

AR 43459

February 29, 2016

Mr. Derek Fildebrandt
MLA, Strathmore-Brooks
Chair, Standing Committee on Public Accounts
c/o Corinne Dacyshyn
Committee Clerk
3rd Floor, 9820 107 Street
Edmonton AB T5K 1E7

Dear Mr. Fildebrandt:

During the February 3, 2016 meetings of the Standing Committee on Public Accounts, I committed to respond in writing to questions that required further clarification.

Attached are excerpts of the questions from *Alberta Hansard* and the subsequent responses.

Sincerely,



Ray Gilmour
Deputy Minister

Enclosure

cc: Darren Hedley, Assistant Deputy Minister
Strategic and Business Services

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

Q. Question put forward by Mr. Layola:

Thank you, Mr. Chair. This question is specifically for Mr. Gilmour. I've long been an advocate for reducing financial barriers for advanced learning, so I was happy to see that goal 4 in the annual report identifies this issue as a key priority for the government, but from your perspective I would like to know if that's an achievable priority for the government. Are the measures that have been established appropriate? (Page PA-77)

- A. Advanced Education (“the Ministry”) is committed to ensuring that Alberta's adult learning system is accessible, affordable and of the highest quality. The Ministry is also committed to tracking and publically reporting on progress towards its goals. In its Annual Report 2014-15, the Ministry reported on one performance measure, the post-secondary participation rate, and one performance indicator, the Aboriginal post-secondary participation rate, which track Albertans' access to the adult learning system. Both the general and Aboriginal post-secondary participation rates are affected by a number of internal and external factors, such as the unemployment rate, interprovincial migration rates and student access to financial supports, such as student aid, scholarships and bursaries.

The Ministry is taking steps to improve the way it tracks its efforts to help Albertans access post-secondary education, especially for those Albertans who face financial barriers. Currently, it is exploring the use of new performance measures and indicators around access and affordability for inclusion in future business plans.

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

Q. Question put forward by Mr. Westhead:

Thank you very much, Mr. Chair. My question is in relation to goal 7, which is on page 106, and it has to do with the relationship with First Nations. So the goal itself identifies that working with First Nations on a government-to-government basis is a top priority.

(Continued) If I could just ask a quick follow-up. You know, the goal itself talks about having access to new markets and enhanced investment attraction. I think that when I met with the First Nations that I was speaking about, one of their key priorities was economic development and economic diversification. So are you able to tell us a little bit about how we can work again with our First Nations partners to meet the economic diversification and development priorities? (Page PA-82)

A. Economic Development and Diversification priorities

- Through the current economic climate it has become more apparent and crucial to become diversified to ensure survival in the short-, mid- and long-term.
- Many Indigenous communities are dependent on the energy sector, in particular the oil and gas industry. Indigenous communities have recognized this and are focused on diversification as a priority.
- First Nations face real issues that often hinder development, in particular, access to capital and systemic barriers associated with on-reserve projects that require longer time frames to plan, develop and implement.
- For many Indigenous Albertans, starting a business can mean economic prosperity and an improved quality of life for themselves and their families.

Ministry of Indigenous Relations Programs

- Through the ministry, the Government of Alberta provides Indigenous communities with the support and grant funding for economic development in the community and increase Indigenous members' participation in Alberta's economy.

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

- The First Nations Development Fund (FNDF) is a Government of Alberta lottery grant program available exclusively to Alberta First Nations. It uses a portion of revenues from the government-owned slot machines located in the five First Nations casinos in Alberta. This fund can be used for economic, social and community development projects.
- In 2015/2016, the FNDF provided \$128 million for more than 300 economic, social and community developments. Some examples of FNDF-supported projects in 2015/2016 include:
 - Bigstone Cree Nations Women's Emergency Shelter
 - Cold Lake First Nations Hotel construction
 - Tsuu T'ina Nation's fire department
- Since its inception in 2006, FNDF has paid over \$952 million to First Nations in support of over 2,700 community, economic and social development projects.
- The Aboriginal Economic Partnerships Program (AEPP) supports initiatives and projects that facilitate Indigenous community economic development, leading to improved social and economic outcomes for Indigenous Albertans.
- Eligible applicants for grant funding include: Albertan Indigenous communities, Indigenous community-owned businesses and not-for-profit organizations that support Indigenous economic development.
- In the 2015/2016 fiscal year, AEPP provided \$2.3 million through 42 grants to support various economic development projects through-out Alberta, such as feasibility studies, strategic plans, leakage studies, business plans and capacity building projects.
- Indigenous Relations also supports Indigenous entrepreneurs by contracting Aboriginal Capital Corporations to provide entrepreneur training, pre-care and post-lending services.
- First Nations Flood Recovery has supported the creation of economic opportunities in Stoney Nakoda following the 2013 southern Alberta flood including:
 - \$150,000 for Community Futures Treaty Seven to provide small business supports to businesses affected by the floods.
 - Additional grant program applications are being processed totaling approximately \$475,000 that will support First Nation's employment and participation in flood recovery efforts.

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

The Ministry of Indigenous Relations

- Indigenous people and communities make important contributions to Alberta's economy, and our government is making sure they have every opportunity to participate in and benefit from Alberta's economy.
- 2015/2016 is the first year of the Aboriginal Business Investment Fund (ABIF) capitalization grant funding to First Nation communities and Metis Settlements.
- The program concept was piloted last year under the Economic Opportunity Initiative (EOI) with seven projects with Treaty 7 First Nations totaling \$5 million. The projects include:
 - Stoney Nakota Telecom, Bearspaw Travel Center, Standoff Grocery Store, Tsuu T'ina Buffalo Run Business Park, Piikani Gravel Pit, Siksika joint initiative with Indian Business Corp. to support entrepreneurs, and planning assistance for Wesley First Nation RV Park.
- Through this funding, Indigenous Relations assists Indigenous communities across the entire continuum of business development and presents a more robust approach to supporting Indigenous economic development in a way that the Alberta Government has not done before.
- ABIF was established to provide funding to capitalize Indigenous community-owned business development opportunities. The grant offers direct investment into eligible projects. The projects must demonstrate long-term impacts as follows:
 - increase the number of Indigenous community-owned businesses;
 - increase the number of employment opportunities for Indigenous people;
 - create local revenue streams for the Indigenous communities, and
 - strengthen the overall economies of Indigenous communities.
- Currently, eight projects have been recommended for funding in this fiscal year totaling \$5 million.

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

Q. Question put forward by Mr. Fildebrandt:

Mr. Cyr brought up the Irvin Leroux versus CRA case, and I believe that the recent ruling – it may have been the B.C. superior court – has profound effects on tax collection, potentially, in this country, at least for the CRA. The court ruled that there was a duty of care, and that was upheld in the appellate court.

(Continued) Would you be willing to provide the committee with any briefs that your department has on what measures you're taking to potentially comply with the court ruling? (Page PA-95)

A. Please refer to Attachment B for the requested briefing.

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

Q. Question put forward by Ms. Renaud:

Thank you very much. I need to talk a little bit about the repayment of the partisan flights, some of them. In March 2014 in a piece in the Huffington Post the former spokesperson for the Canadian Taxpayers Federation and current Member for Strathmore-Brooks called on the PC leader to reimburse taxpayers for some of the travel expenses. After the AG's report was released, the PC Party president announced that the party would repay taxpayers \$6,500 to cover the cost of flights taken by multiple PC officials to partisan events. Did the PC Party actually repay the money? The question is to Mr. Gilmour or, if you're unable to answer, perhaps to the Auditor General.

(Continued) Okay. Just to follow up, given that on one flight alone there were 12 senior PC officials, was \$6,500 the correct amount of money to repay? How was that figure determined? How much would it cost in the private sector to charter a flight for 12 people over four different segments, from Edmonton to Grande Prairie to Calgary to Edmonton? (Page PA-102)

- A.** The cost of the flights was repaid by the Progressive Conservative Association of Alberta, in the amount of \$6,257.06. The cheque was received and deposited by the Department.

The amount of the repayment was provided to the Progressive Conservative Association of Alberta. The calculation of the repayment amount was determined in consultation with Air Transportation Services (ATS), taking into account distances travelled and standardized ATS costs.

Any estimate of a comparable charter flight would have to be qualified for a number of reasons. A present day estimate of charter costs would not be an accurate reflection of charter costs from prior years. Additionally, factors such as the length of layover between destinations would impact any estimate of cost. For these reasons, any estimate provided would not represent a comparable cost.

Responses to Questions Raised
Standing Committee on Public Accounts
Ministry of Treasury Board and Finance
February 3, 2016

Q. Question put forward by Mr. Westhead:

Thank you, Chair. I want to sort of ask a question that relates to the repayment cost, the \$6,500. In the Auditor General's report on page 40 he specifically notes that Treasury Board and Finance doesn't publicly report its flight costs and the methodology used to cost the services it provides. I also note that in the wake of the report the PC Party president, you know, talked about repaying the \$6,500 because the PC leader, the ministers, and PC political staff used the government aircraft for the partisan purposes that we've been talking about. My question is: given that Treasury Board and Finance doesn't publicly report the flight costs, how would the PC Party president have known the cost for these flights if they weren't publicly accessible? (Page PA-104)

- A. The amount of the repayment was provided to the Progressive Conservative Association of Alberta. The calculation of the repayment amount was determined in consultation with Air Transportation Services (ATS), taking into account distances travelled and standardized ATS costs.

**ADVICE TO MR. RAY GILMOUR, DEPUTY MINISTER
ALBERTA TREASURY BOARD AND FINANCE**

PURPOSE

- This briefing note is intended to provide additional detail on the response of Tax and Revenue Administration (TRA) to the matter of *Leroux v. Canada Revenue Agency* (CRA). This question was raised during the Public Accounts meeting on February 3, 2016.

BACKGROUND

- In *Leroux*, the British Columbia Supreme Court ruled that CRA did owe a duty of care to Mr. Leroux and that the CRA had breached its duty of care to Mr. Leroux with respect to the imposition of gross negligence penalties.
- Attention has been drawn to the fact that the *Leroux* judgment is a welcome development in the law regarding CRA's accountability for assessing its actions when dealing with taxpayers.
- The Chair of the Standing Committee on Public Accounts, Mr. Fildebrandt, requested that TRA provide a response on what measures TRA is taking to respond to the court ruling.
- TRA has measures already in place to ensure that taxpayers are aware of their rights and responsibilities.
- For example, the following text appears on the Notice of Assessment (NOA) for Default Assessments issued by TRA's Collections area. "If you are unable to resolve an issue related to this assessment, you may formally object by filing a Notice of Objection in prescribed form within 90 days of the date of this notice."
- In addition, since October of 2007, TRA has had a published Taxpayer Fairness and Service Pledge. A link to TRA's Taxpayer Fairness and Service Pledge is located on TRA's main webpage and can be accessed at the following web link http://www.finance.alberta.ca/publications/tax_rebates/fairness_service_pledge.pdf.
- In direct response to the *Leroux* judgment, TRA will be educating all staff who interact with taxpayers about the *Leroux* case.

ADM CONTACT

- Ian Ayton, Assistant Deputy Minister, Tax and Revenue Administration, 780-644-4075.