



Legislative Assembly of Alberta

The 27th Legislature
Third Session

Standing Committee
on
Resources and Environment

Department of International and Intergovernmental Relations
Consideration of Main Estimates

Wednesday, March 10, 2010
6:30 p.m.

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Standing Committee on Resources and Environment

Prins, Ray, Lacombe-Ponoka (PC), Chair
Blakeman, Laurie, Edmonton-Centre (AL), Deputy Chair
Anderson, Rob, Airdrie-Chestermere (WA)
Berger, Evan, Livingstone-Macleod (PC)
Boutilier, Guy C., Fort McMurray-Wood Buffalo (Ind)
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Jacobs, Broyce, Cardston-Taber-Warner (PC)
Mason, Brian, Edmonton-Highlands-Norwood (ND)
McQueen, Diana, Drayton Valley-Calmar (PC)
Mitzel, Len, Cypress-Medicine Hat (PC)
VanderBurg, George, Whitecourt-Ste. Anne (PC)
Weadick, Greg, Lethbridge-West (PC)*

* substitution for George VanderBurg

Also in Attendance

Pastoor, Bridget Brennan, Lethbridge-East (AL)

Department of International and Intergovernmental Relations Participant

Hon. Iris Evans

Minister

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Wednesday, March 10, 2010

[Mr. Prins in the chair]

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

The Chair: Well, good evening, everyone. It's a pleasure for me to once again welcome everyone to the Standing Committee on Resources and Environment. Tonight we have under consideration the estimates of the Department of International and Intergovernmental Relations for the fiscal year ending March 31, 2011. Before we start, we'll have some introductions. My name is Ray Prins, MLA for Lacombe-Ponoka.

Ms Blakeman: My name is Laurie Blakeman, and I would like to welcome each and every one of you to my fabulous constituency of Edmonton-Centre with the ever-gently setting sun. Welcome, all.

Mr. Jacobs: Good evening. Bryce Jacobs, Cardston-Taber-Warner.

Mr. Dallas: Good evening, everyone. Cal Dallas, Red Deer-South.

Mr. Berger: Evan Berger, Livingstone-Macleod.

Mr. Weadick: Good evening, everyone. Greg Weadick, Lethbridge-West. I'm sitting in for George VanderBurg.

The Chair: Minister Evans, maybe you could introduce yourself and your staff members and maybe the ones behind if you have some as well.

Ms Evans: Certainly. Minister of International and Intergovernmental Relations Iris Evans and to my immediate left our deputy minister, Paul Whittaker. To his left, John Cotton, the assistant deputy minister in charge of international relations; and to my immediate right, in charge of corporate services, Assistant Deputy Minister Lorne Harvey. Seated with us is Assistant Deputy Minister Garry Pocock, in charge of intergovernmental relations; as well, Mike Deising, who is our communications director; and beside him my executive assistant, Marika Giesen. That's the full sum of our staff.

The Chair: Thank you very much.
Go ahead, please.

Mrs. McQueen: Welcome. Diana McQueen, Drayton Valley-Calmar.

Mr. Mitzel: Len Mitzel, Cypress-Medicine Hat.

Ms Pastoor: Bridget Pastoor, Lethbridge-East.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Well, thank you very much. Before we start, I'm just going to talk a little bit about process. Under Standing Order 59.01(4) it prescribes the sequence as follows. The minister, firstly, may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition and the minister may speak. For the next 20 minutes the members of the third party, if any, may speak, and then after that, any member may

speak for alternating times of 10 minutes for a total of 20 minutes per interaction. After the Official Opposition time of one hour we'll take a five-minute break.

I think we've all heard the rest of these rules many times over, so I will invite the minister to begin with the 10-minute opening time, please.

Ms Evans: Thank you very much, Mr. Chairman. First of all, do the ministers generally sit, or do they stand?

The Chair: Stay seated.

Ms Evans: All right. Thank you very much.

The Chair: Get comfortable because we're here for up to three hours.

Ms Evans: But I am told we do have a little break, a little comfort break.

The Chair: Yes, after an hour.

Ms Evans: Praise the Lord and also Ray.

Well, it is indeed a privilege and a pleasure to come with our staff members present. I am delighted to be here to represent International and Intergovernmental Relations. The budget that we present for the next year is reduced \$2 million from the year previous. In other words, at approximately \$24 million we have made a \$2 million dollar reduction, which is considerable relative to the types of services we provide. There has been an overall 7.7 per cent decrease in the budget. It has hit hardest in the international relations area, but there are corresponding reductions in the intergovernmental area, in the ministry support services, and throughout.

There is a reduction of at least 13 full-time equivalents: one from the minister's office, one from the deputy's office. In all of the budgets that have been presented and tabled, it was one of the ones, especially for a small ministry, that took one of the biggest hits in government, and it has certainly impacted the type of service delivery that we will be able to do on a go-forward basis because this is an entirely labour-intensive situation.

It has been a time of global uncertainty – the recession, the increased pressure on the oil sands – so the mandate to build and maintain and foster relationships to build on the global economy and to follow through with the leadership that's expected in this government has been somewhat constrained by the kinds of things, the forces that we've found externally. Just as you've seen in the Legislature today, where we still attract a number of international visitors and investors, the ambassador of the European Union being with us today, His Excellency Matthias Brinkmann, we have never had in my tenure in government a time when Alberta has been so much under the spotlight, being asked to respond to so many different needs and activities that people present to us.

In the three goals we look at in terms of building this budget, we look at how we compete globally, how Alberta establishes policies for competition, how we market ourselves globally, what sort of strategic energy we place. The energy in the budgets over the last couple of years, as you've seen, has been to make sure that we build on our relationships with the American government and the American people and, certainly since the election of Barack Obama, with the Barack Obama administration to make sure that there is no legislation that mitigates against the kinds of things that we believe are in the best interests of Albertans.

Then we look at the kind of co-ordinated activity in that role that's placed by this ministry to co-ordinate activities for the responsible dissemination of resources among the nine foreign offices, the acceleration of advocacy as we look to block and tackling the kinds of activities that come from others that would see us do less and would argue – I'm going to just cite something today. This is not an unusual day. On March 15 a film will come out in the U.K. It's delivered in contradiction to the best interests of Alberta. The film title is *Dirty Oil*, and it will slag our oil sands. I attended a global business leaders forum in Vancouver, and the co-ordinator of the forum and the moderator of the forum, the U.S. financial editor, spoke out and turned to the Minister of International Trade for Canada and said: and what about those tar sands? She was raised in Peace River. It's a constant battle to make sure that people understand the way we build on our sustainable resource development. That is a great part of the activities that are conducted by the people in our department.

The reduction in revenues this year means that, as I've already cited, we've got a 7.7 per cent reduction in our budget, \$2 million in savings. The largest contribution made was \$1 million through workforce reductions. That's not simply a situation where we have failed to fill vacant positions. It's actually a situation where people have been encouraged to find other deployment, and that is simply because this is a very specialized area. One person leaving might mean that we would have a complete gap in the kinds of relationships we would build, for example, with one of the important trading partners that we have.

We've saved money in finding efficient ways to do business; \$523,000 was found through streamlining business. Later this year, with the Premier's announcement with Premier Gordon Campbell and Premier Brad Wall, the western economic partnership, that was part of Premier Stelmach's vision, will materially effectively see us deliver services in a new way in a new location, Shanghai. There will be an announcement, as I say, later this year about the kind of partnership we can have where we can share the procurement and space with someone, still deliver, with an Alberta representative, Alberta's message but get the cost efficiencies of working together on a project and breaking down those trade barriers. I'd like to give the staff a great deal of credit because many of these ideas have been born not at the political table but among the people that you see here. That's been extremely important.

NAFTA: sometimes under fire but the work that we've done with the World Trade Organization, the European Union, and through NAFTA, the work that we've done with all of the various agreements – I don't know how many of you would recognize it, but approximately 150 agreements between governments are managed in this department. There is one of our staff members in virtually a very small office in Commerce Place piled high with materials on softwood lumber, and this is the kind of agreement that our staff look at.

I want to just say that, yes, we do provide support for the Premier's missions. He went, for example, to Dubai earlier this year and worked with a sheik on an agricultural agreement and talked about our common interests in energy. Yes, we provide staff support and planning for that and so on, but more than that we facilitate trade missions, trade fair activities in many parts of the world. For the central Alberta and Red Deer area the CARMA group, that deals with rural manufacturers: we come out to occasions like that, talk about the facilities, link businesses here with businesses overseas, tell them when the trade fair activities are, provide them opportunities to understand the barriers to doing business in other countries. Our specialists, located in offices in both Calgary and here in Edmonton, work very hard to facilitate introductions and give them that capacity.

6:40

More than that, I think the maturation of this department has been to penetrate the advocacy role, see where people are providing misinformation about us, work on, for example, for the agricultural community the country of origin labelling. I know the Member for Lethbridge-East asked questions of our agriculture minister today. Meetings with Tom Vilsack, U.S. Secretary of State dealing with agriculture, are parts of the kinds of activities we undertake.

I just want to say – and it's too bad that there isn't a member of the third party here, understanding the New Democratic Party will no doubt be part of this discussion this evening – that Ambassador Gary Doer has taken us, I would say if I can use a phrase, from crayons to perfume. He is a remarkable ambassador. He is showcasing the provinces in a different way. When Whole Foods started to complain about us, he made sure that they went to Austin, Texas, to make sure that we're doing the right thing and that Canada is well represented.

With that, I'll just say thank you very much, and I look forward to your questions. I'll try to keep my answers as brief as possible.

The Chair: Thank you very much. I will turn it over to our Official Opposition member, Ms Bridget Pastoor. I'm assuming that you will share your time, and if you keep your questions and answers both kind of brief, we'll have lots of interaction. Okay?

Ms Pastoor: Is that okay with the minister? We'll go back and forth?

Ms Evans: Whatever you like.

Ms Pastoor: Sure. That's great.

Okay. Well, thank you very much. That was a very succinct wrap-up of some of the things that you're doing, and I'm certainly going to be interested in explanations and details. Particularly what interests me, which is kind of a personal thing, is what's happening outside of the province and how we're interacting back and forth. Gary Doer is an old Manitoba friend, so I know the calibre of person that you're working with at that level and totally agree with that.

One of the things I'd like to talk about is the ministry's mission. In very general terms it is to promote Alberta's interests and create opportunities by leading government-wide strategies to capitalize on Alberta's regional, national, and global relationships. One of the priorities is advocating relative to our TILMA, AIT, and the NAFTA obligations. I guess my question would be: how are these negotiated when TILMA appears to sort of be a subagreement inside of AIT? AIT is supposed to open up the trade for all of Canada, but TILMA, to me, looks like it's a subagreement within AIT. Relative to AIT, I guess, how does TILMA work, and is NAFTA going to overcome any of the TILMA stuff?

Ms Evans: I wish that I could talk to Albertans about this because I think TILMA directly relates to the vision of people like the previous Premier and our Premier, who, prior to becoming Premier, looked at the practicality of defining common solutions to address problems. One weigh scale, he believed, would be much more responsible on highway 1, developing that so that both British Columbia and Alberta could share staff and share facilities and share expense, half the expense for each.

That vision ultimately led to the kinds of things that we experienced with the previous Premier Klein and Premier Gordon Campbell to define what the scope of a mutually beneficial arrangement would be. I was privileged to be at the first cabinet ministers'

meeting, when we talked about trade and labour mobility with the intent to take away trade barriers – both were experiencing frustration across Canada – to take away labour barriers, not always possible but carve out to where it can work, and to do it in the context of a Canadian value statement on trade but to do it better and to make an accelerated opportunity available to the two provinces. So that has been negotiated. Currently there are two members of my team that have been intensively involved with those negotiations: obviously our deputy minister and also the assistant deputy minister of intergovernmental relations, who is a specialist on the TILMA agreement.

In the larger context of the agreement with Canada on trade not only is there a linkage between ministers and between provinces; it's much slower sledding. It's going to speed up a bit because Saskatchewan now has removed a lot of those barriers, but some of the provinces haven't been as advanced in their thinking. They've been much more protectionist, but you know we're into open trade.

I'll get to your next question and see if we can give more detail. I don't want to take too much time.

Ms Pastoor: Yeah. No, no. That's fine. Thank you. I really wanted to know how that fit because I guess I'm doing some futuristic thinking. I think it's one of my questions a bit later on that Manitoba has probably been approached as well. As this agreement moves across the country, will we really need an AIT agreement?

Ms Evans: Well, there will be probably an argument made, especially for those provinces that we support with our contributions to the general revenue fund of Canada because they are not able to support it themselves. You'll find in some areas that they will rely heavily on the federal system and, to that extent, probably lean on the provinces. So I don't see a time when Canada will never have that type of overarching agreement.

I think that in the context of interprovincial removal of barriers the west has been much more progressive there. We've had a charter signed with the Northwest Territories that's not quite the same. We've got a lot of agreements with the Yukon. Yes, there have been discussions already with Manitoba. As it moves across the country, it's probably more likely to come in sectoral areas – dealing with health, information technology, et cetera – than it will be as a blanket agreement.

Let's call a spade a spade: we're still running into some difficulties around the credit unions. I know that's a subject for a different discussion.

Ms Pastoor: Well, it just happens to be one of my questions, so I'll give you a chance to get at it.

How much money in the current budget is being spent on TILMA-related issues? Is some of that cut back? Like, you said that you've had a \$2 million decrease, so has some of that decrease come out of what you would use for TILMA?

Ms Evans: Well, if you look at the reduction in expenditure, there are slightly fewer dollars being cut in the international area, but a lot of it depended on the actual cuts that we had to make and the number of reductions we had to make to fit within our envelope.

Let me get back to you if we've got an exact number on that. I'm understanding it's about two full-time equivalents, \$500,000 at the most. That would be the overall expenditure on it. A good part of that would take care of the meetings interprovincially as well.

Ms Pastoor: Thank you. Here we go. Alberta insurance brokers have serious issues with the TILMA approach. Has the agreement

had any negative impacts during this fiscal year for Alberta insurers? I know that there's certainly a problem with the credit unions that can sell insurance and all those sorts of things. Has it had a negative effect on Alberta insurers?

Ms Evans: You know, the Minister of Finance and Enterprise is probably more fully able to answer the questions on this. From one standpoint one of the things that we found interesting, I believe, in the recently discussed federal budget and Speech from the Throne was whether or not the federal government would be looking at any greater role or intrusion into the mandates of the provincial governments in managing their own financial institutions. Of course, that's still a mandate of the provinces. There's been a very big concern that if the federal government imposes different rules, then where does that leave the provinces? You know, we manage ATB, but what we've been very careful to do is not enable British Columbia to come in and sell insurance through their banks in Alberta and provide a service that we're not able to enable our own financial institutions to undertake. It's still something where we're asking for some adjudication, some interpretation of the constitutional capacity.

6:50

I believe that we're still in a transition period on that. We don't have any definitive answers yet that I can give you on it. It's a work-in-progress. I know it's supposed to be done by April of this year, but I would suggest that we are not closer to that unless the Finance and Enterprise minister has any further information. We will provide him the information that you're looking for that answer as well.

Ms Pastoor: Thank you very much. One of my questions was about Manitoba, but you've already said that you are approaching it, which I think I knew anyway.

Can the minister advise whether Alberta has become TILMA compliant? Have the necessary changes been made to Alberta legislation to harmonize it with similar B.C. legislation as was to be accomplished by 2009? I mean, I realize that some of this is sort of, I guess, what we could call housekeeping in some fashion, big housekeeping, but has that all been put to bed?

Ms Evans: Yes. The legislation is done. It's just the issue of the credit unions.

Ms Pastoor: Okay. Thanks. Under the core businesses and strategies, 1.1, "Promote Alberta as an attractive and competitive destination for international investment to capital investors and to targeted companies within priority sectors," could you provide specific examples relative to each of the foreign offices of the events or other promotional exercises that were held to promote Alberta? Please don't talk about the Olympics. I want something beyond the Olympics. I think we're all aware of what happened.

Ms Evans: I could just go through several of the kinds of things that are done, but each office has had a number of activities associated with it. I must tell you that from the past year I won't be able to perhaps illuminate as many of the examples as I was aware of previously, but we have everything from our cultural exhibitions, where the Alberta Ballet goes to Beijing and performs and so on. Those are the kinds of things that we have done.

In August 2009 PetroChina International Investment Company announced their expansion, a \$1.9 billion Canadian agreement to invest in the Athabasca Oil Sands Corporation. A lot of those interfaces were conducted first of all in China, where they would

visit Beijing and talk to our contacts there, and then the linkage would be made here.

You know, sometimes these things come out of surprise announcements, but they are often a lot bigger than that. Germany, for example, is Alberta's 31st-largest export destination, with exports totalling about \$84 million in the last year. You see trade shows there. We have had a number of companies attending CeBIT, which is the world's largest event for information and communication technology.

I would say, not officially and recorded here, but there's a lot of facilitation with places like Germany and European Union countries to get skilled labour here and a lot of partnership with Employment and Immigration. I could mention the Hong Kong office there, where agrifoods and Hong Kong trades were about \$57 million.

There's a partnership, previously, to Lethbridge-East. We had held custody of the agricultural group. That is now in agriculture, and we facilitate a lot of the agricultural ties. That office in Hong Kong works with Alberta agriculture, so that would be another place.

We've had the twinning partnerships like Alberta and Hokkaido, Germany and Saxony, and those partnerships deal with common interests and common themes.

I think one of the exciting things about Korea, which is Alberta's fifth-largest trading partner, is the partnership that's enabled many of our universities to be involved. One that the Germans are most excited about and most unhappy that the papers here in Edmonton have not advertised – I spoke just this evening at an event – is Helmholtz foundation and the activity they have at this university and the work that they're doing for knowledge transfer on the whole area of carbon capture. The hon. Member for Drayton Valley-Calmar will get an opportunity to accompany a CCS mission to Oslo, to Düsseldorf, and to U.K. and will be expounding on opportunities for knowledge transfer as well as learning from each other and the providers of service.

Those would be some past examples and some examples going forward of the activities that the foreign offices not only co-ordinate but advocate for.

Ms Pastoor: Thank you.

Ms Evans: May I just – I forgot to do this – ask to have tabled our international offices activity report for '08-09? It has some excellent information and may provide the members an opportunity for things that they might add to their questions.

The Chair: Absolutely. We'll ask the pages to pass them around.

Ms Evans: Okay. Thank you.

Ms Pastoor: Well, I'd just like to take a little moment here to point out, too, that at the federal level when a minister travels they often take their critic with them.

Ms Evans: Nice idea. I don't want to be frivolous about that. I think that is a good idea. I think it's also a good idea to look at the media. This has been a year where we're looking at reduced levels of travel in a number of areas, but I think the hon. member raises a really valid point. If we're here to market Alberta, what better way than to work together on that? I'm certainly going to welcome any questions and maybe suggestions that we can make in the future.

PNWER is being hosted in Calgary, and I know the hon. Member for Cypress-Medicine Hat and others would certainly welcome the participation of any members of Her Majesty's opposition in that

event and would be happy to introduce and make available any of the activities there. It's an excellent way to meet people from five other parts of America as well as the Canadians.

Ms Pastoor: I remember when it was here in Edmonton, and there actually were some Chinese that had come over that had translators. It was really interesting because they were interested in being able to gasify coal as an energy. There was a linkage, I guess, between their scientists and ours. That I thought was interesting.

Just one other thing. When you're talking about Alberta Ballet and our cultural groups being able to go over to, I'm going to use as an example, Beijing, do we often trade? Like, we'll go and show you our ballet, and you come and show us your ballet? Is there that sort of trading?

Ms Evans: I think that you'd find the partnerships with the universities. There's a lot of reciprocity there in terms of course offerings, partnerships, and facilitation, and I think that's a very positive thing. Yes, there are opportunities for that, what I already mentioned, Helmholtz, obviously affiliated with the university. We always extend visit opportunities. We've worked with Canadian Manufacturers & Exporters to work with our American counterparts in manufacturing and exporting to consider some reciprocity in that regard. So it's not unusual.

Principally, I think we've done a lot in the education field. With the trade fairs, I think, the advertisement, if you will, of our goods and services often spawn those kinds of options and opportunities. You would note that a lot of the various businesspeople that go and write – and you'll see some of their endorsements in the activity report – have been able to reciprocally find ways to take advantage of each other's products and goods and services.

To some degree we are within government a trading partner. You might be aware that our assistant deputy minister of corporate services also manages the financial management and payroll management of Aboriginal Relations. The FTEs are counted in our ministry. The services provided and the dollars for those services are acknowledged under Aboriginal Relations, but that capacity, that governance, and that management is through this deputy minister and through this assistant deputy minister.

Ms Pastoor: Thank you. A bit convoluted.

Ms Evans: But it works.

Ms Pastoor: I'm sure it works. When I sat on the senate of the university, that was one of the things that was my big mantra all the time, to get more and more and more opportunities for us to trade. A student would come here, and we would send one there. It never quite got down to as simple as I wanted it, which was: we'll take this guy, and you take that guy. I've been fortunate to have travelled all my life and realize that you cannot buy or teach what you can learn by being exposed to another culture in their country. You bring that back, and I just think it makes our whole global community a little bit more human.

One of the other things is to pursue further opportunities with key trading partners in western Canada. I think you've alluded to a lot of that. Can you list all of the novel trade opportunities that have been established or broached with western Canadian trading partners?

7:00

Ms Evans: Well, to say that I could list them all would be just totally wrong – it wouldn't be right – but there are several. In the latter part of this month we will be going to Jalisco – I probably

won't say that well – to Mexico, to the state of Jalisco. We've had a co-operation agreement with their value-added agenda there, an agreement that allows food and beverage companies of both sides to benefit from the services of the centres in a reciprocal manner.

Ultimately, I've met with a number of the consuls, both the career diplomats as well as the honorary consul. In talking to Mexico, for example, to their consul, they identified that we provide the technology. We are more advanced in the technology in the oil and gas field as well as in agriculture. They can provide the labour, and they're very anxious to see us provide the technology.

A very interesting issue. I don't know if you know one of their irritations with us as Canadians. One of the irritations that the Mexicans have is that when they come here, even to holiday, they have to have a visa. That's only over the very recent past. That's nothing that this government does. But now, to make sure that the diplomats are aware of it, if you're travelling to Mexico as a diplomat with a special passport as a diplomat, then you, too, have to have a visa. I thought it was quite clever that they allow tourists to travel without that kind of impediment.

I think that on the issue of foreign relations we often lose sight of how important some of the various activities, however small or large, can be. Although we're not directly involved right now in the day-to-day co-ordination, at the outset of the tragedy in Haiti it was through our department in our international relations that we made the right contacts. Then, obviously, our emergency preparedness crew, Dave Hodgins and others, have arranged for our contacts with Haiti. We saw the adoption of children, over 20 children, I believe 21, adopted here in Alberta. That emergency preparedness facilitated at the outset even the example of creating a framework for transfer of dollars. I believe our Premier made the announcement of some \$500,000 to assist in that endeavour internationally.

Those things start out in this department and then mature through the other departments, so a lot of what's happening either in trade partnership or in other activities happens because of the facilitation of IIR.

Ms Pastoor: Thank you.

I'd like to go back to something, where you were talking about the agreement with Mexico. I'm more interested on the food and agricultural side. My concern is the safety of the food and the kinds of inspection that we get with food coming from Mexico. Is that part of those discussions?

Ms Evans: Well, food safety with any foreign group is always part of those discussions. It's part of the negotiations. It's done in conjunction with Agriculture. For example, the Alberta-Mexico office facilitates the provision of agricultural and rural development expertise to Jalisco as they build a value-added food processing centre and also has assisted with the Jalisco forest fire fighter exchange and training program. So we're involved in a number of programs, but they facilitate those.

The inspections that are proper in Canada: obviously, we have Canadian rules on food safety. Those are facilitated not only federally, but the various provinces get involved. What I found most interesting in talking to Tom Vilsack, secretary of state in the Agriculture department in the U.S., is that when you sit there with the other elected officials from across the country, if you're from P.E.I. and dealing with potatoes, you're not as worried about the hog trading business; you're not as worried about the livestock. Here in the west, where we're really worried about the livestock, there have been many more impediments with that country of origin labelling. It's very hard to figure out when that cow left as a calf from one operation, moved to another operation, how you track those things,

and it's beginning to find a way of impeding the trade from south of the border as well, so industry south of the border is complaining.

You know that even if you buy an orange now, it's tied with whether it's grown in Peru or whether it's grown in California or someplace else. It's part of the tracking and tracing that I think is not only adding cost to the food at the table but is hopefully giving us some types of assurances on safety. I'm reminded that the connection of the Leduc and Jalisco value-added centres will enable and evaluate and raise food quality even as the exports continue. With our centre opening later this year, Albertans working in Jalisco will help with that Jalisco opening, and hopefully it will enhance the safety of foods that are transferred to Canada and to Alberta.

Ms Pastoor: As those Canadians are working with them, do we actually have a chance of inspecting their plants? I'm thinking more of their processed food as opposed to the fruit.

Ms Evans: I'm not sure that we actually have Canadians inspecting their food. I doubt it. No. It's done locally.

Ms Pastoor: Would their standards even be close to ours? I'm obviously showing a paranoia about food coming from foreign countries.

Ms Evans: I'm understanding that it varies but that what is admitted to Canada, admitted to Alberta has to meet a certain standard and criteria, and it's not unusual, when people have these inspections at the border, to see goods not admitted. I respect what you're saying. Perhaps we can get some more detail on food safety to provide for the group.

Ms Pastoor: Well, one of the things that I'm concerned with, that has nothing to do with the province, is the fact that I don't think we have enough federal inspectors as stuff is coming across our borders from whichever way it comes in, by boat or plane or whatever. That's got nothing to do with the province, but I think that that's something that could be discussed with the feds at some point: how many inspectors do you really have so that we know that the food that's coming into Canada and Alberta is good stuff?

Ms Evans: I think our agriculture minister would probably be able to give you much more detail about that because that whole food safety issue is dealt with under Agriculture. We have facilitated discussions and agreements, but as I said, that group has moved. Even the dollars that were in here for the beef exporting/ marketing have ultimately transferred through to Agriculture, so I'm sure that that ministry could provide you with more detail.

The Chair: Those estimates will be discussed next week, so be sure to ask those questions to the ag minister.

Ms Pastoor: Thank you. I will.

We're into the business plan: "Assist Alberta's globally competitive businesses to develop relationships with . . . investors, partners and customers," et cetera. Who are some of the potential investors, partners, and customers that you've identified in these international markets? I'm sure there are hundreds, but maybe just highlight some big ones.

Ms Evans: Clearly, of the ones that are involved in the resource economy, there are many firms: Hitachi, Mitsui, Mitsubishi, and, as I indicated earlier, PetroChina. We continue to cultivate our relationships with now Royal Dutch Shell – I think that in the last

three weeks I've had three visitors with Royal Dutch Shell – and Total, a huge customer. They are both looking at value-added opportunities. Also, Statoil and a number of the international players. We also have relationships that we've developed with Boeing, as you'd be aware, on the skyhook and the aerospace. Being from the south, you'd know very well about many of those kinds of partnerships.

In information technology SAP and a number of those groups have come and have not only formed business partnerships here but have enhanced those partnerships. There are many partnerships that you don't even hear about, people that are present with their capacity building here in Alberta that nurture firms that are developing in Dubai, manufacturing that's going on in the Middle East that was actually from companies that were spawned right here in Nisku.

I think there a number of sovereign wealth funds such as government funds in Abu Dhabi. If you take a look at the kind of work that Leo de Bever is doing in visiting with firms in San Francisco and looking at new opportunities for investment and attracting investment in CCS, that's part of the work that the hon. Member for Drayton Valley-Calmar will look at, the kinds of other investors for support services that can be attracted.

7:10

Other Crown corporations. I've mentioned Korea National Oil, JACOS, PetroChina, and others. If you look at the who's who of who comes when we have people from other countries, like the ambassador today, it's not only universities that show up, but it's companies like Quantum, multinationals who have interests in other parts of the world, too.

I would say that a good part of those relationships – we have the external foreign investment office, answering through John Cotton, and our trade offices, our foreign officers there, but we also have partnerships with Alberta Enterprise. In Calgary, for example, you'll see a co-location of ministries: Employment and Immigration, Alberta Finance and Enterprise as well as International and Intergovernmental Relations along with the Canadian foreign office, DFAIT. They work as partners, and that's one of the most wonderful things about this ministry. There aren't many of us, but you'll find us in a cubicle next to somebody working for another government or another government department, and that conversation at coffee and the water cooler enables us to do our jobs better and make better networks.

Ms Pastoor: Thank you. I guess the same question, but if we could identify something that isn't oil and gas, maybe something agricultural, because I'm the critic, something sort of diversified so that we're looking at diversification within our economy.

Ms Evans: Well, the Taiwanese investments in agrifood with links to health, diet, and environment; bottled water, fruits and vegetables; high tech, including nanotechnology, biotechnology; telecommunications; environmental products and services; and high-tech materials. That's just with Taiwan.

Pharmaceutical products, chemicals in oil sands production, the pharmaceuticals, obviously, in many of the Euro countries as well – there's a significant investment from Taiwan in the petrochemical industry and the retail food business; for example, the Asian food store chain – the European centre for finance and investment, providing supports for energy and climate change, and, of course, the labour attraction events that we have. It's big business to deal with things, like Mayor Bronconnier did, the top businesses dealing with even NGOs, multiple sclerosis, Girl Guides International, planning for events and tourism opportunities. I hesitate to mention

Norway's Shell gas event, but I just have to because those are important options as well.

If you go south of the border anywhere, a good part of our agenda in Washington was talking about the environmental issues and the beef and the food safety. That's been a good part of it. In agriculture there's probably no food material where there hasn't been some discussion. A joint agreement with the Chinese Minister of Agriculture: in 2009 Alberta rural development completed several swine and forage seminars in Beijing, Chengdu, Hainan, and Nanchang, a lot of work done there by the Minister of Agriculture in co-operation here. Over the last decade Asia has been a source of energy as well as a destination for investment opportunities in clean coal. I've talked to the consul general from China about those options, technology transfer and upgrading of products. There are significant opportunities there for value-added.

Lots of interest in the agriculture trade in Abu Dhabi after the Premier was there, particularly the request for an MOU to be signed, and we anticipate that there may be further excitement building on that. Alberta companies are doing business in Silicon Valley in high tech. The universities are building linkages, as I mentioned previously, and I've also mentioned the aerospace and the work we're doing through Meggitt Defence Systems, the robotics and so on. There are a lot of those things that are partners. I'm sure that if the MLA for Cypress-Medicine Hat would talk to you, he could tell you the minutiae of every piece of equipment that's floating around in satellites that belonged originally to some company here in Alberta.

Ms Pastoor: Thank you. I did have a couple of questions on the announcement that the Premier had signed these groundbreaking agreements with the United Arab Emirates. Let me just pick one. Education. What exactly has he signed? Are we trading profs? Are we trading just information via the Internet? What exactly has he signed for?

Ms Evans: It's relative to the school curriculum, providing that school curriculum for schools overseas. One of the wonderful capacities that Alberta has built world-wide is a reputation for some very solid curriculum on a variety of fronts, at a variety of levels, not only in the postsecondary but in the secondary and elementary schools. There has been a suggestion that we could do more on that front, frankly. That's one of the reasons why Korea has been so active with Korean foreign students here.

When the Chinese delisted the University of Calgary because of the Dalai Lama's visit, not done with the agreement of this government but through the University of Calgary, there are over 600 students, 77 mastering students, and 44 doctoral students that could – the word wouldn't be disenfranchised – have their credentials compromised if we cannot facilitate an agreement with the Chinese government to alleviate that caveat to the University of Calgary. It's something that our Premier intends to pursue when he goes. There has been a great deal of respect and reciprocity between ourselves and other education institutions. That's an example of an institution and a board that made a decision beyond that.

NAIT and SAIT are both very active in the field on the technical training and transfers and have signed agreements, have been very proud to do that, and I think that with the advancement from college to university status of Grant MacEwan and Mount Royal College you'll find their partnerships enhanced there as well.

Ms Pastoor: Thank you. You've spoken of education at a much higher level. Are we working at, say, an elementary level? Is it for the local schools, or is it for international schools?

Ms Evans: It's for the international schools. It hasn't been so much at the elementary level. As you know, the rudiments of K to 4 or 6 are often in teaching. The curriculum is generally much more tailored to discovering your community, your country, and so on. Even in our grade 6 here that deals with government, it's not government overseas. They may touch on the United Nations, but just going through that with my grandson, I think it's predominantly Canadian and Alberta based.

Ms Pastoor: Right. Thanks.

You mentioned the Member for Cypress-Medicine Hat. He spoke in the House about working with the United States government to get the Theodore Roosevelt expressway enlarged and expanded to come through the port of Wild Horse. My question would be: is this going to have any effect on the Canamex highway going forward? Will they have a 24-hour customs? What highways do they use to go north – I know I should probably know that, but I don't – from Wild Horse?

I guess my other concern would be that our roads are going to require much more maintenance quicker because the weights are going to much heavier, and certainly there'll be that increased traffic. I think my main concern is how that will work in tandem or not with the Canamex highway.

7:20

Ms Evans: I think the best news story would be that we had to go and repair those roads more frequently. I honestly believe that. I think that the alignment of a route on the east side of the province could open up a corridor of trade right up to Fort McMurray and to Fort Chip and yet give us an alignment that would take a lot of the pressure off the cities. In my previous portfolio I did a lot of writing of letters encouraging a variety of ministers at the behest of this worthy member, who is pretty constant in his due diligence on the Ports-to-Plains and the border alliances and dealing with the various linkages we have south of the border.

If you take a look at our pipeline and the transfer of goods and services, the longest pipeline in the world starts just probably due east here about 10 kilometres. We're doing much better and more advanced with pipelines crossing over to America and south and right down to Galveston than we are with our transportation routes.

I really have to give the hon. Member for Cypress-Medicine Hat a great deal of credit because he's worked on that relentlessly and tirelessly and has taken his free time to drive south to Montana to make those inroads with the governor of Montana and has very dear and admiring friends, including our member in Washington. So I just say that we can give you all the highway numbers, but I think the most important thing is that we're building relationships. That's part of PNWER. That's part of Ports-to-Plains.

There are about five different alliances that help us to work with the border south. When I was at a meeting on the west coast with the group talking about the PNWER convention this year, there was a lot of conversation about the importance of continuing to enhance that. As far as we've gone, we've not gone as far as B.C. and Washington, that have a common driver's licence this year so that people from Washington were able to drive back and forth across the border at their will to attend any Olympic events. There are some advancements that they made quite specifically to recognize the trade and the free trade opportunities with the Olympics that I think we could be working on even more so.

I suppose that, back to your original point, if we had to fix that highway often, it would mean there are a lot more people working; there are a lot more opportunities for trade and commerce.

The Chair: We've had 40 minutes, so carry on.

Ms Pastoor: We're still going.

The Chair: You've got 20 more minutes.

Ms Pastoor: Thank you. Yeah, I'd like to pursue that a little further because I know that the Canamex highway has been in the mix forever. I think that when I was on the council and stuff, we were right at the very start of it.

I've been fortunate to drive the autobahn in Germany from the top of Holland to the bottom of Spain. We did it in two days, and to me that was the only way to travel in a car if you're going from A to B. Would this particular eastern highway or eastern corridor be more like an autobahn than the Canamex, which may well be, because of the way that it may have to slow down to go through – no? It's not? Okay. I just got the answer.

Ms Evans: No. I doubt very much. But you can see the wisdom of taking that eastern route. The previous member that predated our hon. Member for Lethbridge-West, Clint Dunford, always had a vision that we would develop a corridor along the east side to facilitate that trade. You look at a lot of those communities where rural people have had to locate to cities in order to find jobs, and it would be a wonderful opportunity. I'd be satisfied for the short term if we could just get a good, safe route for trucks and goods and services to move forward on. I'm sure that following this meeting more detail can be provided to you by other members. I think it has a remarkable opportunity for expanding the trade pattern.

If you look at Meggitt Defence Systems, they have been looking at the testing, too, of the various drones and unmanned vehicle systems from the area at Suffield right through to – you look at Wainwright, you look at Cold Lake, and look at that military corridor there and look at the opportunity for an alignment that would benefit the military as well. There have been a lot of discussions with the people from the military right on through.

I think that a hundred years from now we're going to see that a lot of those things have matured, and the dreams that are being dreamed now will bear fruit.

Ms Pastoor: I agree with you. I can certainly see the advantage of having that. But I'm just going to try to use an analogy that when I drive from here to Winnipeg, I'm not too bad through Saskatchewan, and then all of a sudden I hit those godawful roads in Manitoba. So I'm thinking of the driver that's driving on this wonderful Theodore Roosevelt expressway and then hits some of our Podunk Junction highways that we might hit in Alberta. Do you know what I'm saying? When a truck driver is driving, they don't want to stop. They want to be able to move. So I still have my vision of an autobahn going down maybe not the centre of Alberta but the eastern side of Alberta, but that traffic can really move. It drives me crazy when I go to Manitoba.

Ms Evans: Well, I won't defend Manitoba highways. We've probably paid for a few of them.

Ms Pastoor: Yeah, well, maybe. You know, you're just going out of that narrow – and it isn't two-laned. I mean, it's just a whole nightmare. That's just sort of my comments on that. I still would like to see a good strong autobahn that I can go 150 on without having to be penalized.

Ms Evans: Well, I'd like to just make a comment if I may. I think the gateway to the Pacific is the most important trade corridor that we should be pursuing. You look at the opportunity to link potash

country in the northwest corner of Saskatchewan. You look at our opportunities with the robust development of our oil sands in the north right through over to Grande Prairie. Right now, as you know, there is not even a moose trail through there that you could actually put goods and services on to go to Prince Rupert, but we've still got an investment of \$200 million that's payback time for the authority at Prince Rupert. We've still got a real interest in that port.

The port at Vancouver is too congested, so the development of a goods and services route there is most important. We have got pipeline on rails with the co-operation with the railways, but actually developing a more robust pipeline and trade corridor from the northern part of our province in the true north without disruption to the environmental alignments but along appropriate routes would be a real advantage for Albertans.

In the long term when we look at trade in this department, we want to make sure that we're not held hostage in the future to any other trade partner that might say that our goods and services are not welcome or not as required south of the border. Shale gas is an example of something where you have to say they may want to provide and buy only in America, and then we will be looking for other markets.

In the view of Richard Florida, who spoke recently on the west coast, somebody who is well known for how he sees cities and regions develop, he believes that for western Canada – for British Columbia, Alberta, Saskatchewan, and Manitoba – our next frontier is the Pacific Rim. With our alignments and our offices in Seoul, in Hong Kong, the future of developing Shanghai, Beijing, and the work that we're doing on the Pacific Rim along with the work that Energy, Enbridge, and a number of companies are looking at for a northern trade corridor, I think we're on our way.

Ms Pastoor: Okay. Good. But we can't ship food through our pipelines. We still need that road.

Strategy 3.6: "Develop policy recommendations and strategies to assist Alberta in responding to emerging international developments." One of the things that appears to be missing out of the business plan for International and Intergovernmental Relations is that there are really no performance measures. When was the last time perhaps an evaluation or review was conducted? I don't know whether you would be able to do it over the whole ministry or if, in fact, bits and pieces might be done, at least have an evaluation or, you know, a review of some kind.

Ms Evans: Page 31 in this report.

Ms Pastoor: Oh, it just happens to be there.

Ms Evans: There are performance measures. There are definitions for the performance measures. It is harder to evaluate the effectiveness, but throughout here you're going to see information relative to work that has been provided, money, or anecdotal references. We can talk about the increases in trade, but of course there are many factors that relate to that, even the dollar and the capacity of our dollar to do better or to reduce its effectiveness. All those things impact trade. But there are measurements there that give you some indication on the international office, in particular, so I'd like to draw those to your attention.

I've got a number of facts that I could provide for you, but the performance goals are new goals in the 2010-13 business plans. In accordance with the ministry business plan many of the performances for each goal are under further development. We're looking at standards.

7:30

Boiled down to the nut of it, we're really looking at moving from being trade offices and supports in this ministry to being advocacy supports. One thing we found out in a post-Copenhagen world was that sometimes our message isn't getting through. Various ambassadors and visitors who've come to see our oil sands said: "Well, why didn't somebody tell me this? Why haven't you told me?" So a good part of what we're trying to do is co-ordinate the message. In order to do that, our trade officers can't simply be disseminating information; they have to take a very proactive role in advocating. You've seen that in the way that our minister-counsellor from the Washington office, Gary Mar, conducts business. A good part of his route is advocacy.

We're looking at moving in that direction with the other trade offices so that there's more of a move to advocacy. The move to sharing offices is another move to try to find more cost-effective ways in that and evaluate that and then to increase our global footprint in this virtual economy, to branch out further. So we're going through a few growing pains right now not only in advancing our building of relationships but moving from just client satisfaction as a good performance measure to conducting other means of identifying whether or not we're being successful on our missions. I think the number of agreements that we're currently managing is really a testimony to that. I think the fact that we're managing over 150 and that the negotiations are done by our staff at a variety of levels is significant. That has grown; it doesn't reduce. A good part of that is what we would identify if we had to stack up all our performance measures.

If you have questions, Mr. Chairman, or if any of your members do later, looking at our definitions, the number of business introductions, number of seminars, number of negotiations, number of missions, delegations in, out, and so on, we'd be very happy to give you more detail.

Ms Pastoor: Thank you for that.

I'll just go a little bit different. When you've signed these agreements – you've got 150 agreements signed. I guess this would be part of what I'm thinking of in evaluation. Do you have a time frame – we started on such and such a date, and we actually signed it on such and such a date – so that you know that there's sort of a time frame for an evaluation? If something goes on forever, then you decide to pull the plug. Are those kinds of timelines looked at?

Ms Evans: Timelines are one of the considerations. Resources are one of the considerations. Reciprocity of need is one of the considerations. I think that where you would find this government believing that it's very effective is on the kinds of things we've done where we've provided mutual aid in almost every endeavour. I think that's another portion of it. When we work in partnerships, for example with First Nations and Métis and some of the agreements there, a good part of what's being negotiated has been in partnership with other ministries, and they would be other program areas.

Essentially, we don't deliver programs. For example, SRD delivers programs relating to softwood lumber, but we manage a lot of the agreements that are associated with that, so it's sometimes a tripartite partnership.

Almost all of the agreements have sunset provisions, for example an end date. Much like in legislation, we evaluate whether they are renewed or dropped, and that's another part of it. So there's a constant look at the refresh of those agreements, if they're required or not.

Ms Pastoor: Thank you. Some of your past comments have sort of bridged into my next questions about the consultants in Washington.

Ms Evans: Sure. I just happen to know a whole lot about that.

Ms Pastoor: Okay. Well, here we go. There were two consultants, and their contracts, I believe, are up at the end of this month, March 2010. Do you intend to retain them?

Another question. It said in here that these firms were contracted by Executive Council. My question around that would be: why Executive Council and not the IIR ministry? Therefore, do these consultants report to Executive Council, who hired them, or to Mr. Mar or to IIR?

Ms Evans: The branding exercise had a number of dollars, if you'll remember. There was originally an announcement in last year's budget of some \$25 million. Five hundred thousand was budgeted for providing additional advocacy support and for the contracts that became DLA Piper and 3 Click Solutions in America. There were two firms retained that worked in tandem to provide advice, strategic considerations, policy advice, and support. I met with members of those firms. They provided us opportunities there for meetings with David Sandalow of fossil energy as well as with Tom Daschle to talk about some of the agenda of the Obama administration.

As to whether or not we intend to renew them, the ministers that have had interests south of the border – predominantly SRD, Energy, Environment, and our ministry – have talked about what our advocacy needs are in support of the Washington office. They were never intended to be a part of the Washington office but have had frequent consultations with the Washington office.

We spend \$1.38 million on the Washington office with a minister-counsellor and three full-time equivalents to provide support not only in Washington. Mr. Mar has visited 20 other jurisdictions, very frequently to New York, to provide support – just this past weekend to Premier Klein, who had gone to speak at an energy conference. Mr. Mar has gone to Chicago recently, speaking with Caterpillar and others about the importance of our resource economy.

Will those ones be renewed? Well, it's not a matter in our budget. It is from the Executive Council budget, and there were questions. I was in the House the other day when the Premier was answering questions on this dealing with his budget. We are looking at how the resources are being expended and whether we're getting the advocacy that most answers the questions that this government of Alberta has positioned relative to advocacy support.

One of the strategies I personally favour – personally favour – is using the office that we currently have in Washington for management or co-management in partnership of some of the contracts that we might undertake in the future so that we have a collaboration.

One other thing I want to draw to your attention is that in this last year something remarkable has happened. The linkage between our ambassador for Canada, Gary Doer, and Gary Mar has been so strong and so powerful that when we visited there, he had almost 30 governors from other states, and he had the premiers and elected representatives representing the provinces and territories in Canada. We had a remarkable opportunity for building relationships between both bodies. That never happened before. As effective as our Canadian ambassador is, we may well tailor our needs in the future with an eye to the effectiveness he brings in doing that role, and I've referenced that previously.

In terms of those consulting firms, they may be involved in the future. To what extent I'm not sure. The deputy of IIR, Paul Whittaker, has been charged by the Premier's office and our ministries to outline a plan that would be most effective in using our

dollars wisely, gaining the best bang for the buck from the advocacy south of the border.

Ms Pastoor: Thank you. I just wanted to be clear that the firms were contracted by Executive Council.

Ms Evans: That's correct.

Ms Pastoor: Then they answer to that, not to Mr. Mar?

Ms Evans: They answer not to Mr. Mar, but they answer to the officials that would contact them. So it might have been the Deputy Minister of Energy. It might have been the Deputy Minister of IIR. It might have been the head of the bureau at the time of Executive Council. Roxanna Benoit had interfaced with them as well. Now, in the future what it will be will depend a great deal on how we define our needs and where we go from here.

Ms Pastoor: Now, these two firms are basically sort of PR-ey things, if I'm understanding it correctly.

Ms Evans: One is a law firm.

Ms Pastoor: Can they do the advocacy? Like, are these firms capable of advocacy? It's a little bit different than just doing straight PR. When you're advocating, you take a different tack, and sometimes there are different skills involved.

7:40

Ms Evans: Yeah, you're absolutely right. There is one firm that is a law firm that retains additional supports within that law firm to provide not only advocacy but strategic advice, to interface with a variety of people on economics, on trade, on a number of issues related to energy. Our primary focus for those two firms was energy and the environment: watch for the environmental legislation, the Waxman-Markey legislation, section 526, those kinds of things. They were watching for that. So there were not only people who were strategically able to move in various circles in Washington, but there were people that expanded the vision to other parts of the country. That's another part of what we're looking at: the 13 eastern seaboard states; what we should be doing in California.

Some people will tell you the game is bigger than Washington. It's with the various state governments. That's why PNWER, the border alliances, and others are so very important. We went with two firms because we didn't find one firm at the time that could do both of the activities of legal trade and PR. So that was how they were judged. This year's budget: stay tuned; there's still work to be done.

Ms Pastoor: Okay. Thank you.

I think I've just got a couple of minutes, so I'm going to go really local. Can the minister provide a list of all the Lethbridge-area businesses that the ministry has aided in developing business ties to our target markets, which would be outside? One of the ones that I am aware of that just happens to be in my riding is Flexahopper, and I know that they do a great deal of business with the Arab countries.

Ms Evans: Could I just say to you that that would have to be done in collaboration with other ministries because, as you know, in Finance and Enterprise – Iunctus and several of the other businesses. I mean, not operating in silos, but the various parts of government would probably provide different lists. We'll do what we can to co-ordinate something to give you a better vision of what's actually

happening in the south. It's actually a good idea. Perhaps we could take an environmental scan. It might not be an all-inclusive list, but we'll do what we can. Often there'll be a small business that we might not know where it is or acknowledge well, and you might already be familiar with it and say, "Why didn't they mention that?" It might not have been done or arranged through any of our offices.

Ms Pastoor: Thanks very much. I would like to do that. We're pretty active in southern Alberta, you know.

The Chair: Thank you very much. That concludes the first hour of our meeting. We're going to take a five-minute break, and we'll reconvene in exactly five minutes, which is about 7:48.

[The committee adjourned from 7:43 p.m. to 7:50 p.m.]

The Chair: Well, thank you, everyone. We will reconvene the meeting.

Our first speaker up now is Mr. Evan Berger, please. I'm assuming that you'll go back and forth.

Mr. Berger: Sure. Good evening, Minister. It's a pleasure to have you here this evening. In light of the planned budget reductions how will IRR continue to promote Alberta's competitiveness globally?

Ms Evans: A very good question. I suppose it's going to still be in large part done with our various offices, with co-ordination, with looking at alternatives like promoting our web page. We've been working at a redevelopment, for example, of our web page with Employment and Immigration so that we can get out and market better, so that we can take advantage of the electronic media in different ways than we have in the past.

The bottom line and why I'm most concerned is that – you met today the ambassador from the European Union. There's no substitute for building relationships. So the relationship building is a good part of the challenge. Deploying our staff wisely so that Albertans aren't too long in one spot and feel and experience an alienation but using the resources we have wisely with the human resources we've got. Then the partnerships that we're building: for example, in the future we hope to develop that office in Seoul so that we'll be able to save dollars from that. A first estimate was a savings of about \$350,000 by partnering in a different fashion – we won't be able to do that quite yet; we're not quite ready for that yet – so that we can manage with our staff more cost-effectively.

It is difficult because if you remove one person – with the hiring freeze right now, we have not put a permanent person into the position in the London office, so we're a bit constrained, but we're managing where we can. Frequently, for example, we have people that come out of our head office, if you will, here in Edmonton or Calgary and go over and manage by taking acting roles in those jobs. Probably I'd have to say use of more of the electronic media, use of providing materials for other folks that are attending, and where two would go in the past to a trade show, there might only be one representative go and some sharing with the government of Canada and with other partners.

Mr. Berger: That's good. We face a lot of attacks from outside of Alberta, internationally, nationally, and even within the province on the oil sands and such by those wishing to make political points or just statements. We've had comments in the House recently on how these rumours, half-truths, and simply misleading comments create doubts and uncertainty around our oil sands. What are we doing to counter and correct these issues around the world? I know we're out

there trying. It's a huge job. Are we on the offensive pretty much on a steady basis throughout the world to say, "Look, we have the standards; we have the controls set around this; it is safe"?

Ms Evans: You know, we are trying to do that. Participation in the World Heavy Oil Congress this June is an annual activity that we've been heavily involved in. We use that and the media that are present to help dissipate the myths and do the promotion.

I'd have to tell you something though. This is a very difficult question. Years ago when I was the reeve of Strathcona – and I'm going to use this analogy – figures that were in error were published about the cancer statistics in our community. Years later they were still rebounding with a very negative effect. This *Dirty Oil* film that's going to be aired for the first time on March 15 will do untold damage that we'll never be able to gain back.

The problem is that the government itself and the industry itself aren't always the right advocates. That's why a part of the strategy that has been developed by our department is to try and get to reasonable NGOs and work in partnership with them. Shell oil has identified that they've actually captured David Suzuki at one of their recent focus groups' dialogue and discussion with about 30 people. When they were finished, they actually felt they had made a significant inroad in showing them what they've been doing technologically.

To become more aggressive, you have to weigh the evidence of where you're likely to be most effective. My own feeling is that we will be most successful in Alberta when we built 3.6 million advocates out of our own people. That's going to involve looking at our school curriculum, at people looking with pride and not shame at the kinds of resources we're developing, and getting out and becoming like the Member for Red Deer-South, who has been a marketer and really a promoter all his life. I think that's the kind of thing that we have to do ourselves and get that curriculum in a form that does.

I've been astonished at how many people in the resource-based industries have actually told me that their kids go to school and then come home and ask them if they're not ashamed of working for an oil and gas company. If that's the case, there's a difference in how we should be exploring our curriculum. Where we have challenges like the tailings ponds and work to clean them up, we have to continue to do that. But there's a lot of misinformation out there, and we won't correct it until Albertans themselves understand it.

I'm going to give you one more example. I think that we'll never correct it until we ourselves accept and embrace an agenda of a sustainable economy, doing the kinds of things that husband the Earth and then practising what we preach in every walk of life. That'll be, then, at a time where we market the very best of the best. I think we'll do much better. We won't have to correct myths because if we're successful, if you're successful, if I'm successful, a future generation will say that Alberta is the cleanest, safest, friendliest place and the most environmentally pristine place on the planet. That's what we have to strive for.

Mr. Berger: That's good. I was visiting with the undersecretary for the state of New Mexico in Monterey, California, in July of 2008. When he heard I was from Alberta, he brought up: oh, that's where there's dirty oil. I said: "Well, I've got a question for you, and I'll give you half an hour to answer it. I want you to tell me where the clean oil comes from in the world. I've been a farmer all my life and changed oil on a lot of machines, and it was all the same: 80 per cent of the well-to-wheels imprint is at the burning end of it; it's not at the extraction."

The three codicils I put around that issue were, first off, where do you have higher environmental standards than Alberta? Secondly, where's there higher environmental enforcement than in Alberta? The third codicil was: where do you get it where there's no bloodshed with the first two also intact? I said, "Take all the time you want, and come back and give me an answer." He came back, and he said: "I don't know. Is there somewhere?" I said: "Well, that's why I asked you, because you guys are the ones fostering these rumours. Now, tell me where we're looking that we can do it differently and better."

I think that we really have to come up with the comments and drive this point backwards to them, challenge them to tell us: "Okay, show us. Where is it better? How is it better, and why? What's the difference?"

To that, what do you see as our most important markets going forward as this global economy transitions?

Ms Evans: Well, before I answer your question, I'm going to go right to what you've said. What you've just identified is that you can't give the same message delivered by the same person to everybody on the planet. You've got to find different messages. That's why all 3.6 million people have to be messengers. A farmer will likely be able to talk to a farmer or a rancher to a rancher a lot better with a lot more credibility. You and the Member for Cardston-Taber-Warner have a whole different coterie of people that you can talk to. They'll believe you, and they'll listen to you, and they know your integrity. They will say: yes, he's put it in terminology I respect and admire. That's why we have to teach everyone. We have to teach our science teachers and others what the facts are and then let them make those interpretations.

America, because of the trading patterns and the familiarity, will likely always be the biggest place for our exports. We don't see, with the needs for fossil energy in the future, where that's going to change much. Even this whole quest for water in the U.S. and the hot frac processes and other things where people are concerned about the extraction of shale gas: we're going to be mutually challenged to do it in the best way possible. So America will likely continue to be our biggest market.

Obviously, you've got America, Mexico, China, Japan, and Germany. There are exports, with the EU being the fourth-largest destination for exports. But I think that on the developing market front it will be the Pacific Rim as China evolves and develops, as we find solutions for clean coal technology, and as we embrace other kinds of developmental capacity.

8:00

I'm going to pick up on something that the Minister of Sustainable Resource Development reminds us: Alberta is in the heart of where – he would go, I think, as high as 80 per cent, but let's be conservative – 65 per cent of the world's undeveloped resources exist. We have no taxes. There's no sales tax, no payroll tax. What better place to have investment than right here? So we will attract a lot of investors in the future, and that will develop our province differently.

I think the challenge that IIR has is to make sure that our values in Alberta are not sacrificed as we attract new investors in the future. I know for a fact that we're attracting new financial institutions, not only Canadian financial institutions but institutions from beyond our borders. Again, they have to meet federal standards and regulations as well as being able to accommodate the values and lifestyle here.

So their biggest market? I think it's still going to be America – the north-south trading patterns are extremely strong – but, obviously, there will be other markets that will mature and develop as well.

Mr. Berger: Which countries in the world would you think are Alberta's main competition, and how are we positioning ourselves to enable ourselves to compete on a level playing field with those countries?

Ms Evans: It's really interesting if you look at something that we had discussed when I went to Washington. I'm not sure if they're still doing it, but the Irving Oil plant and the Irving refinery in New Brunswick get a lot of their raw feedstock from Venezuela. So even across the country we've got regional areas of variables that change and challenge our own competitiveness. I suppose one of the good things is that beyond our borders we've got right within our own country some of our competitors. I think that's one of the reasons why there have been such robust barriers on some of our trading patterns. Alberta is open, but not everybody else is, for procurement and other reasons.

I think America is one of our biggest competitors. From when I had my previous portfolio, the knowledge of their entrepreneurial spirit and the record they have for rebounding faster than almost anybody else is one of the things that will always make them a big competitor. But they sharpen our capacity by their competitiveness. This Bill 1 and the competitiveness strategy and all of the strategies that we'll define as a result of it in the various ministries and through support from Albertans and Alberta-based industries I think will help us considerably.

I don't think we should sell short the Mackenzie route. As we get more warmth in the Arctic, whether it's global warming or not – I'm not a scientist, but there are many more days when it's an ice-free passage up there – I think the development of the north and the Northwest Territories will enhance and make trade look different in the future. Some of the more innovative machinery, machinery like Mammoet that is coming here from the European Union, will develop us in a different way.

I suspect that our traditional trading partners, like the Commonwealth and the British Empire – you don't hear much about those things anymore because our trading routes will expand and look different with the online goods and services and purchases. I would have to say that I don't think that routes will look the same as they did in the past. We have been negotiating in our department open boundaries, open borders, and open skies agreements with the folks in Alberta Transportation as well. So we're trying to improve and expand our trade routes, enable more expansion of those trade routes, and enable fewer barriers.

I think that the countries – when I grew up, phrases like cold war and Iron Curtain and bamboo curtain were prevalent. Those don't exist anymore. I'll tell you what I think the biggest barriers will be in the future: ignorance and lack of tolerance. Those will be the barriers to trade in the future. I think those who give a hand up to people like Haiti, when those economies eventually climb out of the trough, those people will be the ones that will be more likely to have significant and long-standing relationships in trade and commerce.

Mr. Berger: Just to comment on that, I really wonder how much investigation and insight Irving Oil is doing into Venezuela on those three comments I made earlier about environmental standards, environmental enforcement, and bloodshed. I think that there would be a good argument that our oil probably comes out quite a bit cleaner than that, but I won't comment any further on that.

One of the other questions I have: could you just update us on the status of the western economic partnership and what Albertans can expect to gain from that? I think Lethbridge-East touched on that a little bit, or your comments did, but if you could just elaborate a little more, that would be great.

Ms Evans: Sure. Thank you. I suppose necessity becomes the mother of invention, and the opening of the Shanghai office, which is anticipated later this year in May with Premier Gordon Campbell, Premier Wall, and the Premier of Alberta, will be one of the first pieces of evidence. But the expansion of the partnership, I think, will be built on the smaller agreements, too, between trade and labour mobility. It's going to be slightly redefined because it won't be TILMA with B.C., but we're looking at the expansion in Saskatchewan of many of the same things. It will be a redress of TILMA, but it will perhaps have a little less emphasis on labour, in the first instance, to be sensitive to some of the issues in Saskatchewan.

I think the work is progressing well. There's a plan for another trilateral cabinet meeting. Those things are advantages. As you know, they take the number of ministers that are currently negotiating agreements, bring them together, and work on that. The new trilateral agreement that's coming forward will have increased internal trade, international marketing, co-location of the office overseas in Shanghai and, perhaps in future, yet another one, innovation, government procurement, all of it saving money for taxpayers. I think that's a really good-news story. I'd say by summer we should have had more progress in a tangible way on that.

I think we'll continue to find ourselves looking more at the trade routes in the future, like I mentioned, linking potash country with the Pacific Rim as well. As mentioned earlier by the Member for Lethbridge-East, our Premier has had a great relationship with the Premier of Manitoba. It wouldn't surprise me at all to see us move in that area. When we look at pensions and the supplemental pension plan, we are looking with B.C., Alberta, Saskatchewan. Ontario is part of that mix, and so, interestingly enough, is Quebec.

So many of the provinces are looking at examples like TILMA, built into the western economic partnership, to expand across the country, taking down those barriers. I think that's a good-news story.

Mr. Berger: It's great that we are working collaboratively and closely with our closest neighbours with all the commonalities that we do share.

Should we be competing with Ottawa or working more with them on attracting that investment? Or are the three provinces with their specific needs and desires more focused on what will actually work for the trilateral than to draw more into it and maybe mix it up a little more?

Ms Evans: I don't suppose I thought of this until I was in Geneva with Senator Landon Pearson. We are one big nation geographically. Alberta is the size of three European countries. It is difficult not to feel some alienation with an eastern group of provinces that touch on another sea. So I think there's always wisdom in partnerships between the provinces, but there is an overarching loyalty to Canada. We saw that in the Olympics. Sorry, Lethbridge-East, but we're still Canadians.

I have to tell you that at the global business leaders' forum in Vancouver one of the strongest advocates for the oil sands was the minister that governs the agreement on internal trade, Peter Van Loan. He very nimbly, articulately, and intelligently – he was side-swiped – avoided the punch, the direct hit on our oil sands with a response that talked about the good work we're doing on carbon capture, the targets we've got, and so on.

I think it's important to maintain a strong Canadian presence. It's a federal presence that's worked on by our ministry, particularly our deputy and our minister of intergovernmental relations. We do attend those meetings with our FPTs and work on those areas of

trade and mutual interest. But I think we'll always have the Maritime provinces, the eastern provinces, and the western provinces dealing with regional issues. If you look at Richard Florida's comments, it's important.

8:10

The Chair: Thank you very much.

Ms Evans: Thank you.

The Chair: That concludes this portion.

Ms Evans: I get too excited.

The Chair: That's okay.

We're back to Ms Bridget Pastoor.

Ms Pastoor: Thank you.

The Chair: You'll combine your time, I suppose? There is no other opposition.

Ms Pastoor: I thought Guy was here. I'm sorry.

Actually, I just have one question, so it will be kind of brief. In fact, it's probably going to turn out to look like I'm actually lobbying. I'm actually going to probably have to ask my colleague from Lethbridge-West because, I believe, he is probably more cognizant of some of the finer details on this. In southern Alberta we have the opportunity to grow thebaine poppies, which are not narcotics. The finance minister now is very aware that they are not narcotics. We had a meeting with him, and I think we sort of straightened him out on that one.

The thing is that this has been in the works for about three years. The police have done a very thorough risk assessment on this. It's some of the best geography for where we can grow this type of poppy; it doesn't use much water. Actually, we're just waiting for the feds to say that it's okay. So I'm just wondering if this provincial government through this department, seeing how it's intergovernmental, should maybe give them a little poke in the ribs and say, you know: let's go with this.

Ms Evans: You know, Mr. Chairman, if in fact there is some way of providing extra support for that, I would undertake to look into that. Our department will look into it. If it's possible to provide some additional support, then I don't see any reason why we wouldn't. The same chinook winds that tease the Member for Lethbridge-East also entrance me because I was raised in Stavely. I know there are a lot of products and services that are capable of growing in that particular and unique climate, so I commit that we will look into that.

Ms Pastoor: Good. Thank you. I'll get you as much information as I can.

Just one other point on that is that I think maybe not all of us but certainly a lot of us in southern Alberta have been fortunate enough to have Hutterite poppy bread. They do grow their own poppies, and they are very successful at it.

Thank you.

Ms Evans: Thank you very much.

The Chair: Okay. Is that the end of your questions? Thank you very much.

Ms Pastoor: Thanks very much to the minister.

The Chair: Mrs. McQueen, do you have a question?

Mrs. McQueen: Thank you, Chair. Actually, I just have a few comments that I want to share, and maybe you want to comment as well, Minister. Thank you. It's been excellent dialogue this evening. A group of ours, the group of the Nisku area economic development association, is working really hard with Edmonton and the capital region with regard to Port Alberta. I'm just wondering if you can comment on how we can help to move that forward. I know Manitoba is looking to do that as well, and we certainly want to see that happening in Alberta first. I wonder if you could comment a little bit on that.

Ms Evans: You know that the seed funding for part of that came from Finance and Enterprise. The enterprise division in Finance and Enterprise deals with more of the provincial, local investment. We have a very small core of three people that work on the international and attracting international investment, but the enterprise division of Finance and Enterprise in government did provide some financial support.

I believe that we've had our international crew look at this. There has been a lot of support, I think, dollarwise that this government has provided to the group that has been exploring the opportunities. It's been a bit of a mixed bag from the players that are in Alberta because I found some have been highly supportive, but others think that the need for these kinds of container ports has evolved so rapidly into different kinds of shipping and cargo receiving and so on that to make the highest and best use of that has been sometimes different as the – I guess I'll put it this way: it depends on where you stand in terms of what you see.

The mayor of the city of Edmonton has believed that we should be loading up those cars to ship them back over to the Pacific Rim, but there are other players that have been part of that same basket that aren't sure about the investment overall to make those dollars work in that capacity. Where our government as a whole, and here in large part through the linkages with the people that are into cargo shipping and into the railways, has put a lot of our emphasis is trying to work with the railways to make sure that they're paying attention to the immediate trade needs not only of the rural parts of Alberta but the north and where we've seen some of the rail services cut back.

I don't believe our own department here is any further engaged. I think most of that engagement on the ports has been through Finance and Enterprise. What I know is more what we were dealing with here up until a couple of months ago.

Mrs. McQueen: Okay. Great. Thanks. I'll follow up there.

Then, I just wanted to give some congratulations and thanks to yourself and the department. In my constituency in particular the community of Calmar has been working with a delegation from China that visited here. Then the mayor and some of the staff had the opportunity to go to China as well. I just have to commend your offices and the great work that they do. They were so well received, and the trade mission that they had was so well organized by yourself and your offices there. I can't say enough about that. As you know, now the Chinese delegation is to come back here, and they've signed memorandums of understanding with regard to an agriculture project.

When we talk about these international offices and on the ground what they mean, this is exactly what they mean. So I need to

commend you and the department and your staff for that as well because it really does make a difference. I know that Mayor Popik had really said that it was valuable for them, very valuable to be able to have those offices there, and how effective they were to connect on their mission. I want to thank you for that and, really, to pass on to your staff but the international staff as well.

Ms Evans: I would accept that on behalf of the staff. I take no credit for it. I would have to tell you that I have been aware of the good work done with the trade offices, our foreign offices, and the staff that are in the offices here. I remember that when I received this ministry, they told me that I'd get the department with the best staff, and I think that's no doubt true. They have really gone the extra mile to make sure that those linkages are built, and they are just excellent at building relationships, our people in Hong Kong, our people as well in Beijing. David Wong has been there for, I think, over a decade and has done an exceptional job of building those relationships.

Mrs. McQueen: Excellent. Those are my comments and questions. Thank you.

The Chair: Thank you.

Are there any further questions?

Mr. Mitzel: I have one short point, Mr. Chairman. Thanks, Minister. It'll be very quick because you've pretty well detailed for the other people a whole lot of what your ministry does. But there was one point that I picked up on. You talked about the decrease in your budget; it has been reduced and everything. At the same time, you're still being able to do all the work your doing. Well, I guess what I find amazing is that you're able to cover all that you're doing and you're going to have this decrease. One thing that no one brought up: quite often, whether it's in tourism or whether it's in a lot of other things, they talk about value for dollar. I think you can almost guess at what the value for dollar on what you do would be when you've got a budget of \$25 million. Like, tourism is – what? – 7 to 1. They talk about a return and things like this. The value for dollar I think would be astronomical with what your department does with \$25 million.

Ms Evans: Yes. If you look at the return on investment from the expenditure, I would concur. I think this department's earnings are exceptional.

Mr. Mitzel: I guess another comment, too. Just the work that you have to continue to do to support our Premier and have him ready for all of the different challenges or hurdles they keep throwing at him from all areas of the world.

Another interesting point. It seems like, as you mentioned, it's probably more work to try and convince or educate our own country, especially eastern Canada, about Alberta as opposed to the United States or even globally. It's a lot tougher in the east, even. I guess you mentioned Irving Oil and some of the other companies down there. I know from different discussions I've had with people just off the street in Toronto or anything else that what has been ingrained into them about Alberta is so totally false. That's what they believe; that's what they've been told. We've got a lot of educating to do.

8:20

Ms Evans: One thing that you might wish to drop in on the week of, I believe, the 22nd to the 25th is the National Buyer/Seller Forum.

It's been going for 11 years, and it will be at the Shaw Conference Centre. There you'll see roughly a thousand people from across Canada who have come to gain access to contracts that are available in the northern part of Alberta. Those people who have formed regional economic clusters have been able to participate in the Alberta advantage because of that.

Those are opportunities we've made available that I think are helping other parts of Canada understand the benefit of the resource economy to their particular area. We are looking at a strategy, to members here, of being able to take a Team Alberta, maybe one or two people, into some of the areas that have been hostile, starting with Ontario, and trying to see if we can change attitudes by meeting not with the Economic Club in downtown Toronto so much but getting out into Peterborough and London and Windsor and some of the areas that have been hurting and saying: here's what we mean, what we're doing, how we relate to you.

Canadian Manufacturers & Exporters have suggested that there are many venues in dealing with themselves as well as some of the entrepreneurs there, that it would be a real advantage for them to hear what we're doing.

Mr. Mitzel: It's just that the relationships that are being built and continue to be built are so important and are so valuable.

Ms Evans: Thank you.

The Chair: Does anyone else wish to speak?

Seeing none, then the estimates of the Department of International and Intergovernmental Relations are deemed to have been considered for the time allotted in the schedule. Thank you very much.

I would also like to remind members that the voting on these estimates takes place on March 18. I would like to remind members as well that on Monday, March 15, we will be here to consider the estimates of the department of agriculture.

Before we leave, I'd like to also thank all members for excellent decorum tonight. You can pass that on to your colleague. We had a great meeting. I want to thank the minister and her staff and all other staff here.

Pursuant to Standing Order 59.01(2)(a) the meeting is adjourned.

[The committee adjourned at 8:22 p.m.]

