

8:30 a.m.

[Mr. White in the chair]

THE CHAIRMAN: Good morning, ladies and gentlemen, and a fine morning it is. I'll call the meeting to order. Might we have an approval of the agenda circulated?

MR. ZWOZDESKY: So moved.

THE CHAIRMAN: Is it agreed? Carried.

We have some minutes of our April 22 meeting that were circulated just this past week. Might we have an approval of the minutes?

MS BLAKEMAN: I've read them, and I'll move that we accept them.

THE CHAIRMAN: They are moved. Is it agreed? Carried. Thank you.

This morning, ladies and gentlemen, we have with us the Hon. David Hancock, Minister of Intergovernmental and Aboriginal Affairs, also in charge of Métis settlement commissions. Mr. Minister, it's traditional that you introduce those that you've brought along with you, and we'll have the Auditor General do the same with his staff. Then if you would care to make an opening statement of what occurred in the period of time we're examining today, that would be great. Thank you. The floor is yours.

MR. HANCOCK: Thank you, Mr. Chairman. I would like to introduce to you the very capable staff of the department who have managed to bring the 1996-97 fiscal year in \$3,000 different from its original budget, as I understand it. So if we're talking variances today, it should be a short conversation. First of all, the deputy minister, Ron Hicks, seated to my immediate left; former federal and intergovernmental affairs senior financial officer, Marilyn Johnston; the current financial officer for Intergovernmental and Aboriginal Affairs, Les Speakman; at the end, assistant deputy minister for intergovernmental relations, Wayne Clifford; assistant deputy minister of aboriginal self-reliance, Cliff Supernault, who at that time was the CEO of aboriginal affairs in the Department of Family and Social Services; and then Randy Hardy, the Métis Settlements Transition commissioner, and Harry Supernault, who chairs the Métis Settlements Appeal Tribunal.

MR. VALENTINE: Good morning, Mr. Chairman. Thank you.

THE CHAIRMAN: Busy at his work, I see. He brought his own beans to count.

MR. VALENTINE: Always busy working for your Legislature. You want to be careful about that.

On my left is Ken Hoffman, Assistant Auditor General in the office; on my right is Richard Taylor, a principal; and in the gallery is Myles Norton, an audit senior, all of whom have responsibilities for the audit of the ministry of Intergovernmental and Aboriginal Affairs and the Métis transition commission and the funds that flow from that.

THE CHAIRMAN: Mr. Minister.

MR. HANCOCK: Thank you, Mr. Chairman, and good morning. Alberta's well-being in the present and future will be sustained by strong government-to-government relations. Providing leadership

in the management of Alberta's intergovernmental relations remains the core business of the ministry. But we are not and were not in the program delivery business; rather, intergovernmental affairs is a policy department. We deal with federal/provincial issues, international trade relations, and in addition at the end of the 1996-97 fiscal year aboriginal affairs was transferred to the ministry. I will include comments about that area in my remarks today, unless you tell me that's already been covered in other public accounts meetings.

Our new name, Intergovernmental and Aboriginal Affairs, clearly defines the increased scope of the ministry's responsibilities. We began 1996-97 with a new, flexible organization structure that allowed the ministry to deal with emerging issues and priorities of the government. Our staff was reduced by 28 percent over the previous fiscal year, a decrease of 22 full-time equivalent positions for a total staff of 55 FTEs. Our budget leading into the 1996-97 fiscal year was \$5.08 million, approximately one million less than the previous year. With the addition of aboriginal affairs and responsibility for the Métis settlements legislation in April 1997, the ministry budget for the '97-98 fiscal year increased to \$37.1 million, and the number of FTEs rose to a total of 90.

A co-ordinated Alberta strategy for intergovernmental relations is crucial. As the ministry leading the province's intergovernmental domestic and international affairs, ministry staff worked closely with other ministries through partnerships with public- and private- sector organizations. Our work can best be described as big picture, long-term, and developmental in nature. While our behind-the-scenes advocacy and negotiations do have a significant impact on Alberta over the longer term, we also contribute to other more immediate initiatives, and I'll outline briefly some of the successes in the reporting period.

In advancing Alberta's interests at home, the ministry works to ensure that our province is an equal partner in an effective federal system through a number of activities. Alberta chaired the provincial/territorial council on social policy renewal and co-chaired the federal/provincial/territorial council. The ministry provided support, including strategic advice and briefings, to the Minister of Family and Social Services, who was the province's representative on those councils.

Real progress has been made on social policy reform in Canada. All governments have agreed to work together in a spirit of trust, mutual respect, and partnerships. Some key results include these initiatives: a national child benefit and reinvestment framework, a labour market development agreement, and work towards national principles and standards for social programs.

Alberta continued to take a lead role in efforts to improve the Canadian federation's effectiveness in nonsocial policy areas. These include securing changes to Canada's domestic agriculture policy, developing a provincial position on Canada's environmental protection act, and assisting in the development of Alberta's input into Canada pension plan reforms. In all of these endeavours FIGA and now IAA staff continue to work with other departments to ensure that Alberta's positions on national issues are solidly supported with sound research and policy recommendations.

Alberta was the host for the 37th annual Premiers' Conference held in Jasper in August 1996. The Premiers discussed a number of items including jobs and economic growth, a new national infrastructure program, trade, research and development, energy, and others. The Premiers endorsed the issues paper on social policy reform and renewal, Next Steps, and released it to the public. FIGA co-ordinated the development of that paper. FIGA also helped to organize and run the conference. Besides providing strategic advice and briefings to the Premier and ministers, department officials worked closely with a committee of volunteers on the logistical side

of the conference.

In advancing Alberta's interests internationally, the ministry's international responsibilities include working to ensure the province's views are reflected in Canada's foreign policy, co-ordinating Alberta's position in trade negotiations, hosting official visits to Alberta, and strengthening formal relations with subnational governments in North America, Asia, and European countries and regions.

As a result of the province's efforts to improve trade flow with the United States, a pilot project to improve the movement of commercial goods in Canada to the U.S. has been proposed by Alberta Transportation and Utilities. Also, the Canamex trade and transportation corridor seeks to increase efficiency and reduce costs. FIGA has been working closely with Alberta Transportation and Utilities and with the governments of the western states to support the project. Alberta is a strong promoter of the Pacific Northwest Economic Region. The aim of PNWER is to improve trade, reduce barriers, and encourage co-operation and information sharing among five U.S. states and two Canadian provinces. Now, of course, the Yukon has joined us. This public/private partnership promises to further develop tremendous economic potential for the Pacific Northwest.

A highlight of the year in question was a visit by the president of Mexico, Ernesto Zedillo. The president met with Premier Klein and Alberta cabinet ministers and took part in discussions with the private-sector representatives. Reciprocal visits and transfers of expertise, particularly in the agriculture, energy, and forestry sectors, have resulted in increased activity with the Mexican oil industry and with the states of Durango and Jalisco. I might just note that most recently with the Central and South American trade mission in January, we signed an agreement with Jalisco starting from some of these arrangements which were made, starting with the president of Mexico's visit.

Another major undertaking was Premier Klein's Team Canada mission to Korea, the Philippines, and Thailand in January 1997. Ministry staff worked with Economic Development and Tourism to ensure that Alberta's business interests and priorities were advanced during the mission. In addition to participating in the overall Team Canada program, Alberta developed an Alberta specific program in each country. A diverse group of 44 Alberta businesses and organizations, including several educational institutions, took part in the mission. The ministry played a role in attracting the 1997 APEC energy week symposium to Alberta. This meeting brought energy ministers and energy industry representatives from the 18-member Asia Pacific Economic Co-operation Forum to Edmonton in August 1997.

#### **8:40**

I'm particularly proud of the major international governments project that was successfully completed during the reporting period. The two-year Russia/Canada co-operative federalism project was a major accomplishment. The ministry also planned and implemented a series of meetings, study tours, and conferences, including governments from across Canada and Russia. The project, completed on time and nearly one-quarter of a million dollars under budget, generated approximately \$100,000 in revenue to the Alberta government. It also brought benefits to Alberta consultants, academics, travel agents, and hoteliers who provided services to the project.

We also advanced Alberta's interests through trade policy. We pursued trade opportunities for Albertans by seeking improved domestic and international market access through reduced trade barriers, managing trade disputes, and keeping Albertans well informed of the rights, obligations, and opportunities created by

trade agreements.

The agreement on internal trade, which came into effect in July 1995, has resulted in a number of positive changes, including access to bidding on provincial government contracts anywhere in Canada, elimination of special incentives to lure businesses from other areas of the country, equal status for all provinces and territories in economic matters, and a move to reconcile differences in professional and occupational standards across the country.

The ministry is continuing to work for a stronger AIT with fewer exemptions and exceptions, and one tremendous result, if I might stray from the reporting period to the present, was realized this year with the extension to the MASH sector of open trading provisions of the procurement chapter. The procurement chapter is worth an estimated \$60 billion, roughly 60 percent of the total public-sector procurement in Canada. Alberta businesses stand to gain a great deal through this change.

The ministry worked with virtually every government department towards fulfilling Alberta's obligations under AIT. The ministry chairs two interdepartmental committees that co-ordinate departmental work and ensure that AIT matters are handled effectively and with a governmentwide perspective.

Internationally the ministry co-ordinated provincial input to the federal government on issues in association with the World Trade Organization's ministerial conference held in Singapore in December 1996. Alberta's request to attend the conference as part of the Canadian delegation resulted in the federal government's invitation to all provinces to participate as full members of the delegation. Alberta used the opportunity to directly promote its interests, with the federal minister for international trade, the Canadian delegation, and many foreign countries in attendance.

The ministry plays a lead role working with the federal government to resolve foreign trade disputes. The ministry participated directly in negotiations with the U.S. to safeguard the interests of the Alberta softwood lumber industry. When the Canada/U.S. softwood lumber agreement came into effect in April 1996, ministry staff continued to work to ensure the effective operation of the Canadian export quota system.

Aboriginal Affairs developed governmentwide policy and strategic recommendations to guide the province's relationship with aboriginal people in a manner that balances the interests of all Albertans. During the reporting period Aboriginal Affairs provided grants to support education, youth development, cultural awareness, consultative processes, and economic development initiatives. Premier Klein and members of cabinet met with treaties 6, 7, and 8 chiefs at the chiefs' summit five. For those of you who may not be familiar, I consider this to be the origin of the summit process. Chiefs of the First Nations across the province have been holding summits on an annual basis, and the provincial government, through the initiative of Premier Klein, signed an agreement with the chiefs that we would consult with them twice a year – actually, I'm not sure it's specified as twice a year, but we've been doing it on a biannual basis – to deal with issues and concerns between the chiefs' summit and the province.

The summit process has been quite successful in raising and airing issues between the First Nations and the province and now has become a method of raising and airing issues in areas of economic development and other areas in the province. The annual meeting has become an important forum for continuing discussions, and resolutions from this summit were subsequently addressed by a number of government departments. Ongoing discussions have been held with aboriginal organizations and provincial departments to determine views on the federal government's policy on implementation of the inherent right of self-government. Information from these meetings assisted in the development of a

provincial perspective on the federal policy.

Following the annual Premiers' Conference in Jasper, Aboriginal Affairs worked with FIGA to organize and co-ordinate a late-October meeting between Premiers and national aboriginal leaders. This meeting offered national aboriginal groups an opportunity to provide input into the social policy on renewal and reform. I might indicate that that also was a precedent setting move in that aboriginal leaders have often requested the opportunity to meet with Premiers at the Premiers' Conference, and while it was determined not to be appropriate at that level, the move by Premier Klein to organize a post-Premiers' Conference meeting with national aboriginal leaders has been followed on an annual basis.

A number of changes have been made to the grants given to the Métis settlements. A business plan was developed by the Métis Settlements General Council and presented to the standing policy committee. The Treasury Board approved a \$22 million contribution to the business plan for the 1997-98 fiscal year. These initiatives were designed to assist settlements in becoming self-reliant communities. The government continued to resolve outstanding issues regarding Indian lands during the 1996-97 fiscal year, and in July 1996 an agreement was concluded with the government of Canada regarding the Fort McKay First Nation reserve. In December 1996 negotiators for Canada, Alberta, and the Alexander First Nation signed a memorandum of intent for a proposed settlement of the Alexander First Nation treaty land entitlement and claim, and if I might be allowed to stray again, I'd note that the final agreement in that land settlement is now out for ratification by the First Nation. They'll be holding a vote on May 15, and assuming success and approval of both the federal and provincial cabinets, that agreement may well be officially and formally signed and completed on June 13 of this year.

Measuring our performance. The ministry has introduced several methods of measuring its performance including the following: narrative records of ministry performance such as annual reports and mission reports, comprehensive client satisfaction surveys, project specific client surveys, and immediate outcomes or progress reports. The most reliable measure of outcomes is client satisfaction. The ministry conducted its first comprehensive client survey in 1995, and a second occurred in 1997. The overall satisfaction in the 1995 survey was 3.9 out of 5. On project specific surveys clients rated the ministry's performance at 4 and 4.3 out of 5, meeting and exceeding the ministry's targets. In 1997 the findings of the client survey indicated that clients of Intergovernmental and Aboriginal Affairs are highly satisfied with the services provided. On average, the department received a satisfaction rating of 4.1 out of 5, which is slightly higher than 1995. Both government and nongovernment clients have consistently indicated a high level of satisfaction with the services provided. As federal and intergovernmental affairs now is Intergovernmental and Aboriginal Affairs, the ministry has worked hard to advance Alberta's interests in the Canadian federal system within the international community and to co-ordinate the province's intergovernmental activities. The addition of aboriginal affairs has enhanced the ministry's ability to maintain a government-to-government relationship with Alberta's aboriginal communities and citizens.

Thank you.

THE CHAIRMAN: Mr. Zwozdesky, followed by Mr. Stevens and Ms Olsen.

MR. ZWOZDESKY: Thank you, Mr. Chairman. Good morning, hon. minister. Good morning also and welcome to your staff accompanying you. Mr. Auditor General, the same to you and your

staff. A pleasure to see you as well.

Mr. Minister, you handle a department here that doesn't spend a huge amount of money, yet it seems to me the department has a huge task in terms of fulfilling the obligations you have not only to this House and the citizens of Alberta but also to liaising effectively with many other provinces on several of the issues you mentioned. I wish I knew more about your department; I'm deeply interested in it. I'm reviewing public accounts, which in volume 2 is all reflected, I think, in just a couple of pages. On page 81 of volume 2 there's a category under revenue called refunds of expenditure. I note here that there is a significant increase in the refunds of expenditures between 1996 and 1997. I'd like some explanation if I could, Mr. Minister, on what it is that constitutes refunds to your department. It seems to be a major source of revenue for that particular year based on the numbers reported. Also, why was there such a dramatic increase in that time period?

MR. HANCOCK: The explanation is interesting. I'll try and give you my best shot, and then perhaps Marilyn can supplement if necessary. As I understand it, the \$134,000 consists of two elements: \$130,000 is an overstatement of accruals. Those were the accruals made for the productivity plus program, accruals which obviously weren't an overstatement; in other words, the excess that wasn't utilized in that area. The remaining \$4,000 were refunds of expenditures: one airfare and one subscription, or maybe more than one airfare.

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MR. ZWOZDESKY: Thank you.

MR. HANCOCK: The bulk of it was the productivity plus program.

MR. ZWOZDESKY: The productivity plus program, if memory serves me, had something to do with rewarding employees or managers, upper management perhaps, for specific task accomplishment. I wonder if you could outline to us what some of those accomplishments were, what types of payouts were given and to how many people they were given. This is not intended as a criticism, by the way. It's just for clarification.

MR. HANCOCK: I certainly cannot go into that kind of detail from memory, and we'll have to respond to you with the detail you're asking for in that area. At the time the productivity plus program was brought in, there wasn't a great deal of detail in terms of allowing a good estimate for accrual for that, so that would be the basis for the overaccrual, I guess. But in terms of the detail of the program that you're asking for, I'd have to get that back to you.

MR. ZWOZDESKY: Just to be clear, Mr. Chairman, it's the criteria for the program, the number of people affected and the amounts paid, because \$130,000, I'm sure, didn't go to one single individual. I'll just leave it for an undertaking through the chair.

MR. HANCOCK: The \$130,000 is the part that didn't go to anybody and was the overaccrual for the productivity plus program.

MR. ZWOZDESKY: Oh, I see. Okay. Well, whatever additional info you can . . .

MR. HANCOCK: Perhaps I can just ask Marilyn to supplement briefly.

MRS. JOHNSTON: The overstatement of accruals of \$130,000 actually went back to general revenue.

MR. VALENTINE: The program was a 1995-96 program, and the accrual that is being reversed is the amount that was provided for at the end of the fiscal year 1996. You will remember the program wasn't in sufficient detail except to make the accrual at year-end, and the funds were distributed in the first part of the 1996-97 year. So this is simply the difference between the estimate and the actual of the expenditure recorded in order to provide appropriately for the year-end accounts. And your question, in fact, as to the number of people who got it, how much they got, and the rest of it applies to the 1995-96 fiscal year of the province.

THE CHAIRMAN: Mr. Zwozdesky, do you still wish the information to come from the minister?

MR. ZWOZDESKY: Well, any additional information on the productivity plus program would be most welcome. I have a sense that it did continue past '95-96. It did not?

MR. VALENTINE: No. You will remember that my report prior to this one we're involved with today was substantially critical of the productivity plus program.

MR. ZWOZDESKY: Well, the name was changed, we assume. Anyway, I've had my moment. I'll come back later.

THE CHAIRMAN: Yeah. More than a couple, I think, as the members are saying.

Mr. Minister, if you do send information to me, would you send it through the secretary so we can circulate it to all of them? Fine. Thank you.

Mr. Stevens, Ms Olsen, and Mr. Amery.

MR. STEVENS: Thank you, Mr. Chairman. Good morning, Mr. Minister, Mr. Auditor General, and your respective staffs. At the outset I would like to congratulate you on the clarity and brevity of your opening remarks.

Alberta seems to be involved in a number of twinning projects and strategic alliances internationally. I'd appreciate your comments, Mr. Minister, as to the benefits for Alberta for the money and time spent on these twinings and other strategic relationships.

MR. HANCOCK: I appreciate the question. I guess the first thing I'd like to say is that we benefit quite considerably from some of the twinning relationships in that we don't devote the same substantial amounts of resources that other countries do. Just to give you an example, we're twinned with the province of Hokkaido in Japan. As a result of that twinning and the ongoing relationships as well as the municipal twinings that are happening, we have visits of considerably large delegations of students, government officials, and others who come annually to Alberta. So the benefits from that twinning arrangement, just from that one province alone, are quite significant in terms of the number of people who come from those jurisdictions, and particularly that jurisdiction, to the province. Both the economic benefit of them arriving and being here, but also the long-term benefit – I'm just using this as an example: the long-term benefit of the relationships that are built and the understanding that's built between ourselves and people in those other subnational jurisdictions in other countries.

We have twinning relationships with Hokkaido in Japan, Kangwon in Korea, Heilongjiang in China, as well as in other areas. We have a twinning relationship with Montana, with Neuquén in Argentina – which hasn't been a very active operation recently, but interest has been revived as a result of recent Team Canada missions – a new one with Jalisco in Mexico, and a very interesting one with Mpumalanga in South Africa. It shows the range of the twinning

relationships and the different possibilities that are available for us.

With Hokkaido in Japan, for example, the educational exchanges are very active. We have, I think, eight communities in the province that have twinning relationships with communities in Hokkaido province in Japan, and there's a very active and ongoing operation and good understanding. Some of the spin-off benefits of that in my view are that we've developed a great deal of industry and economic opportunity as a result of that better understanding between our governments and an ability to have a better influence in changing what might be considered internal trade barriers such as building codes. Just as one example, our forestry industry or forest products industry is having a very good opportunity in Japan, but there had to be a change in building codes because the method of building in Japan was different from the method of building in Canada. They've now discovered through some of the research put forward that our method of building is stronger and withstands earthquakes more. So there's a great opportunity now for windows, for stairways, and for other forest products to go into Japan. It's my belief that the twinning relationships and the intergovernmental relationships that we build up lay the groundwork for the foundation of that type of economic development.

The other end of the spectrum is the Mpumalanga exchange, which is basically a CIDA project which we don't pay for at all. In setting up the subnational governments in South Africa, which they hadn't had in the past, CIDA has worked with some of the provincial governments in Canada to ask us to provide some expertise in setting up those subnational governments, and we're twinned with the province of Mpumalanga, and one of the benefits of that is obviously long term for us. In the short-term basis, it allows our provincial civil servants to have a broader experience, an opportunity to work in other jurisdictions with other issues and perhaps re-examine the way we do things here. In the longer term, it lays the groundwork for a long-term relationship, a trading relationship, which will have economic benefit for us. But currently it's not costing us anything. It's a CIDA project, and it's an opportunity for us to share expertise and, in sharing that expertise, to learn more about how we should do things.

So there's a broad range of benefits there.

MR. STEVENS: Thank you very much for that answer.

I believe one of the organizations or relationships that you referred to in your opening remarks was that of the Pacific Northwest Economic Region. As I understand it, Dave Coutts, the MLA for Livingstone-Macleod, is the current president of that organization, and Alberta is certainly actively involved. I'd appreciate further clarification, Mr. Minister, on what Alberta's involvement specifically is in that organization and what benefits you understand have actually been realized to date.

**9:00**

MR. HANCOCK: Again, that could be a broad question. First of all, the organization started as an organization of legislators, members of Legislatures from the various jurisdictions, and was chaired by a Senator from Seattle in the state of Washington. In fact, he was the only president of PNWER for a long time. The organization was broadened through the input of Alberta and at the assistance of Alberta to include a private-sector council as well, so now there are private-sector councils in each of the jurisdictions, and it's not just legislators but members of industry and members of the economy in each of those jurisdictions as well.

It meets biannually, in June and November usually. It has a number of working groups. One of the members of the committee here, Moe Amery, was at the last PNWER meeting in Idaho, and as I understand it, as a result of being there and his participation, he was asked to chair one of the working groups.

The working groups are set up around issue-specific areas and can deal with those areas. A good example of progress was that PNWER's last June meeting invited participants from the agricultural sector to discuss cross-border issues on the handling of grain and other issues that have been a thorn in the side and have created conflict between organizations in Canada and organizations in the United States. There was a good coming together of the minds of the people in the industry around that and some significant successes there which they then could communicate to their legislators directly because the legislators across the border were there. We could also co-ordinate and communicate to the national governments, both in the U.S. and Canada.

The Canamex corridor is another example. Idaho has just moved to increase its weight tariffs to 129,000 pounds – perhaps tonnes, something like that – to a standard Alberta is at so that our trucks don't have to stop at the border and break down their loads, which is a significant improvement to the trucking industry and a significant improvement to transportation. There was a significant lobby in the States because of course their rail system is much more developed and much more active down there, a very, very strong rail lobby against that. But as a result of not just the PNWER organization but certainly the participation of the PNWER organization there have been some significant successes along that line, and the concept of the Canamex corridor and the need to bring together our weights and standards in terms of roads and bridges has been highlighted and brought to the attention of legislators.

I had the opportunity to go to Seattle and to Washington state at the beginning of March to promote a number of different issues and concerns. One of the issues was to talk about the effectiveness of PNWER. As a result of that visit I met with the secretary of state from Washington and the Lieutenant Governor who happened to be chairing the final session of their state Legislature. They introduced me on the floor of the Legislature and allowed me a five-minute commercial on behalf of Alberta on the floor of the state Senate.

Those are the types of things that can happen, ranging from simply an opportunity to promote better understanding of Alberta to an opportunity to actually deal with significant issues that are at stake for Alberta in terms of its relationships, its ability to promote those issues to the forums that need to hear about them.

Again, we have cross-border issues with the U.S. immigration act which have been highlighted. You know, they passed an act which would require registration at the border for all aliens. We are considered aliens in that context, and that will create havoc at the Canada/U.S. border. We have been able to use the PNWER forum as one of the forums to promote changes to that legislation and understanding and agreement with northern legislators in the States to put pressure on their U.S. government to remove that condition. We have seen some progress now in February and March of this year to remove those restrictions on Canadian visitors.

The other thing I should indicate is that PNWER is not a partisan body. Our delegation to PNWER includes members from both sides of this House, and each delegation to PNWER from all the other jurisdictions as well is nonpartisan and has members from all parties in attendance.

MR. STEVENS: Thank you.

THE CHAIRMAN: I hesitate to interrupt the minister, but we're examining accounts much more than policy review. We have so, so many people to speak today, so if you can shorten them up and capsule them a little bit, it certainly would help.

Ms Olsen, followed by Mr. Johnson and Ms Blakeman.

MS OLSEN: Okay. Welcome, everybody, to what's probably our

last Public Accounts meeting for a while.

MS BLAKEMAN: No, no. Say it's not so.

MS OLSEN: You know, I would like to stay here much longer, but I can see the minister's somewhat tired.

What I have are a couple of questions around aboriginal affairs. You indicated earlier that the Métis Settlements Transition Commission has put forward business plans. Along those business plans, my question is: did they include the financial forecast as was requested through the Auditor General's report? I think that's page 114. Some long-term operating strategies and financial forecasts were part of that report, and I'm just wondering if along with the business plans those specific actions were undertaken as well.

MR. HANCOCK: Well, the business planning process – we went to the match and grant replacement agreement process. As part and parcel of that process, the Métis Settlements and the Métis Settlements General Council have been required to put together business plans. That process is continuing, and most settlements have developed their business plans. There are still some coming to completion. Those business plans will deal on a three-year basis with revenue projections and how they're going to deal with financing and accountability on a financially accountable basis.

As you're probably aware, the process over the last number of years of this transition has been to create a future fund. My understanding is that the future fund is now at about \$62 million. It's anticipated that it will be at a minimum of \$111 million by the year 2007, at which time provincial support for settlements will cease and the future fund and the financial planning basis they've undertaken will take over the financing of the settlements. Part and parcel of that process is the development of the economic viability strategy to ensure that infrastructure is in place. So those are a number of different initiatives that work together towards the future of economic viability of the settlements, and business planning is a very significant part of that process.

I wish I could say that the business planning process has been completed in all areas, but it hasn't. It's well under way, and I think the understanding of the need for it and acceptance of the need for it is certainly there now. Perhaps if you have any more specific questions about where it's at, I would ask Randy Hardy, the Métis Settlements Transition Commissioner, to supplement.

MS OLSEN: I guess my specific question is: through the Auditor General's report we obviously see a need to have the long-term strategies and business plans in place. Of course, that works with the objective of the future fund. My concern is that up to the end of '96-'97, where we see some of these settlements actually running deficits, are those business plans that we've asked them to prepare going back looking at sort of a financial forecasting dealing with the deficit issue that some of the settlements have?

MR. HANCOCK: I'll let Randy deal with the question of the deficit issue in terms of how that was handled, but the whole concept of the business plan is to put financial forecasting and financial planning on a much more stable basis and to develop an understanding in the communities. Most of the communities have done a very good job of involving the whole community in the discussion of the financial future and the financial viability of the settlement. As you're aware, that sometimes can be a very difficult process. So the learning process and the participation process, as it is with legislators, including myself coming into the business planning process we have, is just as difficult for settlements and involving the communities.

They have the added benefit and burden that the plans and the budgets have to be approved by bylaw of the community. So it's a very difficult process, but one that I am very impressed with has started effectively. In most communities it's working well in terms of involving the community in developing the process. And we've made it very clear that we don't finance deficits. That's been, since I started and certainly before that, one of the bywords of it: that we have no sympathy for deficits, that we've got to learn to work within the funding envelope that's available.

Perhaps Randy could supplement in terms of what's happened with the deficit process in the past.

**9:10**

MR. HARDY: The deficit question with regards to one of its elements – I think it was the year you quoted, 1996. What happened in that case was that there was a local problem. We assisted in coming up with a local solution. We didn't bail out that settlement, in other words, and what it meant to that community was looking within for more revenues. So we implemented – not just on that one settlement – this initiative of local contributions. That following fiscal year they just basically built less infrastructure items such as less housing, less roads, and things of that nature. So they're well under way. They haven't even, I guess, come to close proximity of a deficit, in that community anyway.

MS OLSEN: Okay.

MR. HANCOCK: I wonder if perhaps I could add to that. One of the areas we are concerned about is developing the concept of local contribution. That's part of this business planning process: as we build the economic viability strategy in trying to create opportunities for employment and other economic opportunities, the concept that settlement members will be contributing to the cost of operating the settlement is also built into that business planning process. So it's not just replacing government funding with funding from the future fund.

THE CHAIRMAN: Mr. Johnson, please, followed by Ms Blakeman.

MR. JOHNSON: Thank you, Mr. Chairman. Good morning to the minister and members of the department.

Page 19 of your department's 1996-97 annual report discussed Alberta's joint efforts with the federal government to promote investment in infrastructure. Just quickly going through that section, I notice some of the examples are the Canada/Alberta agri-infrastructure agreement, the science and technology memorandum of understanding, and the Canada/Alberta infrastructure works program. What was the role of your department in these initiatives, and how is the government following up on these efforts now?

MR. HANCOCK: Some of those initiatives were one-time initiatives or one-time initiatives which were renewed, such as the infrastructure program. FIGA at that time played a key role in negotiating the original Canada/Alberta infrastructure agreement in ensuring that the national allocation formula treated all provinces fairly, which is of course one of the concerns we always have. In these types of programs, the federal government looks at Alberta as being a have province and sometimes doesn't see it as being a place where funds need to be allocated. You may recall that in the year in question we participated in an infrastructure program such as that both to continue to build and improve Alberta infrastructure but also to provide the economic benefits to the construction industry and the other industries which were in a bit of the doldrums at the time. As a result of those efforts, funds were allocated on the basis of

population and also on the basis of unemployment, which resulted in about \$600 million in municipal infrastructure investment involving over 2,000 projects in the province from 1994 until this year.

[Mr. Stevens in the chair]

We've continued not in that infrastructure program but within the concept and structure of that type of program to encourage the federal government – and we're working with Treasury on this – to continue to look at municipal infrastructure and highway infrastructure, to look at the same types of fair sharing, if you will, because infrastructure is important to the country, particularly the highway infrastructure, and we're not receiving anywhere near the amount of money we're spending in that area. As an example, the Minister of Transportation likes to use the example of the gasoline taxes, but the amount of gasoline taxes paid in this province to the federal government is substantial, and the amount of money we get from the federal government towards highway infrastructure is insignificant. So those are the types of issues we continue to work on. The infrastructure program was one type of program on that line that we had a significant impact on.

The western economic partnership agreement as well – we've recently signed a new version of that agreement. That's the type of agreement that our department worked very strongly on to basically lever federal government funds into worthwhile projects for the province. The current iteration of that is focused on research and technology. In fact, we just delivered a cheque for \$5 million and the federal government delivered a cheque for \$5 million to the Alberta Research Council for a number of projects they're working on. So that's sort of the current version of the negotiations that Intergovernmental Affairs undertook with the federal government to bring together infrastructure type programs which deliver dollars which are necessary to areas of importance: in 1996, infrastructure; in 1998, research and technology and that sort of development.

THE ACTING CHAIRMAN: Ms Blakeman and then Mr. Amery.

MS BLAKEMAN: Thank you. Welcome to the minister and his staff and the Auditor General and his staff. I'm interested in – let me give you a reference. That would be page 80, program 1.0.3. I'm interested in the national child benefit reinvestment framework and labour market development. I think the jury is still out on how this is working overall, but I'd be interested in an update on the steps taken during the fiscal year '96-97 by what was then Federal and Intergovernmental Affairs, an update on the steps on this program and working with the federal government and other provinces to develop this.

MR. HANCOCK: Well, that's a very important question, because as you're probably aware, this process is ongoing and hopefully will come to a good conclusion this summer. In 1996, at the annual Premiers' Conference, the premiers endorsed the concept of a national framework agreement on social policy and social policy renewal. It's a given, I guess, that we don't operate in isolation in this country, and while each province may have its own needs, each group of citizens in the country has their own expectations and desires and different ways of doing things, we want to have some concept of national standards; we want to have some concept of mobility. Citizens of Alberta and citizens of Canada, I think, want that. But that doesn't mean they want the federal government to impose those standards or set those standards unilaterally or interpret those standards unilaterally. So that's the concept behind the whole

social policy framework: that the provinces and the federal government have 13 units within the country coming together to determine who's doing what, how we set national standards, how we work together to make sure it works.

The national child benefit was one of the first successes of that discussion process where the federal government agreed that it would pay a national child benefit. That would free up money that was currently being paid in social benefits by provinces on the commitment of the provinces that they would reinvest the money freed up back into areas of strategic importance within the provinces. Each province was free to set its own priorities in that area as long as it fit within the guidelines in the agreement that it would go back to helping children. By February of this year each province was supposed to have announced the strategy it was going to use.

I'm interested in your comment that "the jury is still out," because I think it's been a very successful program. We did a consultation program in the province as to the best way of reinvesting it, and there's any number of different places where you could reinvest money to assist children. We've basically done it in health related areas for families that otherwise don't have those types of benefits because they're not on social assistance, but they're still not what you'd consider to be a high-income family – so to fill the gap in that area. That is one example of the very successful process of discussion and co-operation between provincial governments and between provincial governments and the federal government. Instead of sitting back and saying this is our area of jurisdiction, don't come near it, we understand there are overlapping interests, and while we maintain vigilantly our areas of jurisdiction, we have to understand there are national interests and those national interests can best be dealt with by provinces in good faith sitting down with each other and sitting down with the federal government and negotiating frameworks which can deliver programs in areas of need and set national standards that can be adhered to, but without one partner to the agreement having a unilateral ability, particularly in areas that aren't their jurisdiction, to have a hammer.

**9:20**

MS BLAKEMAN: No further questions. Thank you.

THE ACTING CHAIRMAN: Mr. Amery and then Mr. Zwozdesky.

MR. AMERY: Thank you, Mr. Chairman, and good morning, everyone. Mr. Minister, it seems to me that some of the activities your department is involved in are similar to those undertaken by the Department of Economic Development. I wonder if you could tell us: in terms of developing a strategic alliance on an international level, what is the exact difference between the role your department is playing and the role Economic Development is playing, and is there any overlapping and duplication?

MR. HANCOCK: Well, I'm particularly glad that question came up, because as I recall, the Member for Edmonton-Centre raised that during estimates this year, and it seems to be a constant question. I think it's a question that bears some thoughtful reflection.

Economic Development's job is the promotion of trade. It's the promotion of Alberta's trade interests, and I think it's got a fairly focused approach and needs to have a very focused approach specifically on how we get opportunities for Alberta businesses, how we open those doors. Intergovernmental Affairs' approach is a much broader, more policy directed approach. It's a question of creating relationships, looking at trade policy issues, so it's a much broader and conceptual approach. I think there are two distinct and need to be two distinct approaches to it.

We, for example, are gearing up to work with the negotiators on

the World Trade Organization round on agricultural tariffs and agricultural agreements. We're working with the federal trade negotiators with respect to discussions, if they're still going on, on MAI. Those are much broader issues and concerns than Economic Development is dealing with. Economic Development would be dealing with what Alberta businesses are doing and where opportunities for those Alberta businesses are in other parts of the world and what the role of government might be in helping to make those connections. So the narrow promotion role of Economic Development as opposed to the very broad trade policy, trade issue, and governmental relation role of Intergovernmental Affairs.

Is there overlap? There are always areas of overlap. Obviously specific trade issues identify trade barriers, and dealing with those trade barriers then becomes our responsibility. Developing a trade mission has both focused specific business purposes and broader intergovernmental relations, protocol issues. So there are always some areas of overlap. But one of the realities of Intergovernmental and Aboriginal Affairs is that everything we do overlaps with some government department, some line department within the province. We take the lead when there's more than one government department dealing with a specific issue. Then normally it would become Intergovernmental Affairs' role to lead in that issue. If it's a bilateral issue, for example, a specific issue in Environmental Protection or Agriculture, then that department might take the lead and we would play the supporting role in the intergovernmental relationship. So we overlap with all sorts of departments, but it's still very necessary to have that co-ordinating function. We deal with most of those issues on the broader policy directive level, and the departments deal with them on the more specific and focused levels.

MR. AMERY: Thank you.

THE ACTING CHAIRMAN: Mr. Zwozdesky and then Mrs. O'Neill.

MR. ZWOZDESKY: Thank you. Mr. Minister, in your opening comments you made some references to some of the multilateral projects we're involved with. In particular, one that I recall you mentioning, I think, was the Russia/Canada co-operative federalism project or something to that effect. I believe, Mr. Chairman, this would be covered in a general sense under public accounts, volume 2, page 80, program 1.0.3. As you look at that program, it's a fairly broad category, so within it, I would think, is where some of these multilateral projects fall.

I know we've had a number of initiatives that have occurred over the last several years with respect to Europe in particular. I'm thinking of some of the nonrenewable resource sharings we've done of information and technology with Canada/Russia, Canada/Ukraine; as well, in the agricultural sector, housing and mobile home development, that type of thing. I was just hoping you might be able to present us with some sort of update on the status of a couple of programs in particular as they apply to the '96-97 public accounts. One of them is the Russia/Canada co-operative federalism project; the other one is the Canada/Ukraine legislative co-operation project. I believe you had members in fact that were introduced over the last year or two in the House that were part of that. Then there's the Alberta Mpumalanga co-operation project.

MR. HANCOCK: I'd like to give just a brief overview, and then perhaps I might ask Wayne Clifford to supplement. The Russian federalism project was a CIDA project again. It involved a \$2.7 million contract with CIDA over two years to increase Russian official understanding of the Canadian federal system and to build capacity and support democracy in Russia. The project consisted of five sets of exchange and study tours and conferences on issues like

fiscal federalism. That project has been completed; we consider it to be very successful. But it's an example of the type of project the Alberta government is being asked to participate in by CIDA and by the World Bank in assisting in the development of fiscal federalism in fiscal models around the world. Alberta is one of the governments that is in high demand by those two organizations and others to assist in this type of development work.

It has a number of impacts on us. First of all, usually there's no direct budgetary implication. In the Canada/Russia one I think we actually made some money, \$90,000. That doesn't necessarily take into account the time and effort of the civil service, but it does a couple of things for us. It broadens the experience and the depth of experience and provides a different perspective for our own civil service in being involved in these types of projects. It does some good things, things that CIDA and the World Bank are trying to accomplish on the world stage, and it develops the opportunity for long-term relationship building which will assist us in the future in economic ties and other ties with those jurisdictions.

I don't know if there's a supplement you'd want to make to that.

MR. CLIFFORD: I'd just mention that the project was quite successful, and we published a series of books summarizing the findings. Those were published two years ago, and we were just asked by the Russians to publish a new set because they're in high demand over there. I guess the other significant thing is that by working on this project we were able to establish some very good contacts with very senior decision-makers in the Russian government, both at the regional level and in Moscow. These are very useful to us as we try to advance our economic interest there and, in some cases, to sort out some of the economic problems our companies are having over there because of the considerable uncertainty in their economic and regulatory system.

MR. ZWOZDESKY: Just as a brief supplement, Mr. Minister, could you tell me how some of these projects fit and how they apply to the '96-97 year in terms of the MAI agreement? I mean, the MAI has been talked about now for a long time. I'm assuming that we have spent some time doing research with respect to the implications of the MAI on issues such as health care and elsewhere, but with specific relation to your department can you give us a brief update on what if anything was done during this particular year in question with respect to furthering our interest in the multilateral agreement on investment?

**9:30**

MR. HANCOCK: Well, it'd be hard for me to relate it specifically to that fiscal year, and perhaps again I'd have to ask Wayne to supplement it, but we have in Intergovernmental Affairs one of the most highly respected trade policy teams of any jurisdiction in the country. Helmut Mach and Jim Ogilvy and the others in that area are widely respected with respect to both internal trade discussions and international trade policy issues.

We have been working very hard to have the federal government recognize that in any of these international trade negotiations that they have, they can't make agreements unilaterally without involving the province because by their very nature they involve areas of provincial jurisdiction and areas of provincial concern. Because of the expertise of the people involved and because of the relationship and the co-operative nature they have engaged in, they have developed a good consultative process, and they have been very effective in delivering for the province in terms of our ability to affect the negotiations on those sorts of issues and those sorts of trade agreements. We still want to push for a more formal process of involving provinces both at a table determining the Canadian

position and an understanding that those agreements can't be entered into by Canada imposing obligations on provinces without the agreement of those provinces.

So I can assure you that during the 1995-96 and '96-97 years that process was under way and that we continue that process today. It isn't complete, and it won't be completed for some period of time.

We have good input. We meet regularly with the federal government's advisory groups. I think it's called SAGIT and . . .

MR. CLIFFORD: ITAC.

MR. HANCOCK: ITAC. We meet regularly with those groups.

We have the trade policy expertise. No provincial jurisdiction and even the federal government has the competence in that area that we have. Then we bring in outside trade policy advisers from time to time when necessary. For example, when dealing with the U.S., we had a meeting with industry advisers to the federal government, brought in our trade lawyer from the U.S. and our trade people. We have discussions of that nature. So it's a very broad process. I'm not sure that got directly to your question.

MR. ZWOZDESKY: I would just leave one perfunctory comment, perhaps, and that would be that if there are some reports on that – I am very interested in the MAI – I'd welcome looking at some of them, through the chair of course.

MR. HANCOCK: I just might comment on it that the MAI process is just in the OECD nations. The 29 members of the OECD nations are meeting now with respect to the latest round of that. There's no clear indication that there'll be a new deadline set for entering into an MAI agreement. In fact, it may roll over into the World Trade Organization, where it would be more effective in any event, from my perspective.

THE ACTING CHAIRMAN: Mrs. O'Neill, and then Ms Olsen.

MRS. O'NEILL: Thank you, Mr. Chairman. Good morning, Mr. Minister and your staff and Mr. Auditor General and your staff too.

I'd like to first of all commend you on the ease with which you presented and certainly the ease with which I can read the public accounts. All two pages are really much appreciated. Thank you. However, I'm going to make reference to your 24th annual report, and in particular page 16. You mentioned in your opening comments, Mr. Minister, the federation and the effectiveness of it in non social areas. You also make reference to it in this report and to Alberta's efforts to improve the federation's effectiveness in those particular areas. My question is: are you still chairing that? Is Alberta still chairing that?

You've identified several areas of rebalancing, such as including "harmonizing environmental management, reducing internal trade barriers," and also "securing changes to Canada's . . . agricultural policy." Mr. Chairman, if it's permissible, I would ask the minister: can you comment on how that is progressing currently?

MR. HANCOCK: First of all the question of chairing it. The chair of these councils rotates in the same manner as the chair for the Premiers' Conferences. So this year it was to go to New Brunswick, and then as Saskatchewan is hosting the annual Premiers' Conference this summer, the chairs will devolve to Saskatchewan in these areas. Because of the resignation of the Premier of New Brunswick, there has been some change in who's chairing what. Unfortunately, the non social policy rebalancing, the chair of intergovernmental affairs issues, has become a little bit murky, and



not as much progress has been made in this year as I'd hoped would in terms of some of the other issues.

The social policy one is proceeding very well because that was a priority area and we've pushed on that. It also happens to coincide nicely with the whole discussion on national unity and rebalancing. So that one is proceeding very well.

Unfortunately, the non social policy rebalancing area is not as coordinated, but there have been some good successes on that. Environmental harmonization, which was a very significant issue in the fiscal year in question, finally came to completion in the signing of an environmental harmonization accord in January of this year, which gives you an indication of how long it can be sometimes to get jurisdictions together and to actually agree to some of these issues. That's been a successful process which has been undertaken primarily by the environmental ministers. The success of it is due to the hard work of the Environmental Protection department. Intergovernmental Affairs had a very significant role to play in that process over the years. Even in achieving the signing of that harmonization accord this year, we have to give a tip of the hat to Stéphane Dion, the federal Intergovernmental Affairs minister, whom I weighed heavily on and others weighed heavily on. He talked with the federal ministers about the need for federalism to bring to a conclusion some of these agreements, specifically the environmental harmonization agreement.

[Mr. White in the chair]

Alberta was also instrumental in negotiating the MASH procurement chapter for the agreement on internal trade. The agreement was signed in 1995, but progress has been very slow in some areas. The MASH sector is one area. The MASH annex was supposed to have been signed in July of 1996, and I think it even had a previous target date. It's finally in February of this year, albeit with the absence of British Columbia but their agreement that it should be signed within the context of the internal trade agreement. There has been significant progress made on that to the extent that it's going to be implemented by February 1 of next year. That's a very significant success story, I think, and due in large part to the group that I was talking about in Intergovernmental and Aboriginal Affairs Alberta, our trade policy people.

On the agriculture side, as an example, the national Food Inspection Agency has been created and is working with provinces toward an integrated food inspection system. So, again, a specific area but an area of co-operation between jurisdictions within areas of the provincial jurisdiction. We've had less success in pursuing modification to Canada's agricultural marketing systems, and we're continuing to press the federal government and some of our other provincial jurisdictions in this area.

Alberta is known well intergovernmentally in Canada. In fact, the federal trade minister was in Alberta and acknowledged that our approach is: show us a trade barrier, and we'll rip it down. That's been an approach that's been successful for Alberta business and the Alberta economy, but it is one that has to be vigilantly pursued. If we don't pursue it, there's a tendency to retrench because other jurisdictions aren't as open, and particularly our neighbour to the left is not as open to tearing down the trade barriers and allowing businesses to do what they do best. So we still have lots of work to do.

MRS. O'NEILL: Thank you.

THE CHAIRMAN: Ms Olsen, followed by Mr. Ducharme.

9:40

MS OLSEN: Thank you. Again my question is in relation to

aboriginal affairs. I just wanted to know what plans were developed by the ministry during 1996-97 to respond to the concerns of off-loading costs from the federal government to the provinces as it relates to services provided to aboriginal people.

MR. HANCOCK: I'll ask Cliff to supplement, but I think that's one area that is not as much of a success story as we'd like it to be. There's been ongoing denial by the federal government of their obligation to aboriginal peoples. I think the obligation constitutionally, in our view, is clear. The Constitution of Canada does not say that the federal government is responsible for aboriginal or Indian people on reserves. It says: responsible for Indian people and Indians on reserves. In our view they're not doing enough to take cognizance of that responsibility. Unfortunately, I think – and, again, this is a personal perspective – over the past number of years that has resulted in more jurisdictional wrangling than looking at the problem and finding solutions. I think that's the focus that we're engaged in now, saying: okay; we have a disagreement with respect to areas of jurisdiction, but we're dealing with people here. Alberta spends – I think the last number I saw was something like \$660 million in areas of programming related to services delivered to aboriginal people, which one could argue the federal government should be providing. So we need to work more in that area.

We're developing a policy perspective area currently. I couldn't of my own knowledge point to what was happening in 1995-96. I guess I would go back to my initial comments in saying that in recognizing those areas of concern, Premier Klein has taken a leadership role; for example, following the Premiers' Conference in August of that year in Jasper arranging for Premiers to meet with national aboriginal leaders and involve them in the discussions as to the areas of concern. We followed that up, for example, with a meeting in May 1997 in Saskatoon with aboriginal leaders. One of the specific purposes of that meeting was to get input into the current discussions on social policy framework and how federal off-loading, as the provinces call it, is one of the significant issues in the national social policy framework agreement. We're committed to involving aboriginal leaders in that process and are identifying the concerns and helping to arrive at the solutions relating to that area, but it's not anywhere near the level of success it needs to be at.

I think in the year in question it was a significant step to have provinces and the federal government acknowledge and agree that national aboriginal leaders need to be at the table discussing the question of who should be providing or be involved in what areas of jurisdiction. There was unanimous agreement at that May meeting that the federal government needs to come back to the table and acknowledge their responsibilities in the area so that we can all start working together on solutions.

MR. SUPERNAL: Just one comment I might add is that during that year '96-97 and just previous to that the strategies of the provincial and territorial governments were to work more closely with the aboriginal people on consultative processes, because the aboriginal people felt they wanted to deal with the issues directly themselves, particularly the obligation they felt that the federal government had to them. So the mechanisms were then created, I believe starting then. The Premier signed the protocol agreement in '95 with the chiefs. It was the beginning of a change to shift control more to the aboriginal chiefs, particularly controlling their own negotiations in terms of programming.

The federal off-loading approaches that we've tried as provinces and territories were not working. They were being ignored, and off-loading was continuing to happen. So by using the aboriginal people as the mechanism to deal with the federal government, we're finding it's working at least a little more effectively.

MS OLSEN: My understanding was that not all Alberta First Nations chiefs had signed the protocol agreement, and so I'm wondering what progress has been made from that point in '95 to the end of '97.

MR. SUPERNALUT: Well, 25 of the 44 chiefs did sign the agreement, and I believe it was higher on the federal protocol agreement. There are two agreements in place. The agreement is still a mechanism, I think, where we consult aboriginal people, but there are also other mechanisms we've used. For example, there is a Treaty 8 MOU that has been signed for discussions, and it's much similar, on the same lines.

MR. DUCHARME: Good morning, everyone. Before I go on to asking my questions, I'd certainly like to compliment the minister on the information he's sharing with us this morning. Your answers are very in-depth and certainly are giving us committee members a better understanding of your ministry. I thank you for that.

The question I'd like to ask relates to aboriginal affairs. I understand there are a number of grants available under Métis settlements. Can you please outline what these grants are?

MR. HANCOCK: We've moved from the matching grant process to a maximum grant replacement agreement relating to Métis settlements, and as part of that process, with the development of business plans by the Métis settlements, we have a \$10 million annual statutory payment which goes to the Métis Settlements General Council. As well, there is \$22 million which goes to the Métis Settlements General Council. Those moneys are then divided among the eight Métis settlements by the Métis Settlements General Council in accordance with a policy which they have to provide on an annual basis. So far as I understand it, it's been done on an equal basis to each of the settlements. That's the grant program that's in place and will be in place for the next few years.

We have the Métis Settlements Transition Commission, which will be winding down as more authority is transferred from the minister's office and from the transition commission to the settlements general council on the basis of well-developed business plans and accountability frameworks. Then the funding will also be wound down over time.

The existing agreement ends in 2007, and at that stage the provincial granting moneys would be replaced by the business plan income, the revenue they'd bring forward from both their economic development – oil and gas, et cetera, the revenue which is raised from settlement members – and the future fund that's there. So we require accountability for that process as long as we're granting those funds.

There's also access, of course, to provincial dollars for infrastructure. For example, the Department of Transportation and Utilities budgets every year for infrastructure throughout the province, and in that area and specifically this year there's going to be infrastructure money to build some of the infrastructure projects, which the Métis settlements have provided their portion of in their business plans.

Then, of course, in the past they've had access to grants under the CEEP program, which is the community . . . What does the acronym stand for?

MR. SUPERNALUT: Community employment economic promotion program.

MR. HANCOCK: That's a small grant which northern isolated communities can apply for, an amount of approximately – I think it's

\$30,000 to hire an employment co-ordinator to look for opportunities for settlement members and that sort of thing.

MR. DUCHARME: Thank you. You did mention a little bit in regards to accountability. What mechanisms do you have in place to ensure accountability of these grants that go to the settlements?

THE CHAIRMAN: I think you may have missed that earlier when the initial statements went through: a pretty comprehensive list of measurement tools they use. Perhaps you missed that on the front end.

If you have more to add, it's certainly permissible.

MR. HANCOCK: I think the accountability framework that's being built in is one where we're asking for settlements to develop their own internal accountabilities and to be accountable to their members and to build the policy frameworks and the business plan frameworks to ensure that that continues to happen, that the governance structures continue to happen. So as we transition the authority from the minister's office, where it all used to reside, to the Métis settlements themselves and their Métis Settlements General Council, which is their own government structure, and wind down the Métis Settlements Transition Commission, we want to make sure that the accountability frameworks include proper processes for developing and continuing to develop the business plans, proper processes of accountability back to the membership in the community.

**9:50**

Just in that area, I might mention that within the Metis Settlements Act there's a provision for community members to petition the minister to intervene if there are areas of concern, and from time to time we do receive complaints and do receive petitions. It's been my process to turn that back to the communities themselves. We have the Métis Settlements Transition Commission which is doing forensic studies of each settlement to provide a baseline right now to ensure that the accountability frameworks are in place. Then when we in essence audit a community based on complaints that have been raised, we go back to the settlement council in those areas and say: "This is not our problem; this is your problem. Here are the issues that have been raised, here are the concerns that result from the investigation we've done. What we need you to do is to take ownership of the problem in your settlement and deal with your settlement members to come up with a method of resolving these concerns and developing a community plan."

So that's the type of accountability frameworks we're trying to build into this process. Once we're satisfied with those accountability frameworks and the policy processes are in place, the governance structures are in place, then there will be no need for us to be involved in it, a transition directly to the Métis settlements themselves and the Métis Settlements General Council.

THE CHAIRMAN: Ms Blakeman, and Mr. Melchin to wrap it up.

MS BLAKEMAN: Thanks. A quick question. The minister has referred a number of times to the social policy renewal, and I'm wondering: what were the recommendations that Alberta, your department, took to the table in '96-97 regarding the redesign of the federal/provincial fiscal arrangements to co-ordinate with the social policy renewal?

MR. HANCOCK: I was just consulting to determine whether the paper I'm thinking of was subject to a public release or not, and it

was. So I would suggest that the best way to answer that question would be to provide you with a copy of the paper which was agreed to by all provinces, with the exception of the province of Quebec, last summer at St. Andrews at the Premiers' Conference.

I would be loath to sort of identify specific positions of the provincial government in developing that paper, although I think it's clear to say that our main basis in all these discussions is that there has to be respect for each individual jurisdiction's ability to deal with issues within their area of jurisdiction but an understanding that we need to work co-operatively in the country. There's a broad range of issues that are being discussed and still are being discussed at the table, fairly intense negotiations right now between the position of the federal government of, I think they're calling it, harmonious entanglement and the provincial governments' and particularly Alberta's position that we should be as disentangled as possible, each understanding our own jurisdictions and where we have areas of involvement so that there's no overlap or a minimum of overlap and duplication. I wouldn't want to get into the specifics of the Alberta position, but I'd be very happy to provide you with both the kickoff paper from the 1996 Premiers' Conference and the paper which was approved by Premiers in August of 1997 and which forms the basis of the current negotiation.

THE CHAIRMAN: A substantial piece of work, I suspect, and you'll be delivering that to the member. It's probably not necessary to deliver it to all members. If other members wish, they certainly now know that the paper is available from your office.

Supplementary?

MS BLAKEMAN: Well, yes. Perhaps I'm misunderstanding something, but why would the minister be loath to tell a member of this Public Accounts Committee, who's asking about the policy developed under this particular ministry, what Alberta took to the table? You've said that twice. Why wouldn't you tell me that?

MR. HANCOCK: Perhaps you misunderstood what I was saying, but we're in the middle of very intense negotiations right now between the federal government and the provinces. Dr. Oberg, as our provincial representative at the table, and a member of my department at the officials level are and have been meeting on almost a weekly basis – the ministers less frequently but still more frequently than one might anticipate – on this very, very sensitive social policy framework agreement. As is true in any negotiation, one doesn't go out and say "This is our list of things" and post that on the wall. This is a very sensitive time in the social policy framework negotiation. We've been working towards this position for the last three years.

THE CHAIRMAN: Mr. Minister, she's very cognizant of the fact that we're not questioning current policy here. I think she was speaking of what was developed at that time of the accounts we're examining working up to the paper that was developed. So her reason for consternation was what positions were at that time, not now.

MR. HANCOCK: The reason why I offered the paper is because Alberta took a lead role in developing the paper, and you'll see Alberta's positions throughout that paper well enunciated, I think. Basically, our position was that we would ensure partnership based on clear roles and responsibility; in other words, disentanglement, understanding which jurisdiction is doing what so that we're not, for example, in some areas where both jurisdictions are trying to do the same thing. So one of the clear Alberta positions was

disentanglement. Ensuring accountability to the public was a second priority area, and aligning dollars with responsibilities. So basically rebalancing the roles and responsibilities, not as some people, particularly the media, would have it as a Klein-Harris power grab: that's not the intention and has not been the position of the Alberta government. The position of the Alberta government has been: we need to have an understanding between governments as to what the roles and responsibilities of each level of government are, where the dollars need to be to fulfill those roles and responsibilities, and we shouldn't be engaging in other jurisdictions' areas of responsibilities without clear consultation, clear agreement on what needs to be done.

MS BLAKEMAN: I'm sure it's the beginning of a long relationship. I look forward to receiving the document.

THE CHAIRMAN: The time being such as it is, Mr. Melchin has agreed not to put his question. We're all pressed, so members will thank their fellow member, I'm sure.

I'd like to thank the minister and his staff for full and complete answers. We often get full answers but not quite so complete as today. You obviously have a good handle on the department. We're quite pleased with that. The answers were delivered with a certain amount of cordiality, which we also appreciate.

It's looks as though it's going to be the last of this round . . .

MS BLAKEMAN: Say it isn't so.

THE CHAIRMAN: . . . or it appears that it could be, and I'd like to thank the members for their assistance in dealing with the business of the day and their conduct in this committee. I thank the Auditor General for his participation and all his staff who take that back to their people and certainly one we don't hear from very often, our dutiful secretary who does all the work. With that and with the hour being such as it is, we'll accept a motion to adjourn. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried. Thank you very kindly.

[The committee adjourned at 10 a.m.]

