

PUBLIC ACCOUNTS COMMITTEE – April 20, 2021

Economic Development, Trade and Tourism

Written Responses

Table of Contents

Appointment of Dave Rodney – Ms. Pancholi – (PA – 449).....	2
Nature of work by Dave Rodney – Ms. Pancholi – (PA – 450).....	3
Question about meetings with Valory Resources – Mr. Schmidt – (PA – 453)	4
Request for list of businesses and investors regarding leases and prospects for investment – Mr. Schmidt – (PA – 454).....	5
Request for copy of map of land bases suitable for tourism opportunities – Mr. Schmidt – (PA – 454)	6
Question about red tape work done to reduce impediments to the tourism industry – Mr. Schmidt – (PA – 456).....	7
Question about \$9.2 million in funding from other ministries – Ms. Renaud – (PA – 458).....	8
Question about analysis and advice provided by the ministry – Ms. Pancholi – (PA – 459).....	9
Question about work done to attract bank head offices to Alberta – Ms. Renaud – (PA – 461).....	10
Dave Rodney appointment – Ms. Pancholi – (PA – 461).....	11
Questions about CARES and AEEP programs – Mr. Guthrie – (PA – 461).....	12

Appointment of Dave Rodney – Ms. Pancholi – (PA – 449)

Q1. Ms. Pancholi: My questions deal with the appointment of former MLA Dave Rodney to the position of agent general of the Alberta-Houston office.

a). I'm wondering if the ministry staff can begin by giving me a little bit of background around the process that lead to the appointment of Mr. Rodney to this position within the 2019-20 fiscal year. For example, what was the process like? How many people applied? What were the skills matrix required for this position? (PA 449)

Specifically with respect to tabling documents, if you could table documents related to how many people would have been considered for that position or even applied if there was an application process, the skills matrix required for that position.

b). I'd like to see if you can, again, table the list of his qualifications that met those requirements that you just listed for that position.

Answer a)

- Mr. Rodney was hired on March 6, 2020, on an employment contract through a non-competitive process.

Answer b)

- With his extensive government experience, Mr. Rodney has the background to engage with American business leaders and investors to establish closer business relationships and pursue new investment opportunities that will revitalize Alberta's energy sector and create jobs, since the province is a major supplier of energy resources to Texas and other states.
- Mr. Rodney is familiar with the diversity and challenges of the energy sector through his previous roles in government as the parliamentary secretary for Sustainable Resource Development and as Alberta's energy representative to the Council of State Governments.
- Mr. Rodney served as four-time elected MLA for Calgary-Lougheed, as Associate Minister of Wellness, House Leader, Deputy Caucus Leader, and member of the Energy Cabinet Policy Committee.
- Prior to his role as Agent General to Houston, Mr. Rodney served as Chief Executive Officer for Tourism Canmore and Kananaskis.

Nature of work by Dave Rodney – Ms. Pancholi – (PA – 450)

Q2. Ms. Pancholi: Speaking to the trade and investment attraction budget on page 70 of the main estimates for 2019-20 and within the annual report, going back to when the appointment of former MLA Rodney was made by the Premier in July, there was reference, of course, that the job was very significantly related to the Keystone XL and getting that approved. Now, Mr. Rodney was appointed in March, and I'm wondering if you can advise this committee as to what kinds of meetings and work Mr. Rodney might have been doing within the scope of the 2019-20 fiscal year related to KXL and getting that work done. Specifically, of course, we have documents indicating that he was working from home in March 2020. Can you give us some oversight as to what work he was doing in that last month of the fiscal year related to this file and related to attracting investment to Alberta? (PA 450)

Answer

- As stated in the news release publicly announcing Mr. Rodney's appointment on July 7, 2020, the intention of Mr. Rodney's position in Houston was "to establish closer business relationships and pursue new investment opportunities that will revitalize Alberta's energy sector" and to "seek business opportunities to expand Alberta's emerging sectors, including advanced technologies, health sciences, and aerospace and aviation."
- The intention of Mr. Rodney's commencement in March 2020 was for him to accompany the Premier to the annual IHS Markit's CERAWEEK conference in Houston, where he would have been announced as the new Agent General in Houston and would commence engaging directly with Texans. Due to the pandemic, that conference was cancelled at the last minute, as was the mission.
- During the month of March 2020, Mr. Rodney undertook the necessary activities associated with an international posting to obtain security clearances and diplomatic credentials to assume his post.
- In addition, Mr. Rodney also undertook activities associated with commencing a new role including meeting with government officials, reviewing briefing materials, and introductions to key stakeholders and investors.

Question about meetings with Valory Resources – Mr. Schmidt – (PA – 453)

Q3. Mr. Schmidt: Thank you very much. There are media reports of a letter that the former minister of your department sent on October 29, 2019, to Valory Resources, thanking her for her meeting with them on Friday, October 11, 2019, to learn about Valory Resources' upcoming projects. Looking "forward to hearing from you on the progress of your project. Please continue to work with our Invest Alberta branch, and do not hesitate to contact me if there is anything I can do to help" you, et cetera, et cetera. Can the deputy provide us a list of all of the representatives or investors in coal companies that the minister and/or department officials met with in the 2019-2020 fiscal year? (PA 453)

Answer

- According to department records, former Minister Fir met with the following companies and organizations with an interest in coal production:
 - Valory Resources and Millennium EMS Solutions
 - Atrum Coal and company investors: Petra Capital, Paragon Funds Management, Argonaut, Bell Porter, Nero Resource Funds, Foster Stockbroking, Regal Funds Management, and Chieftain Securities

- In addition, department officials met with the following companies with an interest in coal production:
 - Riversdale Resources
 - The Coal Association of Canada

Request for list of businesses and investors regarding leases and prospects for investment – Mr. Schmidt – (PA – 454)

Q4 a. Mr. Schmidt: I want to turn now to page 39 of the annual report with respect to tourism and public lands. Now, at the top of the page it looks like you worked with a number of tourism operators, including “twenty businesses . . . that were interested in new opportunities . . . six existing tourism operators with leases that required assistance . . . and sixteen leads/prospects for investment in Alberta’s tourism sector.” Can the deputy table for the committee a detailed list of who these businesses and investors were, what the opportunities were that they were looking for on Crown lands or the specifics around the assistance that they required with leases and detail the prospects for investment that were identified for Alberta’s tourism sector? (PA 454)

Answer

- The Ministry is not at liberty to disclose commercially sensitive information. However, the ministry can share that the tourism operators referenced on page 39 engaged JEI on opportunities related to developing new campgrounds, expanding existing cabins and lodges, and developing new and enhanced trails.

Request for copy of map of land bases suitable for tourism opportunities – Mr. Schmidt – (PA – 454)

Q5. Mr. Schmidt: If you have a copy of the map that you could table for us, that would be lovely. (PA 454)

Answer

- JEI does not have a map of the land bases that were identified as being suitable for tourism opportunities.

Question about red tape work done to reduce impediments to the tourism industry – Mr. Schmidt – (PA – 456)

Q6. Mr. Schmidt: You know, forgive me for asking the question, but red tape is, let's say, a vague term at best. Can the deputy minister or anybody from the department identify specifically what counts as red tape, in the department's opinion, that poses an impediment to tourism on public lands that was scheduled to be addressed in the 2020-2021 fiscal year as outlined in the annual report? (PS 456)

Answer

- The department is working with Alberta Environment and Parks to address two submissions to the Tourism and Hospitality Industry Panel related to tourism development on public lands:
 - One panel submission is related to ensuring that high value and high potential tourism and outdoor recreation areas on public lands are identified and that steps are taken to ensure their value and potential are maintained through Land Use Frameworks such as adjusting policy to provide for a dedicated and legislated land base for future tourism and recreation development.
 - The second panel submission is related to supporting the growth of tourism development on public lands and ensuring the effective implementation of the new Tourism and Commercial Recreation lease.

Question about \$9.2 million in funding from other ministries – Ms. Renaud – (PA – 458)

Q7. Ms. Renaud: Thank you, Madam Chair. I have a quick question. On page 52 there’s a description of revenue and expense highlights, and one of the bullets talks about government of Alberta grants, describes what went where, and then at the end says, “The remaining \$9.2 million is revenues received from other ministries.” I’m wondering if you could tell us where these funds were redirected from and what ministries they were redirected from.

Ms Renaud: Would it be possible to get a specific list of where these funds came from, which ministries, which departments? Where do they flow through, where do they flow from?

Answer:

- Requested details are outlined in the table below.

Revenue	2019-20 Budget	2019-20 Actual	Project name/description
Advanced Education	5,200	3,000	Graduate Student Scholarships
Department of Health	4,000	2,283	Alberta Cancer Prevention Legacy Fund (ACPLF) Cancer Screening Research and Innovation in the Health System (CSRIO) Municipal Affairs - Population Resiliency Research Capacity
Alberta Health Services		3,158	Partnership for Research and Innovation in the Health System (PRIHS) Rewarding Success
Agriculture and Forestry		136	Barley Loding Asian New Forest Product Development
Energy		318	Edmonton Municipal Solid Waste Gasification Demonstration Facility
Environment and Parks		239	Landfill Leachate Testing Change Synthesis Oils Sands Monitoring Oil Sands process affected Waters (OSPW) Seepage
SAIT		3	Collaboration Agreement with Access rights to ERRB Building in Calgary for Once Through Steam Generator Program
From Other GoA Entities	9,200	9,137	

Question about analysis and advice provided by the ministry – Ms. Pancholi – (PA – 459)

Q8. Ms. Pancholi: What was the advice that the ministry provided to Treasury Board and Finance based on your work with stakeholders and industries who benefited or used these tax credits as to the effect or value of removing these, or repealing these tax credits? I'm wondering if you could table that advice or that analysis that was done by your ministry that maybe would have been provided to Treasury Board and Finance around the decision to repeal the tax credits in question. (PA 459)

Answer

- Advice provided to Treasury Board and Finance in support of the budget decisions of these tax credits is privileged and confidential information, as per FOIP legislation.

Question about work done to attract bank head offices to Alberta –
Ms. Renaud – (PA – 461)

Q9. Ms. Renaud: Can you report on the success in 2019-20 on luring any of the big six banks to Alberta? Starting with Royal Bank: how often did the ministry meet with them about moving their headquarters to Alberta? Based on the work in 2019-20 how likely are they to uproot from Bay Street to Alberta?

Next, let's do same questions for TD Bank. Next, let's do same questions for Scotiabank. Next, let's do same questions for BMO group. Next, let's do CIBC, exact same questions. Finally, let's do the same questions for National Bank.

Also, is there any evidence that the Premier is likely to attract a head office bank to Alberta? If so, what are the probabilities of this happening in the next two years? (PA 461)

Answer

- In 2019-20, Alberta's then draft Investment and Growth Strategy called for renewed emphasis on attracting investment from Montreal and Toronto. Meetings by department officials with major banks, accounting firms, strategy consultants, and credit rating firms communicated Alberta's commitment to be Canada's most competitive destination for investment while obtaining best practices on how to position Alberta to attract investment.
- Due to the regulated nature of the industry, JEI works closely with Treasury Board and Finance addressing requests from financial institutions.

Dave Rodney appointment – Ms. Pancholi – (PA – 461)

Q10 a. Ms. Pancholi: Just going back to the appointment of Mr. Rodney to his position, can the ministry table any correspondence or direction from the Premier's office, Exec Council, and the minister on this appointment and whether there was any direction from any of those offices with respect to this appointment? Can the ministry also table any information or documents related to whether or not Mr. Rodney was directly related in the KXL negotiations?

Answer

- Mr. Rodney was hired on March 6, 2020 on an employment contract through a non-competitive process.
- Mr. Rodney's role as Agent General to Houston carried a mandate to advance the Government of Alberta's trade and investment priorities. The KXL negotiations were not Mr. Rodney's responsibility and were handled by the Alberta office in Washington D.C.

Questions about CARES and AEEP programs – Mr. Guthrie – (PA – 461)

Q10 b. Mr. Guthrie: In regard to the community and regional economic support program, you mention on page 13 that it was awarded \$4 million in funding to 53 projects. What sort of criteria are in place to determine which projects receive funding? How does the ministry ensure that funding is used appropriately and efficiently? How does the ministry offer additional support other than funding to these programs? Then how did the department determine, as mentioned in the report, the potential of this project to support as many as 2,000 full-time jobs and part-time jobs in the community across Alberta?

The next question: under key objective 2.2 the relaunch of the Alberta export expansion program is outlined. Here it states that AEEP funded 85 projects with 52 of them under the refresh program. Can the ministry tell us how many applications were received and what criteria were used to evaluate these applications to decide who would receive the funding? Then who is eligible to access the AEEP?

Answer

Community and Regional Economic Support Program (CARES)

- Each CARES application is scored against a list of criteria used to evaluate all projects and must align with the program outcomes listed below:
 - improving local business environment and/or regional economic collaboration;
 - increasing support for entrepreneurs and small and medium-sized enterprises (SMEs) to grow and succeed;
 - enhancing support for associations, businesses, and industries that enable diversification in a community or a region; and
 - increasing industry and sector competitiveness to lay the foundation for investment and job creation, particularly in the tourism industry.
- Criteria used to evaluate projects if they satisfy the above program outcomes include:
 - The project proposal provides evidence the project will have a positive economic impact.
 - The project has the potential to directly or indirectly support job creation.
 - The project supports the priorities and needs of the community, region, and/or industry sector.
 - The project has support from community leaders, businesses, and/or organizations (written letters of support).
 - The applicant has the capacity and experience to carry out the project.
 - The project is collaborative and has regional impacts.
 - The project is sustainable after program funding.
 - The applicant has identified project risks and methods to mitigate them.
- Project partners may provide some or all of the matching funds that are required from the applicant. Project partners can be any entity identified by the applicant, and projects involving a partnership with private industry that has a positive impact beyond an individual community or organization, may be given higher consideration

during the evaluation process.

- Applicants are required to provide both interim and final project reports. These reports must demonstrate that the project was undertaken as applied for, and demonstrate the results achieved, with explanations for any variances from the original project proposal. A reconciliation of expenses incurred against approved CARES funding is also completed, with a requirement to repay any portions not expended, or deemed ineligible.
- The final report is reviewed by program staff against the applicant's approved project budget and list of eligible expenses detailed in the CARES guidelines. Expenses falling outside of this criteria are not counted in reconciling against the CARES funding provided. If the total eligible expenses are less than the amount approved for support under CARES, then the applicant is required to repay the unexpended portion of funding they received from the program.
- As a result of the COVID-19 pandemic, JEI is working with applicants in making mutually acceptable repayment arrangements.
- The scope of the CARES program does not include additional support after project approval and grant award, however, the program team does work with applicants post award when needed and will connect stakeholders who have aligned objectives to address challenges and concerns, and ultimately spur economic growth in Alberta communities.
- Estimated job figures were provided by the recipients when they applied to the program. An aggregate figure from all estimates provided by the applicants was compiled by JEI.

Alberta Export Expansion Program (AEEP)

- For the 2019-20 year, a total of 217 applications were received for the program:
 - 85 projects were approved for funding, with 52 of those projects being approved under the refreshed program;
 - 46 projects were withdrawn or abandoned by the applicant prior to approval; and
 - the remainder were rejected as either ineligible or incomplete.
- Export development travel to 45 countries was approved under AEEP in 2019-20.
- AEEP applications are evaluated against criteria in the publicly available program guidelines. Eligibility criteria establishes that the program can provide support for specific travel-related activity, either travel by the applicant to export markets, or travel to bring prospective buyers to the applicant, and must be directly tied to efforts to expand into new export markets. Eligible expenses are also subject to criteria that establish reasonable limits.
- To be eligible for funding, a for-profit applicant must:
 - have annual sales of \$50,000 to \$25 million and have a minimum of one full-time employee in Alberta;
 - be an incorporated legal entity in Alberta;

- be operating and have a permanent establishment in Alberta; and
- present an adequate market entry plan.

- To be eligible for funding, an organization (non-profit) must:
 - have a minimum of one full-time employee in Alberta;
 - be a recognized legal entity for a minimum of one year; and
 - have a permanent establishment in Alberta.

- AEEP is accessible to for-profit small and medium enterprises based in Alberta, and for certain non-profit entities such as municipalities, First Nations or Metis Settlements, industry associations, or economic development organizations applying with a specific project that promotes the exports of Alberta-based small and medium enterprises.