



Legislative Assembly of Alberta

The 27th Legislature  
Fifth Session

Standing Committee  
on  
Energy

Department of Intergovernmental, International and Aboriginal Relations  
Consideration of Main Estimates

Tuesday, February 14, 2012  
6:28 p.m.

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**Legislative Assembly of Alberta  
The 27th Legislature  
Fifth Session**

**Standing Committee on Energy**

Ady, Cindy, Calgary-Shaw (PC), Chair  
Blakeman, Laurie, Edmonton-Centre (AL), Deputy Chair  
  
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Mason, Brian, Edmonton-Highlands-Norwood (ND)  
McFarland, Barry, Little Bow (PC)  
Ouellette, Luke, Innisfail-Sylvan Lake (PC)  
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**Department of Intergovernmental, International  
and Aboriginal Relations Participant**

Hon. Cal Dallas                      Minister

**Also in Attendance**

Chase, Harry B., Calgary-Varsity (AL)

**Support Staff**

W.J. David McNeil	Clerk
Shannon Dean	Senior Parliamentary Counsel/ Director of House Services
Robert H. Reynolds, QC	Law Clerk/Director of Interparliamentary Relations
Giovana Bianchi	Committee Clerk
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications and Broadcast Services
Melanie Friesacher	Communications Consultant
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6:28 p.m.

Tuesday, February 14, 2012

[Mrs. Ady in the chair]

**Department of Intergovernmental,  
International and Aboriginal Relations  
Consideration of Main Estimates**

**The Chair:** My watch says 6:30, so we'll just go with it because we just know it's the right time.

I'm accustomed to being on the other side of the table, so we'll see how I do on this side. If I start answering the questions, the minister should stop me. Just a joke.

I'd like to welcome everyone to tonight's meeting, and I think it's important that we know that we have under consideration the estimates of Intergovernmental, International and Aboriginal Relations. Before we begin, though, we would like to go around the table and have introductions. I'll begin, and we'll head to the right.

My name is Cindy Ady, and I am the Member for Calgary-Shaw.

**Mr. Webber:** Len Webber, Calgary-Foothills.

**Mr. Johnston:** Art Johnston, Calgary-Hays.

**Mr. Chase:** Harry Chase, Calgary-Varsity.

**Mr. McFarland:** Barry McFarland, Little Bow.

**Mr. Cotton:** I'm John Cotton, with the department of Minister Dallas.

**Ms Benoit:** Roxanna Benoit, deputy minister.

**Mr. Dallas:** Cal Dallas, Minister of Intergovernmental, International and Aboriginal Relations.

**Mr. Harvey:** Lorne Harvey, assistant deputy minister of corporate services.

**Mr. Lund:** Ty Lund, MLA, Rocky Mountain House.

**Mr. Jacobs:** Broyce Jacobs, Cardston-Taber-Warner.

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

**Ms Bianchi:** Giovana Bianchi, committee clerk.

**The Chair:** Okay. Thank you.

All right. I'm just going to kind of go through the script a little since this is the first one, and we all need to be reminded a little bit about what we're up to tonight. Government Motion 6 and Standing Order 59.01(4) prescribe the sequence as follows. The minister will be speaking for 10 minutes to bring his opening remarks, which we're all waiting for. For the hour that follows, we will have members of the Official Opposition and the minister speak. Now, my question to the member of the Official Opposition: would you like to go back and forth? I know you have a certain style. I guess I'm asking: what is your preference in this hour?

**Mr. Chase:** As opposed to my Gatling gun style, Cindy, I think I'm going to make a few comments and then attempt to do a back and forth. If answers are provided in a ready fashion, then we'll continue that methodology.

**The Chair:** Are you comfortable, Minister, with that as well?

**Mr. Dallas:** Absolutely, Chair.

**The Chair:** So that will be how we'll be proceeding through the first hour.

For the next 20 minutes we will have the member of the third party. Do we have a member of the third party here? We should be having them join. We'll see whether that comes.

Just a reminder. Apparently the only ones that may speak are the minister and the members, not staff in any way. They did say that you could have staff at the table if there was room, but they would not be able to speak, just so you know that.

For the 20 minutes after that, we'll have the fourth party, New Democrats, if they have someone join us. For the 20 minutes after that, it will be the members of any other party represented in the Assembly or any independent members, if any, and the minister or the member of Executive Council acting on the minister's behalf may speak. After that, it's any member that wishes to speak. So it'll go an hour, 20, 20, 20, and then the final. Okay?

I think maybe we'll just keep the rule in place that we'll have back-and-forth exchanges, so we won't necessarily, but I'd like to see you not take more than 10 minutes if you decide you want to ask a question so that it allows the minister to respond in an appropriate fashion.

I think we've had somebody else join us. Did you already introduce yourself, Barry? Go ahead and introduce yourself. We're just letting people know. Oh, you already did?

**Mr. McFarland:** Yeah, I did. I'm still Barry McFarland.

**The Chair:** Sorry. I'm already starting out like I intend to go forward.

As I said before, department officials and members' staff can be present but cannot address the committee, and again 10 minutes is kind of our timeline. A minister and a member may combine their time for a total of 20 minutes. We've already talked about that.

We do have three hours that have been scheduled to consider the estimates, and if debate is exhausted prior to the three hours, the department's estimates are deemed to have been considered for the time allotted in the schedule and we'll adjourn. We will adjourn at 9:30, so we can either go short or go all the way up to the 9:30 hour.

I have a great timekeeper here. She's going to be keeping us on track.

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

As far as the vote goes, the vote on the estimates is deferred until consideration of all departmental estimates has been concluded and will occur in Committee of Supply on March 13. So there will be no vote tonight. It will all be considered together.

An amendment to the estimates cannot seek to increase the amount – oh, that's later, so we won't go through that at this point in time. Am I correct? That's for when we get to estimates, correct? On the floor. Not tonight?

**Ms Bianchi:** Tonight there are no amendments.

**The Chair:** There are no amendments. That's what I thought. Okay.

I'd like to invite the Minister of the Department of Intergovernmental, International and Aboriginal Relations to begin his remarks.

**Mr. Dallas:** Great. Thanks very much, Chair, and good evening, ladies and gentlemen. It's my pleasure, of course, to represent Intergovernmental, International and Aboriginal Relations and to have an opportunity to say a few words about what this ministry does. More importantly, I'll talk tonight about what we can do and what we will do in the year ahead with your support for our budget.

Before I present a short overview of our business plan and our proposed budget, I'd like to introduce the senior officials who are with me here tonight. To my immediate left, Roxanna Benoit, who is the deputy minister; to my right, Lorne Harvey, who is assistant deputy minister, corporate services; at the end of the table, John Cotton, assistant deputy minister, international relations; and behind me, a group of very supportive, helpful individuals. We've got Garry Pocock; Donavon Young; Stan Rutwind; Mike Deising from communications; my executive assistant, Jeff Henwood; my special assistant, Elizabeth Clement; and Howard Wong, corporate services. Those folks are all joining us tonight.

#### 6:35

First, a little bit about what this ministry does. IAR's broad portfolio includes advocating for Albertans and Alberta businesses and promoting our province. Our day-to-day work includes ensuring the equal treatment of Albertans and Alberta businesses within Canada and internationally, and it includes improving the lives and well-being of aboriginal peoples in Alberta.

We take a lead role in increasing Alberta's profile on the international stage through trade development, investment attraction, and global partnerships. More than ever Alberta's international relationships are critical to our overall success and prosperity. It's with this backdrop that I'm asking for an 11 per cent increase over last year's budget for our ministry. That's an increase of \$18.8 million. This would bring our overall budget for '12-13 to \$190.5 million, no small number but an amount necessary to accomplish the substantial goals we have ahead of us.

Goal 1 in our new business plan reflects how important these relationships are. It states: "Alberta is a leader in advancing coordinated economic and intergovernmental relationships." There is no doubt that strengthening ties with other governments around the world advances economic development in our province.

Our success in achieving this goal will support our efforts to achieve goal 2, that "Albertans secure greater access to Canadian and global markets, including coordinated trade promotion and investment attraction activities." Our Premier has made it clear that gaining more ground in the international marketplace and tapping into new and growing markets is a high priority.

A key role for my ministry is helping Alberta businesses compete in the global marketplace. In addition, attracting international companies to invest in Alberta and partner with Alberta companies strengthens our industry and improves our competitiveness. Diversifying our markets has never been a higher priority than it is today in light of the growing global economy and the risks that come with remaining tied largely to just one economy. This is something we were reminded of last month with the U.S.'s decision on the Keystone XL pipeline. It wasn't what we were hoping for, but we remain optimistic that the project will proceed in 2013.

However, other international opportunities for Alberta are tremendous, and they're within our reach. This is why I'm asking for \$9.1 million to support our growing international relations activities. This includes our new externship program, that will place talented young people in international organizations, foundations, multilateral institutions, and the private sector. It also

includes activities that will increase our presence in Asia. We will fortify our efforts in markets we're already gaining some ground in, markets like China and Japan.

At the same time, we will also set our sights on other markets that hold promising new opportunities like Southeast Asia, Vietnam, and Singapore, to name a few. We will open new doors through the targeted efforts of people who have the expertise to strengthen relations with Asian governments and industries, including our new representative in Asia and the members who will make up our Asia Advisory Council.

Growing our presence internationally is paramount to our advocacy efforts, and as I said, advocacy is an important aspect of my ministry's day-to-day work. We're reminded of all the work we need to do with every negative and misconception-filled article about Alberta's oil sands, with every misguided Chiquita Brand-like campaign, and with every U.S. or EU decision-maker who discriminates against our energy products based on emotion or rhetoric. We'll ramp up our efforts to get Alberta's story out there and to let the world know that we are both a leader in energy development and a responsible energy producer.

We stand up for Alberta within the confines of our own borders as well. IAR supports our Premier and Alberta's ministers as they advance Alberta's priorities in Canada and to the federal government. To that end, one of IAR's tasks this year is to host two national events, the Western Premiers' Conference and the Ministerial Conference on the Canadian Francophonie. Our ministry is obligated to host both of these this year, so I'm asking for the funds to hold these in Alberta.

Alberta's relationships within the country are also important to fair and competitive trade, and they're the responsibility of my ministry. I'm seeking \$1.9 million to help enhance Alberta's position within Canada and to maximize the benefits of trade negotiations and agreements for our province. For example, IAR's leadership on the New West Partnership trade agreement has positively influenced the reduction of trade barriers right across Canada. Alberta has been a leader in pursuing its interest by challenging trade and mobility barriers in other provinces through the AIT dispute resolution mechanism.

We've won a number of challenges such as the recent decision against Ontario, which limited dairy products from Alberta entering eastern markets. This resulted in the removal of these trade barriers and provided Albertans with new markets in which to do business.

In addition, the federal government is embarking on a new series of international trade negotiations with countries such as India, China, Asia, Japan, and Korea. These trade agreements will affect the interests of this province, and we need to ensure that Alberta is represented.

The third and fourth goals in this ministry's new business plan reflect my mandate to build strong and vibrant relationships with Alberta's aboriginal communities. Alberta is home to one of the largest, youngest, and fastest growing aboriginal populations in Canada. Nearly 250,000 First Nation, Métis, and Inuit people play an important role in the social, cultural, and economic fabric of this province. Two of the goals in the business plan focus on strengthening our relationship with aboriginal communities and improving the quality of life for aboriginal people in Alberta. Some of the funding increases I'm asking for are already committed. For example, \$4.5 million of the increase is projected flow-through funding from lottery revenue that goes directly to First Nations through the First Nations development fund, which is of course administered by my ministry.

As most of you know, FNDF is not funded out of general government revenues. These funds are a portion of the revenues

that come from government-owned slot machines at the five First Nations casinos in the province. This money flows through my ministry out to First Nations across Alberta who applied for project funding. This year we estimate that \$120 million in FNDF funding will support a wide variety of economic and social development projects. Other, additional funding will support our efforts to address quality of life issues for the more than 60 per cent of aboriginal people who live in major urban areas, support new Métis economic development initiatives, and expand the First Nations geodata mapping project, which will support our efforts to consult with First Nations about resource development projects.

Once again, I'm asking for an 11 per cent increase over last year's budget for our ministry. I know that's a significant number. But make no mistake. We're facing some significant challenges, but more importantly we have significant opportunities that we must capitalize on. This increase will enable my ministry to carry out the work that lies ahead as we strive to accomplish our goals and meet the growing expectations both of this government and the people of Alberta.

What I've shared with you this evening has been a broad overview. I'd be happy to go into more detail and answer any of your questions.

Thank you.

**The Chair:** That's perfect timing. I gave you an extra 30 seconds as a valentine gift. I just want you to know that.

Mr. Harry Chase, the floor is yours.

**Mr. Chase:** Thanks very much. I'd like to recognize the efforts of my researcher here in Edmonton, Stephanie O'Brien, and especially recognize the efforts of my executive assistant, Linda Pushor, in Calgary, who has provided tremendous support over the years.

I'm going to provide an overview, to begin with, of some recommendations, and then, as I say, I'm going to attempt to ask a series of questions. If they can't be answered within the evening, I'm hoping there'll be follow-up written responses. That would be extremely helpful.

One recommendation I have is that Alberta follow Manitoba's lead in terms of establishing a Jordan's principle equivalent. Jordan was a young First Nations boy who fell between the cracks of the federal government and the Manitoba provincial government. First Nations individuals are frequently – I refer to them either as ping-pong balls or political footballs. They get batted back and forth in terms of jurisdictional disputes or abandonment between the federal government and the province. As the minister noted, they're the fastest growing segment of our population, and they could provide a series of solutions as opposed to ongoing problems.

6:45

First Nations and immigrants are the greatest loss of talent pool that this province has. The failure rate in high school for both immigrants and First Nations is very similar. It's almost 70 per cent, and that failure rate is failure to complete in three years. A number of First Nations and immigrant youth never complete high school, and that's an absolute travesty. It's a waste, and that has to be dealt with.

I realize that there are overlaps between this ministry and Education and the Ministry of Human Services, the megaministry, but hopefully interministerial co-operation will come up with a solution. Part of that solution is involving more individuals from both the First Nations and the immigrant communities to lend their expertise because both organizations have some very unique

challenges. Individuals from within those areas, I think, could provide some of the advice and answers to the government.

I'll begin with the questions, and we'll see how far we go. The ministry states that its mission is to advance Alberta's interests by leading government-wide strategies to "capitalize on Alberta's regional, national and global relationships and opportunities." Now, from results measurement indices used in your ministry reporting, it appears that you do not set any quantifiable goals, nor do you measure any quantifiable outcomes. Again, as briefly as possible, what does the minister mean by: advance Alberta's interests? Why do you not analyze trade volumes and products as a pragmatic way of determining success? What is the expense for missions that are made in the name of increasing and expanding trade? My last in this series of questions to begin with is: what is the breakdown by industry in terms of proof of trade successes?

**The Chair:** The hon. minister.

**Mr. Dallas:** Yes. Thanks very much. I appreciate those opening comments, hon. member. While I know you didn't specifically ask that I comment on Jordan's principle, you did twang a heartbeat there because I had the privilege of working on an expert panel review on child intervention and also doing work on youth homelessness for a variety of ministers since my term began in 2008. What I can tell you: although our ministry is not directly responsible for the delivery of social services – and I know you will look forward to the estimates for the Ministry of Human Services – there have been substantial advances in terms of the depth of capacity and provision of care, ensuring that our youth, whether aboriginal or not, are not slipping through those cracks.

You also mentioned high school completion. That's an opportunity that, hopefully, I'll have more time later in the evening to expand on with regard to the memorandum of understanding that we have with First Nations and the federal government with respect to education, working diligently with First Nations to look at and enable strategies that can significantly impact high school completion rates.

Now, what you really wanted to talk about was goals and outcomes in terms of the work that we're doing. With respect to building these relations and what the value of them is, there are really three types of work that we're doing in 10 different international offices. It's pretty easy to segregate this although there's some crossover.

The first piece of this is in terms of trade development. What are the opportunities to support Alberta businesses that have products and services and expertise that they believe are exportable? How can we help facilitate the kinds of contacts, expert information in terms of the business environment, and some of the nuances of actually moving product back and forth in terms of logistics, whether that involves transportation infrastructure or technology movement, that type of thing?

The second piece of this is around investment attraction. Obviously, in Alberta we have some very substantial resources. The capital base that's deployed requires investment from other jurisdictions in order to successfully develop the resources that we have in Alberta. Typically those don't just start by an investment. They often start by the type of work that's done by our folks that are involved in trade development in terms of engaging, creating business relationships, and obviously from that, surfacing opportunities, where not only are there trade opportunities, but there are investment opportunities in both jurisdictions.

The third piece of business that we do that's very important but somewhat difficult to measure is in the area of policy advocacy, and I'll use a couple of examples that are currently in play. The

fuel quality directive in Europe proposes a different carbon standard for oil sands derived fuels, which potentially could leave us in a position whereby our ability to realize full market value for the products that we're producing in Alberta might be compromised. The low-carbon fuel standard in California, where we've recently had some significant success, is another great example of the kinds of policy work that we're doing. Certainly, all of the work around infrastructure development, pipelines and that type of thing, would fall into that general category.

We've really got 10 different offices doing three different key pieces of strategic work in varying degrees, depending on where they're located around the globe. In Europe most recently we probably spent upwards of 70 per cent of our work working with the European Union parliamentarians, doing advocacy work with respect to the fuel quality directive. In Asia virtually all of the work that we're doing is directed towards trade development and investment attraction. That gives you some idea of the problems with establishing singular goals in terms of performance measures and outcome measures, hon. member, in the sense that each of those offices is doing very different types of work in very different environments around the globe.

I should say, before we move back to you, that you mentioned accountability for trade missions and the like. Certainly, one of the things that you will have noted is that all of the ministerial travel and certainly the Premier's mission costs are all posted on the website. It's fully publicly accessible information and as transparent as can be, and that happens within 60 days.

**Mr. Chase:** Please do not take offence, hon. minister, but your answers are taking considerably longer and are not necessarily directed to my questions. For example, I asked: why do you not analyze trade volumes and products so that you would have a definitive way of judging the success of a trade mission to a particular country? I had also asked: what is the breakdown by industry? But I'm going to have to get back to some of my Gatling, or I'm not going to get these questions on the record. So please bear with me and pick and choose which questions you'd like to answer now and which could be as a written follow-up.

A long-term analysis indicates that the proportion of energy and nonenergy exports has remained flat, with energy accounting for somewhere between 70 and 75 per cent. How can you justify spending further taxpayer dollars on junkets that don't accomplish increasing or diversifying trade? Why would you not measure this so that you know if investments have been of value or just a waste of public dollars? I note that \$23 million was spent in previous years trying to convince countries that our oil was as green or greener than that of other countries.

6:55

Foreign offices host and assist industry members from the energy sector, the education and postsecondary sectors, the agriculture sector, the retail sector, the IT sector, and so on. What is the cost per sector, and what are the export trade trends over the times since the offices have been opened and in comparison to the costs? In other words, I'm looking for definitive dollar results to justify the existence of these trade offices.

Your performance measurements consist of a number of delegations led and a number of delegations received and the satisfaction of the participants. That would be like a mall measuring its outcome by counting how many people come in for a free prize and how many of them are happy when they leave. A mall has many, many outcome measures like total sales, rents, average sales per square foot by merchant class, et cetera. This has

been absent in terms of the evaluation of previous ministries, particularly to the States.

There was no evaluation tabled as to the effectiveness of either Murray Smith or Gary Mar given the amount of money spent to keep them in their offices and send their children, in the case of Gary Mar, to a private school. If the minister has no measurable outcomes that reflect the actual results of investments, then how can the minister justify the estimates for foreign offices and foreign travel?

The budget for international relations is being increased by 76 per cent to \$24,201,000. What is the increase based on, and what are the concrete returns that Albertans can expect to see from them? How can the minister justify increasing spending on international relations when trade with our major trading partner, the U.S., accounted for 86.6 per cent in 2010 and increased in the first six months of 2011 to 87.1 per cent while our second-largest trade partner, which is China, accounted for 3.6 per cent of exports in 2010 and dropped to 3.1 per cent in the first six months of 2011 in spite of the number of missions to China and the increase in the number of offices in China? Obviously, we are getting a negative return, at this point at least, on our international relations investments to the Far East.

Who is going on these delegations? Why does the minister not list the individuals and companies on missions, the costs incurred on their behalf, and the results of the missions in the business of the participants? Listing who was met with or at what trade show booth: that is not an outcome. I'll give you a chance. I know there is very little time left in this first go-round, but we'll see what you're able to accomplish in the time remaining.

**Mr. Dallas:** Well, thanks very much, hon. member. I'm delighted to take that opportunity, then, to address some of those specific numbers that you were asking for. I happen to have a comparison in front of me between 2009 and 2010, which would be the most current numbers that we have, indicating total exports in 2009 of \$77.818 billion and in 2010 of \$86.822 billion, a year-over-year change of 11.6 per cent.

You mentioned a number of sectors. I'm not going to go through all of the sectors, but I'll point out a few that I think might be of interest. In the mining and energy area exports between 2009 and 2010 increased from \$46.99 billion to \$54.635 billion, an increase of 16.3 per cent.

In the manufacturing sector, which is very important in Alberta, exports went from \$17.891 billion in 2009 to \$20.028 billion, an increase of 11.9 per cent. Paper products and wood pulp, as a part of that mix, went from \$1.289 billion to \$1.563 billion.

You mentioned computers and electronic products. This is an example where actually sales year over year declined a little bit. It went from \$551 million to \$543 million, still very significant to our economy and very, very significant to the businesses that are exporting that component of their products.

So we've got lots of data, lots of information with respect to the trade activity that's happening. We've got that broken down on a by-market basis for you as well. We'll be happy to provide that. I would suggest to you that we have a large volume, a number of businesses that are actively participating in these trade missions. It's very important to them. That's an important part of the work that our ministry does, the groundwork to establish a beachhead where these businesses can present their products, to make sure that we're contacting and bringing forward potential buyers that can participate, whether that's in an organized trade show or on an invitation basis, to view products and services and to engage with those businesses.

You know, you asked why we can't list the names of those businesses. The reason is that those businesses are actually paying their own expenses. We do some groundwork to make sure that they have a suitable environment to showcase their products, but in terms of a trade show like the one I came back from in December, the World Petroleum Congress, those businesses are actually paying their travel expenses, they're paying their logistics expenses to move their displays, they're doing their own set-up work, and they're paying for some floor space to participate in the show. While I'd love to talk about who those businesses are and what they achieve specifically, they've made the investment. It's their return and theirs to share.

**Mr. Chase:** Thank you. I realize that we're not carrying their bags, so to speak, or we're not picking up their hotel bills, but knowing who's going and getting a sense of their success, considering they're being sponsored by government, would be appreciated so that we can get a sense that these trade missions had a zero dollar value to them. It's also unfortunate that we don't have results beyond 2009. Those are 2010 results, are they?

**Mr. Dallas:** Yeah.

**Mr. Chase:** Okay. Thank you. I'll continue on.

Have we used our first set of 20?

**The Chair:** Yes, you have.

**Mr. Chase:** Where are we in terms of time?

**The Chair:** One minute and 34 seconds in your first 20.

**Mr. Chase:** Into the second set. Okay. Thank you. Again I'm going to lay out some things and then have further discussion. We've got two more sets, this one and the next? Thank you. I just wanted to qualify that.

Now, we know that there was a secret meeting held in England last February in order to inform diplomats on how to more effectively lobby on behalf of the energy industry. How much of this budget will be spent on lobbying on behalf of the energy industry, and why is the public paying for lobbying instead of the industry? They are making more money than this government is.

Why not include an analysis of tourism figures and trends to analyze whether this ministry in its actions and expenditures appears to be having any impact? What targets are you setting for increases in tourism as a result of your ministry? Again, I'm hoping there's a crossministerial connection, that every time you're over doing a trade mission or a visit down to the States, you're obviously waving the Canadian flag and promoting tourism.

Has tourism from countries that have Alberta offices increased or decreased since the offices opened? Are tourism statistics used to identify specific targets, and if so, what are those? Do you work with TPR or get any feedback from Tourism, Parks and Recreation as to the impact on tourism of your expenditures internationally and domestically?

**The Chair:** That's just the end of your first, so keep going.

**Mr. Chase:** That's the end of the first set? Okay.

I'm very happy that the chair of this particular committee has such an innate and experienced knowledge of tourism and is such a promoter of such. I gather you're probably not allowed to input.

**The Chair:** I won't be answering any questions. I think we already covered that.

7:05

**Mr. Chase:** Okay. I'm moving on to First Nations and the First Nations development fund, \$120 million. Why are reports of ongoing progress of projects funded through the FNDF not posted on the minister's website? Can the government assure First Nations that the funds being awarded under this program are invested in sustainable projects? Does the minister ensure that operational funding, staffing, and supports are in place to ensure the ongoing success of the grant-funded projects?

I just want to put in a very personal, maybe moralistic concern that I have. In talking about how a number of First Nations and reserves were funded, the minister talked about five First Nations casinos. Today in question period Hugh MacDonald pointed out that of the total overall intake that we get from gambling, from slots and a variety of other what I would consider to be addiction enterprises, over 70 per cent of the money gained is from addicted individuals. I don't know whether that rate would change, would be lower or higher on reserves. But I have a grave concern that this is, basically, blood money. Gambling should not be a means of some people succeeding on the backs of those that have failed miserably.

What steps does the ministry take to make sure that grant applicants are not prey to unscrupulous parties upon receipt of the grant funds? Does the ministry provide awareness training for potential grant applicant bodies? Has the minister consulted with gaming researchers to find out if the casinos generating the funds for First Nations development have had any detrimental effects on the communities that they operate in? I was alluding to that because, as I say, in terms of general population it's the most addicted whose lives pay for the winners, and this definition of winners and losers is not acceptable.

Mr. Minister, I'll give you a chance to jump in, and we'll see how we go.

**Mr. Dallas:** Thanks very much, hon. member. You started out by mentioning a meeting, I believe, in England that you described as a lobbying meeting. I want to clarify just for the record that that was a meeting that was organized by the federal government. As you know, we are co-located in the embassy. We did have individuals attend that meeting to discuss our communications strategies and some of the business that we conduct in terms of communicating with Europeans, in particular, and certainly Great Britain with respect to the work that we're doing to provide responsible development of our oil sands. We did have individuals from Alberta attend that meeting, but as I said, the meeting was called by the federal government, the departments of Foreign Affairs and International Trade. We attended it in the normal course. We were discussing how we communicate around the globe on a regular basis.

You talked about ministerial co-operation and messaging. One of the responsibilities of my ministry is to ensure that wherever ministers are travelling, they are familiar with issues and opportunities that are important to the people of Alberta and that they carry with them messaging information for individuals that they may meet in the course of their regular duties and, also, other individuals that may or may not be elected officials, community leaders and the like, to make sure that whenever the opportunity presents itself, we're delivering messaging irrespective of who the minister is and what that ministry is representing.

The same obviously happens with tourism, as you mentioned. We make sure, make it our business to know the activities of the other ministries to make sure that we're surfacing opportunities that we may see in the field or that we may have threaded back to

us by other ministries in terms of business opportunities, trade opportunities, cultural exchange opportunities, educational opportunities, a whole gamut of opportunities that would enhance opportunities for Albertans in general.

You wanted to talk a little bit about the First Nations development fund. I won't comment on the ethics of gaming. I think you'll want to raise that with the minister responsible for that when the opportunity comes. But you did ask about the grant program and what that looks like. Certainly, what happens there is pretty straightforward. The First Nation submits a grant application to the department, and accompanying that application is a copy of the resolution from the band council which supports the submission of that resolution. In other words, an independent, self-governing body has reviewed that application and supported that application before we ever see it. Our department staff review that application. We make sure that it's eligible in terms of it fitting the criteria around community, economic, social, and development projects.

Funding can be used for a variety of purposes. The three things that funding cannot be used for are a per capita distribution, gaming-related activities – to some degree that may provide some comfort, hon. member – and it cannot be used as collateral or security against a bank loan. Funding is provided to the First Nations on a quarterly basis. There's annual reporting on each project reviewed by the First Nations development fund staff to ensure that there's compliance with the application. Then, of course, our staff are doing audits on a three-year rotation, and each First Nation is audited at least once every three years. So there are some comments with respect to First Nations development funding that is derived through the five First Nations casinos.

**Mr. Chase:** Thank you. I believe in the best qualified person for the job as opposed to having a certain percentage of minority representation, but I would be interested to know approximately what percentage of your staff have a First Nations or Métis background or connection.

**Mr. Dallas:** Actually, hon. member, I understand that we're not permitted to track that, so I can't report that to you.

**Mr. Chase:** Okay. Well, I think if you would please take my concern forward that we need experts in the field. After three generations of residential schools and the terrible effects that the residential schools had on First Nations and then when you go forward and look at the fact that the majority of children in government care are First Nations, I would suggest that First Nations expertise is extremely important. That's not to suggest that other wise individuals from a variety of ethnic backgrounds couldn't contribute to providing key input and solutions, but I would just encourage you to search out qualified, obviously, First Nations individuals, those who have perhaps worked in child care offices on particular reserves.

There is a growing number of very successful entrepreneurial First Nations – the Sawridge, for example, up in Fort McMurray – and there are a number of First Nations organizations doing heavy equipment and contracting and not just in the Fort McMurray area. What I'm saying is that there is First Nations expertise out there. I look forward to your response.

**Mr. Dallas:** Thanks, hon. member. I can tell you that with respect to cultural knowledge and with respect to language individuals that have a background with First Nations, Métis, or Inuit are of extraordinarily high value to our ministry, so we avail ourselves of every opportunity to garner that expertise and to make sure that we retain it.

We also have an aboriginal internship program inside the ministry, and one of the things that I'm going to do subsequent to tonight's estimates is ensure that you get some information with respect to how that program works and the number of folks that we've been able to support and encourage in the development of their careers with our ministry through that program.

7:15

**Mr. Chase:** I would very much appreciate it. As I've said, historically we've had three generations of abuse to First Nations at the hands of a variety of government or church-sponsored organizations, but what has happened is that we've replaced residential schools with a significant foster care system where First Nations children make up the large part. I realize this isn't Human Services, but because aboriginal affairs comes under this topic, I would encourage the government – and pass it on to your colleagues if you like – to put more support into homes as opposed to the speed at which children are pulled from those homes. Whenever possible, if kin care is considered an option, support the individuals within that kin care. Don't make the assumption that because it's a blood member of the family, they're going to be either more successful or less successful, but support them.

We've had examples, most recently here in Edmonton, where a 21-year-old aunt was given custody of four children. That ended up rather disastrously, but the blame cannot be wholly put on the aunt. It needs to be looked at. How could we have supported that family, and, going forward, how can we support other First Nations families? We need to turn around the tide that has the greatest number of children in care being First Nations, the greatest number of individuals incarcerated being in First Nations, in terms of addictions and suicides, again. This is the result of three generations of enforcement of a way of life that didn't take into account cultural concerns.

I'm just saying that maybe with the Premier's connection to Nelson Mandela at some point we have the equivalent in Alberta of truth and reconciliation. We need something to get on with it. You know, there's blame attached, and I'm one of the ones bringing up the three-generational circumstance, but at some point we have to be supportive. First Nations have to take on significant responsibilities for their own well-being. But in that transition and the recognition of the various roles both the government and First Nations play in that new movement, instead of attempting to bring them forcefully into a culture, we have to spend more time recognizing the importance of their historical contributions and the need to go as equal partners forward.

I've said a lot, so please, I'll give you an opportunity to respond.

**Mr. Dallas:** Well, thanks, hon. member. I guess one of the things that as you were speaking I was reflecting on is the tremendous capacity and ability and passion of the leaders that I've had an opportunity to meet in the short time that I've been the minister. While I had, I believe, an appreciation for, I've come to have ever more respect for the commitment to self-determination that these First Nation leaders have and that their people have. We've provided, working with them through a venue called the protocol agreement, an ideal opportunity to make sure that we're full participants in supporting the vision that aboriginal people have to be full participants in our Alberta both from a social and an economic perspective. We do that by understanding and by supporting, not by directing, by commandeering activities and giving as opposed to understanding where we can add value,

where we can support, and the way in which we engage in that discussion and how we go about that.

We've had a number of protocol meetings, some of which involve the Premier, some of which involve a number of key ministers. That business has been conducted since 2008, and that dialogue continues. It is through that agreement that we establish the subtables, the initiatives where we add both resources and commitment to make sure that we're supporting First Nations communities and individuals throughout the province.

**Mr. Chase:** When I've talked about the political football nature of First Nations, or the ping-ponging effect, there are treaties 6, 7, and 8 that have been established with the federal government. They're historical agreements. But there are small bands such as the Lubicon who were never partners to the signatories or signatories on those treaties. Therefore, how we negotiate nation to nation or as part of individuals, as Albertans within this province, is extremely important. For the Lubicon I think it's about 120 years and counting where their concerns haven't been satisfactorily come to. Again, because they're not signatories to the treaty, we have a greater provincial responsibility to that resolution possibly or an equal responsibility as to the federal government.

Recently, last spring I believe it was, there was a significant oil spill in the Lubicon area, and concerns were raised that the manner in which it was cleaned up was not sufficient and that members of the Lubicon band had suffered health effects. Then we have Fort MacKay and Fort Chip and Dr. John O'Connor, who brought up the cancer rates.

One of the things I believe that has the potential of being helpful is the new water agreement with the federal government and the provincial government, but what has been pointed out to me is that we can't possibly capture either the air samples or the water samples with simply 100 metering stations, so that's just a concern. It's a balance, I understand, about not being intrusive, but the full partnership of equals, the self-determination, how it is arrived at, obviously, in collaboration as opposed to consultation.

I see you have some more responses.

**Mr. Dallas:** Very good comments, hon. member. I think you and I have already had an exchange at question period with respect to the Lubicon and related to settlement and also with respect to the pipeline issue. There, clearly, the federal government is responsible for those negotiations. We would be very supportive in any way. We stand ready to be engaged. Obviously, when those negotiations take place, there is a role for the province in terms of when the negotiation is completed, we have some constitutional obligations in terms of provision of lands and potentially involvement in some other areas with respect to the settlement, so continue with that dialogue.

I think this is a good segue to just briefly mention the Premier's wisdom in terms of the change in the ministry structure. There were lots of questions around why Intergovernmental, International and Aboriginal Relations is in one ministry. It's just that kind of an issue, hon. member, that creates an opportunity every time that I'm engaged with my Ottawa colleagues, Members of Parliament, and other ministers to cross all of those boundaries, whether it's the federal education minister, whether it's the federal aboriginal affairs minister responsible for those areas, or its in areas of economic development, any variety of areas. That's always on my mind as I'm having those discussions, you know, certainly about our trade and investment opportunities but first and foremost about our aboriginal opportunities that we can realize by making sure that we're having constructive dialogue.

**The Chair:** I hesitate to interrupt. We are beginning the last 20-minute segment. Are you comfortable with the pace of how it's moving?

**Mr. Chase:** Yes.

**The Chair:** Then we'll continue. Thank you.

7:25

**Mr. Chase:** In Alberta we're in a rather unique position. Though we have a great dependency on nonrenewable resource revenue, the fact is that we have quite a bit of it. The federal government, in my opinion, has let First Nations down. The per pupil grants in education, for example, on a reserve are 20 per cent lower than they are for a First Nations child attending an inner-city school here in Edmonton.

What I'd like to see is some aggressive leadership on the part of the province in terms of either requiring the federal government to step up to the plate in terms of recognizing the equality of opportunity for First Nations children in Alberta or, failing that, taking on additional responsibility ourselves because these individuals are Albertans. They're Canadians, but their success is most greatly determined by their geographic positioning within this province. Therefore, I think greater support from the province either in terms of pushing or dragging, screaming and kicking, the federal government would be very important.

I want to switch topics a little bit at this moment and talk about ministry support services, specifically your office. The 2011-12 forecast for the minister's office is \$980,000, an increase of 10 per cent from the previous year. The 2012-2013 estimates show a 60 per cent decrease in the cost for the minister's office. What accounts for the higher spending in the previous two years, and can the minister explain what accounts for the projected reduction in costs? It seems to be a fair amount of fluctuation.

**Mr. Dallas:** Okay?

**The Chair:** Go ahead.

**Mr. Dallas:** Thanks very much. Just two very quick comments because I know you really want to focus on the ministry's support services. With respect to the comments on education I certainly can't speak on education policy. I can remind the hon. member that we have a memorandum of understanding on education that was derived through the protocol table. In a subtable we're very actively working on a variety of initiatives, a variety of strategies, obviously, high school completion being one of the end goals of that but, further to that, I mean, looking at all types of things through participation in other educational opportunities.

With respect to equality you have also heard Minister Hancock talking about the opportunities around the development of the social planning framework and the work that can be done there. I know that there is some of that in the public domain. Obviously, this can have a positive impact for all Albertans, and among those Albertans are the significant numbers of Albertans that are in urban environments as well as in other environments, whether they're First Nation or Métis settlements around the province.

A few comments on ministry support services. Obviously, you were talking about the '11-12 budget and comparing that to the '12-13 estimate, and there is a modest change there that is made up of a variety of different things. Actually, most of them are decreases in spending. As you would expect, there are decreases in spending in the minister's office, and that's a result directly of not operating two offices. Previously we were operating an office for international and intergovernmental relations, and we were operating an office for aboriginal relations.

The very same thing happens in the deputy minister's office. Again, as opposed to operating two deputies' offices, we're operating one. There are some changes in terms of the communication budget, but those are modest because, essentially, we continue to deploy largely the same people in a similar framework as we did previously but out of one office now.

There are some changes, and the increases are actually in the area of corporate services. Those are on the basis of IT investments, I believe. We've got system enhancements for the Métis settlements land system. We've got aboriginal consultations that require IT supports. Included in those amounts is the sum of the salary settlement for AUPE and any temporary manpower that we've deployed. So spread over the two ministries you've got an increment rolled in there. At the same time you've got efficiencies from the fact that we've been collapsing two different ministries into one minister and one deputy minister's office.

**Mr. Chase:** I appreciate that explanation, and you've partially answered my next question. It also reflects a 55 per cent decrease in the budget for the deputy minister's office.

What I would hate to think happened is that the front-line people that provide the direct service to individuals, whether it's intergovernmental, international, or aboriginal – I hope there was not a significant loss of staff. You sort of suggested within your previous explanation that they're now under one department as opposed to significant terminations of staff members.

**Mr. Dallas:** If I could comment on that.

**Mr. Chase:** Sure, please.

**Mr. Dallas:** As you know, when there's a significant change, particularly in the realm of the Legislature with respect to the ministers' offices, there is a significant shuffling that happens, but essentially I think that over a period of time everyone tends to find suitable employment. These are incredibly talented young people that are typically employed in the offices of the ministers and deputy ministers, and the world is beckoning in terms of how they'll utilize that talent and experience that they're getting here in this building. So while I can tell you the number of people employed in my office is less than the sum of the numbers of the people employed in two offices, I can tell you fairly confidently that those young people are gainfully and very suitably employed going forth.

**Mr. Chase:** I'm pleased to hear that because in previous administrations, Steve West, for example, was viewed as a butcher of public services. During his and Ralph's sojourn over 10,000 public servants were cut as part of the austerity measures, and then services were affected, you know, across the board.

**Mr. Dallas:** To my knowledge, hon. member, I've never been mentioned in the same sentence.

**Mr. Chase:** Well, here's a first. There have been other departments. I know you're not responsible for them, but for the sake of information and privacy – there were some significant cuts previously made in that ministry, which made it hard to provide the service that Albertans expected. It's kind of a mixed bag. You want to have the people gainfully employed, as you mentioned, the young talent that you want to see develop and then provide the service, and then you also want to realize efficiencies. Hopefully, efficiencies aren't realized with a guillotine. That's a concern.

Again, glad to see a reduction in the estimates from \$921,000 to \$698,000. I'm referring to communications. Sorry; I should have

mentioned that. Actually, I don't think that there should be any amount since the Premier's office is the politburo with a budget large enough to put envy in the heart of the former Russian government when they were still around. What waste was eliminated to bring this amount down to the current budgeted amount? Just a little bit of partisan politburo push there, or putsch.

**Mr. Dallas:** One of the initiatives where we were able to rationalize some services, hon. member, was with respect to the correspondence unit. That group of talented folks take the correspondence that comes through both the ministry but also all MLAs that have inquiries with respect to the business of the ministry, process that correspondence, and work through me to develop the communication back to the members of the Assembly and also through me the direct communication to those that are engaged with the ministry on any variety of issues or questions that they have, folks that are seeking information, that type of thing. So there we were able to make some significant changes based on the volume and efficiencies that were available to us.

7:35

**Mr. Chase:** Now corporate services. Here we see an increase of 48 per cent compared to 2010-11. What is included in corporate services? What accounts for this increase that basically eats up what was cut in the previous three lines? It's kind of a case of the ministry gives and the ministry takes away; blessed be the ministry.

**Mr. Dallas:** Okay. I talked about the correspondence unit. Actually, we took some money out of communication, and we moved some of that over to corporate services. Some of that is some of the people that were involved in that correspondence unit. So there's a bit of a switch there.

This is where I talked about the IT support. We've got about \$300,000 in changes in IT. The other thing that's in there is international and national travel. The Premier's missions and the like are covered off in there. As I mentioned, the AUPE settlement, which is across the entire spectrum – I'll double-check this, but I think the employee count is 197, so you've obviously got that settlement increment as a part of that. The combination of the number of new people that we're proposing in the budget and the increment that would be associated with that or the increment for those people as opposed to the increment alone for the number of people that existed in the prior budget year: that's all included in those amounts.

**Mr. Chase:** Thank you. The Premier stated that she wants a review of the international offices . . .

**Mr. Dallas:** Hon. member, I'm sorry; 297 was the number, not 197. I don't know how that got into my head.

**Mr. Chase:** Okay. Thank you.

The Premier stated that she wants a review of the international offices with the intention of expanding them. Many MLAs were flown around the world a couple of years ago on the premise of that exact same idea of expansion. Unfortunately, there does not seem to be any report available on the ministry's website to see what, if anything, the people on those junkets learned about our international offices.

This goes back to the question – and I'd love to be proven wrong. I would very much like to see a tabling of a report of an evaluation of our Washington office, again, when Murray Smith was there. Are we able to tie in any direct improvements in trade or better international relations with the U.S. during Murray

Smith's time and during Gary Mar's time? It would give me a much better feeling that the money and the investments worldwide, particularly now that we've – obviously, there must have been some sort of belief that Gary Mar had done a good job in Washington or he wouldn't have been sent to China despite his ethnic background, but to date nothing's been tabled to indicate that, you know, he was the right man for the job.

Likewise – and I've mentioned in the Legislature that I'm a big Dave Bronconnier fan – there didn't seem to be any competition in Dave Bronconnier's appointment. So the methodology and the justification. I'm looking forward, for example, to having Murray Smith's report card set out beside Gary Mar's and set out by Dave Bronconnier's to see how they stack up against each other.

If the increase in this line, this line having to do with international offices, is due to the anticipated review of the international office, what format will it take? What will be the measure and how? What will be used as a determinant of success of an office? Who will conduct the evaluation? Will it be contracted out, and if it's going to be contracted out, will there be an open competition and clear terms of reference? In other words, this is a 34-year schoolteacher here. I want to see a report card. I want to see that there is planning going into sending these people down. It would be nice to have dollar figures as opposed to testimonials as to how successful they were in increasing Alberta's global presence.

Also, at this time when we're getting hammered on environmental issues, it would be nice to have a person saying, "This is how Alberta is changing and how we're becoming more responsible in our extraction of our nonrenewable resources; look at what we've achieved here," not a little buffalo stamp pad up in Fort McMurray but, "We're doing this, this, and this." Not to take away from the buffalo on that stamp of ground in Fort McMurray, but I'd like to see buffalo grazing across the area of reclaimed land. Then we'd have a good-news story to tell.

**Mr. Dallas:** Sure. Well, I'll jump in there if it's all right, hon. member.

**The Chair:** Mr. Minister, you have four minutes. I just want to remind you of the time. Four minutes.

**Mr. Dallas:** Oh, my goodness. Okay. I'll jump in and start by saying that the conversation around the work that we're doing with respect to the responsible development of the extraction of the resources is far more comprehensive than any reference to a buffalo. Our folks that are working in our international offices have significant knowledge in terms of the work that we do, whether that's with respect to water quality, water use, air quality, reclamation, development, all of the potential impacts and mitigation work, the development of new technology, the utilization of that technology. They are familiar with each and every one of the developments around the province, and they are able to speak intelligently and convincingly with respect to those developments and the work that we do.

You mentioned the MLA report. That was made public. We'll try and find a copy of that for you. I also want to reference the business report, which contains a lot of information about the international offices or activities, the number of staff, and the types of activities that they're engaged in.

You specifically mentioned Mr. Mar and Mr. Bronconnier. I guess, if I can do this in the time allotted, I'll make some comments with respect to that. These are, obviously, it goes without saying, individuals with significant backgrounds of achievement and recognized ability. They both have something

that is demanded to a certain degree in the type of work that we're engaged in. That is, not only do they have to engage influencers and community leaders; they also are charged to engage elected officials. In cultures and democracy systems that operate a little bit different than ours and in nondemocracies, the requirements there in terms of the engagement are slightly different. There is an expectation in many of these jurisdictions that parliamentarians or elected officials from these jurisdictions are engaging at a minimum with individuals that have experience and an appreciation for the type of life that an elected official lives. So they bring those unique skill sets.

In Mr. Mar's case most of the work that he did in Washington, not exclusively but most of the work, was in the area of policy. The work that he will be doing for us out of the Hong Kong office with the six offices in the Asia area will be largely focused on investment attraction and trade development. So they're very different, but he has unique skill sets.

Just as the Prime Minister doesn't run open competitions for ambassadors and High Commissioners . . .

**Mr. Chase:** Or Senators.

**Mr. Dallas:** Well, we do that here.

Just as that, sometimes it's the appropriate thing to do in terms of when an individual is available to make that appointment. But in the case of Mr. Bronconnier that is a temporary appointment that is expected to expire about seven or eight months hence. Later in the spring we will be engaging a national executive search firm with the criteria that we'll provide to surface potential candidates to us for a very, very important appointment in Washington.

**Mr. Chase:** I'm pleased that Dave Bronconnier is bilingual. He speaks both American and Canadian.

**The Chair:** A unique language skill set.

Thank you very much. I think we've been doing very well, cognizant of time. We don't have report cards, but we do have recess, so we're going to take a five-minute break. When we return, the member from the Wildrose Party will begin his 20 minutes. So five minutes and we should all return.

[The committee adjourned from 7:45 p.m. to 7:50 p.m.]

**The Chair:** Hon. members, if we could reconvene. Our five minutes are over. We want to keep to the clock if we can just to avail us of all the opportunity we can to get these questions asked and answered.

For this next section the Wildrose Party, Mr. Boutilier, will be asking questions of the minister, and they have agreed to do kind of a rapid-fire exchange; in other words, a question will be asked, a question will be answered. Let the games begin.

**Mr. Boutilier:** Thanks. First of all, congratulations to the minister. This being your first ministry, I wish you well.

**Mr. Dallas:** Thanks very much.

**Mr. Boutilier:** With that, I would prefer to be called Guy rather than hon. member, as you were calling the Liberal over there. What would you like to be called?

**Mr. Dallas:** You can call me whatever you want.

**Mr. Boutilier:** I'm asking: what would you like to be called?

**Mr. Dallas:** Well, if we can use first names here, then that's fine.

**The Chair:** I see no rule that says we can't, so go ahead.

**Mr. Dallas:** So let's do that, Guy.

**Mr. Boutilier:** Okay. To the minister. This is a new ministry. In fact, this ministry was split up, and then it was put back together. Of course, I was in fact the minister when it was first put together between aboriginal and international and intergovernmental. I want to ask, first of all, from both a budgetary as well as a commentary, what the feeling has been of the fact that your ministry has been put back together? There was a lot of criticism when it was put off to another ministry, especially from the aboriginal perspective.

**Mr. Dallas:** I agree. Certainly, there was apprehension, and there were some comments to that effect. Being new to this, I was sensitive to that, Guy, and I took it upon myself as minister to make sure that we were dialoguing with everybody that felt impacted. Really, the conversation has been about two things. One is to make sure, as I mentioned earlier, that we were taking every opportunity to optimize the opportunities that the combined ministry was offering us in terms of our relationship with the federal government and how that pieced together with many of the aboriginal issues.

The other thing that I would tell you – and this is, I suppose, more personal than it is about the ministry – is that the response that you elicit from others is about the sincerity, the conviction that you have, the sense that both the minister and the ministry are genuinely engaged and care about the issues that are important. I think that has applied to aboriginal leadership and aboriginal people. While perhaps it was a mixed bag to begin with, I think you would find some supporters for the idea of the work that we're able to do.

**Mr. Boutilier:** Good. Well, I also want to say, having been a minister in this exact ministry, that I think you have some fine people with you. Obviously, you have some new people. I do know how committed they are in the public service, and I want to recognize that. Not often as politicians do we recognize the civil servants, but I will say that I recognize the important work that they do.

First of all, I have to ask you the question: do you believe in balanced budgets?

**Mr. Dallas:** I believe that over a period of time we've got a commitment to be fiscally responsible to Albertans, and certainly they would expect that over a period of time we wouldn't spend more than we have the ability to generate in income. If you're asking me whether I believe that every year we should be generating tax revenue surplus to the requirements of government, the answer would be no.

**Mr. Boutilier:** Okay. Thank you. I will just go directly into a couple of things that I think are important. I understand immigration also falls within your purview.

**Mr. Dallas:** Actually, the responsibilities for immigration, Guy, are specifically with respect to immigration policy where we work with the federal government prior to anyone arriving in Alberta and receiving the variety of services and supports that are available. So I'll be talking along with the Human Services minister with Minister Kenney with respect to issues like the Alberta immigrant nominee program and temporary foreign workers and that type of thing from a policy-only perspective.

**Mr. Boutilier:** Just on that point, from a budgetary perspective I would assume that as the minister you would believe that if you're hiring people, first of all, for instance coming from Red Deer, you would prefer everyone in Red Deer to be fully employed, then from there everyone in Alberta to be fully employed, then from there everyone in Canada to be fully employed, and then from there internationally to be able to meet some of the demands if they're not met in Canada. Would that be a fair assumption?

**Mr. Dallas:** Well, I think that's a reasonable assumption, that we try to create employment opportunities for Albertans. We do that through a variety of strategies, not necessarily strategies that are implemented by this ministry. Certainly, whether that is a variety of initiatives around postsecondary opportunities, business development, economic development activities, in any realm, what I recognize is that we are predicting a skilled labour shortage in Alberta over a period of 10 years of a number that I believe, off the top of my head, is about 114,000 people and that we need to have a variety of strategies to cover that number off so that the Alberta economy can realize its potential.

Now, not all of those are immigration related. This is where strategies like mature workers come from, strategies around fully engaging young Albertans with new educational opportunities. This is where, even though we have the highest labour participation rate in the country, there's potential to engage more Albertans in our labour force. There's a wide variety of opportunities that are available, and certainly in some sectors, some areas where we have difficulty attracting Albertans to employment opportunities, there's plenty of room for new-to-Canada, new-to-Alberta folks to come here.

**Mr. Boutilier:** Okay. Let me move on since I only have 20 minutes. I'm just going by memory, and I might have mentioned I was – I think that you have 10 foreign offices. Is that correct?

**Mr. Dallas:** That's correct.

**Mr. Boutilier:** Okay. So there are 10. With that I notice that in the two categories, 3.1 and 3.2, international relations is going from just about \$8.9 million in the actual 2010 to an estimate of almost \$16 million, which is almost close to a 50 per cent increase in the international relations by the year 2012-13, which is a significant increase. In the international offices I observe that it's going from a \$5.2 million actual, forecasting to be \$6 million, to about \$8.2 million by the 2012-13 increase.

These numbers are not to try to in any way, shape, or form confuse you, but as you can appreciate, there's quite a plethora of information here. I have to ask you: in terms of international relations versus international offices how do you separate?

I understand externship, I believe, is a term. That's a new term. Did you come up with that term, or is that a term that came out from someone else? Where did that term come from?

**Mr. Dallas:** That was the Premier's term, Guy.

**Mr. Boutilier:** That was the Premier's term. Okay.

**Mr. Dallas:** Certainly, you'll note that is in my mandate letter, and I'm glad you mentioned that. You can just give me an eye signal and we'll move on here, but I'm glad you mentioned externship because I really do want to talk about that just a little bit tonight. This is a program that we'll pilot in this budget year. We've set aside \$2.5 million to do that. The opportunity here is to provide an experience for 40 or 50 Albertans in the first year of this project to go abroad, strategically abroad, to either a business,

an entity that might be an international foundation, might be a technology development centre, somewhere where a recent graduate, undergraduate, or master's graduate at an Alberta institution could get about 12 months of experience abroad.

The idea is that they'll get exposure to expertise, relationships, and cultural experience that they otherwise would not achieve in Alberta and hopefully return home after 12 months' experience – and I know you have international experience – and bring with that perspective a breadth of knowledge, cultural knowledge, and new relationships that ultimately might be the seeds of new trade opportunities, new investment attraction opportunities, new education opportunities, and new cultural opportunities.

It's a program that I'm very excited about. We know that there are a lot more foreign students coming to Alberta and gaining experience and then going home again, taking back advantages they've garnered from the Alberta experience, than we have Alberta students going abroad and then, ultimately, gaining those experiences and bringing them back to us.

So this is a pilot. It's an opportunity to add some value to Alberta and particularly to the work of this ministry, and I'm very excited about it.

8:00

**Mr. Boutilier:** Let me ask you. This is a tricky question, okay? This is the tricky one. Let's say that your Premier said: we want to balance our budget this year. What would have not been added this year if, you know, you had to contribute like the other ministries to get to that goal of balancing a budget?

**Mr. Dallas:** Well, let's be clear here right off the top, and that is that this budget requires debate. It hasn't been passed. It might be a presumption that that's achievable, but ultimately that's the point of these discussions. What I've done is submitted a budget that I believe has the potential to realize the opportunities that Albertans are aspiring to. They have high expectations in terms of our communication around our resource development, around the opportunities to trade agriculture globally, to export our IT, our services. Really, this budget reflects that goal.

**Mr. Boutilier:** Okay. Thank you.

I know that in the 10 offices the term we referred to back then – and I'm just going by memory because it's been a couple of years – was managing director. That was the term if they managed the office. Is that correct? I'm sorry. I think it was managing director.

**Mr. Dallas:** I think that's the term that we're using, yeah.

**Mr. Boutilier:** Is that correct? So we have 10 managing directors in the 10 offices. I might add that the Member for Lesser Slave Lake actually did a wonderful BRIC report during that time, where she went and did really excellent research on that.

Now, I have to ask you about Gary Mar. Did you sign his contract? The reason I say that about Gary Mar's contract: was it signed by you as minister or by the Premier's chief of staff or minister?

**Mr. Dallas:** There are two signatures on that contract, Guy. One is mine, and one is my deputy minister's.

**Mr. Boutilier:** Okay. So, then, you and your deputy, in fact, signed the contract.

**Mr. Dallas:** That's correct. What there is there is a schedule of senior officers of the government.

**Mr. Boutilier:** Right. I'm familiar with it.

**Mr. Dallas:** Yes. The pay scale is determined. It requires an order in council, and then from there a contractual arrangement evolves.

**Mr. Boutilier:** Yeah. So it wouldn't be good for you as a minister to read in the newspaper that someone has just been appointed by the Premier to be, for instance, in Washington. I mean, you would be surprised – wouldn't you? – if you're the minister responsible and you haven't signed a contract.

**Mr. Dallas:** I'm not sure where you're going with this because my name is on both of those contracts.

**Mr. Boutilier:** Okay. Now, the new Premier appointed you, wisely, as the minister, but the new Premier also indicated that one of the competitors, Gary Mar, who was a colleague in past years, was receiving this job. Is he a managing director?

**Mr. Dallas:** No.

**Mr. Boutilier:** Can you help me out in understanding here?

**Mr. Dallas:** Only the Washington office and the Hong Kong office are not described in the manner in which you have indicated. Their treatment is with respect to the senior officials, which are on schedule D. That's why you'll note that the salaries are identical or within \$576, as I recall.

**Mr. Boutilier:** The two?

**Mr. Dallas:** Yes. Those are compensated and treated differently.

**Mr. Boutilier:** What is the term called?

**Mr. Dallas:** Senior official.

**Mr. Boutilier:** Senior official is what it is?

**Mr. Dallas:** Yeah.

**Mr. Boutilier:** Okay. And they get, I think, a diplomatic passport. At least, they did in Washington. For Gary Mar it was a red passport as opposed to a green passport. Does that continue?

**Mr. Dallas:** No. Not in Hong Kong but in Washington. Some of that comes as a result of – and, Guy, you probably would recall this from your days as a minister. When we're co-located in an embassy, the Department of Foreign Affairs has certain requirements that the staff that are co-locating into the embassy are required to meet. Included among those provisions, I think, are the different passport capabilities.

**Mr. Boutilier:** Okay. That's good.

Now, of course, it was quickly that the Premier announced where Mr. Mar was going to be located. I think it was without any kind of competition. Obviously, Gary has somewhat of a reputation for the job he did in Washington, so he seemed to be, you know, reasonably suited. That being the case, though, I did understand that in the future there's always going to be national or international competition for these positions. Or, potentially, they could be political appointees.

**Mr. Dallas:** That's right. Well, you might refer to it that way. But what I've suggested in question period and I would reiterate tonight is the importance of securing the most qualified individual that we can engage.

In Washington, because Mr. Bronconnier is working on a contract that expires a number of months out, we will engage a national search agency with expertise in that area to bring to us a list of candidates. What that does not imply or does not mean is that we're going to have somebody else make that selection for us. Ultimately, as the minister I will have responsibility for ensuring that we have an individual that's going to be able to offer the performance level that we require and Albertans expect.

**Mr. Boutilier:** Okay. Does some of the detail of these two positions within the contract include that the member in Washington or, for that matter, Gary, who's located in Hong Kong – and, of course, there is a Hong Kong office. Are there in the contract the specifics as to when they can fly back to Alberta? Are there specific amounts budgeted for that? One of the dilemmas is that this announcement was made, but it was unbudgeted. It was not in the budget because it wasn't actually a budgeted item until the Premier indicated that she would like to offer this position through your ministry to Gary Mar. I guess my first question would be this. Where would the unbudgeted amount for Gary Mar's expenses be? I'm assuming he has an apartment or that he has to travel back and forth. Where do those dollars come from within the existing budget since it would have been unbudgeted?

**Mr. Dallas:** I know that in the estimates here we're really talking about the period from April 1, 2012, to March 31, 2013.

**Mr. Boutilier:** It's difficult for you to answer.

**Mr. Dallas:** Well, only in the sense that I think I can offer up some information that certainly within the capacity of the existing ministry there was capacity to fund some of that. We did not have a contract in place with Mr. Mar for some time after those announcements were made. Effectively, I think Mr. Mar did make one trip to Asia if I recall correctly – and I'll stand to be corrected – in early December but subsequently, essentially, had to make a number of personal and financial and family arrangements and effectively started his full-time employment in January. The bridge that we're talking about here is effectively about 90 days.

**Mr. Boutilier:** Okay. Thank you.

In terms of the expenses for a position like this – and, really, there are only two positions, the one in Washington and the one in Hong Kong – what is the allocated budget for both the Washington office and the Hong Kong office, which would be for the two individuals we've talked about?

**Mr. Dallas:** I don't have that number at the ready here, but we'll work to secure you that number.

What I can tell you on the way we budget this is that we use the federal guidelines for expenses for posted staff. This often, I think, surprises people when they recognize some of the expenses that Albertans that we deploy abroad require. There are a variety of reasons for that. You mentioned the contract with respect to flights and whatnot. There is provision for the individuals that we deploy internationally to make trips home from time to time. It's not our intent to entirely isolate Albertans abroad and leave them and their family in an environment where they don't have the supports and comforts of the family and friendships that they have.

**8:10**

Are they jetting back and forth every three or four weeks? No, certainly not. Is there accommodation in terms of their ability to come back? Yes, there is. We use those federal guidelines, so

there are literally around the globe, I suppose, thousands, certainly hundreds of individuals that are deployed by the government of Canada and all of the provinces that operate international offices and whatnot largely using the same standards in terms of compensation, expenses, accommodation, that type of thing.

**Mr. Boutilier:** With that, what would be an average federal guideline for Alberta employees relative to people travelling back and forth? Would there be a particular number for how often per year they are allowed to get back to reacquaint with families?

**Mr. Dallas:** Yeah. I think the minimum standard would be two, and it is possible to contractually provide for more than that.

**The Chair:** Thank you.

The 20 minutes has expired. Just for all hon. members of the committee's information, typically we would be moving to the 20 minutes for the New Democrat member, who is not present at this time. As well, we have a provision for 20 minutes for independent members, who also are not present at this time. So I'll move it to all members of the committee just in the sense of fairness and fair play, and we'll go back and forth if there is a member of another party here.

**Mr. Boutilier:** I think I'm the only member of the other party.

**The Chair:** Yes, but we do have, obviously, the same amount of time allocated for these discussions. I'll begin by moving to Member Len Webber with his first question, and then we'll be moving back to the Wildrose Party.

**Mr. Webber:** All right. Well, thank you, Madam Chair, and thank you, hon. minister. Actually, may I call you Cal?

**Mr. Dallas:** You absolutely can as long as I can call you Len.

**Mr. Webber:** You certainly can. I think that for the first year that I knew you, Cal, I referred to you as Dallas, and you didn't correct me at all, so if I call you Dallas tonight, I apologize.

**Mr. Dallas:** In schoolyard football that was the only name I had, Len.

**Mr. Webber:** Is that right?

Anyway, I do want to reiterate what the hon. Member for Fort McMurray-Wood Buffalo said.

**Mr. Boutilier:** You can call me Guy.

**Mr. Webber:** I can call you Guy? All right. Thank you, Guy. I'm Len.

Anyway, I just actually want to say that from my experience in the past as the minister of aboriginal relations I know that my experience with your staff, your department heads, basically everyone that I see over here, is that they are wonderful individuals. They have a heart for what they do, and it's been an absolute honour and a privilege to work with them all. I know you know that, Cal, but I just wanted to say that. Congratulations to you as well on your new ministry, and good luck in the future.

**Mr. Dallas:** Thank you.

**Mr. Webber:** A lot of my questions were asked, so I've got just a few here that I think I'd like you to go into some more detail on because I think it's a good thing to talk about. You have passed around a document, a First Nations development fund document. I

know my colleagues around the table here have looked at it and can see all the good work that's being done, but for the viewers outside, that don't have the opportunity to see this, I'd like you to share with them what is being done here with the First Nations development fund. You know, how is the fund being used? What is actually happening in the communities? If you could share a little bit of that with us. Is the money being well spent? I know it is through my experience, but please share that with everyone in the room here and the ones listening in.

**Mr. Dallas:** Yeah. I'd be delighted to do that, Len, and thank you for the kind comments with respect to the staff. That's certainly been my experience. It's no surprise whatsoever that these folks are very passionate about the work they do, and it makes a difference.

The investments in the First Nations development fund. I think that, first of all, I'll start off at the top suggesting that most Albertans, myself included prior to my exposure to this ministry, had little idea about the scale and breadth of these investments. In 2010-11 the First Nations development fund provided nearly \$103 million, which supported 197 different projects. You can imagine that amount of funding spread over 197 projects. You're clearly going to have some significant impact. Those priorities, that were determined by First Nations that applied for and then took those funds and put them to use, were in a variety of areas. Certainly, there was significant investment in housing, which, as we all know, is a great concern for First Nations.

Children, youth, and elder programs: imagine the impact of some of the investments with respect to children and youth.

Employment and training programs: one of the areas that I've been tremendously impressed by in terms of my engagement with First Nations is their understanding and their interest in how the future of their people is directly impacted by their ability to develop economic projects and to provide employment and training to support that employment for the individuals that are living on those First Nations and to develop on-reserve infrastructure. I think we all know that just as housing is an issue, so is that critical infrastructure that's there. A couple of examples, but first of all that was \$103 million last year, but we expect this year that that investment will be in the range of \$118 million, so it's very significant.

Some examples: \$528,641 for the construction of the First Nation South Tallcree Daycare; \$850,000 for the construction of the Fort McKay business incubator park, and I can tell you that I've been there and that I've been very impressed with the work that's being done there. It's all about the people, but you've also got to have infrastructure to make that happen.

There are success stories detailed in this book that I passed around tonight. If you would like, take more copies and distribute these in your community to people that you think would be interested in learning more about how these funds are being utilized. There's a variety of individual and personal stories there. I'm just flipping through here. I'm looking at Saddle Lake Youth Centre. I'm looking at an archival library at the Tsuu T'ina Culture Museum, an integrated management information system at Louis Bull Tribe, that daycare at Tallcree First Nation that I mentioned, Siksika Storefront School, SiksikaTel, and of course I mentioned already the Fort McKay incubator park. So there are success stories throughout the province on First Nations as a result of utilizing those funds.

**Mr. Webber:** Great. Thank you, Mr. Dallas.

Just a quick supplemental, Chair, and that's with regard to the accountability of the First Nations with regard to the funds that

they do receive from the FNDF. Now, with respect to the audit function . . .

**The Chair:** Hon. members, I'm sorry. My bad. It's the first time I've been chair. You're only really allowed the one, and then I have to move to the next question. You can go back on the list. I'm happy to put you back on the list if that's what you'd like to do.

**Mr. Webber:** Thank you, Cindy.

**The Chair:** Okay. I'm going to be moving to Guy, the hon. member for the Wildrose Party.

**Mr. Boutilier:** Thanks. And thanks to the minister for mentioning my friend who is the chief of Fort McKay, Chief Boucher. I know how proud he and his people are of the incubator park. I'm sorry I wasn't aware that you were in the park, but he did share with me that you were there. That being the case, good for you to visit.

Can I ask you, on a very broader question, how many people work in your ministry?

**Mr. Dallas:** Two hundred and ninety-seven is the expected number postbudget, Guy.

**Mr. Boutilier:** Okay.

I was going to ask you: do you prefer when you have a meeting to call it a meeting or a bilateral? I'll look at the international people behind you.

**Mr. Dallas:** I don't know what others refer to. I've probably used the term "bilateral." I know I haven't used it tonight. I don't regularly use it, and I certainly don't have any plans to start using that. A meeting to me is a meeting.

**8:20**

**Mr. Boutilier:** Thank you. I tend to agree with the minister on that point.

I have to ask, when it comes to the budget – and you mentioned the externships, which is a word that most Albertans may not be familiar with – the fact that we're going from \$8.8 million to \$15.9 million: would the majority of that be in that area? Again, for the actual this year you're forecasting to spend \$9.2 million, but it's going to go up by another pretty much \$6.7 million. Just in a thumbnail sketch, that \$6.7 million: where is the majority of that emphasis being placed, the additional amount in your budget?

**Mr. Dallas:** Well, the single biggest item in there, that we just had the opportunity to talk about, is the 2 and a half million dollars, but there are certainly other items in there, so this is an opportunity to talk about the Asia Advisory Council. We do expect to make some announcements with respect to the Asia Advisory Council going forward. Considerable work has been done fleshing out what that mandate will be, what that'll look like, and obviously there's framework legislation for that. We'll probably have 10 individuals that will participate on that. There won't be any compensation for the individuals that are actually appointed to the council, but we will have support staff that will support the work of the council, and there'll be an office associated with that as well. So that's an example of another item that's in there.

We do anticipate adding staff in terms of the international relations work that we're doing, so there's a provision there as well. There is revenue built into that line item that comes from –

and I mentioned this earlier in the evening. When we're doing missions that involve businesses, while the businesses are directly paying their expenses, there's also a flow through there that's associated with the ministry in the sense that they're paying for floor space in a trade show or that type of thing. So those are some of the kinds of items that are in there.

**The Chair:** Mr. McFarland.

**Mr. McFarland:** Thank you. Minister, we've heard lots of different, really good questions. Mine might seem a little bit mundane or too down on the farm for you. A lot of people have really appreciated and I for one am quite impressed with how you're handling the ministry. You've taken up everything really well. I don't know any of your staff, but obviously they've done a great job of bringing you up to speed in a very short period of time.

Included with that is the work that they obviously must have done along with other departments in bringing the new Premier up to date as soon as she got elected and started travelling down to Ottawa and visiting with other people and other provinces. It's quite remarkable the amount of retention that people have when it comes to facts and figures and the ability to put them across to people.

The people at home that I represent are always critical of all that kind of thing because all they see is dollars. How much did it cost to go down there, and why are there so many people going with them? I think the one thing that really helps them to maybe understand is if they could get an appreciation for the goals or the collaboration that you've done or the Premier has done federally and with your western Premier counterparts and what you've seen actually happen in a very short period of time leading up to tonight's discussions.

**Mr. Dallas:** Well, thanks very much, Barry. I appreciate the kind comments. Many of these folks were here. Some that would question my abilities know that there's one thing that I hold dear to and that is that I hire well and keep the best. We've got a great team here that we started with, and we've added some excellent people, and I think we've got a fantastic team.

Down on the farm is never very far from home for me, so I really appreciate a lot of the work of this ministry and a lot of the opportunities associated with exporting agricultural product, whether it's upgraded product or canola, which is a very large export that we have into Asia right now, even though you would know the value of that. Obviously, beef and pork exports and any number of agricultural products are near and dear to all of us that are involved in this.

One of the first experiences that I had in December was a trip that I made to the Middle East to the World Petroleum Congress in Doha, Qatar. I was initially, at least in the first days, somewhat overwhelmed by the experience in that I was leading the Canadian delegation. We didn't have other politicians from across the country there. We had about 30 businesses that had services and technology and products that were represented at what is the world's largest petroleum show. It was the first time it had ever been held in the Middle East, ironically. Among the kinds of responsibilities that we had was that I made sure that I met each of those 30 businesses and talked with them a little bit about what it was they were trying to achieve, what successes they had had, what difficulties they were encountering, particularly in that marketplace, and learned something about their businesses and their aspirations.

What I quickly found was that as a minister, somewhat different than maybe we might think of this at home, I had access to national ministers, so I met with the energy minister from India, the energy minister from Qatar. I met with CEOs of multinational corporations that do business around the globe and had an opportunity to introduce those businesses from Alberta and across the country to a variety of prospects and opportunities.

So, you know, it takes some investment to make trips like that, but when you see Alberta businesses latching onto opportunities and engaging in business – whether it's in agriculture, whether it's in energy, whether it's in manufacturing, whether it's in technology – and recognize that it's making a difference in terms of job creation at home, in terms of the tax base that we use to support all of the programs that we're able to offer in health care, in education, and supports for the vulnerable, you really come to appreciate the value of that work. I'm happy to defend that investment any and every time that the opportunity comes up.

**Mr. McFarland:** Chair, may I make a comment quickly?

**The Chair:** Yes, you may.

**Mr. McFarland:** I neglected to mention to you, and I think it could apply to a lot of different departments: in November, for instance, I had the opportunity, as our colleagues would say, to go on a one-day junket to Winnipeg to represent our minister of agriculture at a Growing Forward conference. I had an individual come up from an international company who does a lot of research, and his suggestion, as commonplace or ordinary as it might seem, really did strike a chord when you talk about our exports. He said: "Whatever you guys do when you're sending something out of the province – you know, you're proud of Alberta, but don't forget that not all your customers know that there are 10 provinces and territories. Don't ever forget to put that Canadian emblem or flag on everything you're exporting because that is something that's so identifiable."

I don't know if that happens or not, but that was his perspective as an individual who's travelled the globe and done a lot of trading. Obviously, there must be some who are not doing that practice. He said it is a world seller.

**Mr. Dallas:** Absolutely. The brand is fabulous. I can tell you that in Qatar we actually had two RCMP officers, and between the flag brand and the RCMP they were the hit of Qatar. They had their pictures taken with most of the 5,000 delegates that would have been at that World Petroleum Congress. You're bang on with that, Barry.

**The Chair:** Do you have one more?

**Mr. McFarland:** If I could.

Going forward, what could you say would be your specific goals? Again, people have always compared us and our historical fights with our federal counterparts in the past, whether it was on NEP policies or Senate reform or all that kind of thing. What are some of the goals that you think we could actually tell people we hope to accomplish with this new working relationship that we might have with the federal people?

**8:30**

**Mr. Dallas:** Absolutely. I think that's a great segue to talk about Canadian energy strategy because I think we really have built an appetite across the country for having some meaningful dialogue about how all of the assets and opportunities that exist in each of the provinces have linkage to one another. Whether we're talking

about electrical generation by hydro, whether we're talking about transportation infrastructure – whether those are highways, whether they're pipelines, whether it's trackage – when we talk about where the resources are and what the opportunities are to move those to market and how we can be working co-operatively on that, I think we engage in the dialogue from the perspective of what's possible and what we can do together as opposed to looking first at protecting our trading interests, some of the historical interests that we've had on a provincial basis.

You think about the New West Partnership and the opportunities that are there. We now have a \$500 billion plus economy in three provinces with labour mobility, with transportation mobility. Thinking about what those opportunities are to do work both federally in North America but also globally, you know, you just sort of get goosebumps thinking about what those possibilities are. I think we need to have more conversation with Albertans about just how grand the opportunities are if we approach things from a perspective of what can be rather than what has been.

**The Chair:** I'm actually feeling like singing *O Canada* right now, but I'm not going to.

I did make an error, and that's because both of us at the front table are learning. You do have up to 10 minutes as an independent member. So I'm going to return for just a moment for Mr. Webber to finish his question, and then I'll be moving to Mr. Boutilier. Is that okay with you, Mr. Boutilier?

**Mr. Boutilier:** Sure.

**Mr. Webber:** All right. Thank you, Madam Chair. I'll be quick because I realize that there are others here that want to ask some questions. I just wanted to continue on with the FNDF program you have here, the fund. Of course, being familiar with how it works, I'm just asking so that you can share it with the rest of us. It's with regard to the money and how well it's being spent. The First Nations: how are they being held accountable for the monies? With respect to the audit function that is within your department, does the department utilize independent auditors with respect to the monies that are being spent, or is it strictly an internal function that is done with respect to the audit of these projects?

Then I just want to quickly ask a question with regard to the protocol agreement. I know that it has been in place now for about four years, and it's been a wonderful venue for both our governments and the First Nation governments with regard to getting together to talk about the issues of the day and what's important to both governments. What are some of the current priorities being discussed right now under the protocol agreement? If you can just share a bit of that with us as well.

Thank you.

**Mr. Dallas:** Thanks very much, Len. A couple of comments on some of the protection that's there in terms of verifying how those funds are spent. Certainly, the First Nations themselves have internal audit functions that they subscribe to, and often those are providers that are chartered accountant firms that have audit designation and the like. In our case, though, we've got a requirement in terms of using CGA-qualified professionals that are engaged internally – they're government staff – that look at the results, the expenditure, the initial criteria and make sure that there's confirmation to that.

Very occasionally things find their way outside of that box that we talked about in terms of what those criteria are, and upon notification there's an expectation that those would be brought

into compliance. There are some opportunities to have a discussion before that gets anywhere that makes everybody entirely uncomfortable. As a rule these are very good projects. Some issues may come around with respect to the timing of reporting or that type of thing, but I'm convinced that the combination of the First Nations internal audit process and the audit process that we apply specifically to the First Nations funds are appropriate to do that.

On the protocol some of the things that we've got happening there that you would be familiar with are the consultation policy and guidelines. At the last protocol meeting, which was held in mid-January, I believe, or early January – I've lost track of the time – I certainly provided an update with respect to the government's plans on the consultation policy. Certainly, prior to that and over a long period of time – I think beginning in 2008 – we had received input with respect to consultation.

A key initiative that we're working on right now is improving outcomes for First Nations children and youth whose safety and well-being may be at risk. That's an important initiative. We're certainly involved in a tripartite discussion, which includes the government of Canada, to develop an agreement related to First Nations children and youth matters.

So those are some as well as the continuing work on the memorandum of understanding on education, which you hear Minister Lukaszuk talking about on a regular basis. He's very passionate about what those opportunities are for us to support First Nations in terms of enhancing the education experience.

January 19 was the date of that meeting for the *Hansard* record. Thank you.

**The Chair:** Mr. Boutilier.

**Mr. Boutilier:** Yeah. Thank you. Regarding one of your goals, securing access to Canadian and global markets, including co-ordinated trade promotion, I'd ask the minister – and I'm talking specifically about my backyard, the oil sands capital of the world, Fort McMurray – in terms of what you see going to this upcoming year in promoting the oil sands.

**Mr. Dallas:** Well, I think there are opportunities right around the globe, Guy. Certainly, that's an area where I think there are any number of countries, whether they're through state-owned entities or private investment capital, that are taking a real hard look at investment opportunities in the oil sands. Whether that's in India or China or in Europe, everywhere that I've been able to communicate with individuals that have responsibility for the kinds of and scale of investments that would be typical of what might be made in the oil sand area, each of those areas around the globe is looking at that.

I spoke in Geneva at the WTO meetings, where we got an update on the Doha round of negotiations, and had the opportunity to meet with a Swiss publicly traded company that, surprising to me, had 950 employees already located in Alberta, many of those in the oil sands area. And in talking to them, for them that's just the beginning of the investment potential of where they will be. When I was in Paris, we spoke with individuals from Total. As they continue the build-out of their capital deployment of their business plan, ultimately within a fairly short period of time they will have the majority, more than 50 per cent, of the entire assets of Total invested in our oil sands.

So this has attracted the interest level of every major corporation around the globe that has capacity to do business in the oil sands region. There is substantial work for this ministry to make sure that we're providing appropriate introductions when

there are opportunities to bring decision-makers, legislators, influencers to come and see first-hand the oil sands, to get a sense of the scale and scope of investment, to take a look at the different types of areas that could be invested in, and to recognize what the other opportunities are that are ancillary to the direct mining and extraction that's taking place there, which are very significant. And those are around Alberta, quite frankly. We have companies and investors that are looking at manufacturing that supports the oil sands, that are looking at transportation products, that are looking at any number of the support streams that are a part of the oil sands, and that work is around the globe.

**8:40**

**The Chair:** Thank you.

The next question goes to Mr. Xiao.

**Mr. Xiao:** Thank you, Madam Chair. First of all, I'd like to commend you, Cal. Given the short period you've been in that office, I think you have been doing a very good job tonight.

My question is related to the First Nations development fund. I really have been paying attention to the First Nations issues for a long time. We talked about this issue in our caucus retreat, you know, some days ago.

**Mr. Boutilier:** Tell me more.

**Mr. Xiao:** Yeah. I can tell you how much we paid for the room rate – that's no problem – \$129 per room.

**Mr. Boutilier:** Your information is priceless.

**Mr. Xiao:** Yeah. Thank you.

In your answers I think you talked about, you know, the shortage of labour in the next 10 years, which will be about 114,000 people. Sometimes we tend to look beyond our borders. Actually, we have a very big pool of young labourers, and most of them are part of the First Nations communities. I made a comment in caucus that I really believe that in order to really develop our natural resources, the first thing I think we have to do is ask how we can develop our human resources. I think your job and the job of the Human Services department are very important, crucial in this regard. How can we utilize the resources we have to develop the human resources in our First Nations communities and other native communities to train them, to equip them with the skills that are needed to enable them to participate with their full potential? If you can talk about what you plan to do from your ministry's perspective to improve the situation and also to further devolve the First Nations communities in this regard.

**Mr. Dallas:** Yeah. I'm thrilled to do that, David. I'm going to start by acknowledging some work that our colleagues did that started out, I think, in 2008. It was a committee that included – and I'm probably going to miss the names of some of our colleagues – Verlyn Olson, Pearl Calahasen, Evan Berger. Who else am I missing here? I think there were four MLAs on that committee. They went around the province, and they talked to First Nations; they talked to Métis settlements; they talked to aboriginals in our urban centres. They really wanted to flesh out what some of those challenges were, what kinds of barriers we could help lower, what the opportunities were to be supportive. And they produced a report called Connecting the Dots. Our ministry is actively using that, as is the Ministry of Human Services, in terms of making sure that some of those ideas, some of those challenges that the government of Alberta can directly

help address are being taken action on, and that's part of our strategic plan.

Beyond that, what I would tell you is that one of the keys to this is something that's very near to your heart, and that is entrepreneurship. One of the things that surprised me a little bit – and I don't know why it surprised me – was to learn about the entrepreneurial nature of aboriginal peoples. They have a very high success rate, a very high number of individuals who engage in entrepreneurial activities. They have considerable success starting businesses, creating jobs. If you look around the province, there are some fabulous success stories. Fort McKay Group of Companies is one that has few equals in the province of any nature, a very, very successful business model that employs individuals from the community and around the area, that generates substantial profits, that returns those investments to the community and, basically, sustains and enhances the development of that community and creates new educational opportunities to train that skilled workforce.

Around the province I think that one of the things that we need to do is look at the successful enterprises, the successful start-ups that are generating employment, the examples where job training is resulting in real changes in economic activity, and make sure that we're shouting that from the mountaintop in terms of getting Albertans to take a look at some of the examples that are really effective and using those as a launching pad for others.

There's just a tremendous amount of investment in terms of economic development activity. There are a tremendous number of entrepreneurial start-ups that are happening. You know that the seeds of those take time. You know that there's risk associated with those and that there are successes but also failures. We just stick to it, and we keep adding all around the perimeter opportunities for education, for workplace training, opportunities for mobility in terms of those individuals that are prepared to travel to take up workplace activity.

It's a young demographic. It's a demographic that I think will be a leader in Alberta going forward, but it is going to take some time.

**The Chair:** Did you have another question? Quickly, please.

**Mr. Xiao:** I have another question, which is related to our foreign offices. Given Bill 1, you know, that the Premier introduced, and in the next fiscal year we're going to start the zero-budgeting process, that means every year each department has to justify their expenditures. My question is: do you have measures in place like, say, performance measurements to measure the performance of the foreign offices? In other words, accountability is the key because given my experience in the past with many other local businesses here, with the chamber of commerce, sometimes when people have been assigned to an embassy or some other post, some people all of a sudden consider themselves like one of the diplomats, but their responsibility actually is totally different from those diplomats. Their duty is to promote Alberta businesses and also business opportunities and investment opportunities and also to bridge business between Alberta and other jurisdictions. Could you make some comments on that? We've talked about that.

**Mr. Dallas:** Yeah, you and I have talked about that, and I sure can. I just want to make mention for the record just so that this doesn't get uncomfortable later on: you said \$129 per night – correct? – when you made that comment earlier.

**Mr. Xiao:** Yeah.

**Mr. Dallas:** I thought that's what you said.

**Mr. Xiao:** No. I'm talking about . . .

**Mr. Dallas:** Yeah, we're going to talk about something else here. I just wanted to correct that for the record if there was any misinterpretation.

With respect to accountability and international offices and the Asia Advisory Council, obviously, one of the things that the Premier suggested and I certainly wholeheartedly endorsed is that we review our international offices from a strategic perspective. Are we located in the right places? Do we have the right types of staff? Are we engaged in the right types of activities? As you mentioned – and I'm all over this. You can check that with the fine folks that support this ministry when you're done if you like. I'm all over changing the metrics and the performance measures that we're going to use.

Going forward, you're going to see some substantial changes in terms of the bar that we're going to jump over. We're not asking for 11 per cent more budget here so that we can do the same thing. We're going to have much higher performance standards. We going to meet and exceed those, and they're going to be real measures that Albertans can gain reassurance from.

8:50

With respect to the Asia Advisory Council one of the reasons that you haven't seen anything rolled out there is that it's appropriate and in fact necessary that we complete that review of the international offices and include in that the strategy of how we'll roll out and support the Asia Advisory Council. I expect that there will be significant and important work done by that council, but I certainly don't want to get ahead of the completion of the international office review.

**The Chair:** I have Mr. Lund next on my list.

**Mr. Lund:** Better known as Ty.

I wanted to congratulate you on the very fine work that you're doing in this portfolio. I had the opportunity – I think, John, you were with me – to go to China and see first-hand the opportunities over there from agriculture to the gamut. One of the things, of course, that we have to always remember is that in that whole Asian area their standard of living is going up. Not only that but, of course, there's a major increase in population. And when the standard of living goes up, they eat better food, they live in better houses, they use more energy: all of the things that we've got here that need to be exported. So I'm very, very pleased to see the missions that you've gone on and the work that you're doing in the whole trade area. I think that this is just a huge opportunity for forestry, for agriculture, and for the oil and gas industry. Those, of course, are our three main industries.

I'm also very interested in the aboriginals and what we can do there. I was very encouraged to hear that you're seeing a lot of successes in their entrepreneurship. I was at a conference last week, and the federal government was present. One of the things they were looking at was all of the various financial supports that were out there for aboriginals. They found about 15 or 17 different programs.

One of the things that seemed to be problematic – and it came from some of the other ministers that were there from other provinces – was that they weren't having great success. Of course, one of the problems was that there was nobody mentoring. The aboriginals would make out the application, get the money, but there was nobody assisting them until they were falling into the traps, which, really, is totally unnecessary.

Now, I was wondering. This First Nations money that is coming out of the casinos: you mentioned earlier that there are, I think, three things that the money can be used for. But that wasn't this program, was it? That was coming out of government coffers.

**Mr. Dallas:** That's right. We have money that we're directly investing into First Nation and Métis economic development activities, but certainly through the First Nations development fund First Nations can make investments of the type that we're talking about in terms of economic development. I recall one just in the last couple of weeks. It was an incubator project for small-business start-ups. Getting those opportunities and taking an opportunity to get the mentors on site and working with the entrepreneurs: there are several different ways that can happen. Certainly, we can be there to offer some of those services, and we do. Also, First Nations by themselves can contract and find resources to support their entrepreneurs and the business initiatives that are on their reserve.

**Mr. Lund:** I think that's pretty important because, of course, if they borrow money and then lose it, that's worse than never having had the money.

I think that I see in this little handout our O'Chiese First Nation, \$475,000. I'm pretty sure they spent quite a bit of that here in the city, housing for students going to university and college, which is just a super use of the money.

I'm curious – I guess you've probably got no way of knowing – about the Stoney Nakoda Nation, \$3.4 million. You see, there's a little reserve at Nordegg, the Big Horn, but it's really a part of the Stoney Nakoda. It's turning out to be a disaster, an absolute disaster. Gangs are getting a foothold in all three of the First Nations in the Rocky constituency. It's getting very bad, and that vote over at one of the four reserves – Samson I believe it was – isn't going to be helpful because those people migrate.

Now, just one other quick comment. When the First Nations met with the Prime Minister in Ottawa just recently, one of the things that I heard that came out of that was that on the education side they were going to promote local school boards on reserves. The experience that we've seen out at Rocky: that's not a good thing. For a while there was a bus running off each of those reserves into Rocky. It was hailed as a great success. For the first lady from the reserves that graduated there was a big ceremony. It was a great success, and it was picking up momentum. Then they got their own school out on the reserve, and it's just dropped right off. It's not a good story. I don't know what we can do about it. I don't think there's much of anything we can do about it.

**Mr. Dallas:** Well, if I can start at the back end of that and work our way back up to the questions unless there were more comments that you wanted to make.

**Mr. Lund:** Well, the only other comment I was going to make is that when I was the Minister of Infrastructure, one of the things we found out at Cold Lake was that Lakeland College was training some First Nations young people in steam engineering because, of course, every one of those plants has it. They would never go to the third level because they had to come in to Edmonton to go to NAIT for a period of time, and they would not leave their community and come here, so we did expand the ability at Lakeland to get that third level. The last I heard about it, it was a huge success.

**Mr. Dallas:** Well, some great comments, and of course I'm ever mindful about having a policy discussion with a member that's

formerly handled four different ministries. I'll be very brief with my comments.

On the latter, with the opportunities around Lakeland, you're well familiar with the Campus Alberta concept. This particularly applies to First Nations and Métis in the sense that we have an opportunity, using that Campus Alberta model and using colleges like Northern Lakes, to take those educational opportunities back close to home or at home. We will realize more potential, more opportunities by doing ever more of that.

The question of the school boards: that's a policy discussion that belongs in the Education estimates. I'll defer on that other than to say that we work very hard at the protocol table and the subtable on the memorandum of understanding to make sure that our ministry is providing the resources and the connectivity to the other related ministries, which are many, not just the Education ministry but many ministries that support the educational experience and enhance the opportunities to have more success there.

You also mentioned another important issue, and that is with respect to gang violence. This ministry is one of nine ministries that's actively involved on the SafeCom project, and we're there, again, making sure that there's connectivity between the ministries, making sure that there's connectivity between our colleagues at the federal level, and making sure that we're supporting in every way we can opportunities to make communities safer, whether they're First Nation, Métis, or other types of communities around this province.

**9:00**

But the key thing that I wanted to talk about briefly is agriculture and the opportunities that exist there. As you noted, the populations in Asia are rapidly changing, and so are their dietary requirements and tastes. In Europe something very significant is happening. There are negotiations well under way to create a trade agreement between the European Union and Canada. Something else is happening that's very unique, and that is that for the first time all of the provinces have been at the table during those negotiations and for some very specific reasons, ultimately at the request of the European Union.

If we are able to be successful with those negotiations, the opportunities around exporting meat products in particular, lots of products but certainly agricultural products, into Europe are really phenomenal. I think a lot of producers around the province are very excited about what the prospect of that means. Going forward, we're going to be one of the few countries in the world that has the production capacity and is going to have the ability to export those protein products. I think the future for agriculture in Alberta is very, very bright, particularly if we do that groundwork

today in terms of creating those relationships, making sure that those trade opportunities are open and that we have a global reputation as a free and fair trader.

**The Chair:** Thank you.

Next on our list is Mr. Johnston, known as Art in his other life.

**Mr. Johnston:** Thank you, Minister, and your staff for being here. I actually had three questions. Two have been answered, I think more than answered. There's just one, and I don't have to have an answer for it this evening. The Supreme Court has determined that some Métis have aboriginal rights. I wonder if you could tell me what you and your ministry are doing to ensure that's respected.

**Mr. Dallas:** Yeah. Thanks very much, Art. You are correct. The court has made a determination that certain Métis have rights that would be the equivalency of First Nation rights. What I can tell you is that this ministry, in particular the government of Alberta, is absolutely respectful, absolutely mindful of any and all court decisions with respect to First Nation and Métis rights. All of our policies, all of the activities of the ministry are closely coordinated to make sure that we're fully in compliance with the laws of Alberta, the laws of Canada. We seek guidance from those decisions on a regular basis. I don't know if there's more that I can add to that other than to tell you that that conversation is there in our ministry every day, that we're guided by our Constitution, by the acts, federal and provincial, and by the decisions of the court.

**Mr. Johnston:** Thank you.

**The Chair:** I have no one left on my list. Unless I see a nod from another member that they have an additional question, I'd like to add my compliments to a very new minister. Having sat in that seat, you did a fabulous job even with the rookie chair. I just want to compliment you on how knowledgeable you are about your department and how well you support and actually represent them. So a very good job.

I will read this final note. Seeing that there are no other questions, pursuant to Standing Order 59.01(5) the estimates of the Department of Intergovernmental, International and Aboriginal Relations are deemed to have been considered for the time allotted in the schedule.

I'd like to remind committee members that we're scheduled to meet next on Tuesday, February 21, of this year to consider the estimates of Sustainable Resource Development.

With that, I'd like to call this evening to a close. Thank you.

[The committee adjourned at 9:05 p.m.]



