

8:31 a.m.

Wednesday, April 13, 1994

[Chairman: Mrs. Abdurahman]

MADAM CHAIRMAN: I'd like to call us to order and just welcome you all. We'll give the minister a few minutes to get settled. I'm really impressed that the majority of us, in fact all of us, are here – yes, I went to Fort Saskatchewan – after the early morning adjournment of the Assembly. I have to compliment you on being on time.

Approval of the agenda, please. Moved by Mike Percy. All in favour, say aye.

HON. MEMBERS: Aye.

MADAM CHAIRMAN: Any nays? No. Carried unanimously.

Approval of the minutes of the March 30, 1994, committee meeting. Are there any errors or omissions? If not, could I have a motion to accept them as circulated?

MR. CHADI: So moved.

MADAM CHAIRMAN: It's been moved by Sine Chadi. Any discussion? If not, all in favour say aye.

HON. MEMBERS: Aye.

MADAM CHAIRMAN: Any nays? Carried unanimously.

I'd like to welcome once again Mr. Wingate, our acting Auditor General, and Mr. Mike Morgan, an assistant to the Auditor General.

It's with a great deal of pleasure that we welcome the Hon. Ken Kowalski, Minister of Economic Development and Tourism, and also the Hon. Dianne Mirosh. I'd ask the hon. minister if you'd like to please introduce your staff and also make any opening comments. It would be pertinent this morning, I think, that if staff are involved in answering questions, to make it easier for *Hansard*, you could identify yourselves as you answer the questions, please. It would be really appreciated. Thank you.

Mr. Kowalski.

MR. KOWALSKI: Well, good morning, Madam Chairman. It's certainly my delight to have an opportunity to appear before the Public Accounts Committee. This is a very, very important committee of the Legislative Assembly, one that in years gone by I certainly had the great privilege of being a participant in. I always looked forward every Wednesday morning during the session when meetings were held to attending and participating. In fact, I thought that of all the jobs I had, this was the most important one. I say that with a great deal of sincerity and a great deal of admiration for all colleagues of the Legislative Assembly currently here this morning.

Madam Chairman, before I introduce everyone, there's a unique situation here in the sense that you have a member of your Standing Committee on Public Accounts who also has a responsibility for participation in one of the activities we're currently discussing this morning. I wonder if it would be appropriate if in fact Dr. Lorne Taylor – if you'd like to make your choice in your committee as to where you would like to see Dr. Taylor sit this morning. We would be quite honoured and delighted, because he certainly works with the minister without portfolio, the minister responsible for the Alberta Research Council, in his capacity as chairman of the Research Council. You may choose to invite Dr. Taylor to come and join us this morning, or the committee might

feel he's such an invaluable member that it's much, much more important to have him with the committee rather than on this side, Madam Chairman. I would be delighted if Dr. Taylor would come, but I could also understand if a majority vote of the committee said he could not leave. I would understand that. I would be saddened; nevertheless, I would understand it.

MADAM CHAIRMAN: Well, hon. minister, I'm actually delighted you're making the hon. member feel so welcome. I'm sure he'll welcome my decision of last night not to defer this meeting. So I put it to the hon. member: would you care to join the minister? And would there be any objection from members of Public Accounts Committee?

DR. L. TAYLOR: Sure, I would be happy to go over there.

MADAM CHAIRMAN: The only condition is that you might want to sit in my seat. Once again it's taken, so you'll have to move to Nick Taylor's.

DR. L. TAYLOR: Does that mean I can ask myself questions?

MADAM CHAIRMAN: No, it doesn't. I'd rule you out of order.

MR. KOWALSKI: Madam Chairman, I'm really delighted this morning to be here and to be present with the Hon. Dianne Mirosh, minister without portfolio. To my immediate left is a very distinguished public servant in the province of Alberta, Mr. Al Craig, the Deputy Minister of Alberta Economic Development and Tourism; to my right, Mr. Peter Crerar, an assistant deputy minister, corporate services division, with the Department of Economic Development and Tourism. To Mr. Craig's left is Mr. Don Keech, who is executive director of financial projects in the department of Economic Development and Tourism. To his left is Mr. Earl Nent, executive director, business finance, the Department of Economic Development and Tourism, and to his left is Dr. Bob Fessenden, vice-president of development and planning for the Alberta Research Council.

What we've got here today with you is a rather interesting department. We are commenting on and dealing with, as I understand, the activities of the Department of Economic Development and Tourism for the fiscal year 1992-93. Madam Chairman, of all the years for this department, perhaps 1992-93 was the most eventful. It was during that one fiscal year that in essence a very significant restructuring occurred in the province of Alberta.

All members will recall that on December 5, 1992, Ralph Klein was elected leader of the majority party, and one of the first things that occurred in mid-December of 1992 was a dramatic restructuring of the governance and the governments of the departments in the province of Alberta. Immediately, in mid-December of 1992, instruction was given by the Premier to in essence reorganize government, and we initiated a process to reduce the number of departments from 27 to 17. That restructuring of the 27 to 17 was focused primarily on this Department of Economic Development and Tourism. This department was created in December of 1992, midway through the fiscal year we're looking at this morning, basically out of the resources, talents, and mandates of six government departments existing at that time. The responsibilities of the former department of economic development and trade; the tourism division of tourism, parks, and recreation; technology research and telecommunications; the forestry industry development division from the former forestry, lands, and wildlife department; and the business immigration and settlement area from Advanced Education and Career Development were all brought

together to create Alberta Economic Development and Tourism. As well, the foreign offices were transferred from federal and intergovernmental affairs during the following year or thereafter, but the process was put off.

So this morning when we're looking at the structure of public accounts, we're basically looking at the structure of public accounts for more than one department. We are in essence looking at six different entities that came together and were part of the fundamental restructuring that went into it. You'll recall that the whole purpose, Madam Chairman, was in fact to set the stage for where we're going to be in 1993 and 1994 and beyond. Of interest as well is that I did not become the Minister of Economic Development and Tourism until late June of 1993, so the public accounts we're looking at for the first time in my privilege of appearing before Public Accounts as a minister – for the first time in some eight years, I'll be dealing with the estimates of a department that in essence I can only talk about. I was not there during the time as a minister of that department. I was the minister of another department, of course, as was the case with my colleague the Hon. Dianne Mirosch. And my deputy minister, Mr. Craig, joined the department after it was created. He was a deputy minister in another department before that period of time. So if we perhaps do not give you as specific an answer as we would want to this morning, it's simply because we'll have to do a little bit of research with respect to some of those, but we certainly are prepared to provide all the information required by the Committee on Public Accounts. Madam Chairman, I want you to know that without any doubt.

Madam Chairman, if you go through all the budgets we're talking about in here, what you'll see, of course, is that there were significant changes, significant dollar adjustments as a result of the amalgamation that came in. There are some basic highlights despite all the mobility of people and all the changes from a structural point of view that occurred in this department. I'd like to just make a few brief comments on some of the highlights and the success stories of the 1992-93 fiscal year. Of course, one of the key things we said we'd be doing is focusing our attention on economic development and tourism. Hon. members, tourism is big business in the province of Alberta, and I would sincerely look forward to any type of question coming out of public accounts with respect to our investments in the area of tourism. In 1992-93 tourism increased overall by 3 percent in Alberta, and in one part of Alberta it increased by nearly 10 percent. It turned into a \$3 billion industry in fiscal 1992-93, employing some 100,000 Albertans. One of the key things this government is doing is in fact working in that area. When we arrived in 1992-93 with 100,000 Albertans employed, we were servicing some 451,000 visitors to Alberta, and that compares to a figure of 230,000 in 1985. So in a matter of only seven years, there was a doubling in the number of overseas visitors from outside North America.

8:41

Hon. members will also know that in terms of tourism we're looking at all the infrastructure. Just a brief note on one type of infrastructure that certainly was developed in the time frame of the late 1980s through 1992. By 1992 we had arrived at one of the conclusions a predecessor of mine had talked about when he was created minister of tourism in the late 1980s. The hon. Don Sparrow clearly pointed out that one of the great economic generators we could have throughout all of Alberta in a kind of neutral way is to in fact develop golf courses. Well, by 1992-93 Alberta became the home of 273 golf facilities. That was an increase of one-third over only five years before, so much so that Canada's most prestigious golf magazine, *Score*, now rates six

Alberta golf courses in the top 25 golf courses in the country of Canada. That is very significant when you consider the amount of dollars these people spend and invest and the number of jobs that are located throughout the province of Alberta. It's not an elitist sport, Madam Chairman. It's now the second fastest growing sport in the world. The first one, of course, is birdwatching, and part of the ecotourism objectives we've initiated in 1993 is to capture this most imaginative number of people from around the world.

Madam Chairman, of course this department in 1992-93 – all members will want to know that the total value of Alberta exports increased by almost 10 percent in the first quarter of 1993, which was part of the fiscal year. Exports to the United States and Japan rose 20 percent and 22 percent respectively. In that fiscal year we're talking about, Alberta exported \$17.7 billion in goods and services to over 140 countries, and that was up more than 10 percent over the previous fiscal year of 1991. While primary products continue to be the major form of exports, value-added products are very important as well.

Compared to 1991 figures, the 1992 exports of forest products increased almost 20 percent. Machine exports were up 35 percent and electrical equipment exports 14 percent. During the fiscal year in question the department responded to over 400 companies inquiring about Alberta as a potential business location. These were inquiries outside the province of Alberta. This initiative has already attracted companies and investments such as Ralston Purina, Banner Gelatin, Cordala Foods, Angelica Uniforms, Hostess foods, McCain Foods, and Neste Oy, which is an environmental fuels organization.

Madam Chairman, we're also involved in assisting with expertise in identifying initiative and opportunities throughout the province. In the fiscal year in question, immigrant entrepreneurs invested nearly \$25 million in the province of Alberta. These are immigrants from outside Canada. Twenty-five million dollars worth of investment created some 600 full-time jobs and some 200 part-time jobs. In 1992 – at least in the fiscal year – some 700 Alberta firms made use of the international business information system or IBIS each month to identify trade opportunities and trade leads, and of course that is one of the things we do. We also strengthened during that year community based economic development in the province. The number of new business incorporations for the first half of 1993 was up 13 percent over the same period in 1992. There was an average of 1,400 new businesses being incorporated in Alberta in the first quarter of 1993, which was the last quarter of the fiscal year we're talking about. The value of retail trade grew by 3.6 percent in the first quarter of 1993 as well, and housing starts were up 13 percent in the first quarter. That was a growth from 3,859 in 1992 to 4,361 in 1993.

As well, there are major initiatives with respect to food processing, and we work hand in hand with the food and agricultural industry in the province of Alberta and the department of agriculture and rural development. In fiscal 1992-93, for the first time in the history of Alberta probably one of the most significant things occurred from an economic development and job-creation point of view. In fiscal '92-93 the amount of value-added agricultural product in this province surpassed the value of primary agricultural production. We worked for decades as Albertans to arrive at that point in time. And during the fiscal year in question the amount of value-added agricultural processing in this province surpassed the amount of dollars raised by primary production. Madam Chairman, those are thousands and thousands of jobs, and they are not located in rural Alberta; they are located in the large urban centres of Alberta. Whether or not it's the production of new kinds of meat products, whether or not it's the production of

drink products in the province of Alberta, it is very, very significant. I'm sure the first pioneers who came to this province at the turn of the century always dreamed of becoming more than simply hewers of wood, and we arrived at that point in time in fiscal '92-93.

MADAM CHAIRMAN: Excuse me, hon. minister. I would like at this time, if no one objects, to acknowledge a gentleman who is sitting in the public gallery. He happens to be a constituent of mine, Mr. David Doyle. He is here to meet with the Minister of Education this morning. Mr. Doyle is an entrepreneur, the backbone of Alberta. He works out of Sherwood Park and also the city of Fort Saskatchewan. So welcome to the Assembly, David Doyle.

Sorry for the interruption. Thank you.

MR. KOWALSKI: No problem, Madam Chairman.

During that same time frame numerous missions left the province of Alberta to gain information on new markets or in fact to promote Alberta products. We can talk about those if individuals want to. It's something we continue to do with the private sector.

As well, a continuation of investment in forestry, because during this fiscal year this department became responsible as the major lead department of government with respect to forestry development. All members certainly are aware that when the government of Alberta determined in 1986 and 1987 that one of the major strengths of the Alberta economy would be a requirement for diversification and we announced new programs, new policies with respect to forestry development, we then initiated something that by 1992-93 had become rather significant. From 1986 and '87, when the announcement was made by this government that we were going to provide forestry as one of the major four pillars of our economy, by 1992 and '93, a matter of only six years, there had been nearly \$4 billion invested in the forestry industry and some 40,000 jobs created in that particular area. As an example, Madam Chairman, in 1986 when the Premier of the day announced that forestry would become a major new economic development project in the province of Alberta, the constituency I represent had less than 50 constituents involved in forestry. By the fiscal year we're talking about today, the number of my constituents gainfully employed full-time in the forestry area had risen to 650. That's an almost 13-fold increase in one economic area. These are high-paying full-time jobs in diversification of the Alberta economy.

During this time frame as well, Madam Chairman, the joint industry/government funded high-performance computing centre HPC incorporated, which we finally opened in Calgary in the spring of 1994 - considerable work was done with respect to that in support of collaborative research technology, the transfer and development of leading edge information technology, projects and services. Of course, we made significant contributions during that same year to the networks of centres for excellence.

Madam Chairman, we worked at that same time in terms of the NAFTA, which was really significant, which was another part of the responsibility, and of course we were successful. On January 1, 1994, when Mr. Chrétien announced his support for the NAFTA arrangement, there were some thoughts, at least during the early fall of 1993, that in essence perhaps the new federal government would renege on its commitments on the North American free trade agreement. But Mr. Chrétien showed the vigour he is made of and in fact went forward. The Alberta government thanked him very significantly, because it was our initiative in this government, created out of this department along with the department of federal and intergovernmental affairs, that saw the position of the Alberta

government with respect to the free trade arrangement with America and the North American free trade arrangement with America and Mexico solidified.

Madam Chairman, I know this has nothing to do with the economic year that is going to be discussed this morning, but I would like to point out to all members that in mid-June of 1994 the Alberta Chamber of Commerce will play host to a trilateral meeting of chambers of commerce from Mexico, America, and Canada to discuss free trade arrangements in North America. Last evening when we were able to participate with the Alberta Chamber of Commerce and an overwhelming outflow of representatives from around the province of Alberta, they indicated their absolute delight in being a partner in that. It's good for little chambers from around the province of Alberta to know that they can play with the big boys from Mexico, America, and Canada. And again, it's part of what we're doing in here.

Madam Chairman, if you ever wanted to be involved in an exciting area of activity, if you ever wanted to be involved in a positive area of activity, if you ever wanted to be involved in an area of activity that creates and generates and always brings a renaissance of thought and energy, you first of all associate yourself with the kind of people I'm associated with this morning, who are all leaders and entrepreneurs and there's not a negative in anybody's vocabulary and not a downer in anything. Then you go out and meet the people of Alberta and come back totally energized. I know I'll meet that same kind of enthusiasm here this morning when we discuss the accounts of the Department of Economic Development and Tourism for the fiscal year 1992-93.

8:51

MADAM CHAIRMAN: I was getting all excited, hon. minister.

MR. KOWALSKI: Thank you.

MADAM CHAIRMAN: I thought you were offering me your portfolio there.

MR. KOWALSKI: Well, Madam Chairman, I can assure you that actually we discussed the opportunity at our caucus, but the vote was 51-0 against accepting your offer. It was equivalent with another one too.

MADAM CHAIRMAN: Touché. Okay. I thank you, hon. minister.

I'd like to remind members of Public Accounts that we keep our preambles as concise as possible, and we'd certainly appreciate the answers being as concise as possible so we get as many questions in.

At this time I'd ask Ty to ask his question.

MR. LUND: Thank you, Madam Chairman, and good morning, entourage. It's good to see so many folks because it is a very important department. I'm looking at the annual report of the Auditor General '92-93, and on pages 77 and 78 the Auditor General deals with Chembiomed. Now, there is quite a bit of history given on the company in the Auditor General's report, and I don't want to go into that, but I trust the minister will provide the background of the company for the thousands of people that read *Hansard*. While there wasn't a recommendation from the Auditor General, there was a management letter, and in the management letter the Auditor General makes some very specific recommendations. I'm wondering: what is the status today of Chembiomed?

MR. KOWALSKI: Madam Chairman, Chembiomed's ongoing operations have been wound down. The company's technology has been transferred to the Alberta Research Council, and the building itself has been leased to Biomira Inc.

MADAM CHAIRMAN: Supplementary, Ty.

MR. LUND: Thank you, Madam Chairman. I was looking forward to some of the history of the company because it has had a somewhat long and tangled history. From what I read, it seems the government had given the company some assistance, and I'm curious: what was the nature of the government's assistance and support to Chembiomed as it relates to the '92-93 fiscal year?

MR. KOWALSKI: That fiscal year, Madam Chairman, was the year in which the original funding commenced for Chembiomed. The total amount of funding was just a few dollars less than \$50 million, which I think is identified in the report very, very clearly. It included a \$12.5 million debenture guarantee investment in developing the building, and of course there's a current value with respect to that.

MR. LUND: Well, I'm curious. Were there some contracts we had made at a straight payout, and if so, are there any plans for making any payments to get out of this company? What is the status of the government's assistance in getting out of it?

MR. KOWALSKI: Madam Chairman, there are ongoing discussions with the department of the Treasury, the province of Alberta, and the Department of Justice. They're ongoing now. I'm going to be reluctant to make a lot of comments with respect to some of the legal aspirations this morning, and I'm sure all members can understand that. There are two shareholders though. They're involved in this as well. One is the University of Alberta and the other is the Alberta Research Council. Other than talking about the legal parameters in terms of a wind-up, in terms of advice, perhaps either the minister without portfolio or Dr. Taylor might want to make a comment with respect to the Alberta Research Council's participation.

DR. L. TAYLOR: Well, just to respond, from Chembiomed ARC got approximately 26 or 27 different patents. We are presently in the process of commercializing those patents. The patents we have managed to commercialize need further research and development, and that's what ARC is doing. Presently, I believe – and Dr. Bob Fessenden can comment further – we're getting about \$6 million per year in royalties from the patents we have already commercialized. So if we commercialize no other patents, in approximately eight years or so the complete debt Chembiomed had, the guarantee by the government and so on, will be completely paid for just off this one patent. I expect this whole area of biotechnology, which is where a lot of the research was being developed, will bring hundreds of millions of dollars to Alberta. We expect by 1998 to 1999 we will have about \$750 million input into Alberta from this biotechnological research. As well as that, we should have about \$200 million worth of capital cost capital development in Alberta from the patents we are able to commercialize from Chembiomed.

MADAM CHAIRMAN: Dr. Fessenden, did you wish to . . .

DR. FESSENDEN: Certainly. Just to confirm Dr. Taylor's comments, the income to the Alberta Research Council as a result

of working on the technology we inherited from Chembiomed is of the order that Dr. Taylor indicated.

MADAM CHAIRMAN: Thank you.

MR. KOWALSKI: Madam Chairman, that's really significant, because on the one hand, fine, you can have this statement that there is an investment of \$50 million in public dollars, but as Dr. Taylor and Dr. Fessenden just pointed out, in a very short period of time, in a high-risk, innovative research technology, biotechnology, our return is almost more than 12 percent on an annual basis. That's almost unheard of in the business world.

MADAM CHAIRMAN: Thank you.  
Mike Percy.

DR. PERCY: Thank you, Madam Chairman.

Mr. Minister and staff, my questions will relate to the Alberta Research Council. My first question concerns the administration of the Alberta Research Council. It reports to a minister, the minister without portfolio, and also has an MLA on its board. The first question is: if you go through the public accounts or, for that matter, if you go through the annual report of the Alberta Research Council, you cannot get an idea of what the other administrative costs are, in particular per diems or payments to board members or any other ancillary payments to board members.

MADAM CHAIRMAN: Have you got a reference point?

DR. PERCY: Volume 3 of the 1992-93 public accounts. It would be pages 1.92 on to 1.97. There is not a breakdown in there of administrative expenses. There are salaries, wages, and benefits. My first question relates in fact to a breakdown of payments to board members given that there is such a high degree of governance of that research council.

MADAM CHAIRMAN: Thank you.

MR. KOWALSKI: Madam Chairman, we're talking about 1992-93, and did you give us a reference point there?

MADAM CHAIRMAN: Yes, it's 1.92, 1.93 in volume 3 of the 1992-93 public accounts.

DR. PERCY: My specific question is a breakdown of administrative expenses to the board.

MR. KOWALSKI: Okay. Mrs. Mirosh and Dr. Taylor will . . .

MRS. MIROSH: The breakdown to the board members Dr. Taylor can expand on. It goes through the normal Executive Council order in council, and there's a standard payment to all board members and commissions and members follow the same as any other board member. Administration costs Dr. Taylor can expand on, but in 1992-93 I was not the minister. There was one minister in charge. There's always been an MLA chair. The reason for that is that this is a very important function in our government, as Dr. Taylor has indicated. It is job creation, wealth creation and is an important part of Alberta and what is to happen in the future. Dr. Taylor, perhaps you can expand on the administration, but board member remuneration is the same as any board member right across the government.

9:01

DR. L. TAYLOR: In terms of the amounts in particular . . .

MADAM CHAIRMAN: Could I ask you if you can just sit a little bit forward. We're having difficulty hearing, Lorne. Thank you.

DR. L. TAYLOR: Okay. That's unusual.

DR. PERCY: We don't normally say that.

MADAM CHAIRMAN: No, we don't.

DR. L. TAYLOR: If Dr. Percy is asking me in particular what my remuneration is from there, it's roughly \$15,000.

MADAM CHAIRMAN: I don't think that was the question.

DR. L. TAYLOR: Oh.

In terms of the other board members, in terms of their board payments, I would have to defer to Dr. Fessenden. I don't have that information here for that particular year. It's before I was even elected.

MADAM CHAIRMAN: Dr. Fessenden, would you like to supplement, please?

DR. FESSENDEN: I don't carry that detail in my head, but I can get that information probably before the end of this meeting if it's required.

MR. KOWALSKI: Madam Chairman, if that information is provided, it should fit in with the general policy of the province in terms of payments, per diems.

MADAM CHAIRMAN: Thank you.  
Supplementary, Mike.

DR. PERCY: Yes. Just to clarify – this isn't my supplemental – I know the schedule that exists and where the board falls in that schedule. It was in fact the total value of those payments in the context of total payments for wages and salaries and benefits. So it's not just the per diem but the total . . .

DR. L. TAYLOR: You're asking for the total.

DR. PERCY: Yes.

DR. L. TAYLOR: Well, we can get that information for you very, very quickly.

DR. PERCY: It is not in the annual report or a breakdown in the footnotes.

DR. L. TAYLOR: We can get that. I don't have that at my fingertips, but we can get it very quickly.

MADAM CHAIRMAN: Supplementary.

DR. PERCY: Thank you. My second question relates again to the Alberta Research Council, and it relates to issues of cost recovery within the Alberta Research Council. When I look at the public accounts, page 1.93 or 1.94, it's really quite sparse when it comes to operations and the operation of the research facility, for

example, on a cost-recovery basis. Just to jump forward a little bit as the hon. Deputy Premier did, certainly there have been questions raised about the cost recovery and some of the contracts that existed within the Research Council that perhaps had given an unfair advantage to out-of-province firms for uses of those facilities. Could the minister or his designate please expand upon what in fact was the structure and how the tariff was set to ensure that the facilities were operated on a cost-recovery basis, the tolls that were imposed?

DR. L. TAYLOR: Well, once again, the Alberta Research Council has always worked on a market basis and market rates, and we will continue to work on that. In particular, in 1985 or 1986 a five-year contract was signed with an American company. When it was signed in '86, I believe, that contract was at a market rate, and it was signed for a five-year term. Any Alberta company could have walked in in 1986 and got exactly the same rate as any other company or the particular American company that I think you're referring to. Now, it was signed for a five-year term, and certainly we have to honour that contract to that company when it signed for a five-year term. In the meantime, as rates increased to any company that did not have a long-term contract, the ARC, being good capitalists, kept going and kept raising their rates to and with what the market would bear.

I don't know if Dr. Bob wants to add anything to that or not.

DR. FESSENDEN: If one looks at the history of our external revenues, one will see that from the early '80s through to the late '80s they increased quite substantially as we moved from what I would call a more typical government laboratory operation in the '70s and early '80s to one which is more market based. As we've moved into that period, we've set rates which have ensured full cost recovery, except in cases where we in fact have made a management decision to participate in the research in some kind of equity way.

MADAM CHAIRMAN: Thank you, Dr. Fessenden.

DR. PERCY: A final question relating to the ARC is to discuss one of the recommendations in the annual report of the Auditor General for 1992-93, section 2, pages 82, 83. In some instances the Auditor General is very prescient in pointing out potential problems and pitfalls, and I would just note that on page 83 he stated:

In a management letter to the President at the conclusion of the audit, it was recommended that consideration be given to having a member of management be responsible for reviewing current developments in environmental legislation, and for assessing their impact on policy, including identifying liabilities that should be disclosed in financial statements.

The Research Council has since proposed that the audit committee, once formed, will regularly review corporate processes and performance with respect to potential environmental liabilities. When you read the 1992-93 public accounts, volume 3, page 1.96, note 10, there are a number of footnotes that relate to contingent liabilities. Just in passing, with regards to Burns, the Auditor General also mentioned some contingent liabilities that may be out there with regards to environmental issues. My question – and apologies for the preamble – is: what exactly has the Alberta Research Council done in ensuring that the contingent liabilities it may face are minimized? Or what is the review process that has been put in place? Does it involve reference through lawyers, or is it through scientists? Is it an arm's-length mechanism? Could you expand upon what has been done in light of this recommendation?

DR. L. TAYLOR: Within the Alberta Research Council, within each division if we would like to look at the biotechnology division, there is a standard procedure that all programs, all research developments have to go through before they are approved. They have to go through an environmental assessment as to what relevance this particular project has or what environmental issues may be involved. We do have a safety officer there, of course, and every project goes through that same process. Then reference is made to management and management decides. So there is a very good check and balance process right now to be able to account for any environmental issues. I think you see the exact results of this where in the past we have had no serious environmental mishaps that have affected anybody's health in any way whatsoever as long as I've been aware of it.

I don't know if Dr. Fessenden would like to . . .

MADAM CHAIRMAN: Do you wish to supplement, Dr. Fessenden?

DR. FESSENDEN: Well, I refer specifically to the contingent item in the Auditor General's Report for '92-93 which speaks to the only issue in that list of contingencies that has any relation at all to an environmental issue. In that one, which is point (c), we worked on a joint venture with an environmental technology company to develop a particular product for them which they then proceeded to use in a way which vastly exceeded the recommended levels and quantities of usage. They then became involved in a suit in which we were named, but from our point of view the suit is frivolous because we're quite comfortable that we dealt with that issue properly.

MADAM CHAIRMAN: Thank you.

MR. WINGATE: Madam Chairman, I'd like to point out that on page 82, the last paragraph, the Research Council also provides advice and information on environmental issues to Alberta businesses. So it's not only their own research projects we're talking about here; we're talking about the advice they might provide others. That's why we said having a member of management responsible for reviewing current developments in environmental legislation might be useful.

MADAM CHAIRMAN: Thank you, Mr. Wingate.

9:11

MR. McFARLAND: Madam Chairman, I'm on page 2.36 of the public accounts, volume 2. The first question I have for the minister is a clarification or an explanation of statement 2.5.1, policy and planning. Under the transfers column, it shows transfers in of \$1.113 million. Could the minister explain what this transfer was used for and why this area expended approximately \$735,000 more than was originally budgeted in this item?

MR. KOWALSKI: I'm sorry. I didn't get all of that.

MADAM CHAIRMAN: We're having some problem with the volume. If we could have it slightly turned up. And I would ask the members to please speak up. You're voices aren't carrying.

MR. McFARLAND: Do you want me to repeat it?

MADAM CHAIRMAN: Barry, could you repeat it, please?

MR. McFARLAND: Okay. I'll do it really briefly. Statement 2.5.1, policy and planning, shows a \$1.113 million transfer in. What I asked, Madam Chairman, was if the minister would explain what this amount transferred in was for and why this particular item expended about \$735,000 more than was originally budgeted for in that item.

MADAM CHAIRMAN: I should indicate before the minister replies that we are having some difficulty with the system. That's the loudest we can get it to, so I urge you to please speak up.

MR. KOWALSKI: Madam Chairman, we have found 2.36 now. In the fiscal year 1992-93 the government initiated a project called Toward 2000 which was a major consultation project throughout the province of Alberta with literally thousands and thousands of Albertans. Public meetings and public consultation meetings and forums and seminars and sessions were held basically on the subject matter of where we would want to see Alberta in the year 2000. When that subject matter was determined, it came midway through the fiscal year; no dollars had been allocated for that particular project. This turned out to be a cost-shared project, I think, with another part of the province of Alberta. But there was no budget that would have been provided in the original 1992-93 budget, so dollars were then transferred in to deal with the Toward 2000 Together project.

MADAM CHAIRMAN: Thank you.  
Supplementary, Barry.

MR. McFARLAND: Thank you, Madam Chairman. About three lines above that, under departmental support services, would the minister explain, under transfers in, the amount of \$852,288? What was the purpose of an additional amount of money being required to transfer in to that particular line item?

MR. KOWALSKI: Madam Chairman, during this . . .

MADAM CHAIRMAN: You can take a few seconds to find the . . .

MR. KOWALSKI: There's paper overload in here. Departmental support services - right? - \$852,000.  
Peter.

MR. CRERAR: The transfer covered a number of things. In 1992 people were given an opportunity to leave the public sector through the voluntary separation program and there were payouts at the end of the year. We required funding to cover those expenses, and they were transferred from other areas within the department. So this is what the transfer actually reflects.

MR. KOWALSKI: Madam Chairman, during this year there was a lot of this going on because of the changes with the six departments.

MR. McFARLAND: Then with that in mind, I'll bump up about six pages to 2.42, under vote 9.2.3, telecommunications and information services. I see under the estimates that there was \$187 million. I assume it would be a special warrant. Could you explain what that \$187 million item under telecommunications and information services would have represented?

MR. KOWALSKI: That's a payment for NovAtel, as I recall.

Don Keech, do you have something further you want to add to that?

MR. KEECH: Just that if you recall when Telus was privatized, Telus had the option to sell NovAtel back to the government. That payment covers the payment that was made by the Alberta Government Telephones Commission to repurchase NovAtel from Telus. It covers the payment plus interest until the time it was actually paid in that year.

MADAM CHAIRMAN: Thank you, Mr. Keech.  
Sine.

MR. CHADI: Thank you, Madam Chairman. The environmental risk that exists today particularly with respect to lending institutions is one that has been under tremendous scrutiny for the last little while within the lending institutions themselves. The Auditor General on page 81 of his report indicated that within the Alberta Opportunity Company there was a property that contained contaminated soil and in order to dispose of this property the company would have to remedy the environmental damage. This is something that has come to light now with most lending institutions across the land. My question, Madam Chairman, is to the minister. How many loans were identified? This is one that was identified within the Auditor General's report, but how many more loans were out there that had some environmental damage exposure?

MRS. MIROSH: I don't have the answer at my fingertips, but I know that is certainly an issue the Alberta Opportunity Company is reviewing. When a loan is made currently, those contaminated sites are examined before money is loaned to any group or any person. But for the number of sites in that given year, '92-93, I do not have the information here. I can get it for you.

MR. KOWALSKI: Madam Chairman, perhaps a supplement to that. The point the member is raising is an important one. There is a bit of background associated with this though, and I bring it from the perspective of a former minister of the environment. Until the late 1980s very few lenders, very few citizens were concerned about the possible element of contamination on, quote, a site. Just let me give you the most important example of all: service stations, gas stations. There are hundreds of them throughout the province of Alberta. Many, many lending institutions, including the Alberta Opportunity Company, had provided loans to a service station, whatever the heck it is. When I was minister of the environment, we did a study in the province of Alberta in association with other ministers of the environment across the country of Canada and concluded that storage tanks that had been put in the ground as much as 20, 30, and 40 years ago have the possibility of leaks. You will recall a major fire that occurred in one of the maritime cities a number of years ago when underground storage tanks in the centre of the city erupted in major flames – I think it was Fredericton, or was it Moncton? – and there was great concern in the city. That led to a program we created in Alberta called LUST, leaking underground storage tanks. There is the potential that in every storage tank in service stations in Alberta there is the possibility of a leak. If there is a leak of fuel, there will be contamination of the environment in downtown Fort Saskatchewan, in downtown Barrhead, everywhere. The fact of the matter is that that's what we're talking about. You will have that potential.

It's now the 1990s and some lenders are saying, "Well, what is the liability we might have with a loan?" That's one of the

reasons Alberta petitioned the previous federal government – to no avail, I might add – to basically set up a national fund for liability payments where cases in terms of pollution contamination had occurred. In fact it occurs today, but the original person who caused it may be long deceased or the company has gone out of business or doesn't exist anymore. You've had this situation in downtown Calgary. At a couple of sites in Calgary stuff done 70 years ago pops up in the 1990s, but who is liable? So the point the Auditor General made with respect to this is very, very valid. The number of cases at AOC is very, very limited, but in the marketplace, tremendous numbers with potential.

9:21

MADAM CHAIRMAN: Thank you.

Before I let you have your supplementary, I'd like at this time to acknowledge the presence of some guests in the public gallery. You're attending a Public Accounts Committee meeting at the present time, and the Hon. Ken Kowalski is appearing before Public Accounts. Welcome.

Sine, your supplementary.

MR. CHADI: Thank you very much, Madam Chairman. There's no doubt the minister is absolutely correct that there is the potential of a huge liability there with environmental risks within lending institutions, and that's the reason for my question. Since we don't know today how many properties the Alberta Opportunity Company is involved in may have had exposure to environmental damage, I'm wondering if at the end and in light of the recommendations of the Auditor General there was any research done within AOC to identify potential sites that may have environmental damage, and if so, what sort of contingent liabilities have been identified in terms of dollars here?

MRS. MIROSH: Those are excellent questions, and it's actually a concern the Alberta real estate board has raised a number of times as well. The Alberta Opportunity Company has done research to its best ability, but it is very difficult to identify the number of contaminated sites of years and years ago. Now that is a prime concern. There are companies who have applied for loans who have been refused based on the fact that the land has been considered contaminated and the assets cannot be disposed of. So they are doing research. The number of companies involved that we've loaned money to, as I've already indicated, in 1992-93 who have contaminated land – I'm not sure of the exact number of sites or dollars specifically related to that. I can only say it's not that large an amount.

MADAM CHAIRMAN: Thank you.  
Final supplementary.

MR. CHADI: Thank you very much. I note that in public accounts, volume 3, and the financial statements of the Alberta Opportunity Company there are no contingent liabilities that have been identified with respect to environmental damage and the risks that may be involved here. In light of the fact that the Auditor General made mention of one here, I'm wondering why there was no mention within the contingent liability section, which is note 14. They talk about guarantees of bank loans and the different claims, lawsuits, et cetera, but no contingent liability in terms of environmental risks. Yet when you talked about the Alberta Research Council earlier, they made mention of that. So it's not anything that sprang up or was new. It's been around for a period of time that would attract the interest of certainly the Auditor

General, and it would attract the interest of the auditors doing the books for the AOC.

MRS. MIROSH: That's a good question. The auditors did make a recommendation that has to be followed up, but we have to have time to follow these recommendations with regard to contingency funds and liability funds and risks. I mean, that's something we have to address now, but we didn't have it in the books in 1993, as they obviously pointed out.

MADAM CHAIRMAN: Thank you.

Thank you, Sine.  
David Coutts.

MR. COUTTS: Thank you, Madam Chairman, and good morning, ladies and gentlemen.

I'm referring to the 1992-93 public accounts, volume 2, page 2.41, in particular vote 2.3.2 on that page. That refers to the distribution and transportation services branch, which spends about \$674,000 according to that vote. Mr. Minister, I wonder if you could briefly describe the Alberta physical distribution program which is administered by your department's distribution and transportation services branch.

MR. KOWALSKI: Madam Chairman, much of what this department does it does in concert and arrangements with other groups in the province of Alberta. This is a program that's run in co-operation with the chambers of commerce throughout the province of Alberta. It's a program that started about a decade ago, in the early 1980s. Basically what it does is provide workshops for entrepreneurs in the province of Alberta, generally small entrepreneurs in such things as warehousing, inventory management, transportation management, use of computers in transportation, customer services, improvements in distribution of quality packaging, and competitive pricing, all in the transportation area, focused on transportation.

Being a landlocked province, Alberta basically has a limited ability to move its goods in and out of the province. Rail in Alberta, unlike rail in the other three western provinces, is not that significant. We have limited international air services in the province of Alberta. The vast, vast majority of goods moving in and out of Alberta is done by trucks, so much so, Madam Chairman, that Alberta has more trucks on the road than the other three western provinces have trucks, period. In other words, there are more trucks in Alberta than there are in Manitoba, Saskatchewan, and British Columbia. It's part of our history. It's part of the way this province was built and part of the way this province was developed. Rail for the most part does not move the bulk of goods other than some very heavy materials – grain and sulphur and coal and wood and that sort of thing – but for most communities, the 350 communities in the province of Alberta, moving things back and forth is very significant.

Secondly, we get captured periodically in this province by national rail strikes, so goods moving out of the province of Alberta basically are held captive. We have always tried, for years and years and years, to find competition, and that has led us to do such things as the export highway from Calgary going south to Coutts. The entrance there and the programs we're making there helped us to encourage tie-ins with the American rail system in the northern United States. Most importantly, to make this happen, all the small business people throughout the province of Alberta – the entrepreneurs, the truckers, the warehousemen, the movers, and what have you – get involved with us in this one program. During that

fiscal year, as I recall, something like 70 or 75 firms received consulting assistance.

Our whole purpose is to try and effect efficiencies there because Alberta is really at a disadvantage when it comes to transportation: we don't have the free ports, we're locked out in many cases by rail strikes, and we move our goods by truck. These little people, these little entrepreneurs – we don't have Teamster's running the province of Alberta; we have hundreds and hundreds of independent trucking firms. None of them really have the ability to take on the giants by themselves, but by better knowledge and better positioning themselves on a competitive basis, they can do it. So we do this with the chambers of commerce throughout Alberta, and workshops are held in all parts of the province of Alberta.

MADAM CHAIRMAN: Thank you.

Supplementary, David.

MR. COUTTS: Thank you. More specifically, what kind of advisory services does the government provide in this area then?

MR. KOWALSKI: Well, in addition to the types of things I've talked about, in terms of new technology, inventory control, warehousing management, rate structures, changes like – as an example, in America today there's a Teamster's strike; 20 percent of all the goods in the United States are basically not moving. It's difficult to get fresh bananas in the province of Alberta today because they're not moving out of California. Up-to-date technology makes information available to truckers so that if they're deadheaded south to pick up a load of bananas, they'll find out when they get to wherever the place is in California that there aren't going to be any bananas for them so they'd better not do it. You know, if you're a little trucker in High Level, you don't have access to an international corporation that will give you that information. You're hired by a local firm in Alberta to go and do something, but if you're not up to date and you don't have access to that up-to-date information, you can make very costly mistakes very, very quickly. So that's a kind of service.

9:31

At the same time we're identifying: how do you move goods in assisting them? How do you move goods out of ports in the United States and Canada? Where are the best rates? How do you bring in goods in the most competitive way? And remember, most of what we do in this department is dealing with small business. It is not the huge corporations we're talking about. We're talking about the hundreds and hundreds and thousands and thousands of small businesses that don't have access to that kind of technology. So we do it. Some of this stuff is done on a fee-for-services basis. We've always said consistently that when the private sector in the province of Alberta starts offering that service to the small businesses, we will get out of it. We'll back right up if the private sector wants to offer it.

MADAM CHAIRMAN: Thank you.

Final supplementary, David.

MR. COUTTS: I guess that would be my final supplementary. If this service could be offered on a fee-for-service basis, could we get some cost recovery out of it?

MR. KOWALSKI: We're moving into a service economy, Madam Chairman, and as soon as some entrepreneur in the province of Alberta says that he or she is prepared to provide that service, we'll move out of it. We've said that very consistently.

We've done that in a variety of ways. The production of Alberta road maps is an example. A few years ago this was something done entirely by the province of Alberta. We basically had deals made with the travel industry association of Alberta for them to be involved in the publication of Alberta road maps and the sale of those Alberta road maps.

We invented a concept in another department I was minister of, Public Works, Supply and Services. It had to do with making information available for all government contracts being issued. It cost \$100,000 for the taxpayer to set up the system, and I went around Alberta for two years to every chamber of commerce saying: look, some entrepreneur do this; we'll get out of it. To date no entrepreneur has done it. It's a very simple process. You just have a computer program list every conceivable government contract available for bid today. You can live in Brooks, Manyberries, Etzikom, or Lamont, Alberta - I don't care where. If some person wants to shine up for 10 bucks or 20 bucks - if 815 contracts are being offered for widgets, it's not something we have to do as government, but nobody in the private sector is doing that. So we're providing this as a service.

MADAM CHAIRMAN: Thank you.  
Leo Vasseur.

MR. VASSEUR: Thank you, Madam Chairman. I want to go back to Chembiomed for just one minute. In the recommendations by the Auditor General there was a recommendation to redefine the role for various stakeholders, and you mentioned a while ago that all assets of Chembiomed were transferred to ARC. Am I correct in assuming that this is the only stakeholder in Chembiomed now?

MR. KOWALSKI: The University of Alberta is a partner, as I recall.

MR. VASSEUR: So the only two partners, then, are ARC and the university?

MR. KOWALSKI: The government of Alberta, the University of Alberta; that's correct.

MR. VASSEUR: The amount of money the province is out at the present time - I'm looking at page 3.17, volume 3. Am I right in assuming it's close to \$54 million that the province has lost in this venture at the present time?

MR. KOWALSKI: Well, let's be careful about losses. We're talking about investment there.

MR. VASSEUR: Okay.

MR. KOWALSKI: But we'll have Mr. Keech, who's right up to date with all these numbers, explain the question, Mr. Vasseur.

MR. KEECH: The government's investment totals approximately \$52 million. That was composed of an investment in both preferred shares and grants over a period starting in 1977 plus \$12.5 million that was invested in the building that existed in Edmonton Research Park and is being used by Biomira, who are making great strides in the biotech area in Alberta.

MADAM CHAIRMAN: Final supplementary.

MR. VASSEUR: This \$50 million, what you call an investment - Dr. Taylor referred a while ago to a possibility of recouping

some of those costs. Is that going to be set up now as receivables in your book, or should it be set up as an amount we're going to have to write off, like in the private sector?

MR. KEECH: Chembiomed has a royalty arrangement with the Alberta Research Council, so as moneys flow from the commercialization of products to the Alberta Research Council, that money will flow back to Chembiomed and ultimately back to the province of Alberta.

MR. VASSEUR: So it's going to be set up as a receivable. All of a sudden it becomes an asset.

MR. KOWALSKI: Madam Chairman, this area of investment in high technology and biotechnology is high risk and long-term return, and in essence it is high risk politically too for the government to be involved in it. A weak government would have said: no, we're not doing it. A weak government would have said: no, we do not want to diversify the Alberta economy; we should not be involved in research. A weak government would run. We didn't do that as a government, but we got burned politically for doing it.

In years to come, some of us believe very, very significantly that if we want to do the right thing, we have to take the risk. As an example, \$300 million was invested in the Alberta Heritage Foundation for Medical Research in 1980 by an activist parliament, and over the years it has seen some 1,400, 1,500, 1,600 PhD medical types do research in the province of Alberta. With some doctors in this province Alberta has emerged as a world leader in terms of treatment of burns and victims who have suffered burns. In fact, I'm very, very proud that it just so happens that a young constituent of mine, a fellow by the name of Dr. Ted Tredget, is now viewed as a world leader in the treatment of burns. He was funded through the Alberta foundation for medical research. Just a few days ago a tremendous new development in terms of mutations and cell mutants was unveiled by a researcher. That \$300 million is now worth \$625 million. If the province of Alberta wanted to eliminate the Alberta foundation for medical research, we could simply pass an Act of this parliament, take \$625 million, and put it against our deficit, but we would have no more research. The same thing applies in this other area.

MADAM CHAIRMAN: Thank you, Mr. Minister.

DR. L. TAYLOR: I'll supplement it right there. Madam Chairman, if I could supplement.

MADAM CHAIRMAN: Well, I caution that we be respectful of the time. There's lots of members that wish to . . .

DR. L. TAYLOR: I'm very respectful of the time.

I would just like to point out that in Alberta through the ARC we're going to create hundreds of jobs. We're going to bring hundreds of millions of dollars into this province. A good example of what's happening right now - and I'm sure you're quite familiar with it - is hamburger disease, the disease people seem to get in Alberta and other places over the summer barbecue season or at McDonald's or various hamburger stands when the hamburger isn't cooked properly. The kids get sick and young children can actually die from this disease. Big people get sick too, but they tend not to die. We have a product right now that went through a first series of tests last spring, and it looks like we have a treatment for hamburger disease as opposed to a cure. It

will prevent people from becoming seriously ill and dying from this so-called hamburger disease.

Now, we're just working with a private company at the present time. To commercialize this, we have to go through another series of tests on a larger scale. We're working with a private company in what we call a joint research venture to commercialize this product. Now, you can imagine the worldwide implications of a product like that being developed at ARC, and this is just one of many types of projects we're involved with.

For example, if we want to look at the forestry industry, as you know, forestry companies, these pulp and paper mills and so on . . .

MADAM CHAIRMAN: Lorne, I'm being patient. I think we're straying away from the supplementary question about receivables, and I think you've used an example. I have a list of members who wish to ask questions.

9:41

MR. MAGNUS: Madam Chairman, a point of order. I'd really like to hear the rest of this answer. It seems like it's quite pertinent to the question.

MADAM CHAIRMAN: If the majority wishes, we will proceed that way. I was trying to be respectful for your colleagues who wish to get questions in.

MR. MAGNUS: Thank you. I'd like to hear the rest of the answer.

DR. L. TAYLOR: Well, it's a very important project. As you know, from these mills there's a lot of effluent that goes into rivers. We are presently working with a company in another joint research venture. What I mean by a joint research venture is that the company puts in a substantial portion of money and the ARC puts in a substantial portion of money, and if the project or product becomes commercialized, there are royalties paid back to ARC and this becomes a receivable. In this particular project instead of putting effluent back into the river, it will be 100 percent recirculated within the mill itself so there will be nothing, absolutely nothing going back into the environment. This is just one example of a joint research project. We believe it is going to work. The science is good and we've edited the project quite closely and we're committed. We've put, I think, about \$700,000 into this project, and Dr. Bob can correct me on that exact figure. This is an exciting project. Another example might be scrubbers . . . [interjections]

Well, okay, I'll stop there. I just wanted to give an example of some things we are doing that bring income and bring receivables into . . .

MR. VASSEUR: Dr. Taylor, we got the point. Thank you.

DR. L. TAYLOR: I can give another . . . [interjections]

MADAM CHAIRMAN: Can I have some order, please? I'd like to move to the next question.

Harry, please.

MR. SOHAL: Thank you, Madam Chairman. I'm referring to vote 2.1, page 2.36, volume 2. Mr. Minister, your department spent \$9.3 million on small business development last year. I believe small business is the engine that drives the Alberta economy. Small business is also the leading source of job creation

in Alberta, thus the backbone of the economy. The government, however, seems to focus its energies on assisting large corporations. Can the minister tell the Public Accounts Committee what measures the government is taking to assist small businesses?

MR. KOWALSKI: Madam Chairman, in the fiscal year in question, as the hon. member has pointed out on vote 2.1, \$9.3 million in small business development is identified. Basically, that is in an area that leads from some of the previous questions: the advice, the seminars, consultations with chambers of commerce, those kinds of organizations, and the modest offices we have throughout the province of Alberta. As well, there is a program called business initiatives for Alberta communities, or BIAC, which basically allows small amounts of dollars to be provided to various chambers of commerce – nonprofit organizations, not private businesses – in essence to promote primarily in communities of under 10,000 people.

In addition to that, modest amounts of dollars were provided as well for partial assistance for local economic development officers in all 350 communities throughout the province of Alberta and those kinds of things.

MADAM CHAIRMAN: Thank you.  
Harry, supplementary.

MR. SOHAL: Thank you, Madam Chairperson. Mr. Minister, what specific initiatives has the department undertaken to promote entrepreneurial development within the province?

MR. KOWALSKI: Madam Chairman, in addition to what I've already talked about – and I don't want to become repetitious with respect to this – there were some specific programs in 1992-93 that basically were in place and were present. There was one program which was a pilot project done with the Premier's advisory council on peoples with disabilities. It was a program called Capability Plus – and this was worked out with Gary McPherson, who is the chairman of the Premier's Council on the Status of Persons with Disabilities – to basically look at people with disabilities and their opportunities in terms of entrepreneurship. These were not grants that were put out. These were in essence small amounts of dollars to work with them in an advisory capacity for persons saying, "Look, I have a disability but I still want to become an entrepreneur, and I've got all these roadblocks against me."

The junior achievement program is one in a very, very modest way. We're not talking about significant amounts of dollars. I personally believe very, very aggressively that junior achievement is a very important thing. I was not the minister during this time frame, but working with junior achievement throughout the province of Alberta was one of those programs.

Community information development essentially creates profiles on communities in the province of Alberta. Somebody comes to Edmonton and says, "Look, we'd like to locate a business in the Fort Saskatchewan area." We say: "Fine; here's the name of the economic development officer in Fort Saskatchewan. Here's the name of the MLA for Fort Saskatchewan. Here's the name of the mayor for Fort Saskatchewan." They say: "Well, gee, we're only here for 15 minutes. What information do you have printed on Fort Saskatchewan?" Out comes a file; we give them the stuff. It's been done in concert with the community of Fort Saskatchewan. We say, "Here are your contact numbers." That's done electronically for inquirers who come to the province of Alberta. There's a pretty good mosaic of communities. If somebody were to say, "I want to build a small plant in Alberta,

but I need 100 developed lots; can you give us information on which communities in the province of Alberta would have 100 developed lots?" or "We want to locate in a community in Alberta, but the kind of school system we want to deal with is a private school, not the public or separate school system but a private school for our children," we can identify the communities in the province of Alberta that have that. That kind of information, Madam Chairman.

Thank you.

MADAM CHAIRMAN: Final supplementary, Harry.

MR. SOHAL: No supplementary.

MADAM CHAIRMAN: Debby Carlson.

MS CARLSON: Thank you, Madam Chairman, and good morning, everyone. My questions are with regard to volume 2, page 2.41, line 2.6.3, the small business incubators. I note that the '92-93 year was the last year funds were budgeted for this program. Could the minister tell me what studies were done that indicated this project was not a cost-effective use of taxpayers' dollars?

MR. KOWALSKI: Well, I am not so sure I would use the phraseology "not an effective use of dollars." Remember that during this same time frame the Toward 2000 idea was being promoted. Hon. members, in the spring of 1993, probably just about the last month . . . What day was it that Seizing Opportunity was published? I can't remember if it was March or April or May of 1993. Either way we're talking of just about the flip time. What was identified in Seizing Opportunity was the requirement or the need for business development centres. Now, we may be talking about a very similar kind of concept. The hon. member talks about business incubators; we're using the phraseology "business development centres." It was almost a phase from one to the next. That's not saying the business incubators didn't work as we know them, but we wanted to do several things. We are going to do them in this fiscal year, Madam Chairman, which will again come out of this; it flows out of this.

Alberta is a large geographic entity with a small population and basically has three levels of government providing the same service: the federal government, the provincial government, and the municipal government. It makes absolutely no sense from our perspective to have municipal economic development officers, provincial economic development officers, and federal economic development officers all in the same city but nobody talking to one another. So what we have done is initiated those trilevel discussions. I have discussed it with the Hon. John Manley, the minister of trade and tourism in the country of Canada. I have had meetings as recently as yesterday with the mayor of Calgary, and we'll have ongoing discussions. This year we'll try and bring the three levels of government into one office so we'll have a business development centre that will provide all services by the three of them in one and will become much more efficient. I am finding horrific stories that economic development officers in the federal government do not talk to economic development officers in the city of Edmonton because they think it's beneath their dignity to talk to a municipal representative, and vice-versa. That's just ridiculous. We're spending too much time competing with one another in Alberta rather than going out of Alberta and competing with the world.

So those are the two messages. I think the hon. member and I are not talking about different things; it's just that one is evolving into the next.

9:51

MADAM CHAIRMAN: A supplementary, Debby?

MS CARLSON: Yes. You said that the incubators during that time period were not an effective use of taxpayer dollars, yet during that same time period there was a \$25 million interest free loan to Pratt & Whitney. How could you justify not collecting interest on a loan of that size to be an effective use of tax dollars?

MR. KOWALSKI: Well, first of all, Madam Chairman, I did not say that the business incubators were not an effective thing. I said during that fiscal year we're phasing into what I think is a better thing rather than simply saying an isolated little office will provide a certain type of information. I think in the end, by the fall of 1994 or in the spring of 1995, the hon. member will be very pleased when we deal with the business development centres.

I just read what the mayor of Calgary said this morning in the paper. He said he was absolutely delighted with the kind of concept we're talking about. It has absolutely nothing to do with Pratt & Whitney. Pratt & Whitney, Madam Chairman, is a loan. A commercial arrangement was made with a firm to basically establish a turboshaft and turboprop engine testing and assembly plant in Lethbridge, Alberta, and that is part and parcel of what we were doing with the federal government in enhancing Canada's aerospace industry. This province does not work in isolation from the federal government. It works hand in hand. The federal government has basically said to Canada that whatever benefit there would be from the aerospace industry should be applied equally throughout this country, not just centred in Montreal or just centred in Quebec. On an ongoing basis and just as recently as a few days ago I've corresponded with the federal government with respect to this. But in essence, what Pratt & Whitney was was a loan provided to them to do certain things in the Lethbridge area, commercially done. I talked previously about what it was: we had renegotiated the loan. It has absolutely nothing to do with incubators, absolutely nothing at all.

MADAM CHAIRMAN: Thank you, hon. minister.

Ty, if you wish to put your main question before the minister at this time, we probably can accommodate that.

MR. LUND: Oh. Well, thank you, Madam Chairman.

MADAM CHAIRMAN: You were next on the list.

MR. LUND: Thank you very much. [interjection]

MADAM CHAIRMAN: Oh, sorry. I beg your pardon. I gather I did not give my member her final supplementary. My apologies.

MR. LUND: You caught me off guard.

MS CARLSON: Well, with regard to the minister's answer to that question, he didn't answer effective use.

But let's move on to training. In lieu of those incubators being eliminated, what specifically did the department do to provide training for small businesses which, as we know, can significantly impact the success factor of them?

MR. KOWALSKI: Well, Madam Chairman, I'll be repeating what I've said in previous answers to previous questions. If the hon. member would like to come with me, she'll find me at a trade fair this weekend for three days. If the hon. member would like to go with the hon. minister without portfolio, she can go to Okotoks tonight to talk to the chamber of commerce. She can go to Taber tomorrow morning and talk to an economic development session there. Tomorrow afternoon at 2 o'clock she'll be in Calgary to talk to the Chinook tourism association. Then Thursday and Friday and Saturday she can spend the weekend in Lesser Slave Lake and High Prairie with what I'm told are 800 to 1,000 people who'll be talking about economic development. Not only are members of our caucus doing this, but members of our department are doing this. In terms of providing information, in terms of making themselves available for – well, my deputy minister was in Canmore, Alberta, yesterday talking about that exact thing.

MADAM CHAIRMAN: Mr. Minister, I think the question was directly related to training.

MR. KOWALSKI: What I'm talking about is training.

MADAM CHAIRMAN: It is? Okay.

MR. KOWALSKI: Absolutely. I met with the Alberta Chamber of Commerce last night and said we have to enhance opportunities for people. Yesterday I met with Vicom, a major facilitator of high-tech materials in terms of training, and talked to them about programs and how to make them available and then told the chamber of commerce: here's one that's available. That's all training, Madam Chairman. Training is not the traditional thing where you just have a teacher in a classroom. It's now the 1990s. We're into high tech, international mobility, quick action.

MADAM CHAIRMAN: Thank you, hon. minister.

Because of the hour I would like at this time to convey as Chair my thanks to the Hon. Ken Kowalski and the Hon. Dianne Mirosh and also Dr. Taylor and your staff and once again to Mr. Wingate and Mr. Morgan.

Before we go to the date of the next meeting, I'd just bring to your attention that for the budget year April 1, 1993, to March 31, 1994, we had a forecast of \$18,504. I'd like to tell you that we expended the grand sum of \$603. From that period of time to this point in time the expenditures have been zero, so our budget has not been utilized at all since the election.

I would also like to bring to your attention that there will not as yet be a meeting on May 25. The Premier had canceled, and we were hoping to schedule the Hon. Mr. Rostad, but he is not available on that date. So we are having some difficulty at the present time finding who will appear before Public Accounts.

The date of our next meeting is April 20, and it's the Hon. Jack Ady, Minister of Advanced Education and Career Development. Hopefully Corinne will be able to schedule someone on the date for the cancellation.

I'd like to stand adjourned.

MR. McFARLAND: I have one more comment.

MADAM CHAIRMAN: Oh, sorry, Barry.

MR. McFARLAND: Could I make one quick comment? When we revert to guests, could we have the courtesy to do it after a person has completed their speaking rather than interrupting in the middle? It's rather rude in my estimation, Madam Chairman, to

stop somebody to introduce a constituent who may or may not even be here.

MADAM CHAIRMAN: Mr. McFarland, I was well aware that the gentleman was going to be in the public gallery because there was a scheduled meeting with the Minister of Education. I knew that the individual would be leaving within a few seconds. He was here as a guest, and unless there was an objection to that, it was my understanding that the rules of the House are if you'd have agreement to introduce a guest, that will proceed. I apologize to the minister for interrupting him.

MR. McFARLAND: I'm sorry, Madam Chairman. The way I was brought up, you didn't interrupt anyone until they were finished speaking, even if it was to introduce a guest. I just thought out of common courtesy you'd wait until a person is finished talking before you interrupt to say, "Can we revert to the introduction of guests?" You don't cut somebody off in the middle of a presentation, which I thought was very worthwhile and I was interested in hearing. That's the only comment I have.

MADAM CHAIRMAN: Your concern has been noted, but as Chair I did what I felt was within the rules of this House. Thank you.

We stand adjourned.

[The committee adjourned at 9:59 a.m.]