in client satisfaction with respect to the services we provide, and we'll continue to measure that. But we're going to try and drill down and provide some performance measures that I think are going to be more meaningful to Albertans, performance measures that are going to capture the essence of our clients' work and the services that we're providing to them at a higher level of detail.

**Ms Smith:** Good. I'm looking forward to that.

I just want to then get you to comment, perhaps, on some of the other statistics that I think are troubling and, again, going in the wrong direction. I think this goes to the review of the offices as well. I note that in comparing year-over-year trade statistics for 2011-12 – keep in mind that there isn't full data available for the full year as yet – while some are up, we see that the EU-27 is down 14 per cent in a year-over-year comparison, Taiwan is down 22 per cent in a year-over-year comparison, Hong Kong is down 17 per cent, and South Korea is down 24 per cent. These trade stats are the Alberta exports to these various jurisdictions.

I guess what I find a bit troubling, again, is the presence that we've had in our international trade offices in those regions, some for a length of time. You would expect that since increasing Alberta's business activities is goal 2, I would look at those numbers and wonder if those trade offices are effective at all.

Related to that, then, I want to understand your interpretation of results-based budgeting. I think that when the concept was first introduced, it was introduced as a notion of zero-based budgeting. Then the language got changed to results-based budgeting. I was still under the impression that the exercise was about identifying things that aren't working, and if they aren't working, we stop doing them and reallocate those resources somewhere else. But looking at how your budget is planned to go up, it doesn't look like you're contemplating a reallocation of resources. It sounds like you're adding to what we're already doing even though there are some very troubling signs that some of the offices that we have in place aren't performing at the level that we want them to.

If you could comment on what is your understanding of the mandate you've received from the Premier, what results-based budgeting would be, and some of the troubling trade stats that I read into the record.

**Mr. Dallas:** Yeah. Two of three components of my ministry have already been reviewed by the results-based budgeting panel. While at this point we haven't received the results from that, I am looking forward to that. I'm a believer that the system that we've set up and the challenge panels and the review process will identify opportunities for improvement and weaknesses in the delivery of programs, and we're certainly prepared to continue to work through that process.

The third leg of that, the intergovernmental relations department, is set for the next part of the review process, and again that will take some time to play out. These performance measures that I've spoken of are designed to ensure that the information that's provided to the panels on a move-forward basis do provide appropriate indicators.

I would take a little bit of exception to judging performance levels in terms of Alberta exports in the markets on the basis of the robustness or the personnel individually that are in these markets. This is part of why, you know, I've changed these performance measures. It would be wonderful if we could take credit on the basis of the office performance.

**The Chair:** Thank you.

That was the first 14 minutes, so we'll go into the next segments of seven and seven, 14 minutes.

**Ms Smith:** Thank you. I appreciate that, Mr. Chair.

Let me switch gears to talk about one international office in particular, our Washington office. I think there may still be some questions that I have about our international offices related to this as well.

**8:30**

I'm wondering about the efforts that are being made on the Keystone pipeline. I'm sure that it's no surprise to you that everybody is watching that, every business meeting that I go to, even those locally, as you can imagine. I was at a construction meeting last night with the Merit Contractors, and when I asked them how business was going, they said: we need to get those pipelines built. Everybody is very much focused on: what do we do to get Keystone moving?

There have been a number of trips to Washington that the Premier has made. I'm not sure if you've accompanied her on any or many of those. You can comment on that if you choose. I do want to know: are we any closer to actually getting an approval? When I talk to those in the energy sector, they are still at 50-50. When I spoke with Ambassador Doer, he suggested it was a little more optimistic than that. I would like to know from your perspective how it is we're doing on that file and when you think the timing would likely be on a decision one way or the other.

**Mr. Dallas:** Thank you. Yes, the Premier has made four trips to Washington. I've accompanied her directly on only one of those trips, but I've made trips myself as well. I would be more inclined to support Ambassador Doer's position on that. I'm optimistic. I'm confident on a couple of matters. We have relentlessly provided information to that review process. We've interacted at every opportunity with elected legislators. We've provided information to senior executives, to the federal government, and we've talked to a variety of stakeholder groups right across the spectrum. We've provided perspective on Alberta, our position as it relates to our trading relationship, the opportunities that we believe that we provide together.

We've provided information with respect to our performance in a number of areas that are important, we believe, to the people of the United States and, obviously, to the President, who will

ultimately make this decision. We've provided information with respect to our knowledge about the pipeline industry safety considerations, the performance of our own system, information regarding our regulatory scheme and how that works and has ensured the safety and safe transport of these materials.

**Ms Smith:** I do appreciate all of those efforts. I know that there has been a lot of effort. I'm just wondering when you think we might actually get a decision. Are you getting any indication when that might be?

**Mr. Dallas:** The supplementary environmental impact: there's a comment period that's open; it closes on April 22. We will be providing comment to that, as will, through the ambassador, the government of Canada. There's a 90-day period after that where there is a review that's available. The timing of this is at the President's discretion, essentially, as you can appreciate. We're closing in on the end of April. I think we could expect a decision by the end of summer, but there's no assurance of that. The timing is within the grasp of the President.

I think that something that I should mention, too, that we've been mindful of and respectful of. This pipeline, or the component of it that the decision is based on as it crosses the border, is in the United States' jurisdiction. While we've continuously lent our perspective to this and reiterated the importance of this, we felt, to both the people of the United States and to the people of Alberta and Canada, we've certainly been respectful of their regulatory process and where the decision responsibility lies.

**Ms Smith:** I appreciate all of that. I think most people will hope that a decision is made by the end of this year because when we get into 2014 and mid-term elections, anything can happen, as we've seen in the past.

I want to ask, though, about how your ministry interacts with the various other components of this lobbying effort. I'm not quite certain of the role that International Relations plays, with our staff here providing support, versus the Washington office, in particular, our representative there, versus the Premier's office. Who takes what part of that lobbying effort? Is it 90 per cent out of the Premier's office and 10 per cent out of the Washington office or very little work being done back home? If you can just give me some idea of how that effort proceeds, I'd be grateful.

**Mr. Dallas:** I sure can. Thank you for that opportunity. The Washington office is a direct report to my ministry. Our representative in Washington, David Manning, reports directly to my deputy minister. Dialogue is continuous. It's ongoing. There are a number of functions, obviously, that are happening there, both direct interaction in meetings but also market information gathering that's happening on a regular basis and being relayed to the office. Obviously, we work together briefing the Premier, the Premier's office with respect to developments internationally, Washington-related developments or developments related to the Keystone, pretty much on a daily basis when events are happening, somewhat less frequently when not. Obviously, we're co-ordinating all of that through my ministry.

**Ms Smith:** There seems to be a very different purpose of the Washington office versus our offices in other countries. Let me tell you what someone who does business abroad has said about our international offices. I'll get you to comment on that, and then we can talk a bit about the purpose of the Washington office and how it's different. This individual said to me that the problem with our international offices is that 94 per cent of the time their wining and dining is useless because they're meeting with the wrong

people. The feedback we get from business leaders is that what they really need those international offices to do is help them navigate through the regulatory processes of these other countries.

The frustrations that they have is that they go along thinking they've met all of the requirements, and then all of a sudden a shipment shows up and it's, "Whoops; sorry; you don't have that permit," or that licence or that form. In some cases their product is getting confiscated, and they don't have a recourse. It seems to me that there's a huge role for our offices to play in being able to help make sure that every step of the way things are taken care of, to be able to provide assurance to our businesses that when they do this kind of investment, their product is going to be safeguarded and that they have the backing of the government if something goes wrong.

So if you wouldn't mind commenting on how you see the international offices, if it conflicts with my view on it, and then we can come back to talk about Washington because I recognize Washington as a totally different scenario.

**Mr. Dallas:** Sure. This again feeds into the importance of the international office review, which is a part of the international strategy review. What I would suggest to you is that there are three primary functions that are happening there. The first is trade development, expanding on opportunities for Alberta businesses to conduct transactions in these markets. The second function is around investment attraction. Clearly, we've identified a need for several hundred billion dollars of investment capital to flow into the province of Alberta to continue with the expansion of our ability to develop, in particular, the energy assets but many assets that are related to the opportunities that creates. That's an important function. The third function is to analyze markets and to do, where it's appropriate, policy advocacy in those markets.

It is about finding the right mix of assets and expertise to position into those offices to provide the optimum supports. If we were to provide a comprehensive suite of services in all three of those areas in all the international offices, I can tell you that I would be back at this table asking for a considerable expansion in the context of the budget that we have. This is the opportunity to work with entities like DFAIT and other entities in the market.

The Washington office, in particular, is largely focused on policy work. This is one of the things that, when we launch the international strategy, we'll have the opportunity to talk about. Obviously, with the United States representing in the range of 85 per cent of all of the exports that are moving from Alberta, a very important function that we can improve performance in is with respect to trade and investment attraction. A tremendous amount of the foreign direct investment that comes into Alberta actually comes from the United States. That said, though, the Washington office is largely focused on policy advocacy. However, the individual that we have leading that office today has a vast amount of regulatory experience in a number of areas, including energy and utilities and the like. So some of the challenges that you speak of: we clearly have that expertise in the office as well.

**8:40**

**Ms Smith:** I'm looking forward to seeing how that all ends up playing out.

One observation I would make about the Washington office is that in your department at one point, 2005 to 2008, you used to break down the actual expenses of the Washington office. I think it would be very helpful, especially as you're considering expanding further, to do a further breakdown in your estimates of each of those offices. Can you just explain why you haven't done that this time or why that practice ceased and if you would commit

to giving us more detail on a line-item basis about what each office spends in the future?

**Mr. Dallas:** Yeah. Thank you for the question. I can't speak to the decisions that were happening in 2005 to 2008. So the absence or presence of numbers that existed back then as it relates to what we're providing to you . . .

**Ms Smith:** Oh, no. I'm not asking you to justify them. I'm just asking whether we can get a similar type of granular information as existed in the past.

**Mr. Dallas:** What I can tell you is this. I know you'll want to come back to this a bit more later, so I'll try and be very brief about it. The international offices come with certain requirements in terms of our presence. So in 7 of the 10 international offices we are co-located in embassies or high commissions. In a number of those markets, most of those markets, that's actually a requirement of the federal government. So things like the lease costs, the overhead costs that are allocated are actually mandated to us by the federal government. They're not negotiable, and we're not able to operate offices outside of those facilities in those markets.

What I can tell you about the United States office is that the costs of operating that office are very similar to the costs in each of the other international offices where we are co-located in an embassy.

**Ms Smith:** In the areas where we're not co-located and we are in control of those expenses, will you commit, then, on a go-forward to providing a more detailed breakdown of those offices?

**Mr. Dallas:** I don't see that there's a particular issue with that. Again, we are mandated to provide transparency of information regarding the fiscal reporting of the organization, so we'll meet whatever standard is required there.

**Ms Smith:** Okay. I do have a final question on the Washington issue before going closer to home, and it is a concern that I had. The reason that I asked about the co-ordination is that it does seem to me that the Premier makes a number of trips to Washington on short notice. I guess in the most recent one there was an event she'd booked on Saturday in Medicine Hat, and all of a sudden that got cancelled for her to race down to a group of governors meeting in Washington. Now, I support the Premier doing that, but the question I have is: isn't there someone on the ground to let her know when important stuff is happening in Washington so she can manage her schedule? It is related to budget because doing last-minute, executive class, cancel-at-any-time-with-no-penalty bookings, as the Premier does, has an incredible cost to it. These are thousands and thousands of dollars.

**The Chair:** We're going into the final rotation of this segment. Twelve minutes. Six and six.

**Ms Smith:** Thank you.

So if you wouldn't mind just commenting. Let me just finish this question, and then I'll turn it over to you and we can switch.

I guess what I am concerned about is that there doesn't seem to be the co-ordination that we would like to see. Is there some reason why we can't have better co-ordination into the Premier's office so that some of these events that she needs to go down for can be planned earlier in advance so that we can maybe get a better deal on the flight and other travel costs?

**Mr. Dallas:** I appreciate that question, and I'll be happy to try and answer that. There are a number of organizations, and I think the

event that you're referring to is the National Governors Association. I accompanied the Premier on two occasions to Western Governors' Association meetings. I recognize that from time to time there are schedule changes at the last minute. A lot of that doesn't have to do with the Premier's schedule; it has to do with the schedule of the elected legislators that we're trying to meet with. To use an example, at the time of the Western Governors' meeting in Washington state, I know that we had important meetings set up with the governor of Colorado. There was a fire situation in Colorado, and the governor had to cancel.

This happens all the time in the United States on the basis of constituent events for these legislators, on the basis of the schedule in Washington and the scheduling of votes, on the availability of senior officials. Clearly, if we're going to create and make these expenditures, we want to ensure that the Premier is going to be meeting with the appropriate officials, officials that at a minimum are at the peer level that she operates at and wherever we can at the very highest possible level, when we're doing this important advocacy work. Nailing down scheduling for senior legislators in the United States or elsewhere, quite frankly, three months in advance, four months in advance, you know, is a bit of a mug's game because invariably their schedule changes right up to the last days or at a minimum a week before the event.

**Ms Smith:** I get that. I guess in this particular case I'm assuming that this governors' conference was scheduled well in advance. It should have been known by someone. Unfortunately, because of the timing with Premier Brad Wall getting so much positive press for all the work that he was doing on Keystone and the media speculating that Ms Redford was not doing as much as our Saskatchewan counterpart, it did kind of look like it was being reactive to the news stories, when you do last-minute cancellations as opposed to proactively planning these. I recognize that in other instances there may be circumstances where cancellations have to happen, but it does seem like someone dropped the ball on that one.

**Mr. Dallas:** Well, I guess everyone's open to their opinion on that. First, I want to start by thanking Premier Wall for the work that he's been doing. Obviously, these projects are important to the province of Saskatchewan. He's been able to articulate that, and we do appreciate that. That said, I would tell you that our priority is on getting the job done whatever that takes in the context of ensuring that we have the right meetings with the right people, that we're expending these expenses to get face to face with the individuals that we're looking to meet. That's our priority, not the home show.

**Ms Smith:** You may not see it in the media because whenever we compliment the government it tends not to get covered – fancy that; they tend to go to the NDP because they're pretty critical of your efforts on Keystone – but let me express my own commendation about the way the federal government, Premier Wall, and Premier Redford have worked together.

Moving then closer to home, I will raise an issue that you probably knew was coming because I raised it with you privately when we met. Going into the 2014 discussions about the change to the equalization formula, we know that Quebec has created a 50-page position paper going into that conference that they've posted online. I asked you when we met privately when Alberta would be putting forward its own position paper about what points we wanted to argue at the equalization conference and discussion where we're changing the formula. At the time you had indicated to me that the plan was not to do a position paper in advance of those meetings. It sounded like we were going to make the

decisions as we were at the negotiating table. Can you just give me an update? Has that position changed?

**Mr. Dallas:** Yeah. I'd be happy to give you an update on that. In fact, there are a number of things that are happening there. Our Premier is actually co-chairing a fiscal framework initiative through COF that takes a look at opportunities around the Canada health transfer, the equalization, and the Canadian social transfer.

As you can appreciate, the complexity of this is that we have 10 provinces; we have the territories' perspective on this. If we all provide a voice to this, providing that many unique perspectives, and try and see who can ramp the volume up the highest, imagine the difficulty in the context of interpreting this from a federal government perspective. So I like what's happening here. Our Premier is providing leadership, trying to develop some areas of consensus, some common principles associated with what would ultimately amount to a series of proposals around what this would look like going forward.

**8:50**

Now, the federal government has moved the decisions with respect to the equalization discussion out to 2017. So we're a fair ways out there in the context of where these decisions will be made. I would suggest that we've had some very positive results. Next year, through the Canada health transfer changes that the federal government made, we are going to see for the first time in a long time Alberta as an equal partner in terms of per capita transfer of health dollars. We will see an increase of nearly \$1 billion in the coming fiscal year.

By providing leadership, by providing perspective, by making sure that we're doing our homework in terms of the impact of changes on these programs, and by the quality and sincerity of the dialogue that we're having with our federal counterparts, we are making headway on these files.

**Ms Smith:** Minister, I have to just remind you of the 2006 health negotiations. I know that we don't like to remember anything that happened prior to 2008, but 2006 was when Gary Mar, who is still part of your government since he plays a central role in your department, was Health minister. Your government didn't take the health negotiations seriously, and that was when we ended up with the unfair formula that cost us a billion dollars per year. Mr. Stelmach made a great effort after he became Premier in identifying this lapse and in getting it corrected.

I guess my view is that if you go in with a strong position in the first place, you can avoid making those mistakes and having some future government have to fix them. That is why I'm asking about what kind of negotiating position we're going to go with into these discussions. With respect, if Quebec is the only one who is putting forward what they want to get out of equalization as the largest recipient of federal transfers and the largest per capita payer of federal transfers just figures, "Well, we want to go along to get along and be nice and be diplomatic and not put our federal cousins in a bind," I think we are not going to end up with favourable negotiations under those terms.

I can tell you what I hear as I travel around the province. At one point – your government used to make these calculations quite public – I think it was in 2006, we maxed out, seeing \$21 billion more in transfers go to the federal government than came back in federal benefits. Now, because of the decline in the economy that has narrowed somewhat, but the fact of the matter is that Alberta remains on a per capita basis the biggest payer.

Secondarily to that, the recipient province, Quebec, enjoys greater social programs than we do. They have half-rate tuition.

They have more things covered in their health care system. They've got subsidized electricity rates. There's a whole range of additional overequalization that we're seeing in this program. It seems to me that as the ministry that is responsible under your goal 3, I believe it is, for making sure that Alberta's interests are advanced within Canada from a policy perspective, it's incumbent upon you as minister to lead an effort in putting forward a position paper so that the entire country knows exactly where we stand on equalization. I'll ask you again: will you commit to doing that?

**Mr. Dallas:** Yeah. I don't think you could ask a question that better defines the difference on how we would feel about a matter.

I would tell you, first of all, that I make no apologies for the fact that Alberta is a large net contributor to the equalization formula. That is a direct result of having the fastest growing economy, generating revenues from a variety of sources that exceed those of our provincial counterparts. Albertans want to be proud of that. They want to be proud of the fact that they're Canadians and contributors to the federation.

Now, I guess another area where we would diverge in terms of perspective. I would suggest to you, with all due respect, you probably don't want to play poker with me. If you're going to show me your cards and tell me how much you're going to bet on every hand, I can pretty much assure you that you're not going to be successful. That's the essence of laying out a line-in-the-sand position with respect to equalization and not leaving yourself in the position to capitalize on the strengths of the other players in the game, which are the other provinces, not being able to potentially negotiate your way to a successful position.

So, no. We're going to work in the way that we have begun, and that is what Albertans supported in the last election. It was a vision of Premier Redford reaching out inside the federation, reaching out internationally, and working together for the good of Albertans but ensuring that we're having that dialogue about what benefits Canada as a nation and what increases our profile and our place in the world together.

**Ms Smith:** I think Albertans agree with the principle of equalization, to have similar benefits for similar tax rates. The problem that they have is the overequalization to Quebec, and I'll just put it on the table. When I was in Quebec giving a speech to Réseau Liberté-Québec, I had people come up to me and say that part of the debate around Quebec's development of shale gas resources was: "Do they really want to develop a new source of revenue? It might reduce their equalization." When you have a formula that rewards provinces for taking action to harm their own economies, it's a dysfunctional formula. I think Alberta can show some leadership on that by stating that quite clearly.

Thanks, Minister.

**The Chair:** Thank you, Ms Smith. Thank you, Minister.

Now we will move to Mr. Hehr, speaking on behalf of the Liberal caucus for the next 14 minutes. Would you like to combine your time with the minister?

**Mr. Hehr:** Yeah. Sure. That'd be great. Thank you.

I'd like to thank the staff, your department for coming here today and for enlightening us more about what your department is doing both internally here in Canada as well as around the globe.

I wasn't planning on talking about equalization, but equalization has sort of piqued my interest since it was brought up. It's my understanding the equalization formula is based on a whole bunch of complex things, much on our capacity to tax our own population to support our own social programs. As you're aware, we have the lowest taxes by a country mile here in this province.

In fact, I've said repeatedly that if we adopted Saskatchewan's tax policy, the second lowest taxed province in this country, we'd bring in about \$11 billion more.

Given that equalization is based on your ability to tax, has there been any discussion in your department on raising domestic tax rates to in fact lower your equalization payments? If that's the actual goal of the Wildrose, you'd think they would support this position. You know, then we could avoid going into debt by some \$17 billion over the next four years. We wouldn't have to cut postsecondary education, all the while minimizing those nasty equalization payments that are a result of our being part of this great Confederation. I used the term "nasty." I was being facetious, for the record. Has there been any discussion in there on how actually equalization works, how we can better support our own domestic initiatives and support our own social programs?

**Mr. Dallas:** Well, thanks very much, Mr. Hehr. I think the chair is providing us with a tremendous amount of latitude here. He perhaps senses that we have a lot of passion for a policy discussion, which is really what we're having here, not a budget discussion. But I will make a couple of comments if that's okay with the chair.

**The Chair:** Briefly.

**Mr. Dallas:** Briefly, yes.

The essence of this is that the equalization formula really measures the province's ability to raise revenue from a wide variety of sources, not just taxes, and it attempts to bring each of the provinces to a place where there's an averaging done in terms of the fiscal capacity. Clearly, there are some exclusions to that. One of the reasons that we do so well in Alberta is that not all of the resource revenue from all of the provinces is subject to that averaging provision. Alberta is exempted from that. We have a unique position in our ability to raise revenue in the context of outside the formula.

That said, I want to tell you that it's not the Department of International and Intergovernmental Relations that does tax policy, so I really appreciate that we could have an offline discussion about that.

**The Chair:** I'd like to remind you to please focus on the 2013-14 budget estimates, please.

**Mr. Hehr:** Yeah. Okay. Fair enough.

That's my understanding of equalization, before I move on, that if we raise our provincial tax rates, well, we'd lessen our equalization payments under the formula. But I digress again. Sorry about my fixation on that topic.

In any event, I look at our efforts on the Keystone XL pipeline. I understand we've been going quite aggressively down to the United States. I believe four trips have been made by the Premier's office. Ads have been placed. I look at this as a bit of a domestic exercise in politics more than an actual practical exercise in moving the change forward down there. Maybe that's my jaded opinion, but I think that I sense some of that. Nevertheless, have you met with the President and his office staff and, I guess, Mr. Kerry and the State Department's office staff? Those are the key players in this, not necessarily governors, not necessarily Senators and the like. What influence have you had in those two key areas to try and advance this file? Those are the only two key areas that matter.

**9:00**

**Mr. Dallas:** Yeah. Thanks very much. You're right. This has boiled down to, as I outlined earlier, a decision that the President

of the United States of America is going to make. His officials in the White House and Secretary Kerry's officials in the State Department ultimately are going to advise those two individuals, who ultimately are going to draw conclusions. Do we meet directly with the President of the United States? No, we do not. We are a subnational, so the protocol would not provide for that opportunity.

That said, this last visit we did meet with senior officials from the State Department and provided information. I should say that a lot of the information that they were seeking was with respect to not necessarily pipeline safety, and they weren't asking questions about economic impact, jobs created, you know, the North American energy security perspective. They have a lot of expertise and ability to generate that. What they wanted to know about was Alberta's commitments around lowering our carbon footprint, commitments around what we're doing to address our role internationally with respect to greenhouse gas emissions. They wanted to have more information about our performance with respect to mitigating the impacts of industrial development.

I was glad we were there. I was glad we were able to talk about initiatives such as the carbon levy, the investments in carbon capture, the subsequent investments from the technology fund in terms of greening technology, that type of thing. It was very important.

**Mr. Hehr:** Do you have a global cost for how much money this initiative has cost for the placing of ads, the trips, and all that stuff? Do you guys have a global cost available for this exercise, particularly related to the Keystone XL and the trips down to Washington and the like?

**Mr. Dallas:** No. I would tell you that there's not a line item that would capture all of that, Kent. There's a variety of different services that are provided by different divisions.

Certainly, I need to tell you, too, that this hasn't been just an effort that's been done by our ministry. We've been supported by Environment and Sustainable Resource Development. We've been supported by Energy. There's a ministerial working group that consists of a number of ministries that obviously have interest with respect to this development. We work cohesively together on that.

**Mr. Hehr:** Now, it's my understanding that we're the only province that has an Ottawa office. Is that correct?

**Mr. Dallas:** No, it's actually not. To go back, New Brunswick and Nova Scotia operate offices there as well, Kent.

**Mr. Hehr:** Operate offices there. Okay.

You know, we have a whack of Conservative MPs here in this province. Obviously, Mr. Lukaszuk has Mr. Kenney's phone number and the like. Nevertheless, you know, I'm of two minds. I understand there may be a need for this but maybe not. It's now been one year since we've had that office open. Have you found it productive? Is it worth the expense? Do phone lines and Internet work well enough? Are the channels open through other means after you're one year into this opening of an office in Ottawa?

**Mr. Dallas:** Yeah. Thanks very much. Actually, the official office opening was just back here about four, five, six weeks ago. Somebody can find the timing for me, Kent. The appointee to head that as Alberta's representative is a gentleman by the name of Alan Ross. He is an extraordinary young man who has a suite of educational training and direct business experiences that I think are going to serve the province of Alberta very well in that office.

You mentioned the Conservative government of Canada, the Members of Parliament from Alberta. Actually, what you've done to a degree is to underscore one of the huge assets that we have there and one of the reasons why I think this Alberta office is going to perform. I'll use the example of the regulations for coal-fired that were introduced some time ago as an example of that.

The office opened on March 18 for the record.

What we were able to do was to identify that there was a significant issue in terms of the government of Alberta's perspective on the impact of those regulations. The business enterprises that operate in Alberta and create jobs and economic activity saw a substantial impact from that, and we knew that our cousins, who were federal Members of Parliament, were also hearing this. We were able to combine and share information and share perspectives and provide some effective representation as a result of that.

**Mr. Hehr:** Okay. Let's just switch to pipeline access to the coast. I look at this pretty simply. One person has the decision on this matter. It's Prime Minister Stephen Harper, and if you wanted to drive this through in the national interest, he probably could. He seems to take a regional approach to this, which may or may not be effective. What is your understanding of the efforts to do this in the national interest? Is there any appetite for this? Am I wrong in my assumption that if the federal government wanted to push this through in the national interest, they could; they just don't want to take the political heat for it?

**Mr. Dallas:** I don't know if that's entirely correct. I think you probably correctly presume that the Prime Minister – let's be clear that there's a regulatory process under way. There's an application under review. Anything beyond that would be speculative because there's no guarantee that this application will be approved. Beyond that, I suppose on the approval of an application the Prime Minister has a certain amount of latitude in the context of decisions that he could make.

Our perspective on this has been that market access to tidewater is critical to seeing us fully realize the potential of our economy and the quality of life we have here in Alberta. What's happened with the constraints in the marketplace in terms of moving product there, the differential that was created, is a tremendous amount of interest and creativity and entrepreneurship to try and create opportunity. Clearly, there's a major application in process with the Gateway, but there are a lot of other alternatives being looked at.

**Mr. Hehr:** Now, this might seem like a small line item, but it's my understanding that your office cut international aid significantly to many of the poorest nations that we had supported on water initiatives and the like. You know, it may seem that in troubled times that would be the wise decision. At the same time there's an argument that we have a humanitarian responsibility to this given that Alberta could be possibly one of the wealthiest places on Earth, and it may actually help our international reputation in the long run and the like. Can you comment on that cut, whether there was thought given to it, whether these programs had been seen as valuable prior to that cut?

**The Chair:** You have one minute left.

**Mr. Dallas:** Yeah. You're asking me to comment on expenditure proposals budgetwise that weren't made inside our ministry, Mr. Hehr. I think it's difficult for me to comment on the Ministry of Culture.

**The Chair:** Actually, that would be under Culture.

**Mr. Hehr:** Thank you very much for advising me. That's about it for my questions, so I'll turn it over.

**Mr. Dallas:** Thank you.

**The Chair:** Thank you very much. Thank you, Minister.

Speaking on behalf of the NDP caucus is Mr. Eggen. Fourteen minutes. Would you like to combine your time?

**Mr. Eggen:** Thank you, Mr. Chair. If we can continue on with the same dialogue, that's great.

Thank you so much for being here this morning with your staff. I know that your ministry has been very, very busy. You're entirely correct to characterize your work as helping to define our domestic economy both interprovincially and federally. It's unprecedented, really, I think, in the last 20 years. What we come up with and the choices we make here will define our path economically in the province. I have a number of questions. I don't have much time here, so if your staff can perhaps fill in some details at a later date, that would be great, too.

**9:10**

My first question is in regard to the Keystone pipeline. We know that, you know, it's necessary and important as part of our energy strategy to have pipelines for export. As you say, we're trying to reach different markets and define how we enter those markets and what products we're putting into those markets, too. So my curiosity is about – and I think a lot of Albertans are thinking about this now, too. Is the Keystone being presented exclusively as a bitumen export pipe, or is it also one that could be utilized to move upgraded energy product? In other words, obviously, the theme of my questions here will be around getting the maximum value for our energy projects with all of the value-added opportunities being pursued as aggressively as possible.

**Mr. Dallas:** Sure. Thanks very much. I don't have a technical understanding of the ability of that pipe to carry products but would make the presumption – and I'll let somebody correct me quickly here if I'm incorrect – that that pipeline would be capable of carrying a variety of different substrates. So the answer would be yes. I guess the conditions on that would be, first of all, that the Keystone is not a project of the government of Alberta. It's a commercial project. The proponent in this case is TransCanada. Whether or not they would entertain the idea of different substrates being carried in that pipeline I couldn't comment on. I think where you're going with this is – maybe I should just let you jump to the next question and go from there. I think it's capable of carrying different substrates.

**Mr. Eggen:** Right. Yeah. It wouldn't preclude the possibility of exporting upgraded products. That's good.

My second question. Again, you've said that, you know, a change in the market – and it's a very dynamic change, anywhere from shale fracking to different oil and energy products coming out. We see different opportunities coming forward – right? – which is great. You know, there are entrepreneurs and different companies that are making proposals. The latest proposal that we've seen of some degree of substance is, of course, an east-west pipeline, which has now just been . . .

**Mr. Dallas:** West-east.

**Mr. Eggen:** West-east. Well, yeah. It could go both ways, I guess. East-west, west-east.

I'm just curious to know if your ministry has put together an analysis and if you could share with us the effect of the Keystone pipeline on the viability of building east-west pipeline connections? In other words, if we build the Keystone first, does it reduce the viability of the possibility of building west-east pipelines for similar or upgraded products?

**Mr. Dallas:** Yeah. Actually, we do have some information that would suggest that given the potential for the development and the increases in volume of bitumen or refined product as a result of that bitumen there's more than adequate capacity to both construct a project that would go north-south like the Keystone project and still have plenty of capacity in terms of the supply to either go east-west or west to east. All of these projects have volume capacities in the range of beyond 700,000 barrels per day upwards to 900,000 at the high end of that. But it's important to note that ideally what we're trying to construct here – and by construct, I don't mean to fund and finance the development of it but to create a series of commercial opportunities to cover that arbitrage between the pricing that we're receiving for product today and full world value.

Clearly, if you only have one avenue alternative to where we are today, there's a level of opportunity that's created by that to capture value. But if you have two or more – and that's why I use the saying "all of the above" – there's clearly more. These are commercially driven projects – private capital is at risk – and the investors will make decisions on the basis of the appropriate amount of capacity or the likelihood that they'll succeed with the project.

**Mr. Eggen:** Thank you. Yes. In fact, as this is being discussed here today under the auspices of the Economic Future Committee, you know, this is what we've been actively pursuing in that committee over these last months, entrepreneurs that are interested in upgrading bitumen to value-added products here in the province of Alberta, thus increasing our GDP exponentially and jobs and all of the other spinoff benefits. My concern, I think then their concern as well, is that we just had the Parkland Institute put out a very good report yesterday suggesting that we would have the economic benefit of more than \$6 billion to the Alberta economy through a modest upgrading regime there, northeast of Edmonton.

I guess my question, just to focus a little more. Yes, we'll have a basket of energy export opportunities, but if one of those options is so much more overwhelmingly large than the other ones, I'm just wondering if your analysis has shown that it might preclude the possibility of upgrading, right? If you export so much raw, then you change the pricing, you change the orientation, the entire focus of the industry so that a modest burgeoning upgrading industry in its infancy gets overwhelmed.

**Mr. Dallas:** Yeah. I mentioned earlier that we have a ministerial group that works on these issues. Out of that has evolved an oil market diversification strategy, where we look at the different combinations and permutations of the types of developments that could happen both in terms of largely unrefined product but also the benefit of developing more refined product in the province of Alberta. Clearly, what the numbers show is that there is development capacity in terms of looking at both the defined and undefined potential for conventional and unconventional oil, the oil sands area, the shale gas, perhaps the tight oil discoveries, how that feeds into supplies recently discovered in northeast British Columbia, into the Bakken formation in Saskatchewan and North Dakota.

We have to look at this not in the construct of a stand-alone entity. What does this market look like transporting, refining, and

ultimately the end use for these fuel products? You have to look at it in a much broader piece than just the Alberta piece by itself. Our analysis of that is that the system, the amount of product coming on, the demand, the potential markets for this are such that there's plenty of opportunity to develop multiple access to port or multiple access to refining capacity that we don't have access to today.

**Mr. Eggen:** Thank you.

My next question just very quickly. There was sort of a surprise development in negotiations in regard to the Keystone on the last trip – I think you were on it with the environment minister and the Premier – in regard to changing our carbon regime somehow, with a change in the levy or something like that. It just didn't come out very clearly to us. I think that Albertans in the industry would like to know: do we need to make a change in our regime in order to meet the requirements of Keystone decision-makers in the United States? Are we going to make that decision after the Keystone, or does it have to be made before the Keystone? It just became quite confusing to me.

**Mr. Dallas:** Again, with the chair's latitude I love having a policy discussion here, but I know we're in estimates.

**Mr. Eggen:** It's in your department.

**Mr. Dallas:** No. There's no relationship between that discussion and the Keystone project. Clearly, we indicated sometime prior to that that the Minister of Environment and Sustainable Resource Development was prepared to review our climate change, our greenhouse gas commitments at the 2020 and 2050 range based on where we see ourselves today. We indicated that we're prepared to have that dialogue. I can tell you that we want to be seen in the context as a global energy leader, and global energy leaders are doing business in that area. It's as simple as that.

9:20

**Mr. Eggen:** Thank you.

My next question quickly is just in regard to the Ottawa office. I guess, again, Albertans would like some clarification on the nature of the office. I know that we send at least 26 MPs to Ottawa. We have the Prime Minister from there, members of cabinet, six Senators. On the face it seems like it's a bit of a duplication of resources to have our provincial office when we are in fact quite strongly represented in Alberta otherwise.

**Mr. Dallas:** Well, I'd agree, first off, that we are strongly represented in Alberta, but there are unique perspectives. As a jurisdiction the province of Alberta has been accorded certain responsibilities, certain rights within the federation. It is our responsibility as the government of Alberta through the people of Alberta to ensure that those perspectives and those responsibilities are met.

I'll use the upcoming Senate reference case as an example. We have indicated by filing that we will be providing representation in terms of a well-developed perspective in the province of Alberta. While I would expect that we would have a general consensus, again, through the Members of Parliament from Alberta in that event, I don't have a sense that that in any way abdicates our responsibility to ensure that that unique Albertan jurisdictional perspective is brought there on matters of environmental regulation, on matters of fiscal transfer and the like.

I think it's difficult to expect or to rely solely on those Alberta-based Members of Parliament to provide that representation. While we should be thankful that we have that number today,

that's not necessarily the case going forward. I think we want to have a variety of opportunities there. It goes well beyond that. You know, it's our opportunity, as I indicated earlier, to ensure that our Members of Parliament are briefed with an Alberta perspective, with information that they may not otherwise have at the ready, to brief senior officials, to establish dialogue that provides for better meeting opportunities with our minister, with our Premier through to the Prime Minister. The better the dialogue and the better the understanding of perspective, the more productive these meetings are.

**Mr. Eggen:** Thank you so much for your time. I appreciate it.

**Mr. Dallas:** Thank you.

**The Chair:** Thank you, Mr. Eggen. Thank you, Minister.

Speaking on behalf of the PC caucus, Mr. Luan. For the next 14 minutes would you like to combine your time with the minister?

**Mr. Luan:** Yes, please, Mr. Chair. Thank you.

Before I begin, I want to say, Chair, that you did a good job. This is the third estimate in your committee, and I really appreciate the flexibility, your control between balancing staying within the budget and having some other latitude in discussion. I think I'm hearing from my colleagues there's a nickname coming for you. Instead of calling you Mr. Chair, there's the name Chairman Moe and Chairman Mao. Hopefully you take that as a compliment.

**The Chair:** I'll only accept that from you.

**Mr. Luan:** Thank you.

Thank you to Minister Dallas and Associate Minister Woo-Paw for the opportunity to ask you some detailed questions.

Before I begin, I want to say what a pleasure it is working with you in caucus. You guys always bring some very, very in-depth thought in terms of the work you do. I appreciate the opportunity today. We can focus on some detailed questions and drill to some specific work that your ministry is doing, so thank you for that.

I have a number of questions, mostly related to the market access theme, but before I go there, I do want to offer two comments on your remarks on behalf of our colleagues on this side. When you mentioned your ministry folks building bridges and opening the market access for us, I want you to know that you're on a solid footing, and you have the backbench support from all of us, particularly me. From what I am hearing from my constituency and the stakeholders that I have, they have a very high demand and interest in your work in terms of accessing the Chinese and Indian markets. So kudos to you. Continue doing that. Thank you for that.

The second comment I want to make is with regard to your performance measurement, the new work you initiated. Thank you for doing that, too. I had one of my stakeholders who came to see me tell me this: "I'm one hundred per cent agreeable to what you're saying. Your work isn't about the number of trips you do. It is about the quality, what the end result yields." He told me a story. He went to one of your trade missions in India. This wasn't led by any minister or high-profile people who appeared at it. It was through one of your offices there. He went in with some curiosity because he's been to many delegations. I was with him prior to being elected. I have done some of those. You shake a lot of hands. At the end of the day it's just a relationship. Nothing happens.

He was very impressed with this little one, very low profile. It was organized by one of your staff, by the way. There were people

in there who were hungry for results, for business transactions. He walked away with a contract signed for over a million dollars, and he came back saying: if your department is doing this kind of work, that's fantastic. You need people that are there, the right people, ones that are really wanting to do business, are looking for partners, and are ready to sign a contract. So kudos for the work you're doing. Continue that.

Back to my questions. My first question is related just to a clarification of the budget numbers here. If I hear you correctly, you received a \$5 million increase, and you also reduced spending by \$3.7 million within your existing program. Does that mean that your actual net growth is \$8.7 million? There is \$3.7 million from the cutting that you did within your existing program, and \$5 million is additional new money that you got from the new budget. Is that true?

**Mr. Dallas:** The short answer there is that the net increase that we're asking for is \$1.3 million. We're asking for \$5 million to dedicate to new funding programs, but at the same time I outlined in the opening remarks – and we can do it in more detail if you like – that we've actually eliminated spending in the department by \$3.7 million, a tough decision.

**Mr. Luan:** That makes sense. I was looking at line item 3.2 there. That makes more sense to me. It's about a \$1.7 million net increase, so thank you for that.

My next question is no surprise to you, related to your efforts in increasing market access in Asia. One of the specific questions I have is that early in 2010 there was an announcement establishing this Asia Advisory Council, but it took quite some time to get that together. There were some comments I heard from stakeholders wondering why it was taking that long and what the nuances are that have been put into that council. Can you sort of help me by elaborating a little bit about that?

**Mr. Dallas:** Yeah. There were three sequences, I guess, essentially to getting up and running with the Asia Advisory Council. The first of those was the appointment of Associate Minister Woo-Paw as the chair of that council. Once we'd done that, what we did was run an extensive public competition seeking members of the council. I have to tell you that we were overwhelmed by the quantity and in particular the quality of the applicants, those that had an interest in participating with the government of Alberta in supporting all Albertans in exploring the opportunities in Asia. Just the level of expertise that those candidates brought to this was incredible. Vetting those applications, carefully sorting through that, conducting the due diligence with respect to that, and then ultimately making those appointments took some period of time, and of course it was a public process.

9:30

The third component of that, then, was to convene with an appropriate agenda the Asia Advisory Council, which we did for a two-day period in Calgary a number of months ago, and allow them an opportunity to review the work that the ministry is doing across the government of Alberta in the context of economics, culture, education, and all areas, the things that we're doing in terms of international work, and provide them an opportunity to provide us some very specific advice about where we're going. In the launch of the international strategy, which is knitted together with this, you're going to see those recommendations as a result of that leadership and expertise that we're deriving from the council.

While on the one hand I would readily admit that it took quite a period of time, I would tell you that it was well worth the wait. We're going to receive tremendous value from this council.

**Mr. Luan:** Thank you, Minister, for that update.

The next question is very specific. I have a long list of stakeholders that are very much interested in your future trips to China on trade missions, and one of them is saying that there is one being talked about coming up in May or June. They were wondering how they can get information on how to access that, what the criteria are, and so forth. Similarly, as you can appreciate, they have very specific companies in China that they are kind of targeting. They just want to have the leverage from us to make it happen.

**Mr. Dallas:** We do have a fairly significant mission next month, in the month of May, that's going to be both in Hong Kong and in mainland China. I would encourage anyone that has an interest in participating in that to contact through my office either myself directly, Associate Minister Woo-Paw, or anyone in our ministry to receive information and details about the activities around that mission and what the opportunities might be. Interestingly, on Monday I was out and around Alberta. We were visiting 10 communities around Alberta, talking about opportunities to do business globally, and I happened to run into people in Rocky Mountain House that are planning on be in that mission. There are activities like that, and we can provide advice as to whether it's likely that the program or agenda would be ideal for their pursuit of business activity.

**Mr. Luan:** Thank you, Minister.

The third question is also related but is the other way around. I understand that, on one hand, your ministry work is that you bring trade missions to foreign countries, but at the same time a lot of potential business is from overseas. They're interested in looking at markets here. What are you doing in that way? Are you hosting reciprocal ones?

**Mr. Dallas:** Thank you very much. Continuously. I mean, this is one of the areas where Associate Minister Woo-Paw and I really work together, and we work together with the other ministers and members that have responsibilities to do international relationship work as well. We're receiving delegations here on a multiple time a week basis. Obviously, we're taking every opportunity to talk about opportunities that are available in Alberta. We're talking about the opportunities around educational and cultural exchange. Technology in particular is of very high interest. Really, it is about doing business with each other. You perhaps wouldn't be, but I think members and Albertans might be surprised by just the reputation of Alberta as a place to invest, how we're seen around the world, and the level of detail that these jurisdictions go to to target specific opportunities and to engage in them. On a very, very regular basis we are hosting groups here that are looking at Alberta and opportunities to invest in and work with our businesses here.

**Mr. Luan:** Thank you.

To drill down into a budget-related question, in terms of the hosting we have here and also the trade missions we send out to other countries, where is that in the budget line? Can you help me understand whether this has increased or this has decreased?

**Mr. Dallas:** It is in the international relations budget there, Jason. I wouldn't project to you that we budgeted for any significant increase in terms of the number of incoming delegations. We've been doing that at a fairly high frequency now for an ongoing period of time, and it's been fairly predictable over the last number of years.

What we do is that when we're on an external mission – we're obviously in areas that we see potential or interest in – we're

inviting a return visit. There are visits that come here that are unsolicited. Some of those that are official delegations that may not be in the area of specific strategic interest of the government of Alberta we still host through the protocol office, which is not part of our budget, things like small luncheons and gatherings and that type of thing. But when we receive a delegation that specifically is targeting investment or business or commercial activity or the like, then that's part of our budget.

**Mr. Luan:** Thank you.

Mr. Chair, do I have one minute?

**The Chair:** One minute left.

**Mr. Luan:** Okay.

Last question. This is a plug for your partner the associate minister. She organized a business lunch with the Premier during Chinese New Year. I was fortunate to be part of that. I want to commend you for your work in doing that. This goes back to what I said earlier. When you shake hands, when you bring people to the table, you need to bring the people who have business decisions they want to make, that are hungry for transactions. I want to commend you for working in that way. Continue on.

Thank you.

**Mr. Dallas:** Thank you. I want to acknowledge Associate Minister Woo-Paw for that work as well. It's very important not just that we're out there pounding around trying to do business transactions but that we understand that the depth and breadth of that relationship – through culture, through education, through sharing technology, through genuine friendship – is a part of what makes this work. And when we do that well, we serve Alberta well.

Thank you.

**The Chair:** Thank you, Minister. Thank you, Mr. Luan.

Now the specified rotation between caucuses is complete, and we move to the portion of the meeting where any member may speak. The speaking times are reduced to five minutes at any one time. Once again, the minister and a member may combine their speaking time for a maximum total of 10 minutes.

Ms Smith, would you like to combine?

**Ms Smith:** Mr. Chair, I really appreciated the conversation. I do have a number of questions that I want to get on the record. I don't know that you'll be able to answer them all, so may I just go through with my five minutes?

**The Chair:** Are you in agreement with that, Minister?

**Mr. Dallas:** Yeah. Absolutely.

**The Chair:** Thank you.

**Ms Smith:** Thank you, Minister. I appreciate that.

The first is that I know I'm going to get shut down on equalization questions, but I will just ask because it doesn't seem like there is a forum for us to have a debate or discussion about equalization. I don't think that whatever agreement is brought back would be brought back to the Legislature. So I just leave it as an open invitation, Minister. If you want to debate me on the equalization issue, we can get our issues on the table, and I'd be more than happy to work with you.

**Mr. Dallas:** Do you want to show me your cards and your bet first?

**Ms Smith:** I'd be happy to tell you. I'll show you my position. I've got no problem with that. But I don't know that I'll play poker with you. I did debate Michael Ignatieff on this recently, so my talking points are all on YouTube. You can have a look at that. I do think it's important for us to actually have our various positions on the table. It's a very important issue for Alberta.

I do want to get to some detailed questions, though, about your estimates, and hopefully you'll be able to tell me a couple of answers as I go through here. First of all, I have already mentioned that you've seen a really dramatic increase in the past three years, 64 per cent. I notice as well, though, that you have seen a decrease in your own personal workload since aboriginal affairs has been hived off to another minister, but I don't notice that your minister's office has gone down. Your minister's office is still being funded at \$628,000 even though you no longer have that. I would have assumed that you would have had some personnel that could have been transferred over to your colleague Mr. Campbell. Maybe you can comment on why it is you've maintained your ministerial office budget at the level it is even though you don't have those additional responsibilities.

I also notice an increase in corporate services from \$3.6 million to \$3.991 million, almost \$4 million. What exactly is corporate services in your ministry world? It seems to vary from department to department. Why is it that it's now costing 10 per cent more?

9:40

I would also want to just make the point that there is an old adage about personnel being policy, and where you put your personnel is an indication, I think, of the level of emphasis you're placing on different policy decisions. So I'm curious about if you can give some indication of how many of your personnel are devoted to lobbying on the Keystone issue versus the Northern Gateway pipeline versus the Kinder Morgan pipeline versus the west-east coast pipeline so that we have some understanding of the kind of behind-the-scenes work that is going on in each of those areas. If you want to give a bit of a progress report on the pipeline options that have not been discussed here today, I'd be delighted to hear what you think the chances of us getting any movement on those would happen to be.

I also wanted to know whether or not you had the local market and industry intelligence reports that I mentioned earlier. I had noted that they had gone from 121 to 101 in your performance measures. This is number 2 in your performance measures. In the previous year we had actually done 144 of these reports, so we are seeing a decline in those even though I would think that markets change from year to year, and it would be worthwhile keeping those up to date. The question I have is: are those intelligence reports available? Because it would be quite interesting to see what the data is. It does seem to me that if you're trying to provide this service to industry, making them broadly available would be of some value. I don't believe my assistant Barb Currie has had an opportunity to find any of those online, so we would like to know whether or not and how we might be able to receive those.

I also had a question about what job requirements there might be for our envoys in the different offices, and you can correct me if my observation is incorrect. I'm just putting it on the table that it does appear to me that Mr. Mar is the only one who doesn't have a full-time position in that office. If I look at his days in Asia, judging from his expenses, it looks like he spent 14 days in November, 14 days in December, five days in January. I'm just wondering if you have any performance requirements of your envoys about the requirements for them to be full-time and how many days you would like to see them in the jurisdiction that they're supposed to be representing on our behalf.

The other question I have is about the related-party transactions. It does appear that you have about \$6 million worth of transactions that are dedicated to other departments for accommodation, legal, air transport, and business. If you could comment on whether or not that's going to change for this year, 2013-14.

Lastly, the Olympics in Sochi, Russia, on February 6 to 23. Are we going to be sending a delegation there? If so, is that going to be through your department? Is it going to be through Tourism? And is there any thought given to booking well in advance so that we know the number of hotel rooms, making sure we don't have any that we're paying for that get cancelled, and also the airfare?

**The Chair:** Okay. Thank you, Ms Smith.

Minister, five minutes.

**Mr. Dallas:** Thanks very much. I appreciate that. Well, I'll just start in and take a stab, talking as fast as I can or maybe not as fast as I can talk but as fast as I can think. How's that?

**Ms Smith:** I can get written responses.

**Mr. Dallas:** Yeah. We will provide some written responses here.

The first question was around the ministerial office budget. As Ms Smith noted, the ministry made some changes there. The first thing I can assure you is that that didn't in any way change my workload. Really, what it did was focus it on, you know, three very large pieces of business that I outlined earlier in the context of investment attraction, trade development, and policy advocacy. No, the services that we require inside the ministry office are largely the same as what we had, and we simply work just as hard as we were but on a more focused agenda.

On corporate services you note that there's a small increase there. There are some changes there. There is about \$150,000 that's dedicated to IT infrastructure support changes. One of the things that I don't want to waste time on but I want to tell you about that would actually please you is that we share the corporate services with Aboriginal Relations. The changes in the ministry didn't result in any changes in the context of how we try and streamline the process there. The corporate services, the HR and whatnot, the financial reporting, the IT, the FOIP requests, and that type of thing are all done through one office serving both of those ministries. So there's \$109,000 in addition there for an additional human resource staff member and \$25,000 for a part-time administrative support staff member as well. We can provide any other details there. But, certainly, the increase in the number of full-time equivalents that I asked for in the opening comment, that are a part of this budget: those positions need to be supported both from an IT context and an HR context. So there's a certain amount of increase in terms of what we require there.

You asked about personnel lobbying on the different market-access projects. There actually aren't different people dedicated to the different projects. The business of this is that there's an intensity of development and presentation of information, briefings that are required, meeting preparation, actual face-to-face meetings and that type of thing on a project, say, in a one- or a two- or a three-week period. Then we're off looking at, you know, what the next opportunity is or political development around another piece or a leg in a regulatory process or that type of thing. So as opposed to positioning people and saying, "You'll work on this until its completion," really what we've got is a set of resources, not just from our ministry but also, as I mentioned earlier, from Energy, from Environment and Sustainable Resource Development as well, and we work together as a team on these projects.

Local market intelligence reports generated and their availability: I'm going to have to check for you on that. So we'll come back to that.

You talked about job requirements. The first thing that I would say is that these are full-time positions. We expect a lot from these positions, quite frankly. There's significant compensation that's associated with them. They don't work regular office hours. They're not expected to work Monday to Friday and have weekends off. In this business weekends are for travel and prep, and weekdays are for breakfast-to-dinner and beyond.

Do our representatives move around a bit in the construct of meeting in different places, meeting out of the offices they're in? Absolutely, they do. As I mentioned, the expectation is outcome-based performance. The report is directly through the deputy minister's office, and I'm continuously updated if there are changes in the context of issues around the logistics or direct performance of these representatives. The contracts that we have provide for an evaluation process, a renewal process, and the like. To leave you with any other impression – and I have very high expectations – would be incorrect.

With respect to related party transactions . . .

**The Chair:** Thank you, Minister.

Mr. Cao.

**Mr. Cao:** Well, thank you, Chairman Moe.

**The Chair:** You have five minutes. Would you like to combine your time with the minister's?

**Mr. Cao:** Probably because of the time I'll just express my five minutes, and the minister can find some answers.

**The Chair:** Okay.

**Mr. Cao:** Is that okay, Minister?

**Mr. Dallas:** Oh, sure. Yeah. Absolutely.

**Mr. Cao:** First of all, I want to say my congratulations on the great work that you've done expanding the profile of Alberta in the globe, really. That is a great job, and it brings us up to a level of international recognition. Thanks to all the staff and you and the associate minister.

My question is regarding the market access in different areas of the world. While it's well known that China and India are the big consumer potential with their big populations, I want to draw your attention to Southeast Asia, which is 500 million people and growing. Okay. That's one.

Then, of course, another where wealth is generated around the world, well known, is the Middle East. There's a lot of wealth there, too, to bring investment here, or we can sell the product at a higher price. Those are the two points that I want to bring in.

The other aspect is that I know that business always goes in front of the government. They go there first. I remember when I worked in the corporate world, even China had not opened up yet, but corporations already got hooked in, then explored, and so on. What I say is that government is sort of cautious or whatever and behind a bit in the free enterprise world. What I realized is that when they went in there first, they got burnt, so they need protection. Alberta companies going somewhere need the government's sort of protection for their investment, for their venture, so something along those lines. It's not just go there, visit, and go out, but businesses need protection in that aspect.

9:50

My other topic would be more on – we talk about Asia, India, and so on, but the part of the European Union is also very important, and I realize that they also have talked about different standards for our products and so on. Trade agreements and negotiations: I know that's federal jurisdiction, but I hope that Alberta can contribute there. With representation in Europe we should have a heads-up as to what's going on over there. Agriculture is our product, too, not just oil and gas. Industry and trading exports are in there. My colleagues from the farming community will appreciate that very much. That's the EU.

First of all, going back to the budget, Chairman Moe, if I may focus on the budget, I'm totally supporting your budget. I know we grow the budget, the numbers there, so the caution is more like how to spend the dollars. We are talking about offices overseas staffed with Albertan people working there. The thing that I want to draw to your attention is that the staffing overseas is usually parallel with the federal government for diplomatic status and . . .

**The Chair:** One minute left, Holy Cao.

**Mr. Cao:** Thank you, Chairman Moe.

. . . the compensation of the staff there in the diplomatic category. I don't know whether Alberta can afford that. So you need to think about that aspect, just in the dollars' sense. But the rest, I really support you on that.

Now, I want to suggest something here which comes from my constituents. It's bringing business into Alberta, for example tourism. They have groups of tourists organized overseas to bring them here. California, U.S.A., has group visas for all the hundred people going. A charter flight goes with a hundred people. But in Canada it's individual visas, so if an organizer wants to bring them in, they have trouble.

Thank you.

**The Chair:** Thank you, Mr. Cao.  
Minister.

**Mr. Dallas:** Wow. I don't know where to start, Chairman.  
Southeast Asia, yes, emerging economies . . .

**The Chair:** You can send him a written response.

**Mr. Dallas:** Well, let me take a stab at this first.

. . . growing economies, emerging opportunities, actually a high degree of expertise in areas that are of great interest to us, whether that's ICT, advanced technology, research, manufacturing, agricultural products: it's a huge market, and we will be paying attention to that.

Attracting investment and doing trade transactions. You'll note today that we actually have eight representatives from the Middle East and north Africa, represented by ambassadors that are in Ottawa, that are touring Alberta, that are talking to Alberta leaders, Alberta technology and research interests, and businesses directly about opportunities that we can do together. My visits to the Middle East have really reinforced the priority that that region places on opportunities that are available in Alberta both in the context of attracting investment here but also sharing in technology and educational opportunities and the like.

The government's role in terms of what government does is to establish what I call setting the table for businesses to conduct these transactions. What we often don't realize in Alberta is that based on the long history of these jurisdictions, the different types of governance structures that they have, interacting and creating relationships on a government-to-government basis is critical to

setting the table, as it were, to allow these transactions and exchanges to happen. In many of the countries in Asia and many of the countries in Europe and certainly in the Middle East area meeting and having constructive dialogue; establishing memorandums of understanding, direct agreements, and, most certainly, at a higher level, agreements that provide certainty to investors and, wherever possible, free trade agreements really provides the stability for Albertans to risk capital in these markets developing commercial relationships.

With respect to the CETA, the comprehensive European trade agreement, this is an area where, unlike any other free trade agreement in Canadian history, the provinces and in particular the province of Alberta have been directly involved in the negotiating phase of this agreement. Through the preliminary nine rounds, through the development of the text, through the exchange of offers, providing an Alberta perspective on what's important to us about consummating this agreement, we have been at every stage of this development.

You know, I have publicly commended Minister Fast numerous times for that commitment and for the manner in which we've been able to work together on that. The priority there, as you may be aware, is enhanced access for beef, for pork, and for wheat, our priorities for the province of Alberta, but there are many other areas of an agreement with the European Union that would have very positive benefits for us.

Similarly, with the trans-Pacific partnership and the dialogue that's under way there, the construct of how the negotiations will take place is a little bit different. But that said, we expect to be supporting Minister Fast, supporting the federal government, providing an update on the Alberta perspective and what's important to us as we seek to engage in increased trade in the Pacific Rim. As that moves along, we'll be there at every stage.

You know, the opportunities in South Korea and Japan: really, the sky's the limit. But, particularly, a framework of agreements so that tariff and nontariff barriers are minimized in both directions provides opportunities for our economic growth and prosperity.

**The Chair:** Thirty seconds left.

**Mr. Dallas:** Yeah.

The issues around visas are always a federal issue, Mr. Cao. But I can tell you that, as an example, in Germany recently we raised an issue around the issuance of student visas for our students that were going to Germany whereby they were required to present themselves personally in Vancouver, Montreal, or Toronto. It created a huge barrier. Working together with the government, we were able to change that.

**The Chair:** Thank you, Minister.

**Mr. Cao:** Thank you.

**The Chair:** Ms Smith, two minutes and 51 seconds.

**Ms Smith:** We're going to split that? So I get 1 minute, 30 seconds, and he gets 1 minute, 30 seconds?

**The Chair:** Yeah. Would you like to combine them with the minister?

**Ms Smith:** I have a bunch of other questions, so it might just be easier for me to get them on the record, and then the minister can respond. So about 1 minute, 30 seconds for me?

**The Chair:** Two minutes, 34 seconds.

**Ms Smith:** Two minutes, 34 seconds. All right. Let me go, then.

**Mr. Dallas:** Can I have, like, 30 seconds to conclude, then?

**The Chair:** It's up to you. Yeah. If you would like 30 seconds, for sure.

**Ms Smith:** I have a couple of questions. I still would love to get an answer about whether or not your department will be sending a delegation to Sochi, Russia. That is February 6 to 23, 2014, so it does fall within this budget cycle, and if it's not your department, maybe you can get back with a written response if any other department is sending a delegation.

I did also notice that in the last Olympics everyone seemed to fly executive Flex, including the staff, and I do have to ask the question in these lean budget times whether or not there's some consideration to – I understand the minister and the Premier may have to fly executive Flex, but is there an opportunity to have staff members fly in economy? The difference in price is substantial, about one-tenth the price. The other thing to consider, of course, is whether or not in these tough times there's value in reducing the number of staff that do attend with ministers. If you could comment on that.

**10:00**

On the issue of the \$20,000 Gary Mar fundraiser, I know it was investigated by Mr. Watson, and he made his ruling on it. Do you know if the guest did go to Hong Kong and if Mr. Mar did take days off when he toured him around and whether or not any expenses associated with that individual coming to visit him were billed to the government? If you could clarify on that.

I also am interested in your view on the externships. As you know, the NDP have raised quite a number of questions about the cancellation of the STEP program, and my own MLA Jeff Wilson

has raised quite a number of questions about the cancellation of the Servants Anonymous pilot program. It does seem to me that we would prioritize, making sure that our students have jobs here at home rather than sending them abroad for a year. I'm wondering why we would justify keeping any of the externship programs when we're cancelling that.

In addition, when you talk about pilot programs . . .

**The Chair:** Ms Smith, I must interrupt here to give the minister 30 seconds to respond.

**Mr. Dallas:** Yeah. Thanks, Mr. Chair, and thanks, Ms Smith. I'm not in 30 seconds going to try and attempt that.

But I would like to say to the committee that I very much appreciated the opportunity to dialogue today, and the respectful manner in which this has occurred encourages me. As always we have a great story to tell in Alberta. We have unlimited opportunities here. I thank the committee.

**The Chair:** Thank you, Mr. Minister.

I would like to thank the minister and Associate Minister Woo-Paw and the Leader of the Official Opposition and all members who participated here today and the staff. Thank you very much for being here.

I apologize for the interruption, but I must advise the committee that the time allotted for this business has concluded.

I'd like to remind committee members that the next meeting scheduled for the Standing Committee on Alberta's Economic Future is on Monday, April 22, 2013, at 7 p.m. to 9 p.m. to consider budget estimates for the Ministry of Agriculture and Rural Development.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10:02 a.m.]



