



Legislative Assembly of Alberta

The 27th Legislature
Third Session

Standing Committee
on
Public Accounts

International and Intergovernmental Relations

Wednesday, November 24, 2010
8:31 a.m.

Transcript No. 27-3-12

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Third Session**

Standing Committee on Public Accounts

MacDonald, Hugh, Edmonton-Gold Bar (AL), Chair
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John Cotton	Assistant Deputy Minister, International Relations
Lorne Harvey	Assistant Deputy Minister, Corporate Services
Garry Pocock	Assistant Deputy Minister, Intergovernmental Relations
Paul Whittaker	Deputy Minister
Howard Wong	Executive Director, Finance and Administration

Auditor General's Office Participants

Merwan Saher	Auditor General
Doug Wylie	Assistant Auditor General
Donna Banasch	Principal

Support Staff

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Rachel Stein	Research Officer
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[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this Standing Committee on Public Accounts to order and on behalf of all members of the committee welcome those who are in attendance this morning. Please note that the meeting is recorded by *Hansard*, and the audio is streamed live on the Internet. If we could quickly go around the table and introduce ourselves. I'm Hugh MacDonald from Edmonton-Gold Bar.

Mr. Rodney: I'm your friendly neighbourhood deputy chair, Dave Rodney, from Calgary-Lougheed. Welcome.

Dr. Massolin: Good morning. Philip Massolin, committee research co-ordinator, Legislative Assembly Office.

Mr. Groeneveld: Good morning. George Groeneveld, Highwood.

Mr. Kang: Good morning. Darshan Kang, MLA, Calgary-McCall.

Mr. Chase: Good morning. Harry Chase, Calgary-Varsity.

Mr. Wong: Good morning. Howard Wong, SFO of IIR.

Mr. Harvey: Lorne Harvey, assistant deputy minister, corporate services, IIR.

Mr. Whittaker: Paul Whittaker, the deputy minister for International and Intergovernmental Relations. Good morning.

Mr. Cotton: John Cotton, assistant deputy minister, international relations, IIR.

Mr. Pocock: Garry Pocock, assistant deputy minister, intergovernmental relations.

Ms Banasch: Donna Banasch, audit principal, office of the Auditor General of Alberta.

Mr. Wylie: Doug Wylie, assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Sandhu: Good morning. MLA Peter Sandhu, Edmonton-Manning.

Mr. Elniski: Doug Elniski, MLA, Edmonton-Calder.

Ms Rempel: Jody Rempel, committee clerk, Legislative Assembly Office.

The Chair: Thank you. Item 2 on our agenda, the approval of the agenda that was circulated. Mr. Sandhu? Moved by Mr. Sandhu that the agenda for the November 24, 2010, meeting be approved. All in favour? Thank you very much.

Item 3, approval of the minutes of November 17, 2010. Mr. Chase. Moved by Mr. Chase that the minutes for the November 17, 2010, Standing Committee on Public Accounts meeting be approved as distributed. All in favour? None opposed. Thank you.

The chair would like to recognize Mr. Olson this morning. Good morning, sir.

Mr. Olson: Good morning. My apologies for being a little bit late.

The Chair: Oh, that's okay. There is quite a bit of congestion around here this morning; traffic congestion. Not indigestion; traffic congestion.

Of course, this comes to item 4, our meeting with the officials from the Alberta International and Intergovernmental Relations department. This morning we will be dealing with the Auditor General's reports from April and October of this year, the annual report from the department, the consolidated financial statements of the government of Alberta annual report 2009-10, plus the Measuring Up progress report on the government.

Before we ask Mr. Paul Whittaker, the deputy minister, to make a brief opening statement, I would like to say thank you for this document that you have left with each member, the International Offices Activity Report. That should be an interesting read. Mr. Whittaker, please proceed.

Mr. Whittaker: Thank you very much, and good morning. I just want to introduce two members of our team who are sitting in the back row over there, Mike Deising and Elaine Highet, who are members of our executive team. Thank you for the opportunity to appear before the committee today.

In 2009-10 IIR had the smallest operating budget in the government of Alberta. Our budget was around \$26 million, with a fairly small staff complement by government standards. We may be the smallest, but we feel that we do work vital to this province. I would note that we underspent that budget by almost \$2 million. In mid-year we reduced a series of expenditures.

Because we are a very small ministry that tends to be primarily staff costs, the hiring freeze resulted in some significant savings by fiscal year-end, closing in on \$2 million. This executive team is very proud to lead a dedicated staff of roughly 150 people, 130 of whom are located here in Edmonton and in Calgary. The remaining 20 or so are located in seven other countries around the world.

We are pleased to discuss any of the elements in our annual report or business plan, but I first wish to touch very briefly on those aspects of the business of our ministry that may be of most interest to this committee, beginning with goals 1 and 2 for our ministry. Goal 1 is to build and maintain effective international relations and strategies. Goal 2 is to facilitate exports of Alberta's value-added goods and services and attract investment to Alberta.

We come at our international responsibilities from the following perspective: to be a leader on the world stage, Alberta must maintain strong relationships with our global partners. This effort is supported by a network of international offices, which play an important role in promoting and advancing Alberta's interests in some of our top-priority markets. These offices also focus on enhancing trade and investment opportunities. They are located, you will see from the report before you, in Washington, DC; Mexico City; Munich; London; Tokyo; Seoul; Beijing; Taipei; and Hong Kong. We look forward to having our newest office, the Alberta Shanghai office, staffed and operational very shortly. As a matter of fact, we announced yesterday the successful candidate for that office, whose goal is to expand our presence in China, a key growing market for us.

As the province's gateway to the world, our offices help with developments of relationships, building contacts through events and programs, facilitating corporate partnerships, and working with other governments and industry associations to provide market intelligence to export-ready companies. Their work is a two-way street. Not only do they promote and connect Alberta to the world; they help to bring the world to Alberta. In Edmonton and Calgary we

have tremendously dedicated staff focused on building relationships with foreign governments and businesses as well as with community and cultural groups, and we have staff who research and explore international opportunities in trade and investment.

Another way that Alberta builds on its relationships is through international missions. The Premier and ministers as well as MLAs meet face to face with political leaders and businesses here in Alberta and around the globe to strengthen our relations and expand opportunities. Our ministry supports these missions: planning them; preparing briefing materials; working closely with Canada's network of embassies, ambassadors, and high commissioners, and so on; providing immediate follow-up for missions; and maintaining ongoing contact to build on momentum generated through the work of the Premier or ministers.

As you can see from pages 14 to 16 of our annual report, IIR directly supported a total of 17 outgoing missions in 2009-10: three by the Premier, five by the IIR minister, and nine by MLAs. We also provided indirect support to missions by ministers other than the IIR minister. Those will not be reflected in the annual report, though.

While we are talking numbers, you will note on page 12 that we directly supported 36 programs for incoming international visitors to Alberta, including visits by key ambassadors such as the ambassador to Canada from the United States and senior government representatives. I would add that this number is growing in the current fiscal year.

We also support 13 twinning relationships, also cited on page 12. Three of our oldest twinning relationships are with counterparts in Asia. Our relationship with Heilongjiang, China: the city of Harbin is twinned with Edmonton. You might be familiar with that. That relationship has been going on for 29 years. Hokkaido, Japan, has been going on for 30 years this year. We just celebrated our 30th anniversary. Gangwon in Korea is 36 years old. Historically, these twinings have helped to establish formal relations with foreign governments and opened avenues for new and expanded relations in other areas of importance to Albertans – culture, sport, education, and so on – but the goal of these relationships is to enhance government-to-government relations and expand Alberta's influence and reputation internationally.

We also support trade and investment through support for trade shows and various events that serve to showcase Alberta businesses. Details on this work can be found on pages 17 to 21 of the annual report. These trade shows cover traditional strengths like oil and gas and agricultural products but also cover emerging strengths like green building technologies, health technology and medical devices, aerospace, information and computer technologies, and so on.

8:40

As important as it is for Alberta to look abroad, goals 3 and 4 are aimed at ensuring that Alberta remains a good place to do business within Canada and that we contribute to building a strong Canada. Goal 3 reads, "advocate Alberta's interests in trade and investment liberalization, internationally and domestically." Goal 4 is to advance Alberta's interests "as an equal partner in a strengthened, united Canada."

Members of the committee will be familiar with our work on TILMA, information on which can be found on page 23, and we are happy to discuss the groundbreaking work there. More recently TILMA has led us to the New West Partnership, which builds on TILMA, this current fiscal year. While the New West Partnership was signed at the start of this fiscal year, so it's not really in the bounds of our discussion today, the preparatory work and the negotiations occurred through 2009-10.

These regional agreements, in turn, build on important work we have done on the cross-Canada agreement on internal trade that has similar goals, to reduce barriers and expand trade across Canada. This work, in turn again, connects to work we do related to the World Trade Organization and NAFTA, the softwood lumber agreement, and so on. This information is found on page 24.

Our newest emerging opportunity, we feel, is found in Canada-European Union negotiations. We achieved groundbreaking agreement from the federal government in 2009, the year in question, that provides provinces with a role in negotiations. These negotiations are ongoing at the moment.

Finally, we support the Premier and all ministers in their federal-provincial and interprovincial undertakings. We support the Premier in his dealings with other Premiers and the Prime Minister, and we support ministers at federal-provincial meetings with their counterparts. We support the negotiation and finalization of agreements that the Premier or ministers enter into with other provinces or the federal government. In fact, we play a role in around 150 to 175 intergovernmental agreements a year. That is one for every other day of the year. These are found on pages 58 through 69 of our report at the back.

In a nutshell this is what we do as a ministry. We are pleased to address any of these elements or other aspects you may wish to explore or to address any observations by the Auditor General.

Thank you.

The Chair: Mr. Saher.

Mr Saher: Mr. Chairman, Doug Wylie will give you our brief comments.

Mr. Wylie: Thank you, Mr. Chairman. The results of our audit of the Ministry of International and Intergovernmental Relations are included on page 177 of our October 2010 public report. We issued an unqualified audit opinion on the financial statements of the ministry. There are no new recommendations to this ministry; however, two outstanding prior year recommendations are summarized on page 224 of the same October report, and both relate to our 2008 international offices review.

The first recommendation focused on improving the processes management used to evaluate the performance of each international office. The second recommendation was for management to obtain assurance that information system controls are effective at the international offices and that relevant government of Alberta IT policies and standards are being met. Consistent with our practice, Mr. Chairman, we will conduct a follow-up audit and include the results of that audit in a future public report.

We'd be pleased to answer any questions you or the committee may have of us, Mr. Chairman. Thank you.

The Chair: Thank you very much.

We'll now proceed to questions. We'll start with Mr. Kang, please, followed by Mr. Elniski.

Mr. Kang: Thank you, Mr. Chair. The Auditor General's report's outstanding recommendation of ensuring effective information system controls and the AG's October 2008 report recommendation that the ministry ensure that its IT controls are effective and the government of Alberta policies and standards are met at all offices: what has been done so far on those?

Mr. Whittaker: Allow me. International offices: we've been working with the Auditor General's team fairly closely on this. Our

international offices are a mix of those located inside embassies and high commissions and stand-alones. We do have issues associated with the IT systems that our staff operate in those embassies and high commissions because they are essentially within the government of Canada firewall. Our staff in those offices don't have a gov.ab.ca e-mail address; they have an international.gc.ca address because they're inside their systems. So there are some unique challenges associated with the offices.

I would ask Mr. Harvey to follow up on this.

Mr. Harvey: Thanks, Paul. We have actually worked quite diligently with the federal government, DFAIT, on doing an assessment of the controls that are in place to ensure that they do match up with what the policy is in the GOA. In addition to that, we have our two stand-alone offices, and we've done an assessment with the people in those offices, the managing directors and the IT contracts that we have in those offices, to assess how they stand in relation to the policies that we have within the GOA. We actually have all the documentation in place right now, and I believe we've actually had some staff from the Auditor General's office looking at it recently. We are identifying any gaps that we have. We don't believe that there are any major gaps. We're also working with Service Alberta on any possible improvements, enhancements to the security of information that we can have relating to the IT systems.

Mr. Kang: Okay. My supplemental is: could you provide a couple of examples of effective IT controls that have now been put in place?

Mr. Whittaker: Examples of why they haven't been put in place yet?

Mr. Kang: No. Could you please provide a couple of examples of effective IT controls that have now been put in place?

Mr. Whittaker: Oh, that have now been put in place.

Mr. Harvey: I don't know if I can come up with a couple of examples. We've actually done the assessment. We've done an IT control framework within the ministry to ensure that the policies are met, and we haven't really identified any gaps between us and what's in DFAIT or in the stand-alone offices that are anything major.

The one gap that we do have - and we're working with Service Alberta around it right now - is the process around encryption of data going back and forth. The only reason that that has not been implemented yet is because we're in the process of moving over to the GOA domain. We're in the process of migrating to the GOA domain. When we have that migration in place, which we're anticipating to have done by the end of this current fiscal year, then we will be able to proceed with Service Alberta to implement the systems around the encryption of the data.

Mr. Kang: I would appreciate, sir, if you could give that to the clerk in writing, probably, whenever you find it.

Mr. Whittaker: If I may add, one of the sort of levels of security we've provided is that each of the managing directors in each of the offices does have a separate gov.ab.ca e-mail address that they can log into separate and apart from i.e. outside the high commission. That uses a two-factor authentication requirement. It's part of our government-wide Citrix system, which offers, I think, a fairly high

level of security for the information back and forth, and that's both the password and a fob, which is an ever-changing key number every minute.

The Chair: Thank you very much.

The chair would like to welcome Mr. Vandermeer and Mr. Xiao this morning.

We will now proceed to the hon. Member for Edmonton-Calder, followed by the hon. member from Calgary Cataract Creek.

Mr. Elniski: Well, thank you very much, Mr. Chairman. I appreciate that. That's a new constituency for me. I'm not familiar with that one.

Good morning, gentlemen. Thank you for being here. I've got two questions for you that are sort of wholly unrelated yet, no doubt, quite closely linked in time and space. First of all, I looked at the locations of all the mission offices that you currently hold, and I noticed that there are two rather large parts of the world that are populated yet largely unrepresented. That would be those countries that form part of the former Soviet Union. In particular, of course, we could talk about Ukraine, Belarus, Poland, and, in fact, Russia itself and then of course India. I'd like to know what the plan is with respect to tapping us into some of these, I think one would agree, emerging and relatively growth-oriented markets.

Mr. Whittaker: Thank you. Those are, in fact, two very interesting markets to us. We had an MLA committee review of international offices; they reported in about June of '08, did their work from '06 to '08. They identified some of the interesting and emerging markets around the world, two of which you just identified.

Just last week our minister tabled in the House a brand new international strategy that talks about some of these emerging markets. One of our goals is actually that while maintaining our traditional markets, our traditionally strong markets like the United States and China and Japan, we're also interested in expanding some of the markets we have globally because what we've really seen in the last year and a half is that being so closely tied to the American economy has an upside and a downside. The upside is that it's a huge market to sell into; the downside is that when their economy turns down, ours follows. You just have to look at our trade export data to track that.

8:50

We've done some thinking around India. We've done some thinking around Russia. Brazil is another interesting market for us. The Middle East is as well, the Middle East particularly because of the oil and gas connectivity. A lot of Alberta companies have real technology strengths and abilities and market know-how that a lot of those countries in the Middle East are quite interested in.

We have untapped potential in the United States even, too. We have an office in Washington, DC. Our biggest single market is the Chicago area, and the sixth-largest economy in the world is California. People don't often think about California separately, but it's literally the sixth-largest economy in the world. These are all places that we would have an interest in over time, budget circumstances allowing. Obviously, budget circumstances at the moment limit our ability to expand.

[Mr. Rodney in the chair]

We did in this last year expand into a brand new market, Shanghai, while also keeping our budget below the line. One of the ways we did that was through a new partnership with British Columbia

and Saskatchewan, which, I think, is a model that we'd like to follow. We'd like to do more work in that area, and we can talk about that, perhaps, some more later.

Mr. Cotton: Maybe to supplement Paul's comments on the hon. member's question about offices, just to mention that while we don't have a physical presence in those markets you mentioned, I just wanted to emphasize that we do have very active programs, particularly in India. Paul mentioned the Premier's trip recently. Our staff do monitor very closely developments in those markets and work very closely with companies and institutions with an interest in eastern Europe or Russia or India. There is activity by our department, working in concert with the private sector. So we certainly are aware of the opportunities in those markets.

Mr. Elniski: Good. Thank you very much. Actually, it's a fairly useful segue into my second question, which has to do with Alberta's combined activities overseas, particularly, I guess, the Shanghai office, with British Columbia and Saskatchewan. We know and those of us in the forest industry will tell you that the softwood lumber agreement was one of the death knells to what was, I think, probably the second- or third-largest industrial component in the province of Alberta. I'm told – and I'm sure you can verify this for me – that the market, particularly in China, for softwood lumber from Canada has grown exponentially in the last two years, yet the actual exports with regard to the province of Alberta have not in fact kept pace. So I'm kind of wondering if there is, in fact, a disconnect there, and if there is a disconnect, what's it about?

Mr. Whittaker: Anecdotally I know that the Chinese market has grown significantly, and they're bringing in – I've heard this from Chinese sources – an awful lot of Canadian lumber. Part of the problem in export data that we encounter is that the export point, especially for lumber, tends to be Vancouver. A lot of these companies tend to be across provincial boundaries, so it's often very difficult to track precisely the origin of any commodity if it goes through another exit point. The oil and gas that goes in a pipeline out of Alberta straight to the States: bam, that's really easy to track. Something that gets on a truck and goes over to Vancouver and then down to Seattle: is that a B.C.-originated product, or is it an Alberta-originated product? Similarly, materials that go into containers and so on that go overseas. So some of the data points: I won't say they're misleading; they don't necessarily tell the entire story. But it is difficult to track.

Mr. Elniski: Yeah. Good. Thank you.

The Deputy Chair: Thank you, Mr. Elniski.

I heard Cataract Creek from Calgary. I believe that was a reference to Calgary-Varsity and the personal, professional, and political past of Mr. Chase.

Mr. Chase: That's correct. In Cataract Creek and in K Country I had my own fifth-wheel international embassy set up, and I hosted a number of international camper guests and talked about the importance of tourism in Alberta.

The Auditor General's report evaluating international offices' performance, outstanding recommendations. In his October 2008 report the Auditor General recommended that the ministry "improve the processes management uses to evaluate the performance of each" of its 10 international offices. The 2008 audit found that management was not reviewing the offices in detail to "ensure each [office] continues to be relevant and cost-effective." The AG suggested that

the ministry should consider whether "each office [had] the right focus given changes in Alberta's market," local economies, and the global marketplace.

The recommendation is listed in the Auditor General's 2010 report as outstanding, and this is found on page 224. Given the emphasis that the President of the Treasury Board has placed on value for money, when can we expect to see action on the Auditor General's recommendation on reviewing offices for cost?

Mr. Whittaker: Thank you for that. I'll turn quickly to Mr. Cotton, who is responsible for the international offices.

This is a useful opportunity to just discuss briefly what was put around the table. My apologies for not getting around to this until today. This is actually a draft, advance copy to this committee. Normally this would be done around November 1, and we were engaged in doing our international strategy, getting it out the door. We are a very small ministry, a very small communications shop, so this has lagged a bit. I wanted to get this in your hands because it provides measures in 10 specific areas, 10 performance measures that are found on the inside back cover of the report, which are the measures that we use to track the performance of our international offices. This is our sort of primary measurement tool for the offices in terms of whether or not we're meeting our goals.

I would ask Mr. Cotton to supplement.

Mr. Cotton: Just to follow Paul's comments, we met with the Auditor General and have taken a look at our performance indicators. We had some in place before, but we've further refined those to make sure that we're getting comprehensive data. There are 10 different indicators that we're using for all of the offices: number of visits, number of reports, number of networking sessions, business introductions, negotiations. There's a series. As Paul mentioned, they're listed on the back page. So those are the quantitative measurements that we use.

Offices record this on a monthly basis. All managing directors are responsible to have that in every month. It's rolled up on a quarterly basis, and then we compile an annual report on the offices that reflects the performance of each office in all of these categories and to what degree they met targets. We have targets ahead of time for those various performance indicators, so they're evaluated against that. There is a qualitative report as well. They do report on things that can't be captured in the data.

The other comment that I would make on the offices: every second year there is a client satisfaction survey that's done as well. People who have made use of the office services during the course of the year are surveyed and asked their opinion. The response to that has been very positive. It's almost a 90 per cent approval rating. Those who have made use of our offices – businesses, postsecondary institutions – are very satisfied with the services received.

Mr. Chase: Thank you. Hopefully, your targets aren't of the moving variety that we've seen with Alberta Health Services, where if you don't meet the target, you reduce it so that you can hit it.

The Auditor General also suggested that the ministry's public performance reports could be more useful. He suggested that it would be useful to offer an explanation for unexpected results and the rationale for choosing particular performance measures; in other words, evaluating the measures that you've selected. Could you explain what progress the ministry has made on the analysis of performance measures?

Mr. Whittaker: Mr. Cotton.

Mr. Cotton: Yeah. Again, as I mentioned earlier, we did revisit them and revised them. The Auditor General had also asked for a clearer definition of what the various performance measurements meant, how we were defining the various measurements. In the report that Paul referred to, each of the categories is defined very clearly to give more clarity and transparency to what exactly is being measured. So we've done that. Obviously, we're very interested in making sure that the offices are performing and that we have them in the right places and that they're performing a useful service for our clients. We have responded to the Auditor General's comments in terms of refining these measurements, defining them more clearly, and being very clear about what the expectations are with the offices.

9:00

Mr. Whittaker: If I may add very briefly on the issue of the variances, what we've put is a footnote just on the inside cover, where we have the data. We put a note about the variances. "Variances can be attributed to external influences such as socio-political stability in local markets, strength of Alberta economy, tradeshows and exhibitions organized by external associations, and general macro-economic factors in Alberta and in local markets," which is code 4. In some of those cases, what we've really seen internationally in the global economic slowdown is that in the places where you would expect the numbers to track down in terms of business contacts – trade shows, et cetera – it's tracked down: the United States, Europe certainly. Where it hasn't tracked down are places like China, where it was a very short decline and, bam, back up again.

Mr. Chase: Thank you.

The Deputy Chair: Thank you.

On the list, ladies and gentlemen, we have Mr. Sandhu, followed by Mr. Kang, Mr. Olson, Mr. Chase, and Mr. Groeneveld. We also have Mr. Xiao, Mr. Elniski, and Mr. Vandermeer on the list, so we will need to keep our questions and answers as concise as possible.

Mr. Sandhu, the floor is yours.

Mr. Sandhu: Thank you, Mr. Chair. Thank you, Paul and your team. I just want to touch on the last trade mission. I was with Paul and his team in India, and it was eye-opening. It was a bigger market, a billion people. My colleagues asked you a question about when we're opening the office. I remember when we were in the High Commissioner's residence, and the Deputy High Commissioner said that Prime Minister Harper wanted to increase trade from \$10 billion to \$15 billion in the next two years. I'm wondering what we are taking. Are we taking any market share of that \$15 billion, the \$5 billion extra we plan to do?

Mr. Whittaker: Predicting trade growth is a bit of a difficult game. I mean, as I said earlier, you look at the variances associated with the economic growth, the relevant and respective growth of the areas. We see huge potential for India. It's interesting that all of a sudden the world seems to have discovered India. As a ministry we've actually been active in that market for 20 years. We've had people going in on a very regular basis for 20 years, very specifically on the oil and gas side because the oil and gas industry in that country has really opened up in the last 10 to 15 years. Alberta companies are very active there all of a sudden in big plays, but we also see huge opportunity in agriculture, in export of agricultural products.

It's interesting that our Premier was there. A few days later

President Obama was there for the first visit by an American President in years and years. I can't remember the previous one. The Prime Minister met with Prime Minister Singh at the APEC summit about a week after we were in India. Canada is just embarking on early stages of negotiations on a Canada-India free trade agreement very similar to the negotiations that are currently under way on Canada-EU. I participated in a conference call of federal-provincial deputies last week where we got a briefing on the status of these various negotiations, and I made the point very clearly that Alberta wishes to strongly participate in those negotiations because we see tremendous opportunity in a market like that. We want to be active partners in those negotiations with the federal government.

Mr. Sandhu: I just want to add. You know, it was the holiday season. I was part of the delegation. We would start in the morning and work, like, 12, 13 hours all five, six days of the trade mission. It was really an eye-opening experience. How can we do more business in that country? Both countries, Canada and India, want to do business. They really want to do business. After the trade mission I had opportunity to meet different political leaders in Punjab state and in India, and they all want to do trade, so we have an opportunity to catch onto this one. I think we shouldn't delay that office. If we need to open the office, we should open it as soon as possible. I know your ministry is doing a good job. You have a budget for \$26 million, and you're using only \$25 million. I know you're sharpening your pencils. At the same time, we have to spend money to get business back here.

Secondly, a little question here. You said: supporting 13 twinning relationships. What's the difference between offices and twinning?

Mr. Whittaker: On the first point, about spending money internationally, we do see merit in paying attention to some of those markets. In some of them we actually have a physical presence with an office, and in some we don't, and in some we'd like to. We touched on that very briefly earlier, but it is about the budgets. We do use the government of Canada and its network of embassies and High Commissions very effectively, I think, and we have very good contacts through the federal government and use the federal government as a force multiplier to a certain extent for us because the Canada brand is very strong internationally. You know, we certainly can take advantage of that.

[Mr. MacDonald in the chair]

With respect to the twinings, though, the first one was 36 years ago with South Korea, Gangwon. They started out, really, as cultural exchanges and getting to know each other better, and they really sort of developed into more of the commercial opportunity type of business. I cited the three longest standing ones. We have them in Russia. We have them in Ukraine. We have them in Mexico with Jalisco, frequently places that have something very much in common with us economically, like an agriculture area. For instance, in Mexico we have a twinning relationship with Jalisco, which is the breadbasket of Mexico. We also have a special economic relationship with the state of Veracruz, which is oil and gas, so there's an obvious connectivity point there.

With those twinings what's interesting is that I was in China earlier this year, and the Chinese are very focused on, are very conscious of long-standing relationships. You're not just in the door to say hi for the first time. You've been in that market for a while. We've had a relationship. They're very conscious of the fact that we're about to celebrate 30 years with Heilongjiang. Canada only opened diplomatic relations with China 40 years ago this October.

If you remember the famous Nixon to China moment, that was after that, where the United States opened up diplomatic relations with Red China, Alberta was in there 30 years ago, and they know that we've been around. We're not a fly by the seat of our pants, in-and-out kind of operation. We've been in that market for 30 years, so it carries tremendous weight when we talk to those government people. They know we're not there just for a quick handshake and a photo op.

Mr. Sandhu: One more, just quickly. I know we are planning to go in that way to open up a trade office in India. Why don't we just start with the twinning somewhere? It's not going to cost any money just to do twinning.

Mr. Whittaker: Do a twinning somewhere in India?

Mr. Sandhu: Yeah.

Mr. Whittaker: We haven't explored that, but it's something we'll take back, certainly.

Mr. Sandhu: Thank you.

The Chair: Thanks.

Mr. Kang, please, followed by Mr. Olson.

Mr. Kang: Thank you, Mr. Chair. Mr. Sandhu was talking about, I believe, a very highly successful trip of the Premier and his delegation to India. The question was, you know, that you went there during the holiday season. You could have accomplished probably a lot more if it wasn't for Diwali. I know, because I come from there, that literally everything kind of shuts down, and people are in the party mode. Is there some kind of report you're going to be compiling telling us what you got done and how much success you had during this festival season visiting the politicians in India?

Mr. Whittaker: Thank you. A good question. It was interesting. Immediately before we left on that mission, a reporter from the *Calgary Herald* had phoned our office to say, "Well, I hear from my sources in India that you're going to get no meetings; it's Diwali, and everybody is in party mode," as you suggest. We have very good contacts in those markets. What happened was that literally on Diwali eve, the day before Diwali, when the reporter was certain that we wouldn't get any meetings, we met with the three largest oil and gas companies in India. The day before that, we met with three of the national ministers, including the energy minister and the agriculture minister, because they wanted to meet with us.

We've had long ties to there, and they understood the importance of the connectivity with Canada and, specifically, Alberta. On the day after Diwali we had a meeting with the deputy chief minister of Punjab, who wanted us there first thing in the morning. We were on a plane at 6 in the morning to get up to the Punjab to meet with him literally the morning after Diwali, when the gunpowder was still hanging in the air from the fireworks.

9:10

Mr. Kang: Do you eat more sweets early in the morning?

Mr. Whittaker: A lot of sweets, yeah. A lot of sweets, so I think I gained a couple.

We do a report. For all these missions we're required by our regs to within 60 days issue a detailed mission report, which gets posted on the web, so that will go up on the web in the next six weeks – is that right? – two months.

Mr. Cotton: Yes.

Mr. Whittaker: It will detail with whom we met, the costs, what the final detailed breakdowns are for the costs of the mission, and so on. That will be issued.

Mr. Kang: Our concern here is to get the bang for the buck.

Mr. Whittaker: Mine too.

Mr. Kang: Okay. You were talking about the last 20 years, that you've been in India, and the only company we hear from the oil and gas side being successful in India is Niko Resources. That's the only company we heard about. Is there any other company that the government has been working with or trying to get our foot in the door in India on the oil and gas side?

Then the second question is: are you seriously thinking about setting a trade mission in India, too? You know, I have said before that we should have something there so we can facilitate all the trade between Alberta and India because it's becoming a big market.

Mr. Whittaker: I'll address the second part first, and I'll turn to Mr. Cotton for the issue of dealing with companies.

On the issue of opening up an office, are we seriously thinking about it? Yes. It's one of our three or four top priorities globally. British Columbia has an office in Bangalore and is contemplating an office in Mumbai, or it might be the other way around.

Mr. Kang: They have one in Chandigarh, too.

Mr. Whittaker: In Chandigarh, and there's a Canadian consulate in Chandigarh as well. Saskatchewan, not to tell tales out of school, is actively thinking about opening in India as well because they see a huge potential for agricultural exports. But for now it's one of our wish-list items that are really budget dependent.

On the issue of working with energy companies I'll turn to Mr. Cotton.

Mr. Cotton: If memory serves me correctly, I think there are at least four Alberta companies, E and P companies – we call them exploration and production companies – in the oil and gas sector. They're doing work in India. You mentioned Niko Resources. That's the most dominant one, but there are three others. I can provide you with the details of that.

What happens in many markets – Yemen is another example, where Nexen is active – is you get an Alberta or Canadian-based oil and gas company, an E and P company, going into a market. What often happens is that other Alberta oil and gas companies follow – services companies, equipment manufacturers – because they already have a relationship with that Alberta entity, and they're known to Niko Resources or whatever company it is that is operating in India. That facilitates the business activity on the part of other companies. You get oil and gas service companies and other technology providers and other equipment manufacturers following in behind. India is a market where E and P companies have led the way, but we've had a lot of other service companies follow as well. I can provide you with more details, specifically, if you'd like that.

Mr. Kang: You know, this is not only the companies being there. They are making us proud, Canadians proud, Albertans proud. You know, that's the angle I'm looking from, too. When we go there, we could be walking with our head high. Our companies are doing good in India, too, not only in Canada or other countries.

Mr. Cotton: Why our companies are so successful – I mean, we do have a reputation worldwide. Our oil and gas sector is often the leading industry when it comes to a lot of the markets we've talked about earlier. Our industry here works under very diverse conditions, as you well know, and deals with a lot of different types of reservoirs and works in different climatic conditions and has a lot of challenges. As a result of that, we have an industry that is very adaptable and has a lot of top-line type technology and has dealt with a lot of challenging conditions. A lot of markets like India are very interested in Alberta and our private sector and what we have to offer because of that.

Mr. Kang: There's lots of potential. We should cash in on that potential because there's lots of potential there.

Mr. Cotton: Yeah. I agree.

The Chair: Thank you. We're going to move on now, please.
Mr. Olson, followed by Mr. Chase.

Mr. Olson: Thank you very much. Thanks for being here and for providing this very interesting information. I'm going to just focus on several comments that you made, Mr. Whittaker, that I was particularly keen on. You, I think, mentioned one of our emerging opportunities is with the European Union, and there's been some discussion here already about our international offices. Aside from surveys and satisfaction kind of information, I'm wondering about the decision to have our office in Munich when the European Union, obviously, is centred elsewhere. Has there been any consideration to moving the office or opening an office in Brussels?

Mr. Whittaker: Certainly. I mean, Munich has been in operation since about 2002, and Germany is the biggest economy in the EU. I mean, the EU is a big global player. Germany is the biggest of the players within the EU. It's a huge market for investment attraction, and we have a lot of tech companies that are working there, so there are real opportunities in Munich.

If you're looking to sort of triage your office budget – and we do engage in that from time to time – is a place like Brussels perhaps risen in the sort of chart? Yes. The European Union has really changed its internal structure in the last year and a half through the adoption of what's called the Lisbon treaty, which puts a lot more power and authority in the hands of Brussels, in the European parliament. Those countries have ceded huge areas of responsibility to the European Union, and we're seeing the European Union central really flexing its muscles. We've had a couple of ministers go through Brussels in the last year, my minister and the Minister of Environment, to talk about environmental standards issues and energy issues and so on.

Yes. It is an active question that we do consider internally as to whether we're in the right place at the right time. It's very difficult to turn on a dime once you've established an office. You'd be dealing with costs associated with closure and transfer of people, especially in the European countries, where for any locally engaged staff you often have to pay them about a year out in severance packages and this sort of thing, which is what a lot of the German companies discovered when the economic downturn occurred. They had to keep paying their employees for another year. So there are challenges associated with turning on a dime with some of those offices.

Mr. Olson: Thank you. You mentioned the centralization of power, and I remember being at a dinner where Ambassador Brinkmann

from the European Union as a German was talking about – I forget what the percentage was, but it was something like 60 per cent of the laws that govern Germans now are actually passed in Brussels, which I found kind of shocking. He also made the point, which has really been kind of burnt in my consciousness, that he represents 500 million Europeans in 27 countries, and they really want a comprehensive trade deal with us 35 million people, but they don't want 10 deals, which obviously speaks to our relationship with our other provincial and federal partners. You mentioned that that's something that's being worked on. Do you have optimism that we're going to be able to get there?

Mr. Whittaker: Thank you for that, and I'll turn that over to Garry Pockock.

Mr. Pockock: Yeah. It's interesting, your comment on: we don't want 10 different deals. The negotiations with the EU and Canada are really different. This is the first time, to my knowledge, that the federal government has invited the provinces to participate at the table in the negotiations with the EU, and that's because our trading relations and the matters that are covered by trade are changing somewhat. It used to be sort of just tariffs and customs, but now it's a number of areas like procurement or labour, the environment, and they're really areas that are under provincial jurisdiction.

Interestingly, it was at the request of the EU to bring the provinces forward as part of the negotiations to ensure that the provinces were supportive of the negotiations. I mean, of course, notwithstanding that, we fully recognize the federal government has the full and complete competence in the area of international treaties, and only they can assume the international obligations. We are there to support the federal government in the development of the treaties and to ensure that Alberta's interests are represented and advanced during those discussions.

9:20

Mr. Olson: Thank you.

The Chair: Thank you.

Mr. Chase, please, followed by Mr. Groeneveld.

Mr. Chase: Thank you. I'm referring to the annual report performance measures. On page 9 of the latest IIR annual report we find a summary of the ministry's performance measures. Three of the performance measures relate to reporting within the annual report. As performance measures these do not measure any outcome of the work performed by the ministry. They simply indicate that the ministry has met its own reporting requirements, and this is a follow-up of, you know, how high targets are set. As a former teacher, while I considered student self-assessment very important, I used numerous external evaluatory assessment tools. In my leadership option, for example, boys frequently awarded themselves higher marks than my more realistic and diligent girls. Is there a measure that would be a more effective indicator of the value of this work in achieving the applicable goals?

Mr. Whittaker: Thank you, and I'll turn over to Lorne in a second. We have worked really closely with the Auditor General over the years in the development of these performance measures. One of the things that we don't want to be guilty of – and the Auditor General would remind us if we were – is to overreach, to claim that our work led to X or Y, particularly when it relates to an export of a commodity that we don't control. We can help make the introduction between company A and company B. We can do the legwork to try

to ensure that those companies are working well together and that, hopefully, a contract is signed that benefits Alberta through exports or jobs or whatnot. But at the end of the day it's the two companies that do the actual deal. We've always been leery about overreaching, to claim some of those pieces or even to claim export numbers, for instance, as I touched on earlier.

As for sort of setting your goals and so on, how we set the performance numbers, our targets: Lorne, could you perhaps address that?

Mr. Harvey: Well, yeah. The bulk of our performance measures are based on a biannual survey that we do. Unfortunately, for the '09-10 fiscal year we're in a period of restructure, so we're going back and looking at our performance measures and redoing them. The main reason for that is because the prior performance measures are based on a more organizational structure. For example, 1(a) was the per cent of clients satisfied with services provided by international relations division, and over the various years, due to government and departmental reorganizations, we've found that it's more difficult to measure these as things are changing. One of the things that we've done is that we've redone our survey based more on the services provided, so rather than tying it strictly back to a division, it's tied more to the services.

What we try and do is that we base our target numbers on past-year history. How we're actually setting the targets is that we try and go on, like, a five-year average, and then we add a percentage. We are actually trying to get more of a reaching target and trying to get ahead and not trying to make a target something that's relatively easy. When we set those targets and everything, there is a review done with the Auditor General around how those are set as well.

The Chair: Thank you. Next question, please.

Mr. Chase: Thank you. My second question. The other six of the nine performance measures are client satisfaction surveys. Again, these measures do not tell us much about the actual achievement of ministry goals. If, for example, the goal is to facilitate Alberta exports and to attract investment to Alberta, is there some measure other than a client satisfaction survey that would be a better indicator of the ministry's impact on exports and investment? In other words, if we looked at an increased trade investment measured in dollars, we'd have a concrete measurement as opposed to: Albertans are very nice people, and they have clean fingernails.

Mr. Whittaker: Which we are. No. I think if we were able to have those kinds of quantitative numbers, I'd be happy. We do track for internal purposes – and I have all the data at my fingertips – the specific trade flows to our key markets for every single one of them on an annual basis, but it's very difficult for us to either claim credit or admit failure year over year on that. I think the Auditor General would slap our hand on that because, as I said earlier, we can't necessarily link the work we do, directly connect it to the export of that commodity or the inflow of that investment.

You know, a lot of the work we do is a little bit of matchmaking. When we were in India, we had a couple of the oil and gas companies say: "We're really interested in investing in the oil sands. Do you have a couple of suggestions on companies we can buy out?" Well, it's not really our purpose or the Premier's purpose to go and shill for a particular company. What we can do, if they come in – and they're planning on coming in in a couple of months – is that we can put together, with the assistance of industry partners like CAPP, a list of people they could talk to.

At the end of the day if the Indian oil and gas comes in and buys

out, you know, company A out of Calgary, did we have a hand in putting them together and having that investment flow coming in here? Yeah, we did. We know we did. Can we pat ourselves on the back? Yes. But can we actually claim credit for doing that? I think that's pretty tenuous, and I think the Auditor General would lecture us a bit on that.

The Chair: We're going to move on, sir. These questions are taking some time, and we have a lot of members who are interested in directing questions to you yet in the time we have remaining.

Mr. Groeneveld, followed by Mr. Kang.

Mr. Groeneveld: Thank you, Mr. Chair. You identified one member as being from Cataract Creek, which, of course, is upstream from Highwood, so you may have identified another problem here this morning. I'm not sure.

Anyway, let's get back to serious business here, international criticism of the oil sands. One of the ministry's goals in the annual report is demonstrating Alberta as a secure, reliable, and responsible energy provider. This can be found on page 10, as you mentioned. Some of the ministry's key initiatives are listed on the following page if you want to have a look. However, given the significance of this issue, we need to know a little bit more. I'd certainly like you to comment on what IIR is doing to address the international criticism facing the oil sands development and products. Could you talk a little bit about some of the specifics, probably, that you people have undertaken?

Mr. Whittaker: Okay. Well, thank you. This has become a much higher priority for us and for our international offices in the last couple of years, to spend time advocating on Alberta's behalf. We work on a cross-ministry basis. This file is interesting because it crosses our ministry internally. Both Mr. Pocock's domestic side and Mr. Pocock's international side have a hand to play in what we do as a ministry and what our minister does and advice we provide to the Premier and so on, but we also work on a cross-ministry basis with key ministries like Energy and Environment and Sustainable Resource Development and so on to address some of the misconceptions and some of the information that's out there about the oil sands and to position us as a secure, responsible supplier globally, so to underscore what we've done. To underscore, we're honest that we've, you know, done a lot, but there's more to do. We're very clear about that to international markets.

In terms of some of the specifics of some of the missions, certainly our outgoing missions by ministers or the Premier, tend to spend a fair bit of time talking about these issues. I think every one of the missions that are cited in the annual report, almost every one, at some point tends to focus on these issues.

We also have some interesting incoming missions that we support, we organize. One of the interesting ones was Ambassador Jacobson, President Obama's appointee as ambassador to Canada. One of the first things that he did when becoming ambassador a little bit over a year ago was that he said he wanted to come to the oil sands, so we made it happen. We got him out here and organized what he wanted through the embassy. We worked with them, worked with the oil industry. He met with representatives of environmental groups as well. We organized a program for him tailored to his needs. That's what we do. We try to tailor to some of these incoming VIPs' requests, whether it's a political leader, whether it's a movie director, ambassador, or politicians, and so on.

9:30

Mr. Groeneveld: Thank you, Mr. Chair. Just as a supplemental I'm

curious – and this is kind of a difficult question – how you possibly could assess what effects some of these undertakings have resulted in. From some of that assessment would you suggest other ways you might want to go down the road?

Mr. Whittaker: I think that with every person we bring in, we learn a little bit more about how we're doing things, and that helps us, you know, tweak the way that we do presentations and the information that we provide. We really do have to customize for the person coming in. It's hard to assess precisely what kind of an impact you've had on somebody. Usually you'll hear it face to face when they leave, and it's something like, "Boy, my eyes have really been opened," or "We really appreciate you taking the time."

This isn't in the fiscal year in question, but it's fresh in my mind because the week before said movie director came here, we very quietly had a couple of senior U.S. government reps up here. For security purposes they wanted it kept very quiet, but we took them through the oil sands, we brought them back here, we had them meet with the Pembina Institute. They met with David Schindler. They met with staff from our ministry, from Environment, and from Energy. Every person that comes in has a slightly different information need. These two people were very, very details-oriented senior advisors, so they drilled down incredibly deep in detail.

You have to be able to do that as much as you have to stay high level for somebody else coming in that has very little knowledge, so we try to customize it. It's a lot of work.

The Chair: Thank you.

Mr. Kang, please, followed by Mr. Xiao.

Mr. Kang: Thank you, Mr. Chair. Last week before this committee Service Alberta reported on its role in developing and maintaining government-wide policies, procedures, and standards for web applications. The Auditor General's October 2010 report found that Service Alberta has not implemented their recommendations on these matters. Given the potential of sensitivity of information transferred across international borders, I would like to know whether International and Intergovernmental Relations uses any government of Alberta web applications for this kind of information and, if so, whether the ministry is confident about the security of that information.

Mr. Whittaker: I'll turn it to Lorne in a second. I know that when we talk about the security provisions for the international offices, the international offices' websites themselves are housed back here in Alberta for security purposes. That's one layer that we do.

Lorne, would you like to augment?

Mr. Harvey: Well, basically, it's like Paul was saying. The websites for the international offices are hosted here in Alberta within the GOA network. They are secured based on GOA controls, workflow controls implemented within the RedDot control content management system that we use, and that's a standard across the GOA.

For our ministry itself part of their earlier recommendation – it's not an outstanding recommendation anymore – was to develop an IT control framework, which includes the security of old information within the ministry, which includes the websites. We have done that. It has been audited. We did get a clean report from the Auditor General on our IT control framework that is in place, and I believe that even during their audit they had staff that came in and actually tried to hack into our websites, and they were not successful.

Mr. Whittaker: Actually, Mr. Pocock has something to add.

The Chair: No. We're going to do the second question, please. We have a long list here.

Mr. Whittaker: Oh, okay.

Mr. Kang: Given that the international offices must rely on either embassy host staff or locally hired staff, what steps does the ministry take to ensure that these staff are complying with the government of Alberta policies and standards? Can you tell us: does government of Alberta monitoring of IT systems take place, you know, in the international offices or not?

Mr. Whittaker: The staff inside the international offices, the locally engaged staff, we hire through the embassy in question. They preclear the federal security screen, so we have fairly good confidence that those employees have been screened through as good a security system as probably exists in Canada.

As to their IT needs, as we talked about earlier, they work behind the government of Canada's firewall. So, again, we're fairly certain that those are adequate security screens.

The Chair: Thank you.

Mr. Xiao, please.

Mr. Xiao: Thank you, Chair, and welcome, everybody. My question is as to this pamphlet you just gave us, on page 26, appendix 1, budget information. When I go through the expenses, you know, comparing 2009-10, it seems the actual expenses have dramatically increased in three offices. One is in the U.K., one is in Japan, one is in Korea. The actual expenses increased in the U.K. office by almost 27 per cent, 26.5 per cent, in the Japan office by 18.3 per cent, and in the Korean office relatively somewhere around 16 per cent. Why is that, you know, in this economic situation? I was in Korea last summer and in Japan. I just find everything is becoming less expensive. Why did such significant expenses, actual expenses occur in these offices? Do you feel that those expenditures can be justified?

Mr. Whittaker: Thank you. In actual fact I think you're looking at it backwards there. The positive numbers are unexpended funds, so the underbudget. It is done a bit backwards, I must admit. The minuses are where we overspent, and the positive numbers on the right-hand column are where we saved.

Mr. Xiao: Oh, okay. Sorry about that.

Mr. Whittaker: So in actual fact six of the 10 underexpended. In the ones that overexpended, China was a modest 3 per cent variance, and that's partially due to currency fluctuations with the Chinese yuan. All these offices work in other currencies, so we're subject to currency fluctuations. The Taiwan office was another one; the variance was 10 per cent. That's again exchange rates tied to the yuan and some lower than anticipated manpower costs. The biggest single change was the CAPC office, which ran over significantly, and that was because we provided one-time-only training funds of around \$105,000. Otherwise, we saved money in all these offices. We actually reduced our expenditures.

Mr. Xiao: Okay. I'm sorry for my question, but it still seems to me that although there are some savings, in this case there are so many offices where the expenditure has increased in the last budget year.

My second question, Mr. Chair, if I may, is related to, you know, the Washington office. I understand the role of the Washington office is slightly different from the other offices. You just touched on some of the issues, but I want to know: what are the tangible results that have been delivered by the DC office? Do these results justify the cost of the DC office?

Mr. Whittaker: Thank you. Washington differs from the other offices because the other offices are primarily trade and investment focused with a side order of advocacy, and Washington is the other way around. It is more about advocacy for Alberta with a side order of trade and investment. So the Washington office has a very different focus. It's really focused on the political leaders in Washington. It's difficult to measure it in the same way as the other offices. The focus of that office is really to connect to key decision-makers in Congress, in the administration, in the public service, in the White House, and in a lot of the lobbying groups that exist.

9:40

Washington is a city that operates on lobby groups, so that office spends a fair bit of time connecting to all these different information points. That office has been instrumental in helping arrange for some of the visits that we've had to Alberta. It's out of the fiscal year, but the most recent visit of those three Senators was a direct result of the work that that office does with Senators' offices in encouraging them and providing them with information on Alberta. That would be a tangible example. But when a minister or the Premier goes to Washington and we're able to see and meet with senior Senators, senior members of the House of Representatives and with senior White House people as we are, it's through the work of that office and the relationships that they've built on Capital Hill.

Mr. Xiao: Good. Thanks.

The Chair: Thank you.

Mr. Whittaker, I have a question for you now, and that is regarding International and Intergovernmental Relations. We do know the Ministry of Transportation has publicly acknowledged their role in the facilitation in 2009-10 of Imperial Oil's shipment of steel modules, over 200, from a steel fabricator in South Korea through to Fort McMurray via a route up the Columbia River and the Snake River through Idaho and Montana and proceeding through Alberta. This has occurred at a time when the steel fabrication industry in this province is significantly reduced in activity. What role did your department play, if any, or what role did the trade office in South Korea play in facilitating this South Korean deal with Imperial Oil?

Mr. Whittaker: I'll turn to Mr. Cotton in a second on the South Korea issue. With respect to the passage of the modules through the United States, our office here and the office in Washington, I think the sole role we play is monitoring political statements and media and so on around any local opposition that occurs. So it's more sort of tracking for information purposes, not actively engaging.

On the South Korean point?

Mr. Cotton: Yeah. To the best of my knowledge no role whatsoever. I've seen no e-mail, no exchanges of e-mails at all, any reference to that. I'm not aware of any role we played in facilitating that.

The Chair: Okay. Thank you. My second question. I've been told that we have to be willing to compete and that it's free trade, not necessarily fair trade. What role is your department or your office

in South Korea playing in trying to equalize or level the playing field for farmers in this province? We see, for instance, that in South Korea there is 60 per cent producer support for farmers and farm products in that country. I don't have the statistic for Alberta, but certainly the Canadian one is significantly less. It's probably around 18 per cent producer support for farmers and farm products. When are we going to level the playing field so that our farmers can ship their products to South Korea? If it's going to be a two-way street, that would be much fairer with our trade.

Mr. Whittaker: I agree. We spend a fair bit of time. A fair bit of the work that we do on trade matters, whether it's – I mean, domestic is easier in that it's inside the borders of Canada instead of being international trade, but a lot of the work we do internationally focuses on trying to reduce and eliminate some of these artificial barriers. I'll turn to Mr. Pocock in a second, but one of the key areas that we're focused on is agriculture and the unfairness that we do face in some of these markets, especially like in the European Union, where there's significant subsidization.

The Chair: Twenty-five per cent.

Mr. Whittaker: And all kinds of geographic designations where you can no longer – we may think that we make Parmesan cheese, but it's not from Parma, so the Italians are fighting us that because it's not from Parma, it can't be Parmesan cheese.

Mr. Pocock.

Mr. Pocock: Yeah. These are very important issues, particularly in relation to the agrifood industry and ensuring that Alberta products are available across the world. I don't know right now; I couldn't speak to whether there are individual negotiations with Korea in relation to that. That's something that I could get back to you on.

The Chair: I appreciate that, through the clerk to all members. We'd better move on to Mr. Elniski now if you don't mind.

Mr. Elniski: Thank you, Mr. Chairman. I certainly don't mind. I want to go back for a moment and talk about performance measures, your summary table on page 9, I think it is here. Coming out of an industry that has spent a fair amount of time measuring things, I have to first of all make the editorial comment that most of these are smile factors in that, typically, so long as the relationship is good between you and whoever you're dealing with, you tend to score fairly high.

What I don't see, however, are money targets. I know, Paul, that you made some discussion point earlier about how your organization doesn't want to take credit for actual trade deals that are physically put together. However, the challenge becomes that if we are to consider the expansion of your role in international trade, simple smile factors are an insufficient basis upon which to make a decision. We need something a little more tangible than that, that being, for example, a hard dollar trade target going into any particular jurisdiction so that we, in fact, actually can produce some rate of return on your activities. Just some thoughts on that. I understand your comments with regard to the limitations of the Auditor General. I'm not sure I agree with you on that point, but I do understand that. So just some thoughts around the absence of money targets, why there's an absence of money targets, and how, frankly, do we evaluate the quality of your service?

Mr. Whittaker: I think a lot of the goals that you do hear around expansion of trade are aspirational in nature. I heard President Obama when he was in India talk about the number that he'd like to

get to. I've heard the Prime Minister through the high commissioner in India talk about the goal we'd like to get to in India, for instance. To me, those are aspirational. I mean, you want to aim for those sorts of things, but whether you can specifically deliver those, I think, is really quite questionable. I think it's unworthy of a hard target measure in an annual report like this. I mean, this is more the bailiwick of the Auditor General. To me, I can't in all honesty point to, you know, our work in A delivering B and expanding that trade.

We do know that we're a market of 3 and a half million people. If we want to sell our commodities world-wide or we want to attract investment, the kind of investment that we need to develop here, we need to pull that in from around the world if it's investment, and we have to push it out to the rest of the world if it's exports. We have good data on the export tracking. We just don't use it as a specific measure because I really can't honestly say that because of the work, the meeting that I took with Mr. X, that occurred.

Mr. Elniski: I can certainly accept that. I won't argue with you too much on that particular point; however, I guess what becomes the concern, then, is our decisions with respect to the continuous growth of the international trade offices, whether that becomes, then, a leading indicator or a lagging indicator. In any case, whether it's a leading or lagging indicator, we have to have some data somewhere to tell us other than, you know, that it feels like we should have an office in Ukraine or something. There has to be some data somewhere to tell us that we believe that this is a goal. There's got to be a hard target measurement somewhere. I'm just curious as to where they are because I'm not seeing them here.

Mr. Whittaker: The GOA report Measuring Up, I believe, has an export measure in it. That is found in the GOA roll-up. It belongs there more than it does in our ministry's report because it's multiple ministries: it's Energy; it's Agriculture.

Mr. Elniski: Okay. That's good. Thank you.

The Chair: Thank you.

Mr. Whittaker, I regret that we have a long list of members with additional questions, and we're almost out of time, and we have other items on our agenda. So I'm going to ask the members now to read their questions quickly into the record. If you could have your officials respond in writing through the clerk to all members straightaway, we would appreciate it.

Mr. Chase, please, followed by Mr. Olson.

Mr. Chase: Thank you. While we're reading them into the record, if you'd allow me to read three questions in, I would appreciate it.

The Chair: If you could do it quickly without a preamble, please.

Mr. Chase: Very quickly. Here we go. Annual report goal 1. In the ministry's annual report it's noted, page 10, that the ministry officials participated in frequent flyer points, outreach events in the U.S.: in Chicago, Denver, Los Angeles, New York, San Francisco, and Seattle. On page 11 it was noted that the Premier and minister reinforced Alberta's commitment to environmentally responsible development of Alberta's energy resources, including the oil sands. According to the ministry's performance measures that are reporting on international missions in the annual report, the ministry was 100 per cent successful in meeting this goal. This is reminiscent of a hockey player claiming they gave it 110 per cent effort. I'd like to actually hear from the AG – it'll have to be in a written format – if he agrees with that 100 per cent mark that the ministry awarded itself.

9:50

Annual report goal 2. It is reported on page 18 that the ministry led 12 Alberta organizations at the Paris air show in June 2009. The occasion offered "opportunities to network, generate sales/investment leads, participate in company/industry/country briefings, and increase awareness about Alberta's aerospace and defense industry." Could the ministry please connect the scope of Alberta's aerospace and defense industry and the cost of increasing awareness of that industry in France?

My third question. International offices activity report 2008-09 saw a measurable increase of 124 per cent. What percentage of this increase was e-mail introductions? What percentage of the 124 per cent was attributable to facilitating conference calls?

The Chair: Thank you.

Mr. Olson, followed by Mr. Groeneveld.

Mr. Olson: Thank you. My questions also relate to the international offices activity reports. I had looked at the 2008-2009, and now you've given us '09-10. In most cases you have achieved something beyond the target. I'm wondering about the development of the targets. How do you arrive at these targets? Obviously, the lower the target, the more likely you are to have exceeded the target with your actual results. I notice also that some of the targets actually go down, perhaps for good reason because of international economic activity and that type of thing. I'm just interested in what the process is for developing these targets.

The Chair: Thank you.

Mr. Groeneveld, please, followed by Mr. Kang.

Mr. Groeneveld: Thank you, Mr. Chair. As a question you're not going to break a sweat on this one. As you know, I've been to six of your offices as ag minister, and they're incredibly important and unique and helpful. The one that we don't talk about a whole lot – as you know, Minister Knight and I came back from the state of Washington this last week; we were there at PNWER – is the incredible importance of PNWER. If you put together the economies of all the members of the PNWER group, I think it would be the fifth- or sixth-largest economy in the world. So I think we're missing something there. I think we have to hang on to that. There's a danger of losing that. I just wanted to put that on the record for you people.

The Chair: Thank you.

Mr. Sandhu.

Mr. Sandhu: Oh, it's already answered, I think.

The Chair: Okay.

Mr. Kang: Annual report goal 3, negotiations and implementation of domestic trade agreements, is considered on page 23. My question is about the trade, investment, and labour mobility agreement, TILMA. It is an agreement that is not well understood and is to be replaced by the new trilateral agreement covering Saskatchewan. Question 1: can you provide any information about the effects of TILMA on enhancing investment by B.C. businesses in Alberta? The second one is: could you comment on the effects of TILMA on the ability of Alberta businesses to take advantage of the business opportunities in B.C.?

The Chair: Thank you.

Mr. Xiao to conclude, please.

Mr. Xiao: Thank you. My question is also related to the performance measurement. The results analysis section of your ministry's 2009-10 annual report does not include a review engagement report from the Auditor General indicating that your performance measures are presented in accordance with their criteria for reliability, understandability, comparability, and completeness. Why wasn't a review engagement report issued by the Auditor General on your ministry's performance measures? Another question is: why are there no new results reported for the majority of the ministry's performance in performance measures?

Thank you.

The Chair: Thank you very much. On behalf of all committee members, Mr. Whittaker, we would like to thank you and your staff for your time this morning and wish you all the best in this fiscal year and next year. We'd like to also express our gratitude to the Auditor General's office for their commitment to Public Accounts. You are free to go. We have other matters to conclude on our agenda. Thank you again.

Mr. Whittaker: Thank you.

The Chair: Okay, hon. members, item 5, other business. This is a follow-up from a request from Alberta Energy. In response to this request from this committee Alberta Energy has provided some

additional information for us. Members have had an opportunity to look at this. Any discussion?

Mr. Rodney: I'd be happy to make a motion in this regard for the sake of efficiency and expediency, sir. I believe it would read as follows. I would move that

the Standing Committee on Public Accounts keep confidential the third-party document provided by the Department of Energy in response to questions raised at the March 10, 2010, committee meeting.

Mr. Elniski: I'll second that.

The Chair: Okay. We don't need to second that, but any discussion?

Seeing no discussion, all those in favour of the motion from the hon. member? Any opposed? Okay. Thank you very much. That concludes that matter.

Is there any other business committee members wish to raise?

The date of the next meeting is December 1, 2010, with Alberta Employment and Immigration, and that would be, of course, if the session is on. It's been a tradition of this committee that we meet during session for these matters. So it's December 1 with Alberta Employment and Immigration.

A motion to adjourn? Moved by Mr. Sandhu that the meeting be adjourned. All in favour? Seeing none opposed, okay. Thank you.

[The committee adjourned at 9:57 a.m.]

