

Legislative Assembly of Alberta

Title: **Wednesday, April 10, 2002**

8:00 p.m.

Date: 02/04/10

head: **Committee of Supply**

[Mr. Tannas in the chair]

THE CHAIR: I'd like to call the Committee of Supply to order. For the benefit of the members as well as those in the gallery this is the less formal part of the Assembly, and if you happen to look at your sheet and you can't spot the people, that's because other than those who are speaking, they are free to move around the Chamber, and they sometimes do, to the chagrin of the chair. We'll go by the usual rule; that is, we only have one member standing and speaking at a time if we can do that.

Before we commence our evening's deliberations, may we have consent to briefly revert to Introduction of Guests.

[Unanimous consent granted]

head: **Introduction of Guests**

MRS. McCLELLAN: Mr. Chairman, members of the Legislature, I'm very pleased to have the opportunity tonight to introduce to you and through you to the members of the Assembly a group of very special guests, the members of the Alberta Irrigation Projects Association. Since its beginnings in 1946 AIPA, as we fondly know it, has promoted the best use of water resources in our province. It represents 13 irrigation districts in southern Alberta and has an indirect membership of about 6,000 persons.

Today they work with all levels of government to ensure that we are well informed and well versed and make good decisions on water-related issues. They certainly foster a very healthy environment and not only encourage but implement technologies that maximize the benefit of the water that's available to us in southern Alberta for the benefit of all Albertans.

Mr. Chairman, we have a number of members with us. I would like to introduce each one of them individually, but I think that in the interests of time and the estimates that we're going to debate here, I would introduce their chairman, Mr. Keith Francis. I would ask all of our honoured guests and Mr. Francis to rise and receive the very warm welcome of this Assembly.

head: **Main Estimates 2002-03**

Economic Development

THE CHAIR: Thank you. Are there any comments or questions to be raised with respect to these departmental estimates? We'd ask the minister if he would care to begin the evening's discourse.

MR. NORRIS: Being new to this business, Mr. Chairman, I heard the question called, so I'll call for the vote, I guess.

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

You've changed your mind, hon. minister?

AN HON. MEMBER: Flip-flop.

MS CARLSON: Just one more, Mr. Chairman: nothing less than we would've expected.

MR. NORRIS: Well, with that rousing introduction, Mr. Chairman,

I'll start my remarks, and I'll offer my thanks and welcome to the irrigators' association. I know that they are probably going to be hanging on every word. I do want to thank them sincerely for what they do for the province. As Economic Development minister I know their work is vitally important, and I join the minister of agriculture in welcoming and thanking them.

Before I begin, I'd like to introduce some individuals who have joined us here tonight. Whether they want to be introduced and agree to let it be known that they associate with me is up them, but they're up in the gallery. I'll introduce them and ask them to stand and be recognized: our deputy minister, Mr. Barry Mehr; next to him, our finance director, Mr. Jim Bauer. Next to him is Mr. Rick Sloan, our ADM. Next to him is Rory Campbell. I'm really not sure what he does, but he always shows up on the trips. Protocol. And, of course, next to him is somebody who's in training, Sasha Angus. Behind him, hiding because of obvious reasons, is Duane Pyear. If you would please extend the warm welcome of the House. I want to thank them sincerely for what they do for the department and for the fact that I still have a job this year. That's outstanding, fellows. I appreciate it.

As you're aware, Mr. Chairman, Alberta Economic Development is the lead marketing arm of the government of Alberta. Our mandate is to promote the continued development of Alberta industries, international trade, and investment and to market Alberta as the tourism destination it should be. Today I will briefly report on the state of Alberta's economy and discuss our department's 2002 business plan and the budget.

Last year, as we know, Mr. Chairman, Alberta's economy was incredibly strong. Our overall GDP for 2002 is expected to remain high, and Alberta will have one of the country's strongest economies once again in the year 2002. We performed extremely well, particularly after September 11. I know that this speech is not going to be what people want to hear tonight, so I'm just going to talk about what we're doing in Economic Development and then answer any questions that people have.

Mr. Chairman, the Department of Economic Development's main focus is to promote what is, as we all know, the best economy in Canada and certainly North America. To that end, we have core businesses which we focus on, and to that end, we have strategies which are linked to our core businesses. It's vitally important for this House to know that Economic Development provides the support and the strategic alliances that businesses in Alberta ask us to provide, and we do that through a number of ways. We do that through our foreign trade offices, we do that through our regional offices, and we do that through our Edmonton and Calgary offices, which are solely mandated to respond to businesses in Alberta and their requirements. Through our programs we attempt to identify the regions of the world that have the most to gain from dealing with Alberta, and we target those areas on a regular basis through trade missions and trade offices.

Further, Mr. Chairman, we have recognized the industries in Alberta which are the true economic drivers of the province, and we continue to support those, and we look for emerging industries and ways to help them develop within the framework of Alberta. It's very, very important for the House to know that the Economic Development department is there to support Alberta businesses. We recognize that they are the ones who are driving the economy, they are the ones who create the jobs and the wealth, and they are the ones that deserve not only this government's support but this government's respect. To that end, we try and give it to them on a daily basis.

SOME HON. MEMBERS: Hear, hear.

MR. NORRIS: Thank you for not being asleep.

The other issue that I'd like to address, Mr. Chairman, is the issue of tourism in Alberta. I would like to discuss tourism for a few minutes because in my estimation the province of Alberta can do nothing more vitally important to diversify its economy than to recognize the value of tourism and the importance of what it can bring to not only the icons of Alberta tourism but to rural Alberta. To that end, our department works very, very diligently with the other departments that are involved in the tourism industry and the stakeholders to work out plans to continue developing and growing the tourism opportunities in Alberta.

Mr. Chairman, our budget is before you in the House tonight. I'm very proud to say that we responded to the events of September 11. We followed the Finance minister's guidelines, and we have put together what we believe is a strategic budget focusing on our strengths and helping the industry where we need to. But I'd also like to point out that within the framework of this budget there are a number of opportunities for Alberta to continue diversifying, and we continue to look at ways to do that. Some of those are our regional alliances, which are, simply put, economic regions throughout the province that encourage regions to focus on the strengths of particular areas of the province rather than the individual cities or towns. That is a very big, successful program, and we're going to continue that in order to help rural development.

I'd also like to point out that in light of September 11 and the comments of the President of the United States our department and certainly myself feel that Alberta is about to get ready for a rocket ride for the next 20 years. Anybody who heard the comments after September 11 about Fortress North America and President Bush looking for a continental energy policy surely must have been as excited as we were to understand that that indicates that they do not want to have an insecure supply of oil. They will look to North America to do it, and they will come to Alberta, Mr. Chairman; there is no doubt about that. When they do, we had better be ready for it, because it's going to be a great 10 or 15 years.

8:10

With that, Mr. Chairman, I will close by saying that it is an honour to be part of this department. It's an honour to have the ability to point out the strengths of Alberta's economy, and I'd like to point out something to the House that I think is very, very important. The position that Alberta is in now in the nation of Canada is due to Premier Klein and the classes of '93 and 1997, who had the courage to put Alberta on a course that is different than any other province in Canada, and it is not a fluke that we have the highest employment, the most development, and the highest immigration of people. It is amazing what you can hear when you travel around the world about Alberta, and I'm going to do my best to continue to promote that to not only the people of Alberta but the people of Canada and the world.

With that, I will close, and thank God we live in Alberta.

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

MS CARLSON: Thank you, Mr. Chairman. It's a pleasure to be able to speak this evening to the Economic Development estimates for this year, 2002-2003. I, too, would like to welcome our guests here this evening to watch the antics of the Legislature. They seem to be in quite high spirits this evening. It's not always like this, but for some reason they're . . .

AN HON. MEMBER: It was until you started speaking.

MS CARLSON: It was until I started speaking. Now everybody can go back to sleep, yes. Well, that's good. It's a little easier to actually talk and get to the points at hand when some of them over there are sawing logs.

I would also like to thank the staff for being here this evening and thank them for a job well done over the course of the year and particularly thank Rory Campbell for what he puts up with with this particular minister. It's a little tough to keep him on task; I know that. You certainly all have my deepest sympathies at moments.

There's no doubt that this minister is – how to say this diplomatically? – one of the best cheerleaders that this ministry has had certainly since I was elected in '93, and certainly since this time last year I would evaluate his performance as being slightly better than unspectacular.

MR. MAR: It's happy hour.

MS CARLSON: Well, it isn't happy hour in here, Minister of Health, I'm sorry to say.

AN HON. MEMBER: The sky is falling. The sky is falling.

MS CARLSON: No, no. I'm not saying at all that the sky is falling. Far from that. In fact, this is a ministry that I like, and you know that I like it because I seldom have questions to ask about this particular ministry. In general, they work within a reasonable framework and don't do that bad a job. But, you know, in terms of the minister himself and the direction and the leadership that he shows, it's very cheerleaderlike in fashion. And good. That's what this job is in part. But it is also more than tub-thumping and chest-pounding, Mr. Chairman.

This is a key ministry for this particular government in defining strategic . . . [interjections] It is. I agree totally: this is a key ministry. If we look at what has happened historically in this ministry since '93, which is when the big round of changes happened in terms of how the government defined its policy and implemented it, Economic Development used to be what I would call a cornerstone ministry, one of the ministries in this government that had, I would say, huge power, big dollars, and lots of say in decision-making and how things happen. When the cuts after '93 happened, we saw it actually become a shell ministry. Most of the resources were sucked out of it. It had a framework, but it didn't have much meat to it.

There were some concerns that they were just treading water, not because of lack of desire on behalf of the staff but really because of lack of resources and lack of focus from the government and emphasis on this as a driver. Given all the costs that were happening in that time period and the focuses that were on other areas, particularly health and education, Economic Development I believe was essentially left to its own devices. Oil and gas were going to continue to do well, forestry was mapped out, tourism was growing, and they could hold their own during that time period. In fact, that was the time period that the Member for Edmonton-Glenora was with the department. I know they worked hard during that time period, but there was a little bit of lack of support, I believe, from the front bench for Economic Development.

We've seen a change happen recently, I would say not directly attributed to this minister. Certainly at the time when he became the minister, there seemed to be a change in focus. It was, I believe, seen as once again a cornerstone kind of ministry and given a little bit more substantive credibility, perhaps you could say, at the table in terms of government decision-making, and the focus was changed to see that there was a need for leadership in this area. If we were

going to stay as one of the most viable economies in North America, then some focus had to be placed here. I think that's good. I think that's a positive change in direction, and I'm happy to see this happen.

I still don't see here though, in a general sense, that there is an overall focus on developing a long-term, integrated, strategic direction in this ministry and between this ministry and others that are directly related, which include most of the ministries represented by this government. I'll get to some of the minister's comments in a minute, but even his comments would tend to make me believe that this government has quite a short-term vision, that they're looking for a quick fix in where they go in Economic Development, some quick winners that they can put little gold stars on and say: look what a great job we're doing. What we don't have is the five-, 15-, 20-year plans that show Albertans and the globe how we are going to continue to be economic development leaders across industries and across ministries. That's what I'm looking for from this department. I think it's possible to do this, and I think it's possible for this minister and his department to be able to develop this and to push this government into global leadership. We have some unique opportunities here in the kinds of cash flows we have and in the kinds of development we currently have in some cornerstone industries, but we're in danger of becoming dinosaurs in some of those areas and of not taking the kind of strategic lead that we could if we don't see some plans develop.

I'm hoping that the minister will respond to my comments, and I'm pretty sure that if he does this evening, he's going to say that we do have objectives and strategies and benchmarks and performance measures, and that's true. The business plans were a good step in that direction, and setting out the goals as they have is a good perspective to have. However, what we have still is a bit of a lack of integration in these areas. This government likes to take a business model, and in this department particularly I think that's probably a good idea, but to take a business model from beginning to end is really the goal. You can't just take the headlines of a business model and think that that works.

We have some lack of integration. We have some performance measures that don't actually measure the kinds of outcomes that need to be measured, and some of the inputs don't tie into the performance measures. We've seen over the years that the Auditor General has commented on this. So I would like to hear from the minister what it is that he plans to do in terms of tightening this up. Perhaps you have this in the department and what we see here is just a summary within the business plans, but I need to see some more detail, some more substance. So I want to know what the minister and his department are doing in that regard and some of the outcomes. We get here under performance measures "goal" and "objective": Good. "Performance measure" – yes – and "type of measure." But we don't actually see here the outcomes and the areas that you're working on for improvement and the areas where you have exceeded your own goals in terms of performance, so if you could just deal with that a little bit, I'd be very happy.

8:20

I'll just deal now with some of the minister's opening comments. He talked about this department being the leading marketing arm of Alberta. Good, I think, and necessary, but I don't think that that's the only mandate of this department. Marketing is one aspect. You have to have the substance leading up to that in order to be able to deliver in a long-term perspective. I don't always see this happening here, and that's mostly, I think, a lack of integration between departments. I'm thinking particularly of Agriculture and Sustainable Resource Development and Environment as the areas that I

think aren't fully integrated with this particular department. Maybe I'm wrong, and we don't get the information. The minister can clarify that.

He stated in his opening comments that his focus is on international trade and development and on Alberta as a tourism destination: all very laudable goals; no doubt about it. International trade and development is particularly important as we are really an export province, and when we have these dollarettes instead of real dollars to deal with, really a key component of our economic wealth is to ensure that we're maximizing our abilities as exporters. Part of the problem with that is that for decades now we've been lead exporters in either raw resources or very close to raw resources, and while I see some changes over the years in some of these areas, particularly forestry and oil and gas, I see that we still primarily are exporters of raw goods rather than finished products. So if the minister could elaborate on what undertakings he has in his department to change that kind of a focus, I'd be very happy to hear. It's been an ongoing problem for this province. It's really easy to put those logs on a truck and ship them to another province, to another state, or to another country. It's not quite as easy to figure out how we can economically and competitively produce finished goods, but I think that's part of the future.

What, particularly, is this department doing in terms of looking at replacements in our economy for oil and gas? Now, I know the former energy minister told us many times – I'm referring to Steve West here – that in spite of what all the naysayers said, every time we run down to the last 25 years of oil reserves, they find more oil in this province, and we're going to have it forever. He said the same thing about gas. I think in the past it's been very true that we've heard the doom and gloom and then the next thing you know, people have found new reserves and we've got more capacity. But I think technologies have improved by this date to where we have a much more accurate inventory of our reserves in the province at this stage, and we can clearly say that they aren't limitless in supply, particularly gas. We're in shallow wells for the most part over the most part of this province now, more expensive to drill and with fewer reserves.

So I look to Economic Development to start to talk to Albertans and lead us in a direction where we see replacements in our economy for those particular commodities as part of our revenue base, albeit we won't be in any serious problems for 15 or 20 years in this particular area. We need to have some focus, and now is the time to be thinking of those kinds of directions. I'm sure that the minister has considered this and is working on it in some capacity, and if he could share that with us, we would be very pleased.

This is a serious question. We have some interest groups who are particularly interested in how the government sees in the long term replacing oil and gas revenues. I would hope that while you may have some comments with regard to that this evening, we'll get something written in response to this, because I'll be taking that information and sending it out to the groups and letting them know that this was in response to questions asked in estimates. So the better it is, the better you look.

The minister in his comments talked about this being the best economy in I think he said North America. Certainly it no doubt is. It's a very strong economy. We've got lots to work with here. During the good times I think we need to ensure that the goal is to not only capitalize on that but to build for the future, and I think I've heard the minister speak often enough to know that he agrees with that.

The minister talked to some extent about foreign trade offices, and we'd like some more information on those. We've seen a change in how foreign trade offices were managed since I came into the

Legislature. I think during the early '90s and the early '80s they were glorified retirement positions for preferred friends of government. I'm not sure a whole lot got accomplished in them, and we had a lot of investment in bricks and mortar. We saw that change, which is really good news. I see a bit of a swing back to opening up more trade offices, and I'm not opposed to that. We just want to make sure that we're getting some bang for our buck. So if the minister could tell us which offices in the last year they've opened, which they've closed or are contemplating closing, and how they're measuring success in those offices. I know that they've looked at some new kinds of innovative strategies in the opening of the offices. Could he talk about those in terms of where they're located, how they're costed out, and what kinds of dollars are allocated to them?

Particularly I'm interested in what the outcomes are. How do you measure success? Now, I know there's a component of that that's really tough to measure. Often those offices are an entry point for people trying to do business in the country or those trying to export out, and some of those results are somewhat intangible and sometimes take a long time to measure. I think there is a value to having that service there, but there are some measurements. We'd like to know what you're using and how you develop criteria for whether an office is meeting its mandate and how successful they are. What are the criteria that you develop for deciding that offices are no longer viable?

This is more than just, I think, providing support for trade missions, although those are valuable. Could we know which trade offices have had trade missions through them and how many have had measures of success afterwards, after the trade mission has left? Do developing businesses continue to go through the trade offices, or do they just use them as initial contact sources? It could be both. That doesn't have to be so detailed, Mr. Minister, if you don't mind, just some general overviews. In fact, probably just what you could talk about in that regard would be satisfactory.

Mr. Minister, you talked about emerging industries and that you're helping them to develop. Could we have some detail on exactly what that means? Helping emerging industries can mean many things to many people. Does it mean that there is capital support, operating support, services support, training support, initial research support? Some of those details would be helpful in terms of knowing how much this ministry may be deciding to get back into the business of supporting business. It has been our position for a long time, for as long as I've been looking at policy directions, not to support businesses in a large way that may create an unlevel playing field for them in the industry. So we would hope that that's not what the minister meant, that there's a different kind of support being offered here. What we have found traditionally and what particularly have been the outcomes with this government's relationship with business is that by supporting them in any kind of an overt financial or even marketing sense, the businesses become uncompetitive and end up in the long term failing or continuing to require government subsidization, and what that does is hamper the Alberta economy and create undue hardships for other businesses who are in the same market and are trying to succeed. So if you can talk about that a little bit.

8:30

Mr. Minister, you talked about diversifying the economy. Very good. And you talked about the value of tourism. Also very good. However, we do know that with tourism it can be a huge draw to a region, and we certainly get a large share of the tourism draw in Alberta. That's all very good, and I certainly support that as an industry initiative. However, in the long run . . . Oh, I'm out of time. Thank you. I'll come back and finish this thought and some others.

THE CHAIR: The hon. Minister of Economic Development.

MR. NORRIS: Thank you very much, Mr. Chairman. I would like to commend the hon. member for her questions and for the general tenure of her conversation. It appears that while they are opposition members, we agree on the direction that Alberta has to take, and I believe that her comments about our department being much maligned and underfunded are inaccurate. I believe that we have enough resources to do what we need to do, and we'll continue to fight for more where we see the need for them.

Her comments about the province being in virtually the same place as it was 10 years ago with respect to oil and gas could be nothing further from the truth, Mr. Chairman. The diversification program is working, and I will provide her with the documentation and the facts and figures to support that.

She had talked about a five-, 10-, and 15-year plan and the absence of it, and I would like to respectfully disagree with that. We do have a plan. It's called Get Ready Alberta. I'll send her the information regarding that, but it's basically talking about the need for postsecondary education, continuing the skill level of Alberta employees, and making sure that Alberta technology is where it needs to be. To that end, my hon. colleague the Minister of Innovation and Science is overseeing the Supernet, which, according to *Time* magazine, is one of the most brilliant government innovations of the 20th century, and that's another way the Alberta government continues to lead.

With our main value-added strategy that you referred to, I would like to point out that we believe she's exactly right, and to that end we are working currently with four other ministries, most of the ones she referred to. Once again I thank her for being ahead of the curve, and our theory is to continue to build on what we need to do to sell the products at the highest end of the value chain. As the hon. member is probably well aware, commodity prices over the last 20 years have remained relatively flat, while value added has gone through the roof. So that is where our focus is. I can certainly share that information with her.

She referred to our oil and gas reserves being in short supply. Well, I would like to suggest that the hon. Member for Fort McMurray would disagree vehemently with that. The latest estimates based on the total world requirements of oil put the oil sands able to supply us with 200 years' worth of supply. So I don't think that's a problem, but it's clearly something that we want to continue to get away from as we have in the last 10 years.

She referred to our trade offices very glowingly, and I want to thank her for that. I believe nothing is more important when you have a good product than getting out there and letting people know. We have a hiring policy that is extremely strict. These are not patronage appointments in any way, shape, or form. The people have to have a minimum five years' business experience, have to be fluent in the language of the country they're in, and they have to go through a hiring policy that is extremely open and transparent. I'll share that information with the member as well. As a way to keep the cost down, we try to collocate with the federal government wherever possible, such as in the Munich office, which we just opened, and we are attempting to do that in Mexico City and London, England, as well. Why we target those markets is because we respect that they are the biggest sources of foreign investment and trade in the world, and that's where we need to be.

I guess in closing I would like to thank the member for her comments and reassure her that we are not in the business of being in business, nor do we ever intend on being there again. That's clearly an economic pitfall waiting to happen. What we do try and do is to continue having a broad-based low tax. We have the lowest

corporate taxes and the lowest personal taxes. I know it makes certain hon. members of other parties squirm, but we believe firmly that if you leave money in the pockets of those who know how to generate it, guess what? They're going to generate more of it. These are long-term sustainable jobs. These aren't government-made projects, and we encourage the Alberta businessman to continue to set up here, risk his hard-earned capital, because it's the best place in the world to be.

Thank you.

THE CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to have an opportunity to address the estimates of the Economic Development department this evening. I'll start off with a few rather simple questions, I guess, and that is asking for some explanation in terms of the changes in categories in the government and lottery fund estimates.

If you look at last year's budget under Department Summary, the four categories were ministry support services, market development and investment attraction, tourism marketing and development, and economic policy and planning. This year the categories have different names and also a difference in some of the numbers that have been carried over. I wondered if the minister could explain the kinds of changes that have occurred to result in the categories being what we see before us.

I look at last year's budget in the minister's office, and under program 1, performance management, was an item of \$912,000, and it doesn't appear under Ministry Support Services in this year's budget. We still have communications and the deputy minister's office and the minister's office, but we don't have finance and administration, nor do we have performance management.

I raise the questions partly because one of our tasks is to try to track the changes in department spending. We have the same difficulty when categories are changed that have been highlighted by the Auditor General in terms of being able to make valid comparisons when the way that information is reported keeps changing. So I would appreciate some comment on the reason for the changes, and I'm sure that there are a number of explanations for the changes that have had to be made.

I have some specific questions, Mr. Chairman, and would ask the minister if he could provide an update on the implementation of the Get Ready Alberta strategy on page 133 of the estimates and would ask the minister if the department has considered what has happened to the work environment with respect to learning and teachers in terms of drawing and attracting teachers to the province. It seems to me that there's been such a change in the climate that attracting teachers is going to be difficult, and I wonder if that has been a concern of the department. In terms of our high school students, when they start contemplating the future and their options for the future, what kinds of concerns does the department have about retaining those students in the province, and what is being done to help those students at the present time? Is the Economic Development department concerned with promoting Alberta to prospective teachers as a place to live and work? What kinds of things can be done to ameliorate the effects of the current labour disruption?

8:40

Getting ready for the future apparently starts with the youngsters, according to the Get Ready Alberta year 1 report. The best preparation for Laura, Max, Jennie, and all Albertans comes with a healthy start and a good education. We see our youngsters on the steps of the Legislature these days. How is that helping them get the start,

and how does it show the kind of leadership that is talked about in terms of a cross-ministry economic development strategy at the present time? So a number of concerns, and it may not be a concern of the department, but it's something that has been raised with us as a concern for people interested in the field.

There are some specific questions I'd ask while I'm on page 133. What exactly does the \$3 million for strategic economic leadership get us? How is that money spent, and what is the advantage of that for Albertans? What exactly does the \$8 million for industry and regional development buy us? How are those funds going to be instrumental in helping the economic development of the province?

The department talks about responsiveness and effectiveness being enhanced, and again it would be helpful if we had some specific examples that we could draw upon.

Those are the initial questions I have, Mr. Chairman, but I would be interested particularly in the change of categories in the budget documents.

THE CHAIR: The hon. minister? No.

Okay. The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I'm pleased to rise tonight to speak to this department, and I even wore a special tie to recognize the sartorial habits of the minister. It's no match for his ties, but it's as good as I can get.

I'm wondering if we might be able to engage briefly in some discussion on, oh, philosophical or strategic issues around economic development. The budget is significant, certainly. In the overall scheme of the total provincial expenditures it's relatively small, and it is, I believe, a bit difficult to follow trends over the last few years and compare this year with previous years because of significant changes in the budget. There is one I would like to ask about a little later. Perhaps what's most valuable this evening is to address issues that underlie the challenges and opportunities for economic development faced by this department and by the province as a whole. I recognize that the minister may not be able to respond here verbally, but if he is, I'd appreciate that and we can engage constructively in a discussion.

The first sector around which I'm sure we all have some concerns is forestry, the risk that the province's forestry industry will be and in fact is being hit hard by the dispute with the United States. There's a risk, in fact, that I think within weeks we may be seeing significant layoffs in the forestry industry, and I'm wondering if there are strategies in place and if the minister might be able to share those with us. I recognize that some of those strategies may be confidential for negotiating purposes, but at least to the extent that they fit into this budget and fit into the plans underlying this budget, I'd be curious if the minister has any comments on that particular issue.

Do you want me to go through four or five areas, and then I'll open it? We can pop up and down and keep the bloods flowing. Thanks.

THE CHAIR: The hon. Minister of Economic Development.

MR. NORRIS: I don't think he's here tonight, Mr. Chairman. Recognizing I'm insignificant, but it's Economic Development.

THE CHAIR: That's what I said.

MR. NORRIS: Community Development.

THE CHAIR: Well, I beg your pardon.

MR. NORRIS: Well, they're already telling me that it's a small department.

THE CHAIR: But a mighty voice it has.

MR. NORRIS: Mr. Chairman, there's a recurring theme here about how small our budget is, and like I tell my wife recurrently: good things come in small packages. So I don't know what their concern is. We feel very adequately funded, in response to the member's comments, and are proud of the resources we're given.

With regard to forestry the member has raised an excellent concern. Forestry is indeed our fourth largest industry. It employs over 54,000 people. It has approximately \$7 billion in gross revenues, which is extremely significant given the member's comments earlier about diversification. Our strategy at this point is to deal with the Minister of International and Intergovernmental Relations on every aspect that we hear from industry – and we do hear a lot – relay it to his department, which is the lead department, and let him continue the good work he's doing with the Minister for International Trade, Pierre Pettigrew. All of the tariffs that are being suggested have not come into effect, and we continue to work hard to make sure that they are changed prior to their coming into effect.

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

DR. TAFT: Thank you, Mr. Chairman, and thank you, Mr. Minister. The next sector I'd like to address is one that's come up many times in this Assembly and it will continue to for years, I'm sure, and it has to do with electricity, two different angles relating to the electricity sector. One has to do with the concern over prices: prices to industry, prices to consumers. This is, I'm sure the minister would agree, a fundamental building block for Alberta's industry for value added or indeed for any industry.

Electricity has historically been one of Canada's real competitive advantages and one of Alberta's real competitive advantages: the ability to generate and deliver low-cost, reliable power. The last two or three years in Alberta have seen a lot of turbulence around the electricity industry and around prices in particular. The wholesale spot market at least continues to be very volatile for electricity in Alberta, and I worry about that as a threat in a sense to Alberta's ability to attract and hold onto certain kinds of energy, major energies that are heavy consumers of electricity such as some high-tech industries. I know you're not the lead minister on this, but it seems to me to be an economic development concern. So I'm not sure if you have comments on that or if that fits into your strategic plans here at all.

8:50

The other question that comes out of electricity is the issue of exports. Now, we're all in favour of exports, most kinds of exports anyway, from this province, whether it's oil or gas or grain or forestry or manufactured goods. I think there are, however, different kinds of concerns around electricity exports, and I'm a skeptic myself of the value of developing electricity into an export commodity. Again, if the department is involved or not in plans around that and if they fit into this strategic plan and are supported in the budget, I'd be interested in the minister's comments on that.

MS CARLSON: And convince us that we're wrong.

DR. TAFT: Yeah, he can try to convince us that we're wrong if he thinks we are.

THE CHAIR: The hon. Minister of Economic Development.

MR. NORRIS: Thank you very much, Mr. Chairman. It seems to me that last year at this time when I was honoured with this portfolio, the discussion of electricity was relentless, and at that time I believe the hon. Member for Edmonton-Ellerslie was predicting that businesses would be leaving in droves. Well, a year later we know that that's not true, and we have factual evidence, which I can present to her, that says that Alberta continued to have the highest net migration of businesses into the province of anywhere in the jurisdiction of Canada. They understand, as I said then and I will continue to say now, that the Alberta advantage is made up of many things, not the least of which is electricity.

I'd like to point out some of the aspects of the deregulation program that have been remarkably successful. Because of deregulation we now have a viable wind power industry that's forming in southern Alberta. We now have numerous players who would not have looked at Alberta prior to that bringing in more supply. I don't know whether the hon. member opposite believes in supply and demand, as I do, but it drives market prices down. That is a fact of life, and it's happening in Alberta.

I would also like to remind the hon. member that with regard to this specific situation our Premier has stood in this House numerous times and has said: electricity as an export is not on the table until all of Albertans' needs are met. I would also like to remind the member that part of the problem that was created this time last year was that the province of British Columbia, who exports electricity for profit, seized that opportunity to make Albertans pay very dearly because they were in a position to do so.

So I disagree. I believe that electricity, when Albertans' needs are met, is an outstanding opportunity and will continue, as the member has suggested, to diversify our economy. What could be wrong with that?

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

DR. TAFT: Thank you, Mr. Chairman. One of my fundamental concerns with exporting electricity from Alberta is the environmental impact, because as the minister knows, we generate that power mostly through burning coal, and like it or not, there are serious environmental issues there. Nonetheless, we'll move on to the next sector.

I did take note and support the minister's comments on tourism. Through the '70s and '80s tourism was a top priority for this government, and I think it is again now. That is important. I think we all support that.

My questions have to do again with strategy around developing tourism. There were undertaken in the '80s a series of dramatic projects to boost the tourism infrastructure, the tourism magnetism of this province. I'm thinking of events such as the Winter Olympics in Calgary. I'm also thinking of permanent facilities such as the Tyrrell Museum of Palaeontology, the Remington carriage museum, the other equivalent facilities like that, Head-Smashed-In Buffalo Jump and a number of others. Certainly some of those, the Tyrrell museum probably leading the way, have been responsible for attracting hundreds of thousands of visitors a year to this province. Are there plans or strategies in place to continue with that sort of infrastructure development in the province, and if there are, can the minister share any of those with us?

MR. NORRIS: Well, I would at the outset like to thank the hon. member for recognizing what I believe our department has recognized, that tourism is one of the cleanest and certainly most reliable and renewable resources Alberta has. As I say when I tour around the province, it's my personal belief that God was smiling when he

made Alberta, because there's not one part of this province that doesn't offer a tourism opportunity and isn't beautiful.

Tourism is the fifth largest industry in Alberta, as the hon. member probably knows. It employs over 110,000 people, and it generates over 4 and a half billion dollars in receipts. I don't disagree with the hon. member that it may be time to look at new destinations. I know that the hon. Member for Drumheller-Chinook knows full well what a difference the attractions you were referring to, the Tyrrell in Drumheller and Head-Smashed-In, have made to the region. [interjections] On highway 9.

What we are attempting to do now through a strategy that is in place in our department with a cross-ministry initiative is identify where we can find some opportunities to develop, and we will be continuing to do that over the next two years. I can share that strategy with the hon. member at the appropriate time.

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

DR. TAFT: Thank you, Mr. Chairman. The next sector, the largest and dominant sector in the Alberta economy in my view, the sector that separates Alberta, say, from Manitoba, is the energy sector, the petroleum industry. Despite our efforts at diversifying the economy of the province, the economy here is still driven by the energy sector, and I think that the boom or the surge in the economy that we're experiencing in the province is a direct result of the energy sector.

We need to divide that into different components. Obviously there's oil and gas, but there's also the oil sands here. My concern is that conventional oil and gas reserves are declining steadily. I don't think there's any way of denying that, despite the looks from the Treasurer opposite. I think the trend lines on conventional oil are clear, and they've been steadily downward for certainly over a decade, and gas reserves are also nearing a peak and are expected to begin diminishing in the near future as well. I think we all share the concern that while the oil sands are practically limitless it seems, the conventional petroleum reserves are not. Indeed, we've been in a position in Alberta where revenues to the province from gambling have passed those from conventional oil some time ago.

[Mr. Klapstein in the chair]

We talked earlier about the Tyrrell museum and the importance of that place for the Drumheller area and the whole river valley through that area. If you tour that river valley, as you drive down the highway, say, from Drumheller to Dinosaur park, you will go by a remarkably large number of abandoned coal mines, coal mines that were flourishing in 1950. I think that there were over 100 coal mines in the Red Deer River Valley in the Drumheller vicinity in 1950, and by 1965 there were less than 10. The problem wasn't that the coal ran out; the problem was that the demand shifted from coal to diesel for the railroads.

One of my concerns is that we at some point, because of technological developments, could face the same situation with demand for liquid petroleum. At the same time that President Bush of the United States announced the desire for a continental energy policy, I think he made provisions for something like an \$800 million investment in alternate fuels. I see that as a potential threat to the economy of this province, and I'm really looking here for, again, a philosophical or strategic reflection from the minister, recognizing that undoubtedly the lead minister on this is the Minister of Energy. Nonetheless, this is an Economic Development concern of profound magnitude for our province. Has his department got strategies in place? Are they working with other ministries to look at issues around the decline of our energy reserves or the potential that they

may be made simply irrelevant through new technologies that don't need that sort of resource?

9:00

MR. NORRIS: Well, again, Mr. Chairman I'd like to thank the hon. member for the opportunity to have a broad-based philosophical discussion if that's what he wants to engage in. Conventional supplies may well indeed be dwindling. I'm sure the members for Calgary-Varsity and Calgary-Foothills would know more than I about that, and we can certainly talk further about that. I can tell you that the Member for Fort McMurray will, I'm sure, back me on what we referred to earlier. I guess what I would point out and one of the reasons I'm very proud – and I don't want to risk offending the hon. Member for Edmonton-Ellerslie by being a tub-thumper or a chest-beater. Is that what it was? I believe that Albertans are extremely resilient and have proven to be over the course of the hundred years that we have been in operation. Our department to that end continues to talk to other ministries on a regular basis and has seconded a member to our department now for a specific value-added strategy.

The premise of the value-added strategy is broad based on all of the top 10 industries in Alberta. It doesn't focus solely on oil and gas or agriculture or forestry or tourism or petrochemicals or environmental services or any of the others but on all of them. The idea, as I said earlier in my opening remarks, is to find the resources and the strategic direction to say what we can do in environmental services, for example, which started out 10 years ago as a virtual nonindustry and is now a \$3 billion a year industry and world respected. How do we encourage those industries to continue recognizing Alberta as the place to do business from? Our value-added strategy, which I will share with the member, addresses all of those concerns on a very broad base. So if conventional oil and gases do dry up, because we know they will at some point in time, I'm not as worried that we are not replacing them with other industries.

One of the ones that I'd like to touch on that I feel very passionate about is the aerospace industry. Unfortunately, due to federal intervention certain parts of the country have continued to get an extremely unfair advantage in the aerospace industry, and I don't think I need to go into those areas, because you probably know them well. But the Alberta government and our department now are focusing on the aerospace industry that is centred in and around the Calgary airport, which is a huge economic driver, but also around the Edmonton airports and saying: how can we develop the platform that will make the Boeings and the Spars and the Airbuses of the world want to use our strategic hub and our low dollar, et cetera, to service the American market? To that end, SAIT has made an announcement that they have set up a school that will address that exact thing. It's a \$12 million initiative being set up at the airport in Calgary, which is remarkable by any stretch. It's a North American first, and it is being put there solely to address the aerospace industry's needs and to develop that to take it from a 10th place, \$1 billion a year industry to maybe a fourth or a fifth and to start value-adding and continuing the diversification.

So I think I will share those comments verbally and get you the written information that you are asking about.

DR. TAFT: Thank you. I appreciate that. One last question. I'll go from one extreme to the other, so will go from the strategic discussion we've been having to a particular line item. I might not have heard my other colleagues mention it, but I want to make sure the question is raised. I'm on page 134 of the estimates. Ministry revenue takes an enormous rise, if I'm reading this correctly. The estimates are – oh, okay. Sorry; I can sort this out myself. It looks

like you're getting a very substantial contribution from the lottery fund, \$14.1 million. I would be interested to know what that's being used for, and is that one time only or is that going to be ongoing?

MR. NORRIS: That represents the tourism initiative. The \$14.1 million is community lottery funds for tourism. I'll get a further answer for that.

THE ACTING CHAIR: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you.

MR. NORRIS: Stand up.

MR. MASON: I can't even get started without getting heckled by the minister.

MR. NORRIS: I love you, man.

MR. MASON: It's tough love, though; isn't it?

Mr. Chairman, I appreciate the opportunity to speak about the estimates of the Economic Development department and to speak to issues raised by the minister. I appreciate his forthrightness and his being prepared this evening to operate on a fairly interactive basis. That's much appreciated and I think certainly makes it a more meaningful kind of process than it sometimes is.

I wanted to talk about five major areas and to ask the minister to respond as he sees fit to each of them at the end. The first one is the whole question of value-added as a concept for economic development. That means, at least to me, that to the extent possible, we do the processing, the manufacturing, the secondary and the tertiary processing here in Alberta. In my view, that will do a better job of creating long-term and well-paying employment for Albertans than simply exporting raw product.

There are a couple of areas that I'm particularly interested in. The first one is forestry. I wonder if the minister could comment on initiatives to increase the value-added component of forestry in this province and to ensure that to the extent possible we are exporting products with the highest level of finishing possible and what the government and his department are doing to enhance those opportunities for our province.

The area that gives me, I think, the greatest concern, Mr. Chairman, with respect to value-added is in the whole area of exports of natural gas. We know that that's a very limited commodity, but there was a policy change a number of years ago with this government that allows the export of natural gas in its raw form from the province. Previously government policy under Premiers Lougheed and Getty required that many of the components of natural gas that are useful in building petrochemical and pharmaceutical industries and so on had to be stripped out and retained here in Alberta. I noted that the Minister of Energy a few months ago was making comments about the potential for a natural gas pipeline from the Northwest Territories and Alaska coming through Alberta and his desire to see those very same chemicals taken out of the gas so that they could support a petrochemical industry in Alberta. But we're not doing as we say in this respect, and I wonder if the minister could comment on that.

I note also – and I'm sorry I don't have the name of the gentleman – that a number of months ago there were some public comments made by a senior executive with Celanese to the effect that they will not necessarily be able to sustain their industries in Alberta if they can't maintain a long-term supply of the appropriate raw materials, which in their case come from natural gas. So it seems to me, Mr.

Chairman, that in respect to this policy – and I appreciate that it's not directly under this minister's control, but I'd be interested in his comments – it certainly seems to me that what we're doing is exporting jobs by not insisting that the components of natural gas that are useful for petrochemicals and pharmaceuticals be retained here in Alberta in order to support those industries taking place here. I'd indicate also my view that something like a pharmaceutical industry is something that can be sustained in Alberta over a long period of time because transportation costs are relatively low given the nature of the product and the high value that it has.

9:10

I want to talk secondly about sustainability, and I want to come again to natural gas and to forestry. Some figures that I've seen recently indicate that in terms of proven reserves for natural gas we now stand at less than 10 years. The construction of a number of pipelines, particularly the Alliance pipeline, has allowed the export of raw natural gas from this province at an ever accelerating rate, and this quite frankly is a concern. It's not that we shouldn't be exporting gas and shouldn't be making money for the Alberta economy by doing that, but we need to take a look at how it occurs over a period of time and how quickly we allow that to occur and what we have in place for when the natural gas runs out. It certainly seems to me that while there may be more gas discoveries – and I'm sure there will be – it becomes more difficult and more expensive to find, and eventually you do tap out all of the practical reserves that may yet be discovered.

This is important also because natural gas revenues form such a very significant portion of government revenues. We talk about oil, but what we really need to understand is that the natural gas royalties form the lion's share of the royalty revenue for the province of Alberta, so there's also a government revenue issue associated with this. I'd be very interested in the minister's comments about whether or not we are depleting our natural gas reserves at a very, very high rate, what we're going to do when that happens, and how we will be able to sustain a petrochemical and a pharmaceutical industry in the province once the natural gas is gone.

The third area I wanted to talk a little bit about has been touched on already by the hon. Member for Edmonton-Riverview. That has to do with electricity, and this is a serious concern. I appreciate the minister's comments that we're able to sustain wind power, for example, but the primary reason for that, in my view, is that we have now sustained higher prices for electricity in Alberta. I certainly support wind power, but I concur with the comments of the Member for Edmonton-Riverview that long-term higher electricity prices are a disadvantage to the Alberta economy and that we would be better off maintaining a regime that can supply steady amounts and appropriate amounts of electricity at a relatively low price. I think that would really enhance the viability of Alberta's industry and enhance its competitive position. So even though the minister has already commented on that, I think it would certainly be nice if he'd elaborate a little bit on whether or not he believes that in the scheme of things – and I agree with him that there are a number of factors that you need to take into account – electricity is essentially the lifeblood of a modern economy and that to maintain it in a relatively low-cost environment is very important.

The fourth thing I would like to raise, Mr. Chairman, is the whole question of the education and research institutions in our province and their relationship to economic development. Certainly we've moved well past the time when we were merely hewers of wood and drawers of water, but if we're going to continue in that direction, there needs to be a closer relationship between our research and our education facilities and our economic development activities, and the

commercialization of research I think is an important part of that. So I'd be interested in the minister's reflections on where we're going and where we should be going in that respect.

The fifth point that I'd like to raise, Mr. Chairman, has to do with participation of Albertans in economic development. There are a couple of areas that I would like to raise, because one of the things that is occurring in this province is that there is a growing polarization between rich and poor. As a whole the province is becoming richer; there's no question of that. The economy is strong, and if oil prices bounce back, as it certainly seems they're going to given the situation in the world today, then that will continue. But there is still a serious problem with poverty in the province, and there is a significant sharpening of the contrast between rich and poor in our province. It's not limited to Alberta, but clearly the government's policies have not overcome that tendency, and I would like some comments with respect to that.

One of the ways that I think that can be achieved is through the encouragement of small businesses and businesses in the home. It's well known that a large majority of jobs are created by small business. So I would like to know specifically in the various sectors what the minister is proposing or his department is doing in order to facilitate small business participation in the economy, because in a very real sense, Mr. Chairman, that means the participation of Albertans in their own economy in a very significant way. It's something that I think should have a higher priority. At least in the documents that I've been going through from the ministry, it's primarily a sectoral approach – agriculture, tourism, and so on – but not as much as I would like to see about how we specifically target opportunities for small business people and people working in their homes within each of these sectors. I'd like to know if the department has specific sector-by-sector plans to promote small business.

I would also like for the minister to address the question of aboriginal participation in the Alberta economy. There is some mention of it in terms of cross-ministry initiatives in this report, but I certainly think that there's a lot that has been done but more that could be done. I'd like to get the minister to respond to how successful the province has been in encouraging participation of aboriginal Albertans in the economy, and if he can give us some ideas in terms of numbers, it would be very useful.

[Mr. Tannas in the chair]

So just in conclusion, Mr. Chairman, I think that there are a number of areas which require more detail, and they are: the role of value-added and efforts to increase that, the sustainability of key sectors of the economy, the infrastructure in order to support an economy and provide a price structure that allows Alberta industry to continue to remain competitive, the integration of our education and research institutions with Economic Development, and the issue of the equitable participation of all Albertans in the economy that we have.

With that brief summary, Mr. Chairman, I'll take my seat, and hopefully the minister can enlighten me.

THE CHAIR: The hon. minister.

MR. NORRIS: Thank you very much, Mr. Chairman. I will be delighted to respond to the hon. member's comments. Whether we ever agree or not remains to be seen, but actually one of the delights and beauties of being in politics in Canada as opposed to some jurisdictions in the world is that you and I can agree to disagree until the cows come home, and we probably will. But it's the democracy that we love and support that allows us to do it. I for one am very

proud to be able to say at the end of the day: we may never agree, hon. member, but that's the way it is, and that's just fine. So I'll answer the questions that you pose to me and appreciate the opportunity to do that.

9:20

I believe that the first thing you touched on is forestry. I would like to again at the outset say, as would the Member for Athabasca-Wabasca, who is far more knowledgeable in this than I, that forestry is vital to the province of Alberta and to its success. But we do not want to be shipping out wood when we can be shipping out furniture; you're exactly right. To that end, I will refer again to our value-added strategy, which talks about working in conjunction with industry rather than imposing certain ideals that we have. We do have and have had several workshops. I'll be attending one in May in Jasper to discuss with the forest industry what they feel we can do as a government to facilitate that and then try and continue formulating that in our value-added strategy, recognizing that there's absolutely no such thing as a quick fix. If the market that we on this side of the government believe in dictates that we are not going to get involved in subsidies – some of the hon. members encouraged us not to earlier, so I appreciate that – we are going to let the market decide. I know, given that, that Alberta businesses will rise to the challenge and get to the value-added stage that I think you and I both want. It is part of our value-added strategy, and I will be able to share that with you further in a written summation if you wish.

You've talked twice about natural gas. Once you spoke about it, then you went to something else and came back. So I'll address natural gas and your concerns in a very broad-based response. The current reserves for natural gas will certainly last longer than you and I will be in this building and, based on certain track records, maybe longer than both of us. Having said that, we are looking at ways to continue to bring natural gas in to feed the petrochemical industry that you referred to. You continued to refer to a pharmaceutical industry. Maybe you know something I don't, but I believe that you probably meant petrochemical.

The interesting thing about natural gas is that it is a commodity that is traded where it comes out. It's not like oil, which is a commodity that has a world value. So what the government of the day did to encourage the establishment of the petrochemical industry was the right thing to do at the time. What we can never do, nor will the Alberta government do – and I'm sure the former Minister of Energy will support me on that – is legislate where people can and can't sell their product. I think you're referring to the Alliance pipeline, which took natural gas resources out of Alberta into the mid-west United States. That was a market decision made by the producers, supported by the NRCB. The Alberta government had intervention status in that, and that went ahead.

Now, what I was referring to, hon. member, is that the massive gas finds that are in northern Alaska have to come down to the lower 48 somewhere. Because the infrastructure is there, just in and around Edmonton, what our job to do with the producers – and that's what I was doing in Dallas when you referred to that comment – is to make sure they understand that in Alberta we have the infrastructure they need. These are not plants you can set up on a whim and with \$100 million. These are several billion dollar plants. We have them all here. Our job is to tell them that and to make sure they understand that and that we have no sales tax, the lowest personal taxes, and the lowest corporate taxes so that the market itself is driven into Alberta. That is how we are going to ensure that those industries continue to flourish for many years past our tenure here.

You had referred to a specific company, and I know the company. It's located in the hon. Minister of Children's Services' riding. I

would be very remiss and it would be inappropriate of me to comment on a specific company and their business decisions. I don't know what went into how they made that decision. I don't know what their infrastructure is like. I don't comment on their business decisions. I know that similar industries are not having that concern because the price of natural gas, as you know, has come down dramatically since the time last year when that was a concern. But we will monitor. You're absolutely right: it's a feedstock, and we need to do what we can.

Electricity prices are not causing an unfair advantage in Alberta. There is no evidence of that. In fact, the evidence is all to the contrary. As I said, businesses have moved in on a net migration basis far higher than anywhere else in Canada, and there's a reason for that. Are we concerned about where electricity prices might go? Of course we are, the same as any other industry and the feedstocks that are required. But as I said earlier in answer to the hon. Member for Edmonton-Riverview's question, the deregulation in our estimation has allowed a freer market to continue to produce more electricity. More supply means cheaper price.

You have raised the concern of environmental standards, and I'd like to take a moment to talk about what I believe are some of the best environmental practices and standards in North America, which are right here in Alberta. We believe that the Alberta-based businesses are using best technology and are trying to get to a cleaner burning situation. As the hon. member must know, we have some of the highest emission standards in all of Canada, so I don't share your fear that using the natural resources that we have, which are natural gas and coal, to produce electricity will cause as much environmental damage. In fact, I disagree that they will. The evidence doesn't support that.

One of your comments that you and I can agree on tonight wholeheartedly is that educational institutions are not only an integral part of a community, but they are vital – absolutely vital – to economic development. We have to look at outside-the-box thinking and talk about them as a part of the community, which is a massive economic driver as well as a good source of education, a good source of diversification, and a good source of producing skilled labour. To that end, you're probably well aware that the University of Alberta was just awarded the nanotechnology centre for all of Canada, which is a marvelous thing. I alluded to SAIT having a breakthrough at the Calgary regional airports. There are a number of success stories. My department has got educational institutions on the radar and will continue to promote them in any way, shape, or form that we can. You are absolutely correct on that.

With regard to how we treat the rich and the poor in this province, although it does not fall under my ministry – it would certainly fall under the Minister of Children's Services or human resources far more – again, I could not disagree with you more. The tax treatment that we have is broad based and by far the fairest for not only low-income earners but the highest. I would remind the hon. member that the tax cutoff for low-income wage earners is the highest in Canada. It does not get any better than in Alberta. You can make the most money before paying taxes in the lower brackets than anywhere else in Canada. We have support systems that everybody in Alberta knows and respects, and we do take care of our poor. I believe, like all members on this side, that society isn't measured by how it treats its wealthy; it's how it takes care of those who can't help themselves.

There is probably one fundamental place that you and I will disagree, and that is that everybody has the opportunity to survive and succeed. It is not the government's place to promote that, and that's where we will always disagree. If you want to do something in Alberta, you have the ability to do it, and if you believe that

somebody attempting to raise themselves up should be taxed or brought back to a lower level to help people who aren't doing that, then we'll always disagree. If you are talking about people who will never have the opportunity to earn money, yes, we are on the same wavelength, and I again believe that our province treats them as well if not better than anywhere in Canada. I would disagree with your contention that the rich are getting richer and the poor are getting poorer, because the very fact of the matter is: without people who are generating income, you have no social services. Period.

The government can't print money unless it goes into a deficit or debt, and we're not going to do that. You've heard that over and over again. So the only way that social service programs are supported in this jurisdiction is by people who want to go out and risk capital and generate wealth, and that wealth is then taxed and put into social services. And guess what? Per capita we spend about as much as we need to to provide the services, and we're all very proud of that. So you and I will never agree on that point, and we can talk about it endlessly if you'd like.

I can tell you right now as a former small business owner that this was the best place in Canada to do business and I was happy to pay my fair share, and I emphasize the word "fair". It has nothing to do with taking the incentive out of my getting up and going to work to make sure that people who don't want to are leveled out. On that one we will probably never, ever agree, but again the beauty of this House is that now we agree on something.

More than you would ever know, hon. member, small business is indeed the backbone of the Alberta economy, so much so that 95 percent of all businesses in Alberta qualify as small businesses. As I said, I'm a former business owner myself, which qualified as a small one, and I understand that those are the people that get up every morning and create real jobs and they create tax dollars and they create employment opportunities. To be supportive of that, we have a number of initiatives, not the least of which are our regional offices which are centered around the province. There are 10 of them, and we encourage businesses who have any concern, large or small, to access those offices. There are a number of support mechanisms that they have the ability to use, and those are free of charge. Those are free of charge because they are supported by the business community that pays the taxes to provide those services. So you can go into Grande Prairie or Fort McMurray or Carstairs or Cremona, and you'll have access to this kind of information.

9:30

The second thing I'd like to point out is our economic alliances, which we're very proud of. We have some very good ones. They are now being recognized as a model around the province. What they do is encourage regions to band together and promote the strengths of the region. Most specifically, the recent one that we signed off was Wetaskiwin-Millet. It may sound very odd being that Wetaskiwin is with Camrose as a provincial riding, but Camrose and Wetaskiwin are very different. Wetaskiwin and Millet are very similar. They formed an economic alliance, and now our department can go and help service those small businesses in that area.

We have a web site that is free of charge to anybody in Alberta. They can access it whenever they want, and it's full of information for small businesses.

The final thing that I'd like to point out to the hon. member is that our department does actively support the Business Link, which is an initiative supported by the federal government, the city of Edmonton, and ourselves, and we believe that it's an outstanding resource place for businesses to come and get access to information, education, and resource tools to help them grow their businesses. We will

never pick winners and losers, but we will certainly put in as many pieces of the puzzle that they need to continue succeeding.

Again, as I said at the outset, I thank you for recognizing in this Chamber that we can certainly agree to disagree. If I haven't answered any of your questions here, please contact us, and we'll get the written answers to you.

THE CHAIR: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you, Mr. Chairman. I just want to briefly correct one misapprehension that the minister seems to be under, and that is that we in our little corner of the House are advocating that when someone starts to get on their feet economically, we want to tax them back down. That's certainly not anything that I said. It's fine if the minister wishes to disagree with me on things that I've actually said, but he shouldn't be disagreeing with me on things that I have not said.

The last point that I want to make, Mr. Chairman, is with respect to the polarization between rich and poor and the levels of poverty and so on that are existing in the province. These are not matters of opinion. It's not a matter of my opinion or a matter of the minister's opinion and that we can disagree as hon. members. There is statistical evidence that clearly indicates that this is in fact what's happening.

Thank you.

THE CHAIR: The hon. Member for Cardston-Taber-Warner.

MR. JACOBS: Thanks, Mr. Chairman. I'd just like to make a brief comment and ask a question of the minister. First of all, I'd like to commend the minister for his enthusiasm for his portfolio. He has a great subject. Alberta is a great place and truly is a place that we should be grateful to live in, and I commend the hon. minister for his enthusiasm for Alberta and for the way he promotes economic activity here. I also appreciate very much the stand he takes on free enterprise and keeping government out of business and creating a climate for people to want to do business and invest their money and keep this province going. I totally agree with him on that and commend him for that.

Many things have been covered tonight, and I don't want to take more time on other areas, but I notice that one of the goals is to "increase participation of Alberta communities in regional economic development." That caught my interest because I represent a riding that is a rural riding, and I sense the frustration in rural Alberta with trying to create economic development and create jobs and keep people in the communities. Many rural communities are really struggling to maintain their population base and are looking at ways to stimulate economic activity. I know they're looking to us as governments to try to help them solve the problem. I was interested recently to learn of a project in southern Alberta. It's called Mounties to Mountains, and it's a group of communities that are getting together to try to encourage regional economic development.

So I guess my question to the minister is: could you expand a little bit on this goal about increasing economic development on a regional basis? What are some of the things you have in mind, and what are some of the things we can do to sort of stimulate more activity in some of the rural communities that are really struggling to remain viable?

Thank you.

THE CHAIR: The hon. Minister of Economic Development.

MR. NORRIS: Well, thank you, Mr. Chairman. At the outset I

would like to thank the hon. member for his comments, but I must remind the House that the class of '93 under our Premier set up a place that . . .

AN HON. MEMBER: How long is your tie, buddy?

MR. NORRIS: I'll take that question under advisement and get an answer later.

I would like to remind all members that because of the courage and guts of the classes of '93 and '97 we are in a position where I can join this team and have the honour of promoting Alberta as the economically viable and wonderful place it is. I don't think any of us in this House or on the opposition benches should forget the courage that it took to turn around the good ship Alberta and put it in the position that it is in now. Reports continue to come out, as recent as yesterday, Mr. Chairman, that Alberta has not only weathered the storm but is an economic elephant in the face of all economic challenges that were faced. I do thank the hon. member for his comments, and I will continue to be positive because it's a very easy thing to be positive about. The Alberta advantage is real.

With regard to his question about rural Alberta in my mind nothing could be more important for our department to accomplish than a successful and tangible rural development program. As we all know, there is very little oil on Jasper Avenue, and I suspect that except at Stampede time you probably won't see a lot of cows wandering around Stephen Avenue Mall in Calgary. Those resources that we cherish and love so much are all in rural Alberta, Mr. Chairman, and unless we recognize and get a handle on that, the fact that rural Alberta is somewhat disadvantaged, then we will have a big problem on our hands 10 or 20 years down the road.

To that end, in answer to the hon. member's question, the regional alliance theory is one that is taking hold in that it allows us to maximize our resources. As I said, certain regions have certain similarities that they can group together and promote. In the hon. member's area the Palliser Economic Partnership is in place and by all accounts is thriving and working very well, similar to the Central Alberta Economic Partnership, which is the hon. Minister of Innovation and Science's riding, and PREDA, which is the Peace region district, which of course takes in all of northern Alberta. These alliances have proven to be successful in that they allow rural Alberta access to information they might not otherwise have, and I will certainly get more information to the hon. member about how they work and how they might benefit his rural communities.

Two other things I would like to mention. The hon. Member for Edmonton-Ellerslie alluded to it earlier, that our department does cross with many other ministries, and one that I'm very proud of the work we're doing with is the hon. minister of agriculture's department. To that end, we are now working on what we are trying to call a blueprint strategy for rural Alberta, whereby any small business or any business existing in rural Alberta can call our department and have access to a very simple plan in order to either start or promote an existing business. I'm told by my deputies and the deputy of Agriculture and Rural Development that they are proceeding at a great pace on this, because we both recognize the vital importance of it, and I will be delighted to give the member some more information about that.

The other thing I was going to mention, the final point – I alluded to it earlier, Mr. Chairman – is that I sincerely believe that tourism is sadly overlooked as a vital part of rural development. We all recognize that people come to Alberta for the beauty of the mountains and the excitement of West Edmonton Mall, but our challenge is not to let them go into British Columbia, as they are doing at a great pace, but to keep them in Alberta.

One of the ways we're doing that as a department is through the promotion of rural Alberta destinations and circle tours so that when you come to Edmonton, we can prepare a three-day trip that may take you to Cold Lake or Grande Cache or Bonnyville, or if you go to Calgary, you'll certainly go to Drumheller. You may end up in Chinook. You may end up in the Crownsnest Pass. But this is all rural development, because they have to have services once they get there, and that's part of the overall tourism strategy that I and my department will be bringing forward hopefully in the next month or two to address the need for recognizing tourism as a rural development tool. I will share that, as well, with the hon. member.

9:40

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

MS CARLSON: Thank you, Mr. Chairman. We certainly appreciate the participation of the minister in answering the questions this evening in some detail and as we ask them. I have a couple of questions that I would like him to answer in that fashion, and then after that I have a whole series of questions that don't actually need to be answered tonight but that we would hope would be answered in writing at some point in the future by his staff. In addition to that, it looks like we might not get to all of the questions. If we don't, could we send them to your department and have them answered in a timely fashion?

MR. NORRIS: In the spirit of co-operation that is floating through the House tonight, Mr. Chairman, I would be delighted to answer any questions that are appropriate and that I have the ability to answer. In the event that I don't, I would invite the hon. member to come down to my office, check out my collection of ties, and we can talk further.

MS CARLSON: Mr. Chairman, I don't know if I want to co-operate quite that far, but I thank him for the offer.

MR. NORRIS: It's all about the love.

MS CARLSON: Well, maybe on your side, but let me tell you, there are some fences.

Mr. Chairman, one of the questions I have that we would like the minister to answer tonight is on tourism, and he spoke about it just a little bit a moment ago talking about circle tours and other regional alliances. We still often hear in this province that the majority of the tourism support and the focus in the province is on the Banff-Calgary region and that southern corner. I know that those are top-of-mind areas for global visitors, but of course we have other great, outstanding areas in this province. Could he tell us what the vision is for the department in terms of the entire province and how they see changing the balance, if that's part of the focus?

MR. NORRIS: Yes.

THE CHAIR: Pardon me, hon. Minister of Economic Development. I appear to have two ministers who are anxious to either answer the question or to ask a question. The hon. Minister of Municipal Affairs has tried a number of times to get in.

The hon. Minister of Municipal Affairs.

MR. NORRIS: I know where you live, Guy.

MR. BOUTILIER: Thank you, Mr. Chairman. I'm so glad the minister does know where I live, but I would just like to echo the

comment the other day in question period that I am the Minister of Municipal Affairs, not of Community Development or anything of the sort.

I would like to pose a question to the hon. minister. In his budget it's been my observation in the last year, during his time as minister, that the energy and enthusiasm that he's brought to the ministry are important in this way. The people that work within his department, traditionally government, have taken the attitude that economic development is just simply government's responsibility and that we have to protect it and take care of it. I heard the minister on numerous occasions say that economic development is everyone's business, and that, I believe, is so important in the spirit of how we work together in partnership. So I just want to say that the dollars that are used in partnership with those many stakeholders are important if it is intended within his upcoming budget this year to continue to build on that partnership, to stretch a dollar where other sector people, such as private, such as public/private, are participating in economic development initiatives.

THE CHAIR: Hon. Member for Edmonton-Ellerslie, I don't know that that answers your question. It may be just something on the side. Do you wish to ask a further question, or should I go to the minister?

The Minister of Economic Development.

MR. NORRIS: Well, in response to the Minister of Municipal Affairs I would like to thank him for his comments and remind him of our glorious days at Saint Francis Xavier University, where we both shared an awful lot of enthusiasm but fueled under different circumstances, Mr. Chairman. He, also, has not lost his energy and his vibrating personality, and that's wonderful to see.

Where I think I can answer the minister's question is that most if not all of our tourism initiatives are matching dollars, and that is a very valuable point he's brought up. It is not the government's job to promote or handpick industries, nor is it the government's job to be in the business of business. As I alluded to earlier, we do provide tools to business and industry and hope that they utilize them. I again thank him for his comment and his undivided attention.

With regard to tourism the hon. member has touched on something, as I said earlier, that is very near and dear to my heart. To that end, I asked the hon. Member for Edmonton-Glenora, who has a wealth of information and experience in tourism, to chair a committee that was struck in the summer of 2001. They were challenged with going out to the stakeholders in Alberta and finding out what works in our tourism and what doesn't, and to the government's credit the STMC, or Strategic Tourism Marketing Council, which was set up by the current Minister of Finance, then Minister of Economic Development, is working extremely well.

In order to equalize what's going on in the province, we have set up what are called tourism destination regions, of which there are six: northern Alberta, central, mountains, Edmonton, Calgary, and southern. Each of those regions receives \$300,000 as part of our budgetary expenses, and with that money they are encouraged to promote tourism in their regions and develop tourism initiatives so as to equal out the perception that the mountains, Calgary, and Edmonton are getting the lion's share of the money. That's one way we are leveling out that playing field.

The other way, as I said, is in our new tourism initiative that we are bringing forward. Part of that component is rural tourism and agritourism, which is something that I think is going to be the wave of the future, and our department will continue to equalize the money that is coming in, as you suggested, from the mountains. But at the outset, in conclusion to your question, I would suggest that

any marketer, given what we have in Alberta, would never, ever ignore the mountains, nor would they ignore Calgary and all it offers, nor would they ignore Edmonton, and we would be at our own peril if we did. What we have to do is emphasize what's outside of those centres, and that's what we'll try and do.

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

MS CARLSON: Thank you, Mr. Chairman. I think that was an excellent answer offered by the minister, and we're happy to see that he's progressing that way. I now know which meeting it was that I accidentally walked into some months ago that the minister was chairing.

I have a question that I would like him to answer on the Kyoto protocol and that whole issue of CO₂ emissions. Is this ministry providing any support on the government position on opposing the Kyoto protocol, and does the minister see the economic benefit of promoting trading credits and permits, and is his ministry doing anything . . .

MR. HLADY: It's a trick question.

MS CARLSON: No, it isn't actually a trick question at all. I would believe that his answer to the first one is no and the second one is yes.

Thank you.

MR. NORRIS: Mr. Chairman, as the hon. member probably quite rightly knows, this matter does fall under Energy, but I am delighted to talk about it. I don't think there has been a more foul and unfair proposal brought forward on the province of Alberta since the national energy policy, and it's time that we discussed this in an open and frank fashion.

At the heart of this Kyoto protocol there is an unknown quantity called tax credits. Our biggest trading partner in the world is 400 miles to the south of us. It's called the United States of America. They have no intention whatsoever of signing on to this protocol, leaving us at a massive competitive disadvantage, because they see the inherit folly in this whole protocol, which is that it's inherently unfair, Mr. Chairman. If you have any hard and fast evidence other than theories that have been put forward, the government of Alberta is as diligent as any other government in the world in protecting their environment. I have kids. I know most of the hon. members do. We have no desire to ruin our environment, but there is an economic challenge associated with the Kyoto protocol that will devastate Alberta quite simply.

Our challenge right now is to find out what the federal government is doing very benevolently on our behalf without telling us, and to that end I am going to be meeting with some of my counterparts in Ottawa in two weeks to try and get answers, because this protocol does have the inherent possibility of devastating Alberta. Let's not be foolish about it. What it does is it establishes tax credits, but we have no explanation of how to trade them. It talks about sinkholes, but we don't know what they are, and they're racing ahead to sign this protocol without even consulting with the lead ministries, which are certainly Environment and Energy, and secondarily my ministry.

9:50

So my role right now is to push as hard as I can for Alberta industry, which drives this glorious province, and say that this protocol is wrong the way it is, absolutely wrong. Until it's fair, I will continue to encourage all government members not to look forward at this protocol but at a made-in-Alberta or a made-in-

Canada solution that works with our biggest trading partners, the United States and Mexico.

I would like to remind the hon. member that of all the greenhouse gases in the world, Canada is responsible for 2 percent. Of that 2 percent, Alberta puts in its fair share with Ontario and British Columbia and other industrialized provinces. What this protocol overlooks is that China, the world's biggest polluter, India, the world's second biggest polluter, and South America, the world's third, have no intention of signing on to this.

So all you're doing by encouraging that is penalizing Alberta businesses and redistributing wealth. If that's a solution to emissions, it's an illogical one. This has nothing to do with curbing those countries' emissions. It has everything to do with forcing Canadian businesses to revert to emission levels that were prior to 1990 and are not sustainable. So if you want my direction on what we're doing, we're going to fight it every step of the way.

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

MS CARLSON: Thank you, Mr. Chairman. A follow-up question to that is: what does the minister see as the solution to containing emissions? I'm not saying even reducing but containing them globally? And a second question: what will be your participation in the G-8 summit this June?

MR. NORRIS: Well, I thank the hon. member for that question. What I see is what I continue to see as I travel around Alberta: to encourage Alberta businesses to lead the nation in best practices. In regard to the emissions, when we are talking about coal, as I talked about earlier, we do have the highest emission standards in Canada. We will continue to encourage the study and the research of clean-burning coal or, as our Premier likes to call it, coal by wire. There are a number of ways to get to that point, and I would favour a model that the Americans have proposed: rewarding businesses who fuel the economy rather than penalizing them. To that end, I will be looking at their model and trying to bring forward some ideas on that.

With regard to your comment about the G-8 summit our involvement will be to ensure that the tourism opportunities in Alberta are not limited to Albertans, because they are taking place in our national parks, that are controlled by the federal government. That's of vital importance. I noted recently that numerous opportunities are going to be closed down because of the G-8 summit, so we are going to be working with our federal counterparts to see how we can alleviate that. As a method of marketing Alberta we have made an arrangement with the federal government to have displays on hand at the G-8 to talk about Alberta and its obvious advantages and opportunities, and that will be our involvement in the G-8 to date.

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

MS CARLSON: Thank you, Mr. Chairman. I would like to return to a discussion that the minister and I had in our earlier comments about their long-term strategic planning. When I talked about having a five-, 10-, 15-year plan for economic development in Alberta, he referred me to the Get Ready Alberta paper that was produced. What I have before me is the Year One Report to Albertans. So, Mr. Minister, if there's more information available on this program, I would be interested in seeing that.

In terms of this being a long-term strategic direction, I think it's a good opener. I think what you've come forward with here is a good idea, and the goals are excellent starting points, but they are, in fact, just starting points. They talk about "unleashing innovation"

and the goal being “Alberta is a world leader in innovation, research, development and commercialization of new ideas.” It’s an opener. It doesn’t tell us where you expect us to be. You list what we’ve accomplished in one year, but you don’t tell us where you expect us to be as a province on these particular issues in five years, 10 years, 15 years, or 20 years. I’m hoping that that is the intent here, that you’re going to go there and you can share that information with us.

The same, Mr. Chairman, when we talk about all the rest of the very excellent goals here: leading in learning, competing in a global marketplace, and making Alberta the best place to live, work and visit. Exactly what are the benchmarks that you’re measuring success by? If you could share those with us, I would be very appreciative of that.

Particularly under the “leading in learning,” in the list of the major first-year accomplishments, you talked about “increasing the number of participants in training and employment programs who felt they learned new skills to 88%, up from 83% in 1999.” A great goal but could we have some more specifics? Where are these people coming from? How many of them are retraining? So how many people are cycling through the training programs more often? Is this specifically aimed at addressing the shortage of skilled labour that we have in this province right now, particularly with regard to the trades? I see that you have listed in your core businesses as one of the current challenges, “workforce and skill shortages”. I think we need more information than just what is given here.

If you could answer those few questions briefly, we will submit the rest of the questions we have, which are more specific, itemized questions on the budget, and conclude our remarks for this evening.

THE CHAIR: The hon. minister.

MR. NORRIS: Thank you very much, Mr. Chairman. As we conclude this session, I would like to thank all the hon. members opposite for their hard-hitting and insightful questions. I certainly appreciate the chance to talk about this ministry, as I do agree with the Member for Edmonton-Ellerslie. I see it as being one of the most vital to the continued success of this province and the diversification of our industries. I want to thank her specifically for her enthusiasm in the questions.

With regard to Get Ready Alberta I can certainly provide you with more information about our value-added strategies, but one of the main areas that I see that we have to focus on – and it’s something that the dean of business and current president of the Edmonton Chamber of Commerce focuses on on a regular basis, a man who I have a good deal of respect for, and that’s once we have come up with new technologies, how do we capitalize on them and bring them to market? To that end, we are working with the Minister of Revenue, the hon. Member for Calgary-North West, with his department, with Innovation and Science, with ASRA, and other stakeholders, including Calgary Inc. and Economic Development Edmonton, to come up with a long-term sustainable plan for venture capital in Alberta. That doesn’t mean the government is going to fund that program. That won’t be happening, but we want to work on ways to facilitate that and let other people know what’s going on here. I see that as being vital not only in the two- to five-year term but in the long term in order to establish industries that might not otherwise come to Alberta.

One of the things that is a five-, 10-, 15-year program is the Supernet. I alluded to that earlier. I see it as being an absolutely dynamic economic development tool. This brings world-class information to any neighbourhood in Alberta.

AN HON. MEMBER: Right on.

MR. NORRIS: You guys are awake. Outstanding.

It’s something that every province in Canada is not only envious of, but I noticed that the former Minister of Industry, the now retired member for Newfoundland, tried very hard to get the federal government to see the wisdom of what Alberta is doing and failed miserably. I was saddened by that, because I think a national Supernet would have been an outstanding initiative, but I guess his leadership aspirations weren’t strong enough to carry the day. However, it is a wonderful idea, and it’s something the federal government should look at, because the Alberta government believes in it sincerely.

The benchmarks that we look at are, I guess, the same as any small business would look at. At the end of the day you take all your resources and you look at how you spent them and you see what kind of return you got. Our return quite simply is an increased population base due to people wanting to come in, the most new jobs established, and I’ll get the exact figures for you if you wish. The number of bankruptcies is on a severe decline, which we’re very proud about, and the fact that more people from other parts of Canada and the world are migrating to Alberta tells us that our strategy is not only working, but it’s flourishing. So I think we’re on the right track.

I appreciate the hon. members’ comments about how we might make it better. I’m sure the hon. Minister of Children’s Services would have more to comment on about poverty and how we deal with it. I think we do an outstanding job, and I want to commend her on her work. As far as the information that you require and the written questions, I would be delighted to answer any that you have at the appropriate time you bring them forward.

With that, I’ll conclude my comments, Mr. Chairman.

10:00

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

SOME HON. MEMBERS: Agreed.

THE CHAIR: Operating expense and capital investment to be voted . . .

MR. MASON: Do you not want to find out if there’s anyone opposed?

THE CHAIR: The time, hon. member, is one minute from being up. It’s more of just a pro forma question, “Are you ready for the vote?” so that everyone has their attention focused on the estimates.

So if you want to know whether anybody’s opposed: anyone opposed?

MR. MASON: Opposed.

THE CHAIR: So noted.

MR. MASON: Thank you.

Agreed to:
Operating Expense and Capital Investment \$51,377,000

THE CHAIR: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIR: Opposed? Carried.

MR. HANCOCK: Mr. Chairman, I would move that the committee now rise and report the estimates of Economic Development and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: The hon. Member for Leduc.

MR. KLAPSTEIN: Thank you, 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, 2003, for the following department.

Economic Development: operating expense and capital investment, \$51,377,000.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

head: **Government Bills and Orders**
Second Reading

Bill 18
Social Care Facilities Review Committee
Amendment Act, 2002

[Adjourned debate March 19: Dr. Massey]

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. I have been in consultation with the minister over the repeal of section 13 of the act, which is the complaint officers section of the act. It's section 13 and it's also section 8. I believe that the minister has an explanation that would account for those two sections being repealed.

MS EVANS: Mr. Speaker, I'd be very pleased to do it. The sections . . .

THE DEPUTY SPEAKER: If I'm not mistaken, the hon. member did move second reading on this bill.

MS EVANS: Yes.

THE DEPUTY SPEAKER: Before I can recognize you, then, I must say, "The hon. minister to close debate," at which time anybody that wishes to speak to it might stand.

The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Speaker. I've looked through Bill 18 with some interest and reflected on my experience many years ago on the forerunner to this committee, another committee which still exists, the Health Facilities Review Committee. When the Health Facilities Review Committee was first struck – and I'm thinking 1973 here – it had a massive mandate.

Speaker's Ruling
Decorum

THE DEPUTY SPEAKER: There seems to be some confusion. This is not committee. This is Assembly, and we don't get to wander around and speak any number of given times. I know it's late and we've had a lot of fun, but we'd like to hear at second reading the hon. Member for Edmonton-Riverview.

Debate Continued

DR. TAFT: All right. Thank you, Mr. Speaker. As I was saying before I was interrupted, I was reflecting on the history of this particular committee, the Social Care Facilities Review Committee, and the fact that it arose more than 20 years ago, I would say, as a sort of offspring of the Health Facilities Review Committee. The Health Facilities Review Committee had an immense mandate, which was frankly unmanageable. This committee was struck, and I think the original chairman, Dr. David Carter, went on eventually to become the Speaker. He was, I believe, the first chairperson of this committee and pursued its mandate at the time with great vigour. I think it would be interesting for the minister to talk to him about the amendments here in Bill 18.

These committees were set up to act, in effect, as Ombudsmen for, on the one hand, the health care system and, on the other hand, the social care system and were given the job of visiting social care facilities, in this case throughout the province, a vast range of facilities. Certainly at one time they were unannounced visits, and if there were concerns, either they came through the visit or they came through complaints. The committee was fully empowered to investigate those in lieu of the Ombudsman, because certainly the Ombudsman is precluded from investigating the health care system, and that may be a restriction that applies in social care facilities also.

These committees took their mandates extremely seriously and worked very hard at their job, and I'm sure that the current members do as well, but I am concerned when I look at Bill 18 that the capacity of this committee to fully investigate complaints and, indeed, to initiate investigations on their own may be restricted. I am frankly concerned that the independence of these committees, which was cherished when they were first set up, is being compromised and eroded steadily. For example, provisions in Bill 18 that seem to bring the committee under the tighter jurisdiction of the minister concern me, and I'm thinking here of section 3: the following is added after section 5, is how this reads.

Directions to Committee

5.1(1) The Minister may provide directions to the Committee, through the chair, relating to the Committee's duties under section 7.

(2) The chair of the Committee shall ensure that the Committee complies with any directions provided by the Minister under subsection (1).

Now, I recognize that there's room for interpretation with that, but I am concerned that it could have the effect of limiting the committee's independence or initiative from the directions from the minister, and that was not the initial intent. The initial intent was to allow for significant independence from the government for these committees. These committees report – or at least they originally did, and I hope they still do – to the Legislature through the minister, and that was to recognize in part that they are viable, important third-party eyes and ears and minds on our social care system and our health facility system. So that section concerns me, and any reassurance the minister may be able to give us either in response now or during committee would be much appreciated.

10:10

I am also concerned under section 7 of this bill that section 13 of the original act is repealed. That section 13 that's being repealed – and I think it's worth reading this into the record – reads:

- 13(1) The committee may designate
- (a) a member of the committee, or
 - (b) with the approval of the Minister, an employee of the Government who is under the administration of the Minister,
- as a complaint officer.
- (2) The complaint officer shall on behalf of the Committee
- (a) make preliminary inquiries, or
 - (b) if directed to do so by the chair of the Committee, make investigations
- into complaints received under section 8 and report the results of the inquiry or investigation to the Committee.
- (3) Members of the Committee at the request of the chair of the Committee may assist the complaint officer in the carrying out of the complaint officer's duties.

A profoundly important role for this committee, and I don't know why that section is being struck, but frankly it worries me.

I reflect again on my own experience in the sister committee to this, in which at times completely unannounced – and the Minister of Health and Wellness may be interested in this also. If we had concerns about a facility, we would team up with staff of the department, experts in diet or nursing care or administration, and at times land in large numbers on a facility unannounced and do an absolutely sweeping and comprehensive investigation. If that power is lost as a result of Bill 18, then I will forcefully oppose this bill.

Any response the minister can make tonight or at a later date to those concerns I look forward to keenly. Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Minister of Children's Services to close debate.

MS EVANS: Thank you, Mr. Speaker. I hope I will be able to satisfactorily address the concerns raised by the members opposite. I was not planning to speak long, but I'm going to just redefine why we're doing this. We're making these amendments because we will shift the emphasis for the committee from inspections and investigations to service reviews, and we will do that because the Protection for Persons in Care Act is the piece of legislation that conducts investigations. They are, under our definition, required to conduct investigations, and if these amendments are passed, regulations will be developed to designate facilities under other departments to come under the jurisdiction of the Protection for Persons in Care Act.

The original reason why we started refining the definition was because the Social Care Facilities Review Committee was reviewing facilities that were not under this minister's direct line of authority. So the separation here will in fact compel that health care facilities will be reviewed by the health care facilities committee and social care facilities under the social care facilities committee and be a review as opposed to investigation. That has been something that will then see the consolidation of investigations under the Protection for Persons in Care Act, which is required to do that.

In the manner of complaints, complaints that might initiate a review are taking place regularly. Complaints about day cares and complaints about the quality of service delivery in women's shelters have come forward. We've had a number of complaints, and then the Social Care Facilities Review Committee is required to follow up on those complaints, but they do not do the type of intensive

investigation which is done under the Protection for Persons in Care Act, which I know from my time in a previous ministry generates huge files with very qualified investigators. These, if you will remember, are people appointed from the public who will represent all parts of the province, who are good people, who are acknowledged to be able to do reviews but are not given the special investigative training that is given in our legislation under the Protection for Persons in Care Act, which has very definitely got a more onerous set of criteria for investigation.

If I may just go one step further, I think that the concern under section 3 about the minister – while the minister may provide directions to the committee, it was noted that there was a gap in that the committee may never report back all of the reports to the Legislature. There was nothing that actually compelled the committee to bring forward reports, and the beauty of having reports come back, at least to the minister, is that then we can follow through and ask the person or persons that may be doing things inappropriately in facilities to take corrective action immediately. Under the capable chairmanship of the Member for Calgary-Shaw I am religiously receiving reports which I am funneling right back through the deputy minister to the chief executive officer and getting corrections made. I have myself initiated two requests for review of day cares which I considered less than capable of serving the people.

Mr. Speaker, I hope that these clarifications will at least assure the hon. members opposite that the current legislation does not today reflect what is actually happening in the review, which are simply reviews, and that vulnerable people will be protected under the Protection for Persons in Care Act and that the regulations will be developed prior to the proclamation of the facility portion of this legislation. Narrowing the definition of "facility" fits with the review committee's new mandate, and in fact since the committee's inception, since 1978, it has primarily conducted reviews as opposed to investigations.

A review involves meeting with the service recipients and reviewing the information and making observations about their satisfaction with the services involved. So in my view it does not deal with some of the other issues like the capacity of the facility to provide the services. In some cases we have reviewed facilities which may have very satisfied customers – i.e., parents for their children – but the facility itself may be wanting under our licensing regulation.

Through the new amendments we hope that this committee will be able to be clear about its mission, will in fact still receive complaints and act upon those complaints, will report regularly to the minister and that those more detailed investigations under the time of the proclamation of the Protection for Persons in Care Act dealing with the regulations to the facility definition will then see this enacted under the narrower definition of "facility".

With that, I would move second reading.

[Motion carried; Bill 18 read a second time]

THE DEPUTY SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I would move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:19 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]