

Legislative Assembly of Alberta

Title: **Tuesday, May 8, 2001**

8:00 p.m.

Date: 01/05/08

head: Committee of Supply

[Mr. Tannas in the chair]

THE CHAIRMAN: Good evening. I'd like to call the Committee of Supply to order. We're going to practise the usual tradition of only one hon. member standing and talking at a time.

head: Main Estimates 2001-2002

International and Intergovernmental Relations

THE CHAIRMAN: We'll ask the minister if he'd care to make a few comments.

MR. JONSON: Thank you, Mr. Chairman. I'm pleased to be here this evening to present the estimates of International and Intergovernmental Relations. The mandate of our ministry is "to provide leadership in the management of Alberta's international and intergovernmental relationships."

I think it's important to note in the estimates, Mr. Chairman, that responsibility for aboriginal affairs has been transferred to the new Ministry of Aboriginal Affairs and Northern Development. Our business plan and budget have been amended to reflect this change. Our main priorities and our main goals in the coming year – and our business plan reflects this – are, first of all:

- To secure benefits for Alberta from strengthened international relations [and]
- To secure benefits for Alberta as an equal partner in a revitalized, united Canada.

These two goals support the overarching goals found in the government of Alberta's overall general business plan.

I'd like, Mr. Chairman, to note some of the key initiatives on the international front. In the year ahead my ministry will continue to focus on expanding Alberta's trade and investment opportunities. Since the Canada/U.S. free trade agreement came into force in 1989, the value of our exports in goods has more than quadrupled to approximately \$55 billion per year. In the year 2000 Alberta was the third largest provincial exporter of goods, behind Ontario and Quebec and ahead of British Columbia.

As the Alberta economy continues to diversify and prosper, value-added exports have experienced very, very strong growth. Value-added exports include products that are processed or manufactured as well as service exports such as engineering, environmental, and consulting services. Of course, those efforts are backed by the initiatives in other government departments such as Learning, where we are working with a very skilled and capable workforce. Last year Alberta's value-added exports totaled \$21.4 billion, up from \$16.4 billion the year before. Mr. Chairman, goal 14 of the Alberta government's business plan commits to further increasing the value of these exports to \$28.5 billion within the next three years. My ministry will contribute to this goal by promoting greater trade liberalization through international and interprovincial agreements.

At the upcoming World Trade Organization ministerial conference this fall we will convey our province's desire for a more level playing field for all through the elimination of agricultural subsidies and the reduction of trade-distorting domestic support programs. On the domestic front we will press for new negotiations to remove interprovincial trade barriers through the agreement on internal trade. A key concern, Mr. Chairman, for the ministry this year is defending our forest management practices in the dispute over

softwood lumber exports. We will work with our legal counsel in Washington, D.C., to prove that our forest management system is market based and that our forestry resources are managed in a sustainable manner here in Alberta.

Our main objective, Mr. Chairman, is to maintain the greatest possible market access for the least cost and disruption to business. In the year ahead the ministry will continue to implement the government's framework for Alberta's international strategies. This strategy document helps internationally active departments more clearly understand how their current activities fit into the broader international framework of the Alberta government. It also provides some opportunities for joint projects and better co-ordination of international partnerships. At the same time, the ministry will continue to play a role in the co-ordination of ministerial missions and planning the intergovernmental dimension of Premier's missions. The ministry will also remain active in developing information programs for foreign decision-makers to ensure Alberta's strengths in international interests are promoted.

The ministry will continue to broaden Alberta's international focus by building economic and cross-cultural twinning relationships with foreign states or provinces. A twinning strategy will be implemented this year with the goal of raising Alberta's profile in key international markets. We will also continue to co-ordinate the provision of public-sector expertise to the private sector through the international governance office.

As a major energy-exporting province we will continue to advance our interests in the development of a continental energy policy by participating along with the federal government in multilateral and bilateral discussions. It's critical, Mr. Chairman, that Alberta be closely involved in any discussions of increasing Canada's energy supplies to the U.S., given the fact that the natural resources are a provincial responsibility.

With respect to overall Canadian intergovernmental activity – and this is something of course much closer to home – the department helps manage and co-ordinates relations between the province and the federal government to ensure Alberta's interests are promoted and protected as an equal partner in Canada. The ministry takes seriously its responsibility for ensuring that federal activities respect Alberta's constitutional roles and responsibilities, including those in key areas such as health and social programming. In this regard we will continue to develop strategies and recommendations on constitutional issues, national policy, governance issues, and Canadian unity.

In consultation with the Premier's office and other departments ministry staff are responsible for setting the agenda for Alberta's participation in first ministers' meetings, Premiers' conferences, and ministerial meetings. In fact, Alberta's leadership on health funding issues at intergovernmental meetings last year led to the federal/provincial agreement on restoration of funding to the Canada health and social transfer. We will continue to provide policy analysis advice and continually work in this area.

Finally, Mr. Chairman, in terms of some specifics. To support these efforts that I've outlined very briefly and these initiatives, we have a strong complement of staff on board in my department, and we have budgeted \$6.1 million for the year ahead. It is perhaps a small amount in terms of other departments, but we feel that we will use that money very effectively. The budget for international and intergovernmental activities is the same as last year except for the increase required to offset the negotiated provincewide salary increase.

In terms of staffing, our ministry will have a complement of 54 staff this coming year, a decrease of four from the previous year. The four positions have been reassigned to the Corporate Service Centre, which is part of Government Services.

Finally, a brief outline on our performance measures. Since the ministry outcomes are often long term or dependent on external factors, our data is difficult to present through a series of quantitative examples. Therefore, our overall reporting process is quite unique. We survey, we solicit, we provide an opportunity for our partners in the other departments and other sources to respond to how effective they feel our efforts are being, and our new business plan and budget lays out how we will meet the priorities for our province in the year ahead.

I look forward to working with the dedicated and hardworking staff in my ministry to achieve these goals. We as a department are very cognizant of the fact that our role is important. We know that it is complementary to the rest of government and very important to the overall future of the province.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. Happy to have an opportunity to address the estimates of International and Intergovernmental Relations. It's been quite a few years that I've been talking about this particular department, and it's undergone some changes in that time. For the most part, I think the changes have been positive in nature, and for the most part I think the initiatives from this department are important and necessary and in many ways have been measurable over the years.

I, too, would like to compliment the minister's staff. I think they do a very decent job. I've had an opportunity to get to know a few of the people over the years and certainly have enjoyed working with them on a few projects and sharing information whenever possible.

8:10

Certainly one of those initiatives is PNWER, the Pacific Northwest Economic Region initiative, of which I understand there are some meetings that are being undertaken next week, I think, in preparation for the summer meetings. I think that's an excellent initiative. It's an initiative where this government has participated in all-party participation. In fact, they have been promoters of all-party participation at that level, and I think that's been a very positive step.

I certainly encourage them to take what's happened in that initiative and expand it to other areas of government. Certainly that's a role that International and Intergovernmental Relations could undertake because of the work they do with all departments to see that sometimes including opposition in the workings of government can have positive outcomes. While we're there to be the watchdog and report back on what we see and what people may not like, we certainly also are another set of eyes and ears and ideas and perspectives and I think can add value to some of the decision-making that happens around the table if we have the opportunity to sit at the table. So I would like some feedback on that proposal and ask the department and the minister if they would review that, put it forward to their colleagues, and see where that takes us. On a trial basis, Mr. Chairman, it would be interesting to see how that would work. We have established some interesting, positive working relationships with some of the ministers in this 25th Legislature, and I think that's helpful.

I would like to talk about some of the softwood lumber issues that the minister pursued as one of those examples. I'm looking forward to a briefing from the Minister of Sustainable Resource Development in the near future on an update on the softwood lumber situation. When that happens, what happens, Mr. Chairman, is that we see an elimination of what the government may see as frivolous

questions in this Legislature because we have more information on which to base the questions that we ask the government and can then ask questions on areas where we disagree. In fact there are many areas where we do agree. I think the government's position on softwood lumber is one of those areas.

I'm very happy to promote the government taking a strong stand on this particular issue. We do not believe that Alberta or in fact Canada has taken a wrong position here. We do not want to see any more duties on Canadian lumber. We do not believe that there has been dumping by Canadian producers and would certainly encourage the department to continue taking a strong stand on this particular issue.

We'd certainly like some information on where the role of Sustainable Resource Development is and where the role of International and Intergovernmental Relations is in this area. My understanding is that this department's mandate is a broad kind of mandate for the province and that Sustainable Resource Development takes a more targeted kind of focus. If that's correct, I would like that confirmed, and if it isn't, then I would like some more information and, at any rate, some more details on the division of labour there: who takes what role and at what point International and Intergovernmental Relations takes a lead role in that particular kind of an issue. Certainly I think they should. They're in close contact with the federal government, who is heavily involved with other provinces on this issue, but obviously there's a role for both ministries. Of course what we want to see is a minimum amount of overlap and duplication in all areas.

Just before I get directly to the estimates for the evening, I just want to talk a little bit about the Auditor General's report. The only comment he made in International and Intergovernmental Relations last year was to the part of this department that is no longer within the department, and that is having to do with aboriginal affairs, the Metis Settlements Transition Commission specifically. While I understand that this is no longer in this department, I would like an update on what happened in terms of meeting the expectations of the Auditor General. In here he had talked about, when he did the review of the ministry's statements, that there was a reservation of opinion. The reasons for the reservation were listed on page 264 of the Auditor General's report and talked about "focus on improved accountability and alert readers that the financial statements are not complete and accurate." So that's a fairly significant reservation, Mr. Chairman.

I'd like to know if before this area left this department's mandate, they had complied with the Auditor General's request, which is that this information should have been brought up to date and that the conditions were met for the performance measurement and reporting, where they recommended that the commission "measure progress towards its core goal 'Good Self-government Practices' and include this information in its annual report." So if we could get an update on that. There may not be time when we get to aboriginal affairs to cover that particular aspect of the AG's report, so I wanted to ensure that we got that done early on in these particular estimates.

One more sort of general thing I wanted to talk about was the social union framework agreement, which, if I understand correctly, is this department's particular mandate. I'd like to know about it in terms of the current impact on federal/provincial relations and social policies. Specifically there, has there been any progress made on minimizing program overlap with a view to a more efficient and responsible government? Now, this is an area where I think that this provincial government is often in conflict with the federal government, yet they signed on to the social union framework agreement, so it would be interesting to find out, Mr. Chairman, how that's

progressing. What are the key areas of concern for the department in this area? What progress has been made? What kind of progress are they expecting? When are the next set of talks established? What is this government using as key indicators of progress, and are they benchmarking what's happening there? So if we could just get an update on the social union framework agreement, that would be helpful for me. I would appreciate that.

Certainly the overall services and core businesses in this department are commendable, Mr. Chairman, and we don't have any particular issues with them, I think. Some good things are happening here when they advance Alberta's interests through intergovernmental negotiations and discussions. Seems like the Premier is taking a lead role in that area these days. So I don't think anything that anyone in this province can complain too much about.

"Coordinating Alberta's strategies relating to international and intergovernmental relations" is interesting too, particularly the international relations. I listened with interest when the minister talked about twinning opportunities, and I'm wondering if that is part of the reason why they're going to be spending more money next year. If he could elaborate on that.

I see that there's an increase of 16.8 percent over last year's budget estimates. That's only \$880,000, Mr. Chairman, not very much money in the whole context of departments, but certainly for this department I think significant and something to talk about, particularly when we're talking about decreasing the number of FTEs, as the minister talked about in his opening comments.

[Mr. Johnson in the chair]

With twinning comes a lot of opportunity for travel and a lot of opportunity for hosting delegations here and when delegations are in other countries. So, you know, in terms of promoting Alberta in tangible kinds of measurable outcomes, that's great, Mr. Chairman. We don't have any problem with that, but I'm not sure whether in the past that's been precisely the case in this department.

8:20

We have in the past FOIPed some of these hosting receipts and found them to be quite unbelievable in terms of the kinds of expenses that were incurred, certainly beyond the test of what's reasonable and fair. So I'm hoping that this government and this minister keep that in mind as they take a look at the opportunities they have before them with the kind of twinning that's going to go forward. If we could have a list of the countries and cities, whatever, that they're planning on twinning with in the future over not just this year but perhaps some longer range goals they've got – the minister didn't talk about that – if he could give us that information, I would certainly appreciate it.

The kinds of budgets that we expect specifically for travel out of the province and specifically for hosting events: if we could have that information, Mr. Chairman, that would be good. I know lots of work goes into these hosting opportunities, and I know lots of good work comes out of them. We just want to make sure that Albertans are getting a good bang for their buck. I think that's part of the minister's mandate too. So if we could have that information, it would certainly be helpful to me.

The minister talked a little bit about the cross-border trade and that being part of their mandate, to try and facilitate that. You know, that's also very important. Seems like these days we often have better trade north and south with the States than we do between B.C. and the eastern provinces. We still have many, many trade barriers, Mr. Chairman, and it seems like we make very little progress on that from year to year, so specifically I would like to know what's

happened in that regard. If we've seen a reduction in regulations or an increase in agreements eliminating provincial barriers, if we could have that information forwarded to us, that would be very beneficial. When we talk to small businesspeople and particularly those in the transportation field, it's one of the largest areas of concern they have. It's a concern that has if anything increased over the years that I've been in this Assembly. I think that's an area where we could take some real leadership. We've just got to get rid of some of these regulations.

I'm wondering, too, if this department is doing anything specific in terms of reducing transportation costs. Certainly it's an area that needs some development. And I'm not talking north/south. We know that some excellent progress has been made in that regard, particularly with the twinning of the highway and the work done there, but east and west is really the issue. If we could see that outlined here, that would be beneficial.

You know, the minister talked about client satisfaction surveys in his comments, and I find those, Mr. Chairman, not really an accurate kind of survey. This is the department of gripping and grinning. Nobody complains about what they do, certainly not on survey results, so I think there has to be a better and more accurate way of measuring the outcomes for this particular department, particularly when most of the outcomes that they're measuring are between government departments themselves or with the federal government. Who's going to complain? Nobody wants to wreck relations. The surveys are not done on a confidential kind of basis, so I'm not sure that they really are accurate reflections of what happens here. Even when they go outside and talk about client surveys that may include businesspeople, who wants to complain about the government when you're doing direct business with them, Mr. Chairman? I don't think that that's necessarily accurate.

If they had an independent company do that – and maybe they do. If they do, then I may have to take back what I've said about that particular outcome, but I don't think we're seeing an independent survey done where the results are anonymous. That would be interesting, if that's happening. I would sure like some information on that if that's the case. Or if the department is in fact thinking of doing that, I think that would be a progressive step for them if they would.

Measuring outcomes, like the minister said, is sometimes hard in this department because they're of a more long-term nature, but I think it's really good, Mr. Chairman, that there is a department in the government that does take a long-term perspective and view on some of the issues that are outstanding for the province. So I don't think that's a problem, but I do think that we could see some more tangible outcomes listed here that we could start to track.

The same with the secondary indicators and the public polling data: nice to talk about it, but let's see it, Mr. Chairman. If they are spending Alberta tax dollars on those, then they should be included in the business plan, and we should be able to track them from year to year and compare the outcomes. They're not in this particular year's business plan, but perhaps they could be forwarded from the minister. I'm sure none of that kind of information is confidential in nature, so I'll be looking forward to getting the information they used for the public polling data that measures the performance of the provincial government. The secondary indicators that track the macroeconomic and sociodemographic trends: if those could be tabled or sent over, that would be excellent.

Also the intermediate outcomes. I'm not sure if we need the entire progress reports in these areas. I can go to the web site and look for some of that information, but if a concise kind of format could be included in this business plan, Mr. Chairman, that would be very helpful for us to, just at a glance, track it from year to year. So

if that information could be provided, I would also very much appreciate that.

Now to get down to the specifics. I'd like to talk first of all about the trade policy. Seeing a minor increase in this particular estimate, it certainly doesn't look like that increase is going to be a big problem, particularly as I think there are some pretty aggressive strategies that Alberta is going to have to put forward, particularly in our softwood lumber dispute, in the next year. So I don't think I have a real problem with that. However, if we could have a breakdown of the operating expenses – and we'd like it by components if we could, Mr. Chairman – that would be helpful.

So that's the salary side. When we talk about the permanent positions and the nonpermanent positions, particularly I'm interested in the contract positions and which particular areas they're expecting to contract out in the future. That would be interesting information to have so that we could see where the government is positioning itself and where they go outside of government staff for what I'm expecting to be specialized expertise.

Also, if we could talk about travel expenses, what they're expecting to spend on advertising, hosting, in as much detail as we can get it, and telephone and communications.

Can we also know at this stage how many FTEs are employed in the trade policy for 2001-02? Can the minister provide us with any documents, reports, briefings, or studies that the trade policy has completed with regard to the current U.S. softwood lumber dispute, an area of huge interest for me and of course for all Albertans in terms of its impact on Alberta's economy, and their strategy in response to various possible outcomes? I'm expecting a briefing also from the Department of Sustainable Resource Development. I expect that while there's some overlap there, maybe we could do the briefing together. I don't know how that works between the departments, but however that works out, I'm quite prepared to spend some serious time taking a look at that. Like I said, so far I certainly applaud the government's direction in that area.

Mr. Chairman, if the minister could also provide a list of the private-sector organizations that the department co-ordinates that with, that would help. I've seen some of that activity with PNWER. I certainly don't have any concerns with it, but it's also a part of the lobbying.

I'll have to come back. Thanks.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. I, too, have a number of questions regarding the Ministry of International and Intergovernmental Relations this evening.

As I understand the four key services that it provides under its core businesses, Mr. Chairman, it certainly advances Alberta's interests through intergovernmental negotiations and discussions. I have some questions directly to the minister regarding this and highway safety and co-ordinating Alberta's strategies relating to international and intergovernmental relations. Also, I understand that there is a provision to give "strategic advice and policy analysis to Alberta ministries and other clients" and also to obtain, supply, and analyze information for Alberta ministries and other clients. This is in the business plan.

8:30

Now, in the time I have I have a lot of questions. I guess I should get started. If the minister does not have the opportunity this evening, certainly if he could respond in writing, I will be patient, and I will be anxious to hear his written reply.

There is an increase in this year's budget over last year's estimates

by 16 percent, or roughly \$880,000. Now, there's an increase this year of 0.4 percent, or \$22,000, over last year's preliminary actual, and it is noted that there's an increase of 16.4 percent, or \$858,000, from last year's budget estimates to last year's preliminary actual.

The number of full-time equivalents is decreasing from 58 to 54 due to four full-time equivalents being transferred to the Alberta Corporate Service Centre. I know the hon. minister has had nothing to do with that. I think there are 1,100 people now. I could be inaccurate, Mr. Chairman. I don't have the number in front of me, but there's a significant number of people that have been transferred to the Alberta Corporate Service Centre. I think that the jury is still out on this initiative. This is another initiative that was put forward by a retired member who certainly left a large wake, so to speak, as his boat went through the waters of Alberta, and that would be the former Minister of Energy.

Mr. Chairman, if the minister could please provide a breakdown of the ministry's gross operating expenses of a little over \$6 million for 2001-02 by object for the following components: salaries permanent positions, salaries nonpermanent positions, salaries contract positions, travel expenses, advertising, telephone and communications, hosting expenses, and dry-cleaning expenses if there are any.

Will the minister also provide a breakdown of the cost to Alberta taxpayers of splitting the department by moving aboriginal affairs out of International and Intergovernmental Relations and into the Ministry of Aboriginal Affairs and Northern Development?

What measures or actions have been taken by the ministry to ensure that an overlapping or duplication of services is not occurring between International and Intergovernmental Relations and other Alberta ministries. For example, Economic Development, as I understand it, is responsible for foreign offices, and foreign offices used to attract an awful lot of attention in the media, Mr. Chairman, in years past, because former members of this House would suddenly be getting these appointments. If it wasn't in London, it was in Hong Kong. I just wonder if there's going to be an expansion of that, but I think we'll get to that later on this evening in the debate on the estimates of another crucial government department.

Now, program 1, international and intergovernmental relations. The budget information for program 1 is the same as provided on page 5 of the briefing for the whole department, because there is only one program in this ministry. That's fine. In regard to the 16.4 percent increase that I spoke of earlier, will the minister provide a breakdown of operating expenses for program 1, international and intergovernmental relations, by subprogram – minister's office, ministry support services, international relations, trade policy, and Canadian intergovernmental relations – for the fiscal year 2002-03 and 2003-04? Could the minister please explain why the international and intergovernmental relations budget was 16.4 percent greater than last year?

Now, I'm quoting here the business plan, page 247.

The department continues to be committed to the goals of the Cross Ministry Initiative – Corporate Human Resource Development Strategy. The department is implementing a Human Resource Plan with a priority focus on leadership development and succession planning.

Can the minister please provide a detailed copy of this human resource plan including its objectives, how it will be implemented, and what it will mean for employees of the Ministry of International and Intergovernmental Relations?

Here again on page 249 of the business plan one of the performance measures outlined is client satisfaction surveys. However, no examples or details of these client satisfaction surveys are provided in the ministry's business plan. Why does the minister provide us

with no examples of the client satisfaction surveys in the ministry's business plans? Also, can the minister please provide all members of the opposition with a detailed breakdown of what questions are asked, how many people are asked, how the surveys are conducted, how often they are conducted, and also the ministry's targets for these performance measures for the years 2001-02, 2002-03, and 2003-04?

Now, the minister's office. I notice that there is no change between this year's estimate and last year's budget estimate. There is no change between this year's estimate and last year's preliminary actual. There is no change from last year's budget estimate to last year's preliminary actual. Will the minister provide a breakdown of the operating expenses of \$300,000 for the minister's office for 2001-02 by object for the following components: salaries permanent positions, salaries nonpermanent positions, salaries contract positions, travel expenses again, advertising, telephone and communications, and hosting expenses? How many full-time equivalents are employed in the minister's office in 2001-2002?

Also, Mr. Chairman, what benchmarks or targets have been established within the minister's office to meet the mandate of the ministry? For example, New Zealand includes correspondence received from the public, numbers satisfied and unsatisfied. That would be a terrific measure in the Ministry of Health and Wellness, particularly regarding the whole issue of Bill 11.

To the minister: what benchmarks have been established for the number of replies to Legislative Assembly questions, ministerial correspondence, motions for returns, written questions, and reports to cabinet? What time frame or due date benchmarks have been established for ministerial, MLA, and other public correspondence? Again, I would note that New Zealand provides such information in their business plans.

8:40

Now, in ministry support services on reference line 1.0.2 the 2001-02 estimate was \$1,594,000. The preliminary actual for 2000-2001 was \$1.7 million, and the 2001 estimate was the same. There's a decrease this year of 7.4 percent, or \$128,000, over last year's budget estimates. There is a decrease this year of 7.4 percent as well over last year's preliminary actual. There is no change from last year's budget estimate to last year's preliminary actual.

Will the minister please provide a breakdown of the operating expenses of the \$1.594 million for ministry support services for 2001-02 by object for the following components again: salaries permanent positions, salaries nonpermanent positions, salaries contract positions, travel expenses, advertising, telephone and communications, and hosting expenses? Also, how many full-time equivalents are employed in ministry support services in 2001-02? Can the minister please provide an explanation for the decrease of 7.4 percent, or \$128,000, in ministry support services for 2001-2002?

International relations. In 2001-02 the estimate was for \$1.775 million, and the 2000-2001 preliminary actual was \$1,648,000, and that was the same as the estimate for 2000-2001. This is an increase this year of 7.7 percent, or \$127,000, over last year's budget estimate. There is an increase this year of 7.7 percent, or \$127,000, over last year's preliminary actual. Now, there's no change from last year's budget estimate to last year's preliminary actual, Mr. Chairman.

In due time will the minister please provide a breakdown of the operating expenses of \$1.775 million for international relations for 2001-02 by object for the following components again: salaries permanent positions, salaries nonpermanent positions, salaries contract positions, travel expenses, advertising, telephone and

communications, and hosting expenses? How many full-time equivalents are employed in international relations in 2001-2002?

Can the minister please also tell us what trade missions are planned for the coming year? What performance measures have been set to judge these trade missions as a success and worth Alberta taxpayers' money?

Can the minister explain what co-ordination exists between his ministry and that of Economic Development with regards to Alberta's foreign offices abroad in Tokyo, Seoul, Beijing, Hong Kong, China – and that is located in Harbin; in China there's also the China-Alberta Petroleum Centre – Taiwan, Mexico in Guadalajara, the United States in Portland, Oregon, and Germany in Frankfurt? What co-ordination of projects is planned for the coming year between Agriculture, Food and Rural Development and International and Intergovernmental Relations with regard to agriculture in the international arena?

In the ministry's business plan summary on page 307 it states:

the Ministry's International Relations budget will increase from \$1.65 million to \$1.77 million, with its priorities including implementation of the International Strategy Framework and the Twinning Strategy.

Could the minister please provide more information on how International and Intergovernmental Relations will implement the international strategy framework and the twinning strategy in 2001-2002, including a breakdown on the increased funds being diverted towards achieving these objectives?

Now, also, on page 307 of the business plan summary: "Build and maintain alliances with key U.S. federal and state decision-makers and organizations." Can the minister provide a list of which U.S. federal and state decision-makers the department considers key and what alliances the ministry has built with them? Can the minister tell us what joint projects are planned for 2001-02 between the Alberta government and foreign governments? Can he also provide us with a list of what criteria and/or benchmarks the department uses to evaluate the effectiveness and success of these joint endeavours? I was thinking of earlier today before question period, Mr. Chairman, and the fact that a delegation from Montana had been introduced in the Assembly. Certainly those delegations are essential not only to build relations with our neighbours but also to improve our trade and, as a result, improve our economy.

I received, as all members of the Assembly probably have, a letter from the teamsters' union, which represents 100,000 members throughout Canada, and among them are, I understand, 45,000 truck and bus drivers who are strongly opposed to some proposed changes that are occurring with the federal government and, as I understand it, with the provinces. I'm wondering: as minister of intergovernmental relations, has there been any discussion of this problem in your office? It has to do with the fact that the Canadian government along with the provinces is about to adopt the proposed changes in the number of driving hours for Canadian truck and bus drivers, and if adopted, these changes will increase the maximum number of driving hours from 13 to 14 hours per day.

Now, in going through this information, I understand that recent statistics confirm that the growth in the transport of goods to the United States is much higher than it was for east/west traffic. Certainly free trade has changed the flow of goods, in my opinion, from east/west to north/south since it was initiated in 1998. As far as harmonization is concerned, an increase in the number of driving hours to 14 hours per day would mean that on a daily basis our drivers will drive four hours more than our southern neighbours, who drive for a maximum of 10 hours a day.

The author of this letter goes on to indicate that they feel that that is total nonsense, and I understand that there is presently, as

indicated in this letter, no scientific data confirming that an increase in the maximum number of driving hours to 14 hours a day would be beneficial to road safety. Now, I'm very curious if the minister or his department has had any discussions with any other province or with the federal government in relation to this issue, because it certainly is very important. I hope I can get some answers on these questions and on other questions.

Thank you, Mr. Chairman.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I'll start by reflecting on some of the opening comments by the minister. I'm especially interested in international relations, that aspect of his department's responsibilities.

He commented at the end on hoping to be working towards the end of agricultural trade subsidies. I think we'd all agree that's a desirable and applaudable or laudable objective to work towards. It would be interesting to know how many resources, what resources are going into that objective and if there is any kind of a plan B should history prove to be the precedent here and we make very little progress in eliminating agricultural subsidies. What is our fallback? What resources is he looking at in developing a fallback position? Likewise with the forest management dispute with the U.S. The softwood dispute is a concern, as my colleagues have mentioned, and the resources that have gone into that or will be going into that to protect Alberta's now fairly well-developed forestry industry.

8:50

Probably of greatest concern for all Albertans is the issue of the continental energy policy and how that might play out. It would be useful to know what research the department is undertaking on issues such as cost and benefit of the continental energy policy broken down both by petroleum products and electricity. Reflecting on our visitors who were here earlier today from Montana, I'm sure they would have some useful input for the minister on issues of continental energy policy, particularly as they relate to electricity. Montana has experimented with electricity deregulation with some devastating results, and I know there's a substantial lobby in that state to reverse that trend. At least, I understand that's the case. It would be interesting to know if we have looked at their experience with energy policy and electricity.

[Mr. Tannas in the chair]

I'll give the minister a compliment here and some good credit, even though I'm not supposed to do that. [interjection] I know. I'm kidding.

If I'm reading the estimates correctly – I'm looking at the intergovernmental relations program – it looks like last year's budget is probably going to come in right on target, which is commendable, and that there's no change between this year's estimate and last year's actuals. So that's a nice, refreshing position to be looking at here.

When we look more carefully at the program on intergovernmental relations and the expenses there, which are perhaps by the overall standards of the government modest but still a substantial amount of money, it would be useful to know in a bit more detail, in really giving an assessment of these estimates on things such as salaries and expenses and advertising and so on, how the budget breaks down in that particular program area. There is always, I think, public interest and concern in departments dealing with international

trade that there is room for perhaps what the public might regard as unnecessary frills and expenditures, and the public will always be sharp and keen on looking for those opportunities. The minister, I'm sure, would want to make sure the public is well informed on those.

The whole issue and whole area of intergovernmental relations and trade agreements is one of unusually high interest these days in Canada and internationally with the fallout from the so-called battle at Seattle and the showdowns in Washington with the IMF and the recent riots and problems in Quebec City with the free trade agreement of the Americas discussion. I'm sure the minister is well able to stay on top of this, but I think that as much public information as possible on how the provincial government is approaching these very delicate concerns would be appreciated.

There will be substantial public concern over, for example, the impact of NAFTA, the costs and benefits of NAFTA. Albertans are backers of free trade, but there will be, nonetheless, concerns on issues such as water exports and electricity exports. I heard, certainly throughout the campaign and on the doorsteps, concerns over our natural gas exports, and I imagine that some of the cost-benefit analysis of these deals will involve the minister's department. It might be interesting to have some details on that and on issues around complaints filed under NAFTA. How much concern is expressed by the public on NAFTA and other trade agreements?

I suppose that in these very dry conditions we're facing, we may find the most concern under trade agreements relating to water and water exports. Well, in fact there are talks going on, quietly I believe, in terms of continental water policy. It would be interesting to know what the minister's position is there, who he's getting his advice from, how much he's spending on getting that advice, and what the future may hold for Alberta and for Canada on water exports.

A different area of concern for international trade agreements is trade in services. Historically, trade agreements have dealt with commodities, agricultural products, manufactured goods. More and more now we're seeing a tremendous amount of international trade in services and, with that growth in trade of course, pressure for international agreements on trade in services. These can be of profound concern or implication for Alberta's future and Canada's future, and I would encourage the minister to take a very long, hard, careful, and open look at the impact of international agreements on trade in services on things such as education, health care, in fact all kinds of public services which under international agreements on trade in services may come under those agreements. We may find that we are deeply concerned or in the long term not well served because we haven't put adequate resources into developing our positions on what Albertans want and should get in these agreements.

So if the department, if the program on intergovernmental relations was to perhaps pursue a public consultation process on some of these issues, I would certainly endorse it, and I would be pleased if some of the modest budget of this department went towards that kind of activity.

I think with those comments I will wrap up my own statements on this. Again, I congratulate the minister on bringing in last year's budget, to the extent that he was responsible for it, right on target and drawing the line there and keeping it there.

MR. MacDONALD: He leads by example.

DR. TAFT: He leads by example.

Thank you, Mr. Chairman. I'll take my seat.

THE CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. I'm happy to have an opportunity to finish up some of my comments here on this particular ministry. I'm hoping that if I don't get through all my questions, the minister will take them in writing and respond to them in the future. Yes, he's agreeing to do that, so that's excellent. Thank you.

One of the issues that I didn't get a chance to get to in my earlier comments was the trips in general. We'd like to know how many trips are planned for the year and how many of those are with the use of the government plane and how many are otherwise. When the government plane is in use, who is there, and how are they allocating those costs? I'm assuming that for the most part industry picks up their own costs on that plane, but to have that verified would be important.

9:00

I remember the days when ministers used to table their itineraries before they went, not just where they were going but how many would be in the delegation and the approximate costs broken down by expense category. It would be helpful if we had those, Mr. Chairman. We've had some instances in the last session where ministers have gone on what appeared to be junkets or certainly extensions of government business, and the question always was: who pays? So if that information is tabled prior to the trip being taken, then it eliminates the potential for a lot of concern from people throughout the province, including opposition members. If we could address that, I would appreciate it.

In some of the time that I have left I would like to focus on part of what I believe this ministry's role is, which is looking towards collaborative government. For my reference I am taking the article written by Susan Delacourt and Donald G. Linehan entitled *Collaborative Government: Is There a Canadian Way?* This is, I believe, where this government is trying to go, collaborative government. Talking about collaboration with the general public interprovincially or with municipal levels of government is something where this government has certainly stuck their toe in the water to see how hot or cold it is and have made some steps towards collaborating in areas. Clearly that's because there is a perceived need for this to be happening.

When you take a look at this report by these two people, they talk about the perceived need for engagement. Where they've surveyed the general public on the topic, "The government of Canada must place much more emphasis on consulting citizens," of the general public 87 percent of the people strongly agree with that and of decision-makers, being primarily politicians, 68 percent of them agree with that. If we take a look at, "We would probably solve most of our big national problems if decisions could be brought to people at the grassroots level," of the general public 68 percent say that's true, only 29 percent of decision-makers. So clearly there's a push from the general public to have a more collaborative kind of approach and more input into decision-making. This government has heard that and has started to move in that direction.

Some of the ways these authors would indicate that it's possible to have a collaborative government – is there a way that Canada can move there in responding to change? – are by developing new tools and practices. A lot of those new tools and practices focus on results. Some of the ones they say are very important are ensuring that public services are delivered as efficiently and effectively as possible, ensuring that programs are responsive to client or citizen needs, ensuring that programs and services support the department's strategic direction, and providing feedback to management and staff on the quality and effectiveness of programs and services.

Now, I know this government would say that they're in fact doing that, and I think they're trying to, Mr. Chairman, but if we then go

back to the Auditor General's report and we take a look at the top three recommendations that he made in his report for last year, we find that this government is still falling woefully short in those areas.

The number 1 recommendation, which is one that has been in this book consistently for the last few years, is that "the Department of Treasury, in conjunction with other ministries" – so this ministry too – "clearly define the core measures and targets in the government business plan." The second recommendation is to "improve the link between goals and core businesses in ministry business plans," and the third one is to "ensure that all performance measures in ministry business plans include clearly defined targets." So it's not enough, Mr. Chairman, to spend the money; you have to be able to define whether or not that money was well spent. Not enough to consult, but ensure that that consultation process is actually inclusive. You just don't run out there, talk to the people, and do what you want anyway.

We've seen some good examples and some bad examples of that kind of consultation process for which this department would have had some input if not a leadership role. I'm thinking in terms of all the roundtables that were held around the province. We had many, many groups come to us as the Official Opposition and say: "You know, I've been consulted to death. When are they going to listen to me? I've sat on the last roundtable I'm going to participate in. We spend all this time and energy and come up with these really great ideas and then don't actually see them implemented down the way."

However, I can think of one exception to that rule, Mr. Chairman, and that would be when they talked about climate change.

MR. MacDONALD: Climate change?

MS CARLSON: Yeah, climate change. That roundtable presented some surprises to politicians, to government politicians to more precisely define that. I'm not sure that it presented any surprises to people working in the departments, this department and the related departments at that time, being at least Environment and Energy. But certainly the politicians were quite surprised to hear what different leaders from the community, not only business but environmental leaders and citizens, had to say about what was needed and where we needed to go as a province.

As a result of that particular consultation, there was some good work done. Government politicians and ministers were brought up to speed on the issues. I think the bureaucrats always knew what the game was and where they needed to go, but they had a hard time convincing their bosses. That was one roundtable where recommendations came out that I believe politicians took to heart. That was a good example, a process that could work and that met much of the focus on the results that this collaboration talks about. So that's interesting, and I wish we could see more like that.

I'm looking forward to seeing what comes out of this Future meeting that will be happening here in the fall. I hope it takes more of that kind of a mandate. The problem with what happened with the climate change meetings is that we haven't had much progress on that issue since then. I'm not quite sure what the problem is, what seems to be stalling at what level. Perhaps the minister could update me on why we haven't seen more progress and what their particular relationship is in terms of helping departments meet Alberta targets or what they're doing in terms of lobbying the federal government on the Kyoto protocol. I would be very interested in hearing an update on that.

There is no doubt that at some point in time, Mr. Chairman, Alberta and the government of Alberta will have to take some steps in terms of if not meeting that protocol meeting some sorts of

measures. No doubt industry sees that. I believe industry is leading in this issue. I think that they are not constrained by the Alberta government mind-set, which is, "We're based on oil and gas revenues, and we'll do what we want because that's where our money comes from. CO₂ emissions don't matter, and we'll fight to the bitter end to establish that kind of a precedent." I don't think that's very forward thinking. I don't think that is where industry is going.

We're seeing industry take a more global context. We see them saying that if we're going to be competing in a global marketplace, we need to be seen by global citizens as being proactive. We see that regardless of where people stand on the issue of CO₂ emissions and the ozone layer, this is where industry is moving as a whole. They need to be leaders not followers, so they are taking proactive steps in terms of reducing CO₂ emissions and finding credits and looking for options. Too bad the government isn't taking the same leadership role. I think they're playing catch-up on this issue. It's too bad, because Alberta has a lot to lose.

Certainly this is an area where we could take some leadership, and I think the leadership is there, Mr. Chairman, in the bureaucracy in the various departments. I don't know what it's going to take to get the ministers and the government as a whole to listen and understand, but it's certainly worth the effort, and I wish they would pursue that.

I think I'm just about out of time, Mr. Chairman, so I would like to talk about the couple of attempts this government has made to manage horizontally rather than in a stovepipe kind of fashion. They're not making very much progress, and we look forward to hearing more information on that.

MR. VANDERBURG: I'd like all your attention just for 15 or 20 minutes here. I'd like to make just one comment regarding the budget of International and Intergovernmental Relations. The minister in his opening remarks talked about the twinning opportunities that our government is involved in. Some 20 years ago Alberta signed an official twinning agreement with the province of Hokkaido, Japan. At the encouragement of our province 10 communities in turn twinned with similar communities in Hokkaido. Presently these communities get very little monetary support from our province, and just the opposite is occurring in their sister communities in Japan.

[Mr. Johnson in the chair]

It's becoming more and more difficult to compete with these communities in the exchange programs. The students especially are having difficulty raising funds. Has there been any recognition of these local exchanges and the great work that the Alberta twin communities do to promote the great relationships that have been occurring?

Thank you.

9:10

THE ACTING CHAIRMAN: The hon. minister for concluding remarks.

MR. JONSON: Yes. Thank you, Mr. Chairman. I did want to just respond to five or six of the points raised, but first of all I would like to make it clear that we'll commit to responding in writing to the other questions that were raised, although I was going to suggest to the Member for Edmonton-Gold Bar that if he would perhaps discuss with his colleague the Member for Edmonton-Riverview, who does appear to understand the estimates, that would cut down on our work quite a bit. We will nevertheless reply in writing.

First of all, I'm starting with some of the most recent remarks.

Certainly in the overall priorities that we have for the year ahead, we will be working to be represented in the structure that is being established to look at an overall energy strategy and energy agreement in North America. Those negotiations will be carried on nation to nation, but as I have indicated previously, we have made every effort through our department and working with Energy and Sustainable Resource Development to make sure that we will be represented, as will other provinces, on the working group that will be involved in those discussions.

With respect to the Kyoto accord, there are further meetings planned in Bonn, Germany, and in Marrakech, Morocco, following that, where the goals of the Kyoto accord will be pursued. Alberta, I'm sure, will participate as part of the Canadian delegation going to those particular conferences.

However, I think the important thing I'd like to emphasize – and I'm speaking now about a broad-based effort in government, particularly through the Department of Environment – is that these are long and protracted negotiations, but in the meantime, as was indicated today or the day before in question period, Alberta is taking its responsibility of protecting the environment very, very seriously. The Minister of Environment was pointing out that we have higher standards in terms of drinking water quality in this province than is the case nationally, and we could go through a list of other examples of that type. So we are not being stalled in our efforts and commitment to protecting the environment because the Kyoto process has not come to a conclusion. If it doesn't come to any conclusion, we'll still take that view as a government.

The Member for Whitecourt-St. Anne mentioned the exchange programs, and these were also alluded to in remarks from the members of the opposition. No, we do not have in this budget any particular assistance program for student travel or student exchanges. All we can state at this particular point in time, although it is something that we will see is discussed – we know that these are very valuable activities. It is something that I thank you for drawing to my attention, and I'll commit to discussing this particular topic, although I cannot promise any specific funding at this particular time.

With respect to the whole area of the softwood lumber situation, the investigation there that is proceeding as far as the American government is concerned with respect to their view of our softwood lumber production and trade into the United States from across Canada, we are very active there in assisting and preparing the Canadian case with respect to the softwood lumber dispute. In the written responses that we will provide to the member, we will give a briefing in terms of the status of those negotiations. I would like to assure the Assembly that we are making every effort to present Alberta's case as part of the overall Canadian position, and of course we have major participants in the presence of the British Columbia government. The Quebec government is a big player in this. We are working collaboratively in that regard.

Thank you, Mr. Chairman, and I do commit to providing written responses.

THE ACTING CHAIRMAN: Thank you. After considering the business plan and proposed estimates for the Department of International and Intergovernmental Relations, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Operating Expense

\$6,104,000

THE ACTING CHAIRMAN: Shall the vote be reported?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: Opposed? Carried.

Economic Development

THE ACTING CHAIRMAN: To begin our deliberations, I'll call on the Minister of Economic Development.

MR. NORRIS: Thank you, Mr. Chairman and Members of the Legislative Assembly. Before I begin, I'd like to acknowledge some people that have joined me in the gallery today. With me are my deputy minister, Barry Mehr; my assistant deputy minister, Rory Campbell; my executive assistant, Hazel Cail, who invariably gets blamed for everything; and big Jim Bauer, who is our senior financial officer of the ministry. I would like to thank them for their support this evening, their help over the first two months of this ministry, and for helping me find my way around this building, including to the bathrooms. Thank you very much.

It is my privilege to present the 2001-2002 estimates and the 2001-2004 business plan for the Ministry of Economic Development. [some applause] Thank you, hon. gentlemen.

As you are aware, this department is the lead sales and marketing arm of the government and works with the Alberta Economic Development Authority and the Strategic Tourism Marketing Council to carry out its roles and goals. Today I will briefly report on the state of Alberta's economy and the department's plan to continue to foster a positive business climate that promotes job creation, growth, and investment in our province.

In the year 2000 our real gross domestic product increased by an estimated 6.1 percent. Real gross domestic product growth in Alberta for the year 2001 is expected to be 4.5 percent, the highest of all the provinces. By contrast, real gross domestic product growth in Canada in the year 2001 was expected to be 2.6 percent and for the United States only 2.3 percent.

In addition, Alberta's international value-added exports increased by an estimated 25 percent to \$20.4 billion, and we anticipate that the resource-based industries, including oil and gas, forestry, and agriculture, will lead the economic growth of the province with petrochemicals, food processing, and manufacturing also contributing to that growth. Expansion into new economy industries such as aerospace, telecommunications, software development, medical devices and health services, life science, and the information and communication technology field will also play a large role.

Turning to the ministry, Mr. Chairman, we encourage the province's business community to find new opportunities to expand business and create jobs by striving to ensure that Alberta is and is known to be the best place to live, work, and do business in the world. Our mission is to promote Alberta's continuing prosperity. We accomplish this by leading the government's strategic marketing as a credible player on the world economic stage. We perform this function through three core businesses: strategic leadership for economic development policy and planning, market development and investment attraction, and thirdly, tourism marketing and development.

The department has three goals related to these core businesses. We want to ensure that, number one, Alberta has a vibrant and versatile economy; number two, Alberta's businesses, communities, and industry sectors are globally competitive; and number three, that Alberta is a globally competitive tourism destination. But we cannot achieve these goals in isolation. Rather, we will continue to facilitate economic growth in Alberta through our partnerships, partnerships such as the Alberta Economic Development Authority,

the Strategic Tourism Marketing Council, the Travel Alberta Secretariat, business and industry associations, and other provincial departments and governments.

In conjunction with its private- and public-sector partners the department has developed a number of initiatives that are helping to build Alberta's economic future.

Looking at our first goal, ensuring "Alberta has vibrant and versatile economy," a major strategy that guides us to accomplish this goal is Get Ready Alberta. Early last year the government launched Get Ready Alberta: Strengthening the Alberta Advantage, a new six-year economic strategy for the province. The strategy is co-led by Alberta Economic Development along with Alberta Innovation and Science and Learning. Get Ready Alberta focuses on four key directions: unleashing innovation, leading and learning, competing in a global marketplace, and making Alberta the best place to live, work, and visit.

9:20

The early accomplishments of Get Ready Alberta are simply outstanding. Here are just a few examples of this overwhelming success. Employment expanded in Alberta by 35,000 new jobs in the year 2000, including an estimated 4,000 jobs in the information and communications technology field. Now, listen to this, folks. Tourism revenue increased to an estimated \$4.4 billion in 2000, up \$200 million from 1999.

MR. MELCHIN: Could you repeat that?

MR. NORRIS: I shall repeat that, because it bears repeating. Tourism revenues increased to \$4.4 billion in the year 2000. Unbelievable.

Value-added exports increased by \$4.1 billion to \$20.4 billion. Get Ready Alberta is part of the department's ongoing commitment to keeping Albertans informed and involved as the province moves toward a debt-free future.

Alberta Economic Development will continue to monitor the province's performance against targets established in Get Ready Alberta and will lead initiatives that enable the province to meet those targets. [interjection] That's okay. It gets better.

Alberta international marketing strategies. Moving to our second goal, seeing that "Alberta's businesses, communities and industry sectors are globally competitive," a strategy that targets our efforts to improve Alberta's global competitiveness is the Alberta international marketing strategy, or AIMS. AIMS was developed to co-ordinate with the Alberta Economic Development Authority after broad consultation with industry stakeholders. A number of government departments such as Learning, Energy, International and Intergovernmental Affairs, Agriculture, Food and Rural Development, and Innovation and Science were also involved.

The goal of AIMS is to increase exports to and investments from key geographic markets and priority value-added sectors. In doing so, the plan highlights marketing strategies that ensure that Albertans receive the best return on their investments.

Along with promoting Alberta internationally, the department promotes the formation of regional economic alliances across Alberta that allow business and community leaders and local residents to develop long-term economic plans that meet local needs. Mr. Chairman, I will be providing an update of AIMS to the standing policy committee next month that proposes enhancements to Alberta's international representation.

Our strategic tourism marketing plan. Guiding our focus on the achievement of our third goal, ensuring that "Alberta is a globally competitive tourism destination," is the strategic tourism marketing

plan, or STMP. Developed by the industry-led Strategic Tourism Marketing Council, the STMP is a three-year plan that provides vision and leadership for tourism marketing in Alberta. The plan sets specific goals for tourism revenue, market share, private-sector investment, client and stakeholder satisfaction, efficiency, and financial management. The overall goal of this three-year plan is to increase the total tourism revenue in Alberta to \$5 billion by the end of December 2003, up from its current \$4.2 billion in 1999.

Tourism is the fourth largest industry in Alberta and has significant economic spin-offs for the province. In light of the importance of tourism, last year the department reallocated on a permanent basis \$2 million from its existing budget to the tourism marketing and development programs. At the same time, our department supports the development of newer tourism products in order to respond to changing market needs that are crucial to the success of the tourism industry and the government's tourism marketing.

Specifically regarding the budget estimates, Mr. Chairman, the budget for this department is \$51,455,000. As I indicated earlier, Alberta Economic Development has three core businesses. The structure of the department programs and their budget estimates reflect these three areas and provide 100 percent alignment of our resources to our core businesses.

The first departmental program, ministry support services, consists of the offices of the minister and the deputy minister, finance and administration, corporate . . . [Mr. Norris' speaking time expired] I could go on. I'll close, Mr. Chairman, with letting you know that it's an outstanding department.

Thank you.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thanks, Mr. Chairman. Well, it's nice to think that this minister of a whole two months could be responsible for all the good news he's talking about this evening, but we know that isn't really true. Perhaps it's good news to him, but it's not good news to everyone in this province.

Mr. Chairman, this has been one of my favourite ministries since I've been in this Legislature. In 1993, when I was first elected, I was the junior critic for Economic Development. The more experienced critic at that time was Frank Bruseker, and he used to refer to this ministry as the ministry of cookies and pork. I think that aptly describes some of their ventures in those days. Cookies was a reference to investments that this government had made in not just one cookie factory but a number of business ventures that turned out to be less than profitable. The pork reference was a reference that I think all of us are familiar with in politics. He got called to account several times when he made those references. Those were some pretty bad years for Economic Development in terms of the kind of wastage of dollars that there were in different business ventures in this province.

After that time period, there seemed to be a bit of a slump in what Economic Development did and the profile it had in this government, Mr. Chairman. As gambling and lottery revenues took over some of the profile and some of the discretionary funding in the province, I believe we saw the Economic Development department somewhat gutted and changed in its format.

It underwent some changes, and some of them I think were pretty good changes, Mr. Chairman. We see it coming back into a little more prominence in its role in this province, and I think that is both good and bad. If they're successful in their four goals, it's good. But we've seen some very recent examples where they still haven't been able to figure out how to manage partnerships or ventures

under their direct control, and that's certainly still bad, Mr. Chairman. I will speak to some of those shortly, when I talk about the comments the Auditor General has made about this department and expect some feedback.

9:30

Just a few overall remarks in terms of what the minister had to say here. He talks about this department being the leading sales and marketing arm of the government, and that's good. Certainly that's the kind of role Alberta has taken in the last decade, and it's been a positive influence, for the most part, in terms of the feedback in Alberta. But like marketing arms or sales arms in businesses, they need to make sure that the checks and balances are in place to make sure this kind of department stays in line with what its goals are and doesn't overextend its abilities selling what it doesn't have, investing what it doesn't have, marketing what it doesn't have. So that's a very legitimate concern I bring forward, given its past performance in promoting investment opportunities and working in partnerships.

In caution, I would ask the department to put forward as a filter over all the decisions they make – particularly this is a department that can get carried away with things. They need to ensure that they're benchmarking what they're doing and that the goals they set are both measurable and attainable and realistic and that they are not interfering in the marketplace in any way, shape, or form. So I would ask him to bring that cautionary aspect to his job.

When I look through the business plans and listen to the minister talk, the focus is on international trade, on external kinds of trade, and that's good. Certainly the big growth is there, Mr. Chairman, but I don't want this minister to forget about what keeps Alberta viable and attractive for the tourism he's trying to attract, and that is the small-business sector of this province. I didn't hear any specific references in his opening comments to that, and it seems to me that when I take a look at the goals and core businesses, that seems to be somewhat overlooked here. We're only as strong as the foundation we're working from, and small business is certainly the foundation of this province. We have seen many recommendations come forward from small businesses that would help them with their practices in this province and would build a little steadier foundation for work to be done. Not the least of those is the reduction of regulations. I'm sure that pressure from this minister and his department in seeing that that is acted out and that paperwork is reduced for these organizations would be something very helpful.

[Mr. Tannas in the chair]

One of the things we don't see reflected in this ministry and one of the key areas of concern for businesses moving forward is venture capital dollars, Mr. Chairman. We don't see any references here to them. We'd like to know what the minister's plans are in that area, what avenues there are for organizations that are trying to promote their businesses or to keep them globally competitive, and there doesn't seem to be much of a reference there.

I note in the opening comments of the Auditor General that he talks about government changes impacting the ministry, and one of them is the new tourism framework that the minister talked about in his opening comments. The Auditor General makes a reference to the previous Alberta Tourism Partnership Corporation structure that was discontinued in 1998, the most recent by far, Mr. Chairman, of boondoggles entered into by this particular department. A clear indication there that while the government obviously was looking forward to moving forward on collaboration fronts and by striking a partnership with what should have been an arm's-length operation, the rules of engagement weren't clear. There weren't clear objec-

tives and benchmarks that could be measured and reported back and strategies where, if the benchmarks and the goals weren't achieved by a certain time period, retrenching or reorganizing or disbanding was done at an early stage.

The end result was that lots of money was spent on this Alberta Tourism Partnership with very, very few results and in fact some very hard feelings, particularly in the northern part of this province, in terms of allocation of dollars and the kind of bang they got for their buck. Subsequently the department contracted out over \$10 million worth of marketing and tourist information services in the 1999-2000 year. I don't see what we got for our money there, and perhaps the minister can enlighten me on that. I do wonder, as I'm sure northern Alberta tourism departments wonder, what they could have done with \$10 million and what kind of impact they could have had in terms of bringing tourism to the north. Certainly in the early days when I was cocritic for this area, not much happened north of Red Deer, Mr. Chairman. It seems like they're still the forgotten cousin in this equation here. We would like to see if this minister has some specific strategies there and, if he does, what they could be.

We see again year after year the same problem here when the Auditor General talks about problems with the minister's financial statements. The very basic and fundamental problem when you talk about Economic Development, where lots of money flows out in expenses, is that their basic controls over management and assets and payments are a problem. In fact, the AG recommended "that the senior financial officer of the Department ensure that key internal controls over the management of assets and payments be complied with."

He goes on to talk about lack of staff and those kinds of issues. We know that there was a significant reduction of staffing components in this particular department over that time period and in fact over the years prior to that, but it's no excuse for not being able to count the dollars, Mr. Chairman. We would like to know what the minister has done to comply here. Specifically, what we'd also like to know is: where were the problems that the AG found? What specific departments and what kinds of dollars are we talking about here? Have they been rectified?

The AG goes on to talk about identifying "the need for improved controls over payments" and identifying "weaknesses in payment controls in the tourism program." Overpayments were made to contractors. One was for more than \$141,000. So the department had a problem with their paperwork; the contractor had a problem with his paperwork. It looks like it might have been improved. It doesn't say here whether or not the money was ever recovered. That's a question we'd like answered. I mean, \$141,000 is a lot of money. How could this happen is, I think, a reasonable question here.

The Auditor General makes a formal recommendation, recommendation 12, where he recommends

that the Department of Economic Development ensure that expenses and assets arising from new initiatives are disclosed in its financial statements based on the substance of the transactions.

That's quite a shocker to anybody with an accounting background, Mr. Chairman, to see that this didn't happen.

In fact, the department sloughed through the reporting of an agreement it made

with a contractor to open and maintain a bank account for receiving contributions and payments of expenses for this project. At March 31, 2000 the Department had contributed over \$700,000 into this account.

An interesting kind of slush fund accounting when "this amount [was] treated as a grant expense in the Department's financial statements," even though it should have been included "as an asset and the transfer of funds into the bank account should not have been recorded as an expense."

I'm assuming they're hiring qualified people there, and I have to wonder how something like this could happen. Good for the AG's department in finding it. Bad news for this department for having allowed something like this to happen. We would like to know the kinds of checks and balances they have in their system so that this doesn't happen in the future.

You know, they go on to talk about another recommendation, where he says:

We again recommend that the Department ensure that its branch plans encompass all significant activities of the Department's operations and indicate how all funds in the budget are to be used.

So they had branch plans that weren't even including significant areas of operations. Thirty-five percent of the department's budget was not included in branch plans. For example, the regional development branch did not indicate how any of its \$3.2 million budget was to be spent. Well, a nice slush fund to have, Mr. Chairman, if you can get your hands on it. It's not the way the government should be spending their money. Interesting to see that this would happen.

9:40

International office branches did not include all of its foreign operations. Well, what's that about, Mr. Chairman? We need to know how those dollars are spent. The minister can talk all he wants about what great strategies they have, but when they have no intent to control the dollars and cents and how those dollars are spent, how can Albertans ever assume that they are getting value for their money and that in fact people just aren't off on junkets all over the world having a great time at Alberta taxpayers' expense? We've had examples tabled in this Legislature where this particular department certainly did pursue junkets that did not give value for the dollars spent, and we don't want to see that happening. So we would like a report back on how those significant activities are now being recorded and would hopefully be available for scrutiny by people in the general public.

There are also six delegated administrative organizations within this ministry, and it's always been a problem for us, these DAOs, because lots of times we don't seem to have a lot of input or review processes built in place to take a look at how these dollars are being spent. The Auditor General has some concerns about those, too, and made some recommendations. They followed up the recommendations that they made, and of the six, "Monitoring appears to be strong for four of the six DAOs." Which four are those? Which two have problems still in the monitoring and managing of the relationship between the ministry and the other two DAOs? If we could have that information, it would be helpful to us.

So, Mr. Chairman, for what really is a very small department, the Auditor General devotes a fair amount of time explaining problems and issues in this department. I hope that's going to change with the next Auditor General's report. This minister has only been in the portfolio for a couple of months, so he's got a few months here where he can see if he can't ensure that this department is a little more accountable than it has been in the past.

In his opening comments the minister talked about what they were going to do in terms of tourism, and I'd like to ask him what his specific strategies are for promoting tourism as a parallel industry in resource-based regional economies. You know, I'm thinking particularly of some of the areas that were hit by the closures of coal mines. In the central and northwest sector of this province we have some beautiful, beautiful regions that are not promoted to any great extent from a tourism or an ecotourism perspective. I think there is a huge amount of potential there. They have been resource-based economies in the past. They're in a transition stage or phase. I'm sure they could use some support, Mr. Chairman, and I'm wondering

specifically if this minister has got any strategies there. He talks about the big dollars coming into the province for tourism. In order to ensure that those tourism dollars stay here and grow, areas do need to be promoted.

I can't remember the studies I have most recently seen on this, but it seems to me that there's an absolute, direct correlation with regional and provincial promotion to bringing tourism dollars into the province, so we would like to see that continued. I think that's money well spent, although it certainly needs to be benchmarked and evaluated. Particularly I would like to see him spin some focus on the northwestern parts of the province because the southwestern parts are well known, Mr. Chairman; no doubt about that. The Banff and Crowsnest Pass areas of this province have had large exposure in the past and are very attractive areas for tourism dollars and will continue to be in the future, but we have some underdeveloped areas in this province that could certainly benefit from some ecotourism or environmental development kinds of projects.

What is this minister specifically undertaking, Mr. Chairman, on the energy efficient initiative side? We see the direct rebates going back to taxpayers in this province, but we don't see any direct intervention by Economic Development to support alternate energy sources. There are lots of options on the research and development side, lots of options on existing kinds of alternate sources, be they solar or wind. No doubt a small percentage of the dollars that have been invested in oil and gas and coal over the past decades would be well spent if they were put into those alternate kinds of sources, not only from an economic development and a jobs perspective but from an energy efficiency perspective and long-term forecasting of being able to meet the requirements we will have as a province under the Kyoto protocol. So if the minister could identify those strategies, I would be very supportive of that.

You know, something I haven't seen this minister talk about and something which has been an issue for as long as I've been in this Legislature is the pillow tax, Mr. Chairman. I read something recently where the minister talked about options for that particular tax. Of course, what the industry wants is those dollars directed right back into their industry in terms of promotion. I'm sure they would like them redirected back in proportion to the dollars collected per region. Certainly we would support an initiative like that. Exactly where is he going on that issue? We'd like to know. The pillow tax actually is a regressive tax, but people seem to be used to paying it, so there doesn't seem to be a huge degree of discontent about the tax itself or the collection processes for it. Certainly just having that money come in and go into general revenue is something the associations have been concerned about for many years, so we would like to get this particular minister's feedback on that. If he could give us that information, that would be very helpful.

A progress report from his perspective on the economic spin-offs from the Canamex highway would be beneficial. We haven't seen that yet, and I would appreciate that.

I'll be back later, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. It's a pleasure to rise and participate in the budget estimates of the Ministry of Economic Development this evening. I listened with interest to the minister's opening remarks, and I'm astonished that the low rate of the Canadian dollar has had nothing to do with the dramatic increase in the tourism trade in this province. Also, the low rate of the Canadian dollar and the resources that are readily available for, in this case, exploitation have not come into consider-

ation regarding the robust economy of this province.

The robust economy of this province continues despite attempts not only to privatize our health care system and ruin a natural competitive advantage we have there but also with our electricity prices. I will be curious to see what the minister has to say in another couple of years, because if the present trend continues, industries are going to have no choice but to vacate this province for other jurisdictions with more reliable, competitive electricity prices.

Now, understandably the primary focus – and I can understand why the minister gets quite excited about the portfolio of the Ministry of Economic Development – is to strengthen the Alberta economy and support job creation by the private sector, and I wish the minister well in all his endeavours. To achieve the goals, the minister must work closely with other provincial government departments, the Alberta Economic Development Authority, which my colleague from Edmonton-Ellerslie mentioned, the Strategic Tourism Marketing Council, the Travel Alberta Secretariat, business and industry associations, and other governments to create a positive economic planning framework.

9:50

Now, a core business of the Ministry of Economic Development is strategic leadership for economic development policy and planning. I'm interested in any of the concerns the minister has regarding the problem of the Alliance pipeline. The minister spoke about the petrochemical industry, and certainly we've got to recognize the effect it has on not only our current prosperity but our future prosperity. Where are we going to get the ethane? We're shipping so much of it out on the Alliance line. We need an affordable feedstock for a petrochemical industry, and I wonder if the minister has any thoughts on that.

In the time, unfortunately, that we have allotted here, I'd better get directly to some of the questions I have. There's no information provided in the estimates or the business plan of the Ministry of Economic Development regarding the number of full-time equivalents in 2002-03 or 2003-04. Will the minister please provide information on plans for full-time equivalent levels in the Ministry of Economic Development for 2002-03 and 2003-04? This is on page 134 of the estimates.

Will the minister please provide a breakdown of ministerial expenses by object – the budget here is over \$51 million – in the following components: salaries permanent positions, salaries nonpermanent positions, wages for contract employees, travel expenses, advertising, telephone and communications, and hosting? Will the minister please provide a similar breakdown for consolidated program expenses in 2002-03 and 2003-04? This is in the business plan, page 116.

Also, will the minister please provide a breakdown of other revenues anticipated by the department for 2001-02? I believe that figure is 750,000. For 2002-03 it's also the same and for the next year as well. This is also on page 116.

Could the minister please provide a report on the activities that the executive committee established within the Department of Economic Development to identify areas of policy need, setting priorities for policy development, and approving selection of qualified candidates to fill key jobs within the new organizational structure?

Also, could the minister please describe how successful the Council of Economic Development Ministers has been to date in meeting terms of reference recommended in the July 1997 Coopers & Lybrand report. They have a few points here: to ensure co-ordination across government departments of public policy formulation activities for economic development across the province; secondly, to ensure that government initiatives in economic

development policy fully take into account private-sector directions and input being received by AEDA and the private sector; thirdly, to collaborate with the AEDA chair and committee members; also, to ensure that economic development planning takes place in a co-ordinated, consistent manner across all departments; lastly, to ensure effective monitoring of the effectiveness of economic development policies and activities across all departments.

In regards to the Council of Economic Development Ministers, what planning initiatives will be undertaken by the council?

Now, the minister mentioned Get Ready Alberta. Can the minister provide a detailed update on Economic Development's role in the implementation of Get Ready Alberta? [interjection] A boondoggle? Yes. Unfortunately, in particular with this government after 30 years, history has a tendency to repeat itself, and people have said to me: Mr. MacDonald, be patient. I believe they're absolutely right.

Can the minister provide a detailed list including costs and type of projects his ministry is involved in as part of preparations for hosting the 2001 world track and field championships in Edmonton? That would be very interesting. There's a lot of money going into that. Gosh, I hope it's all been spent well. Will the ministry also be doing a study, upon completion of the games, of the effect the games had on the economy and the cost and/or benefits to both the public and private sectors for hosting the 2001 world track and field championships in Edmonton? If so, will the minister commit to making the full details of this report public?

Now, the program spending here in the ministry support services. Mr. Chairman, key initiatives under ministry support services include "enhancing the collection, management, and dissemination of the department's information and knowledge" – hopefully that's going to include question period as well – and "implementing innovative and responsive human resource programs and services to ensure the availability of a highly competent workforce in the department."

In regards to this, how many full-time equivalents are employed under program 1, ministry support services, in 2001-02, and what is the breakdown of the subprogram areas: minister's office, deputy minister's office, finance and administration, communications, and performance management? What are the projections for full-time equivalents in 2002-03 and 2003-04? That was on page 124 of the estimates.

Now, on page 116 of the business plan of Economic Development. Will the minister please provide a breakdown of ministry support services by subprogram for 2002-03 and 2003-04?

The minister's office. It's always interesting to visit the minister's office.

DR. TAFT: You won't get invited there often.

MR. MACDONALD: I'm not going to be invited to the minister's office too often. Well, that's fine.

The gross operating expense of \$311,000 represents an increase of \$16,000, or a 5.4 percent increase, from the previous year's budget estimate. Now, what is the breakdown of the \$311,000 minister's office budget for 2001-2002 by the following components: salaries permanent positions, salaries nonpermanent positions, wages, contract employees, travel expenses, advertising, telephone and communications, hosting? Again, hosting and travel: I'll look forward to receiving that.

What benchmarks or targets have been established within the minister's office to meet the mandate of the ministry? For example, New Zealand, again, includes correspondence received from the public. In the opening remarks of the minister, Mr. Chairman, one could only conclude that the public is very, very satisfied and that

there are very few that are unsatisfied, but it would be interesting to note.

What benchmarks, Mr. Chairman, have been established for the number of replies to Legislative Assembly questions, ministerial correspondence, motions for returns, written questions, reports to cabinet and Treasury Board? What time frame or due date benchmarks have been established for ministerial, MLA, and public correspondence?

Can the minister explain also why gross operating expenses are up this year by 5.4 percent over last year's budget estimates when the preliminary forecast for last year is \$14,000, or 4.7 percent, below the budget estimates for last year? If we didn't need the money last year, why do we think we need it this year?

10:00

Now the deputy minister's office. We're going to visit the deputy minister's office now. Could the minister please explain his explanation for the \$61,000 increase, or 16.9 percent, in the deputy minister's office budget between the year 2000-2001 budget estimates and the 2001 forecast?

One of the budget highlights I read here in Economic Development after Get Ready Alberta is "service the growing needs of the ICT sector and other advanced technologies sectors through a co-funding relationship with Innovation and Science." Now, the first thing that would come to my mind with this are the CCTs, the clean coal technologies.

Now, it doesn't matter whether the CCTs are concerning the Inland Cement proposal, that is going to affect the hon. Member for Edmonton-Calder, or the coal-fired power plants west of the city. For the clean coal technologies is the minister's department responsible for some of the funding for this research? These clean coal technologies are going to be essential for the future electricity generation of this province, and I would be very curious to know how much money, if any, is going out of Economic Development and who is getting it and how this research is being conducted. I would be very anxious to receive a progress report on any of this research that's being done. In fact, I would like to if possible visit a pilot plant that is operating. The PCs, or the pulverized coal generating stations, are – well, the only way to describe them is as dinosaurs. [interjection] Someone is awake.

Now, Mr. Chairman, what outputs and outcomes are used to evaluate the performance within the deputy minister's office, and how does it link to the mandate of the ministry?

We're now on reference line 1.0.3, finance and administration. There's just not enough time to go through this budget thoroughly, contrary to what other hon. members at this Assembly may think. How does the minister explain the fact that last year's forecast of \$2.507 million is \$499,000, or 16.6 percent, less than last year's budget estimate of slightly more than \$3 million?

Now, this finance and administration, in my view, is a very important branch. It co-ordinates the records and management activities of the department as well as compliance with the provisions of the Freedom of Information and Protection of Privacy Act. I visited this office in my role as opposition critic for the pine shakes, whether they're treated or untreated. There was a lot of action back in the early '90s in this department regarding the promotion of pine shakes, and ultimately the consumers in this province paid for that problem.

Now, this branch assists the department also to achieve its business plan outcomes through the management of its employees. Finance and administration also co-ordinates and enhances the corporate management of the department by providing planning and resource management support in the areas of finance, administration, information technology, and business planning.

Now, how much of the slightly over \$3 million budget has been

allocated to support activities planned in the financial services unit? How much of the slightly more than \$3 million budget has been allocated to support activities planned in the administrative services unit? How much of the slightly more than \$3 million has been allocated to support activities planned in the information technology unit? How much of the finance and administration budget deals with the development of business planning and performance measurement processes across the department?

Again to the minister: what is the status of the Alberta Corporate Service Centre initiative and the corporate human resource development strategy that's been implemented in the department in the areas of employee skills inventories, job profiles, performance management, and rewards and recognitions? Will the minister please provide further information on plans to implement shared services with other departments in the areas of financing, resources, administration, and information technology services. What role does the government administration play in the Alberta Corporate Service Centre? Now, this is on page 109 of the business plan.

Will the minister provide an update, please, on the continuity plan, the virtual teams, and the coaching leaders program, which is again on page 109.

How does the departmental business planning committee, chaired by the executive director of finance and administration and comprised of senior representatives from each division, assist in the development of the ministry business plan?

Mr. Chairman, what changes have been made to travel policies and procedures, internal controls of the payroll function, and the grant policy for supporting conferences and functions and other sponsorship initiatives?

Will the minister please provide an update on the results being achieved by the following initiatives that have been undertaken by finance and administration over the past three years: development of the core database integrating client-related information for access across the department, implementation of the SMART system to support visitor information centres, enhancement and upgrading of internal and external information systems such as issue management, correspondence, and action requests. The classic AR: we send a letter across, and we can generate an action request. I don't know, in relation to the pine shake file, how many action requests were initiated, but it became a cottage industry. I'm sure with the electricity deregulation and what a boondoggle that is becoming, action requests are going to be a big issue there as well.

With those questions, I'm disappointed my time is up.

THE CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. It's indeed a pleasure to address the minister on his first submission, his first budget, one rookie to another. I'll start with some wide-ranging comments here. Something that all the members will realize is a theme that will last for years to come and will be, I'm sure, of particular concern and I expect something of a headache to the Minister of Economic Development is the impact of electricity deregulation. I imagine the minister is familiar with the work of Canadian Manufacturers & Exporters, a very detailed economic analysis of the impact of higher electricity prices on manufacturing in Alberta and the potential risk of up to 31,000 jobs. I note again that we had visitors this afternoon from Montana, and undoubtedly they will have very close experience to provide on electricity deregulation with the minister here.

I am familiar with earlier documents from Economic Development I think – if my memory serves correctly, my own reading of them from 1998 – which actually championed Alberta's cheap electricity prices as a keystone of economic development and

diversification. Clearly, we can no longer do that, and I'm sure that that is going to be an ongoing problem for the minister and his department and, indeed, for the entire province.

10:10

I also note the minister is responsible for some programs that may in fact be in tension one with the other, for example electricity. If we go into electricity exporting through, say, an expanded tie-line to the United States and generating large amounts of power from those pulverized coal dinosaurs, we may find that we actually end up damaging our environment and working against the interests of our tourism industry. Certainly having some familiarity with the coal-fired plants to the west of the city – the Wabamun plant, the Sundance plant, the Keephills plant, and the Genesee plant – those are not the kinds of things that work well with developing a tourism industry. So the minister will need some care and wisdom in sorting out those contradictions.

I'd also point out to the minister some warnings of the past, warnings of the economic development and diversification initiatives of the later 1970s and through the 1980s. I will make a prediction here that he's going to need to fight very hard to stick to his plans and his budget if we aren't to repeat those kinds of problems in this department and under this minister. We ended up in a situation where subsidies to business in one form or another, direct and indirect, everything from tax credits to direct subsidies, cost this province untold billions of dollars. I express my concerns now that we do not get into repeating those mistakes.

There is much to be said for the diversification of Alberta's economy. I, however, remain a skeptic of some of the claims, for example, that Edmonton's economy is the most diversified in the country. I suspect that if all the economic spin-offs of our sitting on oil and gas were to be tallied up and sorted through the economy, a great deal of our economy and our economic prosperity still relies on the fact we were lucky enough to have huge pools of petroleum in the ground beneath us. Our manufacturing industry, for an example, relies to a very large extent on manufacturing products for the oil and gas industry. By way of that, I think it's an indication that economic diversification in Alberta may not be nearly as advanced as we like to think it is.

I've spent a notable amount of time going through the department's material and estimates and annual reports from before and have quite extensive briefing notes. I'll just deal with a handful of concerns.

I note a curious pattern in the department in which some programs are markedly underbudget and other programs are markedly overbudget. There are some programs in which spending is way off budget, and it makes me wonder and express my concerns that the minister will need to work hard to tighten his control on the budgetary process of the department.

Looking, for example, at the industry development program. There's a decrease of 5.8 percent this year over last year's preliminary actuals. Decreases are fine if they can be justified, but I would like from the minister an explanation of why last year's preliminary actual is down from last year's actual and markedly down from last year's budgeted expenditures. In fact, last year's preliminary actual is actually 18 percent less than what was budgeted. So what was going on in that particular program? Maybe it was good and maybe it wasn't. Maybe there was inactivity there. What was going on that saw the actual expenditure come in some 18 percent less than was budgeted? Was it an error in the previous year's budget? Should we be concerned that that error is being repeated here? What is the explanation? I'd like to hear that from the minister.

Moving on to the area of tourism marketing and development,

which has been an area of some controversy within the tourism industry in the last few years, there is widespread concern that the provincial government, which was at one time an exemplary leader in tourism marketing and development, actually took the tourism industry through a pretty tough time and perhaps an unnecessarily tough time.

Looking at the budget now and looking towards the future, there are areas where spending is again significantly out of whack with the budget, and we are seeing real changes in the budget estimates this year compared to what was spent last year. For example, in tourism marketing and development, if I'm reading the figures correctly, the 2001-02 estimate is \$19.145 million. Last year's estimate was only \$16.9 million. That's a very significant increase. Again, why is this occurring? Why was the actual expenditure for last year in this program more than 10 percent over budget? That's a worrying trend and, again, fits in with the pattern in which the budgets of this department are not reliable indicators of the actual expenditures of the department.

I could go through a series of other examples of that. I'll only go through a handful of others. The regional marketing program that's done within Alberta, which is intended to increase interregional travel by Albertans within the province and to encourage and strengthen the so-called shoulder season travel in Alberta by Albertans, has some rather startling changes in spending patterns. The increase between last year's preliminary actual over last year's budget estimate is over 41 percent, which is really quite a remarkable misjudgment or miscalculation in the budgetary process. Well, it indicates some problem in budgeting or financial controls, that I certainly hope are addressed this year.

It would be interesting to know what exactly is being achieved with these expenditures. So much of these expenditures are intended to leverage private-industry funds. We spend public funds to stimulate and leverage private-industry funds. I'd like the minister to indicate to us: what are the leveraging ratios for the resident tourism marketing program for last year, this year, and the next couple of years? What are they expected to be in the next couple of years? If those ratios are not what they are expected to be, it may indicate that our performance is inadequate in that area.

Shifting from marketing programs within Alberta to international marketing, again we have evidence that last year's budget was a very unreliable indicator of what was being spent, and it makes me concerned about how reliable this year's estimates are. There was an increase of more than 22 percent between last year's preliminary actual and last year's budget estimate. This is a worrisome trend. I'd like to have the minister explain this to the Assembly.

Again on the international side, since these moneys are spent to some extent to stimulate and leverage private funding in different regions of the world, what are the leveraging ratios for the Americas, for Asia Pacific, and for Europe for last year and this year, and what are they expected to be in the next two years? Anybody who has worked extensively in the tourism industry knows that tourism marketing programs take some extended period to come into effect, so we'll be wanting to know what the plans are not just for this year but for the couple of years after that.

Of course, related to tourism marketing is Alberta's image promotion program. Yet again, startling figures on how far the budget was off from the reality last year. This time it's a decrease of 51 percent over the budget estimate. There's clearly some explanation for this. I would like the minister to explain why the Alberta image promotion was so far under budget last year. Was it a breakdown in activity? Was there some shifting of responsibilities? It's a remarkable deviation from the budget plan, and it does make me concerned about the reliability of this year's budget plan.

10:20

Again, on the research side we're seeing this year's estimate at \$350,000, a decrease of 30 percent from the previous year's estimate of half a million dollars, an exact \$500,000. What's the explanation for that? Are we doing less research? Is that wise? Given the importance of research in guiding our economic development and our tourism policy, marketing research is crucial to tourism development.

I'll wrap up, Mr. Chairman, with a handful of comments more generally on issues that certainly relate to economic development but in some ways do not fall directly under its purview.

Investments in education are vital to our economic development. I'm sure the minister will be working with other members of his cabinet to ensure that our education infrastructure, tuition fees, accessibility are well developed. I would go even more broadly to suggest that one of the strongest indicators and attractors for economic diversification and development is a general quality of life. While we all agree there is a good quality of life in Alberta, we should not be taking it for granted. The kinds of things that contribute to a quality life, including an education and health care systems, good roads, and a clean environment, must not be underestimated and should be taken in mind by the minister in his broader view of his responsibility for expanding and diversifying Alberta's economy.

Thank you, Mr. Chairman. I'll wrap up with those comments.

THE CHAIRMAN: The hon. Member for Edmonton-Ellerslie, in the four and a half minutes.

MS CARLSON: Thank you, Mr. Chairman. I'm happy to have an opportunity to conclude some comments on the Economic Development estimate. Just a few wrap-up comments on budget highlights.

I would like to go back to some of the comments that my colleague made with regard to the growing needs of the ICT sector and other advanced technology sectors through a co-funding relationship with Innovation and Science. We'd sure like some detail on what's happening there. I, too, am very interested, as he is, in the clean coal technology. We've heard the Premier talk about clean coal technology and zero emissions, which would seem to be a scientific impossibility at this time in the world, never mind in this province. So if this minister has any information on this or other advanced technologies in that area, certainly I'd be very interested in talking to him about any information he has, viewing any progress being made in that regard. I certainly look forward to hearing from him on that area.

Good job with the stuff that he's doing with Agriculture, Food and Rural Development. I think that department is making some real forward progress in taking a look at the tertiary development of some of our basic foodstuffs in this province and would like a report on exactly what activities they're involved in there but applaud the work that he's doing.

One of the other budget highlights talks about assisting "the film industry to develop a report card on the performance of the film sector in Alberta." I'm not sure that that's all that's needed there. We seem to have gone into these cycles where we heavily support the film industry, then withdraw that support, then try to get re-involved. I think over the 30 years that I have been involved with the film industry in this province, we have seen a great deal of discouragement there. That's really too bad, because I think there was a point in time when we could have been a leading factor in the film industry in this country. I'm not sure that that is still possible, but certainly I would look forward to an update in that particular area, specifically information on how the minister expects us to be

competitive just in the Canadian marketplace. With the reduced Canadian dollar we are attractive for film investments, but I think we've missed the boat in terms of competing with B.C. and Ontario and even Manitoba in that regard. So if there are any updates in that area, I would hope that the minister would share those with us.

He talks about the ministry budget including \$2 million for strategic leadership for economic development policy and planning. We'd sure like to see some details in that regard. Sure it's dollars well spent, but I'm not sure that this particular department has done a good job of strategic leadership in the past, so details there would be very helpful.

I looked with interest at goal 3, "Alberta is a globally competitive tourism destination," and wondered at some of the growth forecasts, the targets that are here for the next few years. They seem to me to be not very high, Mr. Chairman. Could the minister tell us how he arrived at those figures and whether or not they did a cost analysis in terms of what they could expect the forecasts and targets to be given the amount of dollars they had to invest in the various areas, particularly as they've gotten them broken down between Europe, Asia, and the United States? So if we could get background on that: how they got to those dollars, why the targets are so low. If this is a major push, a major drive for us to increase tourism in the province, it seems like we should be able to achieve higher targets than what we've got. So if he could just give us some information on that.

Then just above that on page 131, where they talk about "the most cost effective location in North America in selected value-added sectors," what I'd like to know is why they selected the ones they did. Were there others in the plan, and if they're going to be the most cost-effective locations, exactly what factors went into determining cost-effective? We have some natural competitive advantages in this province. Particularly I think those have to do with manufacturing and location and taxation. So if he could give us some information on that, Mr. Chairman.

Thank you.

THE CHAIRMAN: The hon. Minister of Economic Development, final comments.

MR. NORRIS: Thank you, Mr. Chairman. I would just like to close by very briefly thanking once again my colleagues in the gallery. Thank you for sitting here. I promise you it won't happen for at least another year. I appreciate that. I was told by some of my colleagues that my presentation rated an average of about 8.2. I'll try a little harder for you, but I won't let you down.

I've listened very carefully to all the comments, and I want to thank the hon. members. I will do everything in my power to answer their questions to the best of my ability and as quickly as I can.

Just a few very brief comments, Mr. Chairman, about the direction of our ministry. During the recent campaign I was very, very pleased to try and join Premier Klein's team. I want to let the hon. members know that we're on the right track. Your questions are valid ones. We'll try and make this a better province for all of us, and I can guarantee you that we are growing, and growing in the right direction.

Only one comment that I wanted to make, Mr. Chairman, about the size of my ministry. I was interested to hear the hon. member say that it's a relatively small ministry, but I would remind the hon. Member for Edmonton-Ellerslie that most great things come in small packages, and she should watch what's going to happen in the next couple of years.

Thank you, Mr. Chairman. I'll close now.

THE CHAIRMAN: After considering the business plan and proposed estimates for the Department of Economic Development, are you ready for the vote?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Okay.

Agreed to:

Operating Expense and Capital Investment	\$51,455,000
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THE CHAIRMAN: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried

The hon. Deputy Government House Leader.

10:30

MR. ZWOZDESKY: Thank you, Mr. Chairman. Very electrifying debate tonight. Most enjoyable. Therefore I would move that the committee rise and report the votes and request leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

MR. JOHNSON: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2002, for the following departments.

International and Intergovernmental Relations: operating expense,	\$6,104,000.
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Economic Development: operating expense, \$51,455,000.

THE DEPUTY SPEAKER: Does the Assembly concur in this report?

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 10:32 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]