

**Title: Wednesday, March 31, 2004 Public Accounts Committee**

Date: 04/03/31

[Mr. MacDonald in the chair]

**The Chair:** Good morning, everyone. I would like to call this meeting to order, please, of the Standing Committee on Public Accounts.

This morning we are joined by the Hon. Mark Norris, Minister of Economic Development, and some of his staff.

First, may I have approval of the agenda that was circulated.

**Mr. Marz:** I'll so move.

**The Chair:** Thank you. Moved by Richard. All in favour? Opposed? None. Okay.

If anyone has any additions at this time to the agenda – later on?

**Mr. Cao:** Can we just change the agenda to 9:30 a.m. instead of 10? Like, end at 9:30 instead of 10.

**The Chair:** Would you like to make a motion?

**Mr. Cao:** I make the motion, today especially.

**The Chair:** To adjourn the meeting at 9:30 today.

**Mr. Cao:** Yes.

**The Chair:** Agreed? Anyone opposed to that motion from Mr. Cao to adjourn today's meeting at 9:30 instead of the usual 10 o'clock?

**Dr. Taft:** I missed the explanation.

**The Chair:** The explanation is that the Hon. Mark Norris and his staff have been very gracious and co-operative with the clerk.

**Dr. Taft:** As they always are.

**The Chair:** We had a vacancy at this meeting because it has been the tradition to allow the Minister of Finance a great deal of flexibility because of the budget. On very short notice Mr. Norris and his staff have agreed to come, and there is a conflict in their schedule because Mr. Norris has to be at the AAMDC at 10 o'clock.

**Ms Blakeman:** Okay. Sure.

**Dr. Taft:** Sure. That's fine.

**The Chair:** Excellent. Approval of that motion from Mr. Cao?

**Hon. Members:** Agreed.

**The Chair:** No one opposed? Seeing none, carried. Thank you very much.

Approval of the minutes of the meeting that were circulated?

**Mr. Marz:** I'll do that too.

**The Chair:** Okay. Thank you. Any opposed? Okay.

The chair neglected to welcome Mr. Fred Dunn and his staff this morning. I apologize.

First, Mr. Norris, if you could give us a brief overview of your department before we hear from Mr. Dunn and ask questions.

[interjection] We should do introductions; shouldn't we? You're absolutely right.

[The following members introduced themselves: Ms Blakeman, Mr. Cao, Mr. Cenaiko, Mrs. Jablonski, Mr. MacDonald, Mr. Marz, Mr. Masyk, and Dr. Taft]

**Mrs. Dacyshyn:** I'm Corinne Dacyshyn, the committee clerk.

[The following staff of the Auditor General's office introduced themselves: Mr. Dunn, Mr. Gallace, and Mr. Wylie]

**Mr. Norris:** Mark Norris, Minister of Economic Development.

[The following departmental support staff introduced themselves: Mr. Coke-Kerr, Mr. Lemphers, and Mr. Sloan]

**The Chair:** Mr. Norris, if any of your additional staff would like to supplement an answer or assist in any way this morning, they can feel free to join the conversation.

**Mr. Norris:** Sure. That sounds reasonable.

**The Chair:** Please proceed, Mr. Norris.

**Mr. Norris:** Thank you very much. I want to first of all thank all the staff who are here because this department clearly runs with their expertise and their help, and it's been an excellent relationship. Our deputy is away, as you probably know, Mr. Chairman, so sitting in today is the assistant deputy, who will do a very capable job, as he always has. So thank you for that, Rick.

Given that we've compressed the time by half an hour, I'll reduce my remarks to maybe a brief overview of what we've done in the last year and then open up the floor to questions.

The main strategy, Mr. Chairman, that we work on is to grow and diversify our economy, and the reason I say grow and diversify is that they're two very distinct things. We in Alberta have four very major industries – agriculture, oil and gas, forestry, and tourism – and those are the industries our department spends a lot of time working with. We see ourselves as a conduit to government for industry for any of the questions or concerns they have that are the barriers to success. We are the department that deals with those, so we spend an awful lot of time working with industry to grow those four particular sectors.

By diversify we mean looking at new opportunities to continue to grow our economy. Things like environmental services, tourism, other industries that have a real upside potential we then also spend an awful lot of time working with. Like any small business we do that with strategies, and I'm just going to give a brief overview of some of the three strategies you'll find outlined in this document.

The first one is our international office program. I'm very, very proud of that. As you know, in the media recently there were some comments about those offices and their operation was brought under scrutiny, which is only fair, but I have to tell you that Alberta and Alberta industries are remarkable exporters, and they've asked for the government's help in certain jurisdictions. Not so much in the United States, because the legal system, the money, and the language is very similar, but in some of our bigger export markets like China, Japan, and Mexico it was felt that a strong Alberta presence was required.

So over the last couple of years, I'm very proud to say that we have opened offices in Munich, Germany; London, England; and Mexico City. These offices were not at the direction of the depart-

ment, nor are they pie in the sky in any way, shape, or form. They were at the request of Alberta businesses after a lot of consultation, and those offices are there for Alberta businesses, period. They are not travel junkets. They are not there to get tickets to shows. They're there to work. The people that are there work for my department. We have one person who works for the department in most cases, and then two locally hired. We share space with the embassies, the Canadian embassies, not only to share intelligence but to save money.

I'm very proud of these programs. I'll hang my hat on them. Comments about orange juice and limousines are nonsensical, in my estimation, because they totally overshadow what the purpose of those offices is, which is to promote Alberta businesses and exports and grow the economy. They have worked remarkably well, and we have evidence of that in these documents.

The second strategy that you'll find outlined in these documents and something we've spent a lot of time on is our value-added strategy. We were very proud to lead a cross-ministry initiative with 10 other departments to deal with value added. Again, this relates to our first comment, that in Alberta a remarkable amount of commodities and resources are harvested, but then in a lot of cases they leave the province in a raw or non-upgraded form.

As an Alberta government we have come to the conclusion that that's not acceptable any more. We want to fix that, and we want to do that by listening to industry. This is not about picking winners and losers. It's not about being in the business of business. But it is about talking to industry and saying: if you're exacting a resource from Alberta, why isn't it being upgraded here in Alberta to the highest form? It only makes good business sense, it's only logical, and you'll find some references to that in these documents.

8:40

We're very proud of the way that program is working. The real test for us is industry, and industry has told us that they love the document. It speaks to what they're trying to do, which is to upgrade their products and services. The rationale for it, quite simply, Mr. Chairman, is that if we get to that point, the high-end jobs and the sustainable jobs are here.

Commodity prices go up and down. People can purchase commodities anywhere in the world. Alberta is blessed with as much in commodities as anybody needs. We need to value add. A great example of that is in Olds, where you'll find Olds College, a remarkable value-added situation where they take as their base of any product grains and wheats and make remarkable products out of them including fibreboards and other things. That's value added. That's using stock that we have, and it's thinking way outside the box. It's very Albertan.

The final thing I'll refer to, Mr. Chairman, is our tourism file. The managing director of Travel Alberta is here, and I want to give him a compliment for the work he's done not only liaising with our government but with industry.

Tourism, as we see it, is a remarkable opportunity for Alberta. It's our fourth largest industry right now, employing some 120,000 people, generating about 5 and a half billion dollars in sales and some \$700 million to the government. We want to make sure that it is doing as well as it possibly can because we believe that Alberta is remarkably blessed with as many different tourism opportunities as you could want, whether it's the mountains or the badlands or the beautiful lakeland district or the northern lights of Fort McMurray or the beauty of the Milk River area, the Cypress Hills. It doesn't matter where you go in the province; you'll find a remarkable opportunity. As a result, our department has put a lot of time and energy into working with the tourism industry, getting the appropri-

ate amount in funding, which is spoken to in this particular document, and to get long-term sustainable funding so we can keep marketing this glorious province of ours.

Those are some of the main strategies we've been working on, Mr. Chairman.

I'm going to close with those comments, other than to say that the underlying direction of our department is to work with industry and to listen to industry because this government, as does this department, believes that it is businesses that grow and build the economy. It's not the government. It's the people that work in the machine shops and on the factory floors and in tourism in the hotels and restaurants, the people that take an idea and grow it into something fantastic like Isotechnika or BigBandwidth or YottaYotta or any of those companies that have chosen Alberta to operate out of. It behooves this department to work with them to make sure that the rules and regulations that we set up are as amiable as possible so that they can be successful.

So I'll close on that note, Mr. Chairman, and thank you, before we finish, for allowing me to get over to the AAMD and C. We committed to that some three months ago, and I don't want to let those people down, so I appreciate you allowing me to have a shorter time.

**The Chair:** Thank you.

Mr. Dunn, please.

**Mr. Dunn:** Thank you, Mr. Chairman. Our comments on this ministry are located on pages 85 to 92 of our current annual report.

In this section we make one numbered and four unnumbered recommendations.

Each of these recommendations results from a comprehensive managing-for-results systems audit started in late 2002 and completed in 2003. This is the third managing-for-results systems audit completed by our office over the last few years. These systems audits are comprehensive exercises involving a multidisciplinary team, with a total time commitment by my office of approximately 1,200 hours. The purpose of these audits is to identify if previously made government-wide recommendations relating to business and operational planning have been implemented in the ministries. In completing and reporting on this work, we identify both good business practices and areas for further improvement.

On page 88 of my annual report we summarize a number of good business practices relating to the ministry's business plan and its planning process. The recommendations noted on page 89 identify how the ministry's business plan should be improved to identify the desired results each core business is to achieve and to identify through its performance measures how the ministry's actions contribute to the results achieved.

In addition, we comment on how the ministry has progressed in developing a sound operational planning system. However, we identify how the ministry can streamline its operational planning process, improve its guidance to its divisions and branches, and recommend that it speed up the implementation of its performance measurement framework. We consider the development of this performance measurement framework to be a valuable process and are recommending its speedy adoption throughout the ministry's divisions and branches.

Those are my opening comments. My staff and I will be pleased to answer any questions that are directed to us. Thank you.

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

Ms Blakeman, please proceed with the questioning. If we could be brief, there's quite a list developing this morning. In light of the

reduction of the amount of time that we're meeting this morning, the chair would appreciate it if all members could be brief.

Thank you.

**Ms Blakeman:** Thank you. Welcome to the minister and his staff. I do want to concentrate on the managing for results. I will take care to point out that there were seven good examples, good features that are shown on page 88 and one numbered recommendation and four unnumbered recommendations flowing from it. My first question is around recommendation 10, which is recommending that the ministry revise the business plan to "demonstrate the desired results each core business is to achieve and ensure its performance measures demonstrate the Ministry's contribution to results."

This is reminding me a lot of the Agriculture, Food and Rural Development issue from . . . [interjection] Okay; I'm on the right track then. All right.

The first unnumbered recommendation is talking about expanding the business plan discussion to work in and note the significant environmental factors and risks and setting out the relationship to the strategic priorities. So those are two really big chunks. What steps did the ministry take to implement these recommendations?

**Mr. Norris:** Well, at the outset I need to answer the question, Ms Blakeman, by saying that we take the Auditor General's comments very seriously, and we were very proud that we got back a one-page, double-spaced report on our department as to how we do our accounting. We're very, very proud of that.

After we had the recommendations come back, we had an executive team discussion about how to deal with that, and I'm going to ask Anthony if he wants to tell you what the results of that were. Then Rick may want to follow up as well.

**Mr. Lemphers:** Well, it might be worth while after I speak to have Mr. Dunn add to it. Our discussion with the Auditor General on recommendation 10, which is the one numbered recommendation, focuses on the fact that we have our three core businesses listed and we have our goals within our business plan as well, but there wasn't a direct linkage between those two. We've subsequently, for our 2004-05 business plan, revised it very clearly so that we now have our goals aligned directly with our three core businesses. So that, in our view, dealt with the one numbered recommendation. The Auditor General will verify that when they complete their year-end audit.

I can talk about the other one now as well. With respect to the discussion of the environmental factors, the Auditor General recognized that we do a lot of work in identifying environmental scan issues, opportunities, threats, but we didn't have as good a discussion in our business plan on what that process was. So beginning, again, in our 2004-05 business plan, we have expanded that discussion to give a better appreciation to the reader of the whole identification of significant environmental factors and risks.

**Mr. Dunn:** If I can comment then, you were right in your preamble; this is very similar. The other two where we did the managing-for-results audits were Agriculture and Municipal Affairs, and then Economic Development was the third one, so you're right in that connection. Indeed, as Anthony has just said, we'll be following this up as we do our work this year to see if those connections have been made and further clarification has been made in the core goals.

Regarding the performance measurements and the environmental matters, we wanted to make sure that those factors got pushed from the strategic plans down into their operational business plans and that they were responding to those. So we'll be following up both of those this year.

**Ms Blakeman:** Those were good answers. I'm going to pass on the supplemental.

**Mr. Dunn:** Thank you.

[Mr. Marz in the chair]

**The Acting Chair:** Are you done your second question?

**Ms Blakeman:** No. I said that I wasn't going to do it because I know we're pressed for time. Go ahead.

**The Acting Chair:** Okay. We'll move on to Mary Anne Jablonski.

**Mrs. Jablonski:** Thank you. Good morning. Mark, on page 36 of the annual report you've mentioned that the Alberta provincial nominee program, PNP, was implemented. Could you tell me what this program is, what the advantages are to Alberta, and what the financial cost of this program is, please.

**Mr. Norris:** Well, let me say at the outset that we're very proud to have worked with the federal government in determining that the PNP program was appropriate for Alberta. For those who aren't familiar with it, it stands for provincial nominee program, and what it is is a tool that was designed by the federal immigration department to identify opportunities to get more skilled workers into Canada faster.

Now, at the outset, Alberta's economy, as you know, has grown by an average of 3 and a half per cent per year for the last 10 years. Some 500,000 people have chosen Alberta to live in over the last 10 years as well, taking us from 2.5 million to 3.1 million in population. As goes with that, the number of businesses, house starts, new retail has exploded, as well as the megaprojects in northern Alberta. So Alberta is in a very enviable position but a tough one in that we have zero unemployment technically. Our unemployment rate hovers around 4.5 to 5.5 per cent annually, which when adjusted for seasonal, et cetera, is virtually none.

8:50

So there's a huge labour problem in Alberta. There's no big surprise here. In order to identify that, the government over the last three years has put an awful lot of money into postsecondary institutions like NAIT, SAIT, Mount Royal, the University of Calgary, and the University of Alberta to try and deal with that, but it's such a backlog that it won't be dealt with shortly. So the PNP program was set up to allow the Alberta government specifically to go do immigration. What it does is it allows businesses like your old one in Red Deer, for sake of example, if you could not find the appropriate people in your area, to identify where they might be somewhere else in the world. A good example of that is that a lot of pipefitters are coming from Poland. There are a lot of mechanics from England, things of that nature.

[Mr. MacDonald in the chair]

So the business identifies where they can find the candidate on their own, without government support. They go there and offer the person a job so that that person will know he can come to Alberta for an opportunity and not just a hope, and then the department gets involved with the file. The file goes to the federal government for the health and the security check, which we agree with a hundred per cent. They have that information; we don't. Once that's done, it's given to our department, and our department then expedites the

immigration papers. So it's a real classic example of the federal and provincial governments working together to increase immigration.

The first year of the program we were allowed 400 slots. It was oversubscribed. The second year we were allowed another 400. It was oversubscribed. As I understand it, now the department is in negotiations to try and get that cap lifted and to continue on with the program because as I said at the outset of my comments, Mrs. Jablonski, our department responds to industry. That's who we work with, and industry has told us that the program works well. They like it, and they want to continue on with it. So therein is the whole crux of the matter. The federal government does not download any money for us, so we've had to find within our own budgets money for the director of that program and some support staff. But we support the program, and I personally will make sure that while I'm here as this minister, we will continue working to get that program expanded.

**Mrs. Jablonski:** Thank you. Part of the program is, as you said, facilitating the expeditious immigration of critical skilled workers. So my question. One of the skilled trades that we have a huge shortage of in this province is family doctors. Does this program help to get more family doctors into Alberta? If it doesn't, why not? If it does, how does it?

**Mr. Norris:** The answer is yes, it does. We've worked very closely with the Health and Wellness department not only for doctors but nurses. They are one of the biggest users of the program, as a matter of fact, second to Alberta Learning. The way we do that is to identify where we can get those doctors from and bring them through. The problem, of course, is that they have to go through the proper regulatory checks here in Alberta to get their certificates. That's something we have to deal with, but the program has worked well. I don't have the exact numbers of how many in the medical field have come, but I can get those for you.

**Mrs. Jablonski:** Thank you. I'd appreciate that.

**Mr. Norris:** Okay.

**The Chair:** Thank you.

Kevin Taft, followed by Richard Marz, please.

**Dr. Taft:** Thanks, Mr. Chairman. I think I'll direct my questions more at the Auditor General, although the minister is free to jump in as well. The work or the purpose of this department is enormously important in my mind in a province like Alberta, where as much as we like to talk about our diverse economy, we are hugely dependent on the petroleum industry. It's an industry with a nonrenewable base to it in many ways, so if we don't diversify, we are in the long term in really serious trouble.

My questions, I guess, are really to the Auditor General and talking about managing-for-results systems audits. How do we know if a department like this is really working? What measures would you put in place to know that over the long term this department or these kinds of activities are really working? I hearken back to decades of efforts to diversify the economy, add value.

**Mr. Norris:** Well, maybe before the Auditor General, Mr. Chairman, I want to make one thing very, very clear. References to the old way of doing business are not only wrong; they're unfair. The government in '93 made a very, very specific choice to get out of the business of business, and everybody in Alberta agreed with that. No more investing, loan guarantees, et cetera. Our department has none of that, and I can categorically state that.

So before the Auditor General confirms how he does this, I think we all had better be very clear that when we talk about diversification of the economy, which I support wholeheartedly – and you know that because we've talked about that – this has nothing to do with picking a winner or loser or investing in any particular business. This has to do with identifying opportunities. So if the Auditor General has something different to say, I'd love to hear it.

**Dr. Taft:** I think you maybe misinterpreted my question. I'm wondering how we could over the long haul measure whether a department like this is working.

**Mr. Norris:** Fair enough.

**Mr. Dunn:** First of all, I'll deal with this because in my mind it's not a political question.

**Dr. Taft:** Yeah. Believe it or not, Mark, I wasn't trying to be . . .

**Mr. Norris:** All right. Fair enough. I just got up too early this morning.

**Mr. Dunn:** The impact of economic diversification throughout all of Canada is important to all jurisdictions. Clearly, we've seen certain jurisdictions, such as Quebec and Ontario, really promote their jurisdictions in the past, and they have very, very close proximity to their largest trading partner. Alberta, being a little more remote from some or certain of its market areas, has to struggle maybe a little bit more. Picking up on what I heard the minister talking about earlier, we have to look to more than just the western United States. We have to look around the world to get that diversification.

What we'll talk about – and I'll turn it over to my Assistant Auditor General here in a moment – is that we've got certain performance measures that we think they can adopt which will give a better indication of: are they achieving their goals versus just a generic type of economic goal, which is an increased GDP? An increased GDP can come as a result of an exchange difference in our oil and gas industry.

As to what we've reported in our detailed report here, Doug, could you just talk about certain of these specific performance measures.

**Mr. Wylie:** Sure. I guess in part it relates to the first recommendation, the numbered recommendation, the second bullet there, and that was, you know, how can we and how do we as an office address these through the managing-for-results work? This was one of the areas that was looked at, and that was: what are the measures that the department is using to assess its performance as a ministry in achieving its objectives, goals? In the second bullet that's really through way of this work, what we were referring to.

There are three types of measures that the department is using: impact, output, and outcome. The second bullet there was focusing on the measures identified in the business plan specifically dealing with the first goal. The types of measures there under impact, as the Auditor General has said, primarily are the GDP, the employment and value-added sectors, and cost competitiveness. So although the measures are broad in nature, the relationship to some of the specific objectives is a bit narrower. Through our work we've tried to identify situations where measures could be reviewed.

**Dr. Taft:** Okay.

**Mr. Norris:** Did you want to offer a comment, Rick?

**Mr. Sloan:** Well, if I may. In terms of the value of the systems audit to our department, it has been helpful. We were working along the same lines through a strategic planning process internally. The challenge, I think, for our department is that we're in the business, as the minister noted, of trying to be influential and act as a catalyst for economic development rather than being directly involved in programs with clarity of what the outcome and the output might be. So it is not inconsequential to try to think through how to measure all of that.

9:00

Secondly, there's always a problem in the economic development business in trying to find what the right numbers are because sometimes the numbers are not as significant as perhaps the qualitative input that you get in terms of the value of a program or a particular project. So the systems audit and the focus on performance measurement is helpful for us because it helped us think it through a little more clearly through the use of logic models and some of the other kinds of activities. It drove some discipline into how we would work almost at a program-by-program level to find what key measures there might be. It also informed us about the complexities of some of the measurement tasks in front of us. I think it helped us understand that, yes, the big numbers – the GDP, the growth in jobs, all of those kinds of things – are important long term, but there is a need for near-term measures. I think the Auditor General will be encouraged by what he sees when he comes again to look at the performance measures.

**The Chair:** Thank you.  
Please proceed.

**Dr. Taft:** Thanks. I don't want to belabour this, but these are the kinds of questions that come to my mind. I'm on page 35, for example, of the annual report, and the key achievement, the first bullet, is "developed effective marketing programs." The second one is "enhanced marketing programs with an additional funding of \$4 million." Then the next bullet is "managed cost-effective co-operative marketing projects." And so on. I sit there and think: well, how do I know or how do you know or how does anyone know – and I hope someone does know – that those were effective marketing programs? How do we know that the \$4 million for an enhanced marketing program worked?

**Mr. Norris:** Well, it's a very reasonable question, and I forgot to congratulate you on your new role. I look forward to seeing what kind of interesting debate we get out of it.

I'll give you the exact answer to your question, Mr. Taft. The program that we have for tourism marketing in Alberta I think is a model that is envied by Canada. We have what's called an STMC, Strategic Tourism Marketing Council. That's made up of industry players from around the province, and it's geographic as well as industry specific.

It's made up of 14 industry people who are appointed by the government at the request of every MLA in the province. Then there are three department folks on that board. What we do is ask them to come up with marketing plans for the province of Alberta based on what they know, where they know the markets are coming from and where the markets are. When we got the additional \$4 million to do that, we went back to the STMC and said: "We've got an additional amount of money to deal with some of the challenges we face due to airline problems, SARS, mad cow, et cetera. What would you do with that money?" They came forward with a plan, and then we implemented it. That's really our plan for all of tourism. How it

works, quite frankly, is that we get industry responses back as to what the occupation was in hotels, what the value of restaurants was, et cetera, et cetera, so that's how we monitor it.

**Dr. Taft:** Okay.

**The Chair:** Okay. We must move on. That was quite a long question.

**Mr. Norris:** Yes, but a very good one.

**The Chair:** Mr. Marz.

**Mr. Marz:** Thank you, Mr. Chair. Minister, on page 29 of your annual report you talk about major international events and government participation in them, and pages 67 and 68 list a number of those. I know you touched on this in your opening remarks, on the importance of an exporting jurisdiction such as Alberta to be at these. Could you give me some criteria on how we determine which ones we go to and who goes?

**Mr. Norris:** Right. Well, I appreciate the question because, as you know, I had a small business of my own, Mr. Marz, prior to being in politics, and it had no government-to-government business activities at all. In fact, I never even dealt with the government in my own business or sold to them a product, but when I got in this particular role, I discovered very, very quickly that Alberta and Alberta companies export an awful lot of products. Just about 42 per cent of our overall activity in Alberta is export.

So what we did with the department was said: you'd better help me understand this. What I did understand very quickly is that government-to-government relations solidify export markets because there are so many different ways of dealing with each other; there are so many different legal systems. The government of Alberta recognized this years ago and has a number of offices.

The way we listen to industry is through our AIMS document. It's called the Alberta international marketing strategy, and what that sets out is: in a perfect world, if we had all the resources we want, where would we go to market? Now, clearly, the whole world is available but is not our marketplace. We have very specific overseas markets – China, Japan, Germany, the United Kingdom – and of course the United States. So we've divided the world into what we call our primary markets, like any business would, secondary and tertiary. That's the way we determined where we're moving, and as more resources become available or it's deemed more important for whatever reason, then we move on.

Now, a great example of that right now is India, which is not a primary market for Alberta but offers a huge, huge potential with 1.1 billion people, a remarkably growing middle class, and vast oil and gas potential. Clearly, Alberta and Alberta companies have a role to play in the development of that nation, but given what we know, our resources are still in our big markets, which are China, Japan, Germany, United Kingdom.

So that's how we try and work it out. Clearly, we don't please everybody, but we can't. We don't have unlimited resources. We've had a request to go to Indochina, into that area right now. That's not going to happen. We've had requests to go down to Australia for specific reasons. They've got some very interesting programs. That's not going to happen. What we are going to do is focus on our primary markets, and that's determined by the AIMS document, which I can get you a copy of.

**Mr. Marz:** Okay. Thanks. My supplemental is: do we have a

measurement mechanism or information tracking system to determine how worth while some of these missions have been?

**Mr. Norris:** We do, and I'm going to ask Rick to fill in. Well, you've had your own business as well, Mr. Marz, as have many people at the table. The reality is that the results are in the dollars that come back, and we can track those, but the success of the office is more what I'm concerned about in the international marketplace because that's the industry using our services.

In the AIMS document we do an exit strategy every year with people who have used those offices, and I think the last response was an 87 per cent satisfaction rate with the service they received from the international offices. I'd like it to be 100 per cent, but I'm thinking that any business that gets 87 per cent should be satisfied.

I don't know if you wanted to add to that, Rick.

**Mr. Sloan:** There's not much more beyond that, other than that in addition to those measures, we monitor the impact that each of the missions have. The branches within Alberta Economic Development's head office also have performance measures with respect to export and these kinds of trade activities and conferences and other events.

**The Chair:** Thank you.

Mr. Mason, followed by Mr. Cao.

**Mr. Mason:** Thank you very much, Mr. Chairman. Mr. Minister, watching TV last night, I saw a new . . .

**Mr. Norris:** You have time to do that? Wow.

**Mr. Mason:** I'm not a minister yet, Mr. Minister.

So I saw a commercial, a new tourism commercial for Alberta. I guess I'm curious about the tourism campaign: how much it costs and whether that's split with private industry or that's fully borne by the government.

**Mr. Norris:** Well, obviously, you were watching the hockey game because I saw the same commercials, but I have to say at the outset . . .

**Mr. Mason:** You have time for television?

**Mr. Norris:** For hockey I do.

**Mr. Mason:** Oh, well, that's different. Okay.

**Mr. Norris:** But I was doing other things at the same time.

I am very, very proud of the increase in profile that we've had through Travel Alberta. Having grown up in this province, been born and raised here, I watched some of their campaigns with fascination, and when I was allowed the honour of doing this portfolio, the first thing I looked at was tourism. I think it's just a remarkable opportunity for the province. I've said it since day one, and I'm going to keep saying it. So I appreciate you commenting on our commercials.

**9:10**

What the program is specifically I'll ask Derek to talk about. But what we have done, quite frankly, Mr. Mason, is worked with industry, as we do in all our sectors, and they are involved not only in the input of the creative and the campaigns but in the spending of that money. We have, I'm very proud to say, successfully fought for

additional funds over the last three years of my being in this ministry. We had one-time funding in this particular year that Dr. Taft referred to, and we've now had some sustainable funding over the next three years out.

How the actual programs are implemented I'll ask Derek to work on. But all of our funding is based on matching not only with industry but with the federal government so that we hopefully lever the \$24 million or \$25 million we have up to about \$100 million.

Derek will fill in.

**Mr. Coke-Kerr:** Thank you, Minister. Travel Alberta essentially works in two ways; we have two forms of campaign. One is what we call a destination awareness campaign, where we view the role of the government's involvement in promoting and marketing Alberta to the world as the opportunity to create the brand, to attach the attributes of the brand to the brand, and then allow private industry to come in and benefit from the work that we've done on that destination awareness.

The second and very important area is in the area of co-op partnership. If you saw the *Journal* this morning, you would have seen a full-page ad where Travel Alberta partnered with Canmore and the merchants of Canmore promoting that particular area, Canmore, and I would anticipate that the merchants in Canmore got an ad into the *Journal* and the *Herald* at maybe about a sixth of the price that they would normally pay. So that's the partnered area.

The television commercial you would have seen would have been part of the destination awareness for what we call our in-Alberta campaign. It also shows in Saskatchewan, British Columbia, and generates a lot of movement around Alberta. This campaign last year resulted in Albertans taking some 800,000 more trips in the province of Alberta than research at the beginning of the season indicated that they planned to take. So it's a very successful campaign.

**Mr. Mason:** Thank you. A supplemental, and the Auditor General may want to make a comment on this too. I'm curious about the letting of contracts to advertising agencies for the production of these commercials and so on and what system is used, whether it's an open tender system or how that's looked after.

**Mr. Norris:** Well, I can give a brief overview. If the Auditor General wants to comment.

The majority of the work that is done in-province is done by a company called Parcom Travel Marketing. They have a one-year contract with a three-year rolling out. The reason for that, Mr. Mason, is that we are always planning in this particular industry about a year down the road. So the campaign for the spring and summer has already been done. The rationale for that is that the booking for these campaigns has to be done a minimum of six months in advance, and that's the way the industry works.

The industry feedback on Parcom has been very positive, but it is reviewed annually. I don't know, Derek, when the final review is up for. You may want to comment on that, and then if the Auditor General has something to offer.

**Mr. Coke-Kerr:** We're currently looking. We have two contractors who in essence are contracted to Travel Alberta: Parcom, who we call Travel Alberta In-Province, and then Travel Alberta International. As the minister mentioned, they have contracts which are renewed on a rolling basis, on an annual basis, and thus their performance is reviewed.

Their performance is also reviewed by their clients or their customers. We do a client satisfaction survey asking the industry if

they're happy with the services, because they provide an awful lot more than just advertising and creative. They provide training, marketing training, a tremendous amount of co-operative work with the industry right on the ground.

In fact, that's probably one of the biggest components of their business, to go into the very small towns. They have some 1,200 appointments a year talking to municipalities, to individual operators, and training them in how to bring their very limited dollars from the operators' point of view, maybe a thousand dollars a year, into the larger marketplace, vis-à-vis the Canmore ad. So they are strictly measured and monitored from the point of view of performance satisfaction, and we get those results. They're actually ranking around 85 to 90 per cent satisfaction from the people that they work with.

**Mr. Mason:** Can Mr. Dunn maybe comment on that briefly, Mr. Chairman?

**Mr. Dunn:** During the course of our annual audits we do look at contracts. We look to try to see – I'm repeating here what Derek has just said – that the ministry does do some assessment as to value for money: have they done some sort of evaluation process? We also look to see if there are any conflict-of-interest guideline violations there, and we do review for that. If we had found any matters that we were concerned about, obviously we would have reported it in our annual report. We have not reported anything. We'll be looking at these specific contracts for this new commercial advertising this coming year.

**Mr. Norris:** Just one more comment, Mr. Chairman. Mr. Mason, your question is a very timely one. The amount of money involved here with Travel Alberta International is \$6 million, and the amount in Alberta is \$3 million, so there's not a lot of wiggle room. But I can tell you one thing: if we could find more money to support those, I would.

Thank you for the questions.

**The Chair:** Mr. Cao.

**Mr. Cao:** Thank you, Mr. Chair. Thank you very much, Auditor General, for providing great information for us here and also to the minister and his staff. I believe that your department, from my perspective, is very important and, I could say, a catalytic agent for our economic development that brings prosperity and benefits to Albertans. My first question is: could you tell us kind of briefly what the main products or services that you provide from your department are?

**Mr. Norris:** The main products or services?

**Mr. Cao:** Yes.

**Mr. Norris:** I guess that if you wanted it in a nutshell, it would be strategic information. I'll tell you what that means to me, Wayne. If you're a businessman who wants to get involved in any particular industry, there are a thousand reasons why you wouldn't. Number one would be risk; number two would be capital. Those are things you deal with. The way our department views it is that once you've made the decision to choose to set up a business in Alberta, which is really what we're all about, then our department is there to make sure that it's as easy as possible for you to do that, whether it's through regulations or dealing with other departments, which we do an awful lot of.

In any industry you'll have a number of ministries competing for similar resources, especially tourism, where you'll have Sustainable Resources, Agriculture, Energy, and Environment involved. So we see our role quite simply as saying that if you choose to set up a business in Alberta, which we applaud you for, we want to give you the information and tools to make it as easy as possible. We're not going to set it up for you, and we're not going to get your banking done or any of those things; that's what you need to do. But we need to be able to say that the government makes all the rules, we set up all the regulations, so our department has to be a conduit to make it simple.

The number of letters that I've received over three years – and this has made me very, very proud – thanking the department for just the smallest bit of help directing them in the right way or to what program they need to get this done has been very, very rewarding. That's what I see us doing.

We're not picking businesses. We don't go out and say: you know, you really should think about bringing a widget factory to Airdrie because that's a good idea. We don't do that. But if you choose to do a widget factory in Airdrie, you'll get a lot of support from this department as to getting it done.

**Mr. Cao:** Thank you. My supplemental question is more on the overall scale when we're looking at the global trade arm and also nation-wide. In the federal government we have western diversification, and then on the foreign side we have foreign assistance, foreign aid programs. Do you see or have you worked with them to promote our economy in that kind of aspect?

**Mr. Norris:** Well, that's a great question. Yes. The simple answer is that before the present government had the vision to have a Western Economic Diversification department headed up by the Hon. Rey Pagtakhan, who's a very decent man, we did have WD, which was the western diversification office. It still exists, but it was not a full ministry. So a lot of the stuff that our department did was with WD, western diversification. We've worked on a number of files together to promote, certainly, Alberta's interests but also economic development, and their mandate was western Canada.

There's another organization called Community Futures, which the federal government heads up. You'll find them in a lot of rural towns in Alberta. We work very closely with them. Community Futures is about identifying opportunities for small-town businesses primarily, and we've done an awful lot of work with them. So the role that we share with the federal government is not adversarial at all in this case. I believe everybody understands that it's about jobs, job security, and long-term opportunity, so there is a lot of co-operation that goes on.

I can get further information if you'd like, but the answer to your question, very quickly, is yes. Where there are opportunities to partner with the federal government, whether it's through WD, Community Futures, or the new economic ministry, we do so.

To put a final point on it, after Mr. Pagtakhan was appointed, I made a specific trip to Ottawa to meet him and four other ministers that we work with. He's since been back to Edmonton twice, so I think there's going to be some good uptake on their programs.

**Mr. Cao:** Just on a point about the foreign aid program, do you see any activity that would help us to – you know, foreign aid and foreign trade go together.

9:20

**Mr. Norris:** Oh, I don't think I can comment on that really, Mr. Cao. We don't do a lot of foreign aid. I can look into it for you.

**Mr. Cao:** Thank you.

**Mr. Norris:** Okay.

**The Chair:** Thank you.

Ms Blakeman, followed by Mr. Masyk.

**Ms Blakeman:** Thank you. I'm just picking up on some comments the minister made earlier around the need for skilled labour into the province. I have to admit that the minister's statements are at odds with what I'm hearing from union members, so I'm looking for backup for your statements. Certainly, the unions that have spoken to me are pointing out that they have skilled workers that are not working in this province right now, so why has the government got such a push on to bring in new immigrants, new Canadians, to pick up those spots? Their point is that the government is pushing an agenda of cheap skilled labour as compared to unionized skilled labour.

I understand that this department is interested in the industry, and one assumes that you're looking at the assumed trickle-down effect to actually affect the workers. But you have specifically talked about this skilled worker shortage, and I'd like to know where you're getting your statistics from to be saying that.

**Mr. Norris:** Well, that's a very fair question, Ms Blakeman, but I have to say at the outset that most if not all jobs or job-site work in Alberta would be tendered contract work. So if a union does not get the work, I can't speak to why they didn't. If they have people sitting there that aren't working, my presumption would be that they bid on the job and didn't get it and that their pricing was either too high or their time frame wasn't appropriate for the business they were working with. I can tell you, though, that even with the workers you're referring to, the estimate for job requirements in Alberta ranges from \$25,000 to \$30,000 right now, just based on what's going on and what's coming. So while we respect the right of the union to be involved in any way, shape, or form, our belief as a department is that a strong economy is the best guarantee for a job, period.

We can't make up jobs; we can't subsidize. The economy has to be run by the businessmen and women who choose to build it up. So when they come to us and say, "We have tried in every way, shape, or form," they have to have a fairly exhaustive test; it's not just: well, we put an ad in the paper, and that was it.

But where I think we're getting cross-threaded on the PNP is that it's more geared to specific labour requirements that are not available in Alberta. I'm thinking of examples like specialized equipment that comes from Europe that only people from Europe know how to run. We've had 45 of those, roughly, including a bread maker from Hungary and a wood lathe maker from Czechoslovakia. So the goal is clearly not to put Albertans out of work or in any way, shape, or form to endanger their ability to get jobs.

Now, if there's a specific union or a union leader that wants to come and talk to me about it, I'd love to talk to him about it. But one of the problems with the recent oil sands expansions was cost overruns, as you all know. That puts the real fear of God into this department because that's all international capital coming in here. They've chosen to risk their money to invest in Alberta to create jobs for Albertans, and we don't want anything to dissuade them from that. If labour is one of those problems, then we have to deal with it. So that's why the PNP program fits in. Again, if you have a leader that you'd like me to sit down with, I'd be happy to and understand that maybe we can work more closely with them.

**Ms Blakeman:** Okay. I wanted to make sure that we didn't have a government promoting other workers over our own.

My supplemental to this issue of people in Alberta working. The reference, if you need one, is page 72 of your report, where it references the Alberta film development fund. What has arisen around that film development fund is that it is now oversubscribed to 2006. Now, that particular fund, it was my impression, has actually been moved to a different department, but you're referencing it here. What's the involvement of this group in the fiscal year we're examining that is making moves to deal with the fact that we've now subscribed to that fund through to 2006? We're looking at financial reports from '02-03. Three years out from this report that we're looking at, they're topped out.

**Mr. Norris:** Well, you've hit on one of my favourite topics of discussion, knowledge-based industries. Clearly, there's no better knowledge-based industry that we can use as an example than film. The government's role in this comes through the fund, but the fund is housed in the Community Development department. So I'm going to suggest that I'll explain what our role is with the film industry, and then if further information is needed, I'll get it from the Community Development department, whose budget it would actually be in.

Our role is to fund the Film Commission and to do work liaising with the industry for visuals. We have a library of some 100,000 stock shots, B shots of things around Alberta that are seen in movies all the time. On your comment about developing the industry, that's a role that we take in conjunction with Community Development, but I can't speak specifically to the budgets because they aren't in our department; they're in Community Development. Our department puts \$300,000 into the Film Commission as well as supporting some film-related promotions and events, things that cross-thread with tourism. But the budget you're talking about, the \$10 million fund that is now topped out, which I believe Community Development got an additional million dollars for in this year's budget, I can't actually speak to because it's not my budget.

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

Mr. Masyk.

**Mr. Masyk:** Thank you so much. To the minister: with respect to our international offices, how are they performing? I know that you kind of answered it with Wayne's question, but I'm going to ask you anyway. It might be a similar answer. If an Alberta company had a product, say, in Germany, knowing full well that another individual in, say, Taiwan has a company who builds the rubber, would you tie the two together? So you would make the product a separate product so it would open up a door to another market. Is that possible, that these international offices do that? Could they do that?

**Mr. Norris:** Well, that's a very good question. The international offices, in my experience, have done an awful lot of things. They range from connecting people in Alberta with companies in other parts of the world as well as seeing opportunities of that nature.

I guess that the most recent one we would have had is a manufacturer out of Whitecourt who has a product which is similar to an on-site incinerator, and it passes all muster for environmental standards. He was looking for a marketplace for it. We have an office in Mexico City; she went to a trade symposium where, ironically, they were looking for on-site incinerators. He's now shipping, I believe, about \$26 million worth of these incinerators a year, manufactured in Whitecourt, to Mexico City. So I think that's a fairly classic example of what you're talking about.



I have to say, though, Mr. Masyk, that we would never get involved, ever, in asking one business to do something with another business to do a final product. If they come to us and say, "We have XY product, and YZ product is what we need," we'll facilitate that, but we will never ask them to do it or get involved in any way, shape, or form in directing them to do that. Does that . . .

**Mr. Masyk:** Yeah, absolutely bang on. Like, the facilitating of it was kind of what I was looking for. Yeah. That's very encouraging. Thank you.

**The Chair:** Thank you.

In the time permitting, I believe we have an opportunity for one more question. Mr. Taft. Or would you like to defer to another?

**Dr. Taft:** I'll defer if somebody else wants to.

**The Chair:** Mr. Cenaiko was next.

**Mr. Cenaiko:** Thank you very much. I'll be brief, Mr. Chairman.

On page 20 of the ministry's annual report, core business 2 states "strategic intelligence that drives industry development." Just briefly on the strategic intelligence, how does that drive? How do you gain that?

**Mr. Norris:** Well, thank you very much, Mr. Cenaiko. I guess that sort of goes to the underlying comment of what I believe this department does. Again I'm going to refer back to prior to being in government, not having used it, and now being here, I see things in a completely different light. Being that we are in a global marketplace and that in Alberta our GDP is some \$155 billion, which per capita is remarkable – it's one of the highest in the world – there is a real role for Alberta businesses to just do what they need to do, which is to create products and sell them. Where they run into problems and where we help facilitate through a number of different programs is that they don't have time, quite frankly, to go out and seek where things are coming from.

A very good example of that is the one I used in Whitecourt, but there are examples of that daily. There's a huge opportunity right now, for sake of example, for Alberta companies in Kazakhstan, the Middle East, and countries like that, where oil and gas is as much in demand as it is here.

**9:30**

Because Albertans have been at this for some 50 years and have remarkable abilities, the strategic intelligence we provide is to say, "If you want to do pressure vessels in a specific part of the world, here's how you could do it," because we had that information gathered. So I guess if you wanted it just on a real global scale, we are not a lot more than an intelligence-gathering organization. The real beauty of this particular department is the way it disseminates that back, and we have daily requests from businesses, letters that come out daily that say: "How could we do this? Where could we find a market for this?" That's the kind of strategic intelligence that's required.

Again, I get back to the fact that we're not going to ever picket. We're not going to say: hey, if you think this, you should do it.

One final example I'll use is sulphur. Right now through the production of the tar sands, or the oil sands, there's a massive amount of sulphur that's produced as a by-product. China now is in the market for sulphur. So our department has been working to say: gee, we have untold millions of tonnes of sulphur. This country is

looking for it, but the people who are running the business might not know that. Now, they probably would, but they may not. So our department then would say: "Hey, if you have this massive reserve of sulphur, we happen to know that China's economy is expanding at 9 per cent a year for the last three years, and it looks like 12 per cent for the next eight years. They're going to have a huge requirement for sulphur. Here's the connection." We can help with that through the international offices that we have in Beijing, Hong Kong, and Taiwan. So that's kind of what we do, Mr. Cenaiko.

**Mr. Cenaiko:** With that, then, for every dollar that your ministry spends, what's the numbers that we're bringing back into Alberta? You know, for every dollar your ministry spends on promotion and intelligence, are we bringing back \$20 for every dollar you spend in your ministry? How does that compare with Ontario?

**Mr. Norris:** Well, the hardest question in the world to answer is return on investment, and I'm not going to try and baffle you and say that for every – we spend \$50 million. That's our department budget. The gross domestic product of Alberta is \$150 billion. So I could say that for every dollar we return \$500 million, but I'm not going to say that.

I guess the real tangibles are what industry tells us. That's what we rely on, and what they're telling us is that success is happening. Part of it would be determined by the growth of the GDP and what we set our targets at and where they're at now. I think it's a little presumptuous of a government to say that because we did this, this all happened. But I will tell you that in my travels I have heard that Alberta gets it absolutely right, that the regulations are as low as possible and that taxes are low, and because of what we do, people want to invest here. That to me is the strongest indicator.

**Mr. Cenaiko:** Thank you.

**The Chair:** Thank you. That concludes this portion of our meeting. On behalf of the committee I would like to thank the Auditor General and the Hon. Mark Norris and his staff for coming this morning, particularly on such short notice.

**Mr. Norris:** Thank you very much. I appreciate it, and thank you for letting me off to my other commitments.

**The Chair:** If you have a tight schedule, please feel free to go while we conclude the formal portion of the meeting. The best to you and your staff.

**Mr. Norris:** Thank you very much.

**The Chair:** Okay. Other business on our agenda this morning. The committee clerk has handed out a letter about the CCPAC conference attendance. Last week we had a motion to deal with this matter, and the chair has designated the hon. Member for Edmonton-Highlands to attend on his behalf the conference in New Brunswick late in August.

**Mr. Mason:** As long as there are no questions in the House about my orange juice or anything like that, Mr. Chairman.

**The Chair:** Mr. Marz, please. [interjections] Richard Marz has the floor, please.

**Mr. Marz:** Thanks, Mr. Chairman. Looking at the motion, do I take

it that it's Mr. Mason, Mr. Shariff, and Ms Dacyshyn that are going? Seeing no designate from the deputy chair, the deputy chair himself would be going? Is that correct?

**The Chair:** As far as I understand, yes.

**Mr. Marz:** Okay.

**The Chair:** Okay?

**Mr. Marz:** Yeah. I just wanted clarification. That's all.

**The Chair:** Now, seeing no other business, the date of the next meeting will be Wednesday, April 21, at the usual time. The Hon. Lyle Oberg, Minister of Learning, will be here.

Seeing no other issues to be discussed this morning, may I have a motion to adjourn?

**Mr. Hutton:** I move to adjourn.

**The Chair:** Mr. Hutton. All in favour? Meeting adjourned.

[The meeting adjourned at 9:35 a.m.]