



Royalty Revenues

Question asked during Oral Question Period of the 26th Legislature of Alberta, 3rd Session from Mr. Hugh MacDonald, Hon. Member from Edmonton-Gold Bar, Shadow Cabinet Minister for Energy and Agriculture & Food

April 18, 2007

Mr. MacDonald: Thank you, Mr. Speaker. On August 17, 2005, Greg Stringham from the Canadian Association of Petroleum Producers e-mailed the Minister of Energy of that day asking for him to provide comments, corrections, or changes to a document that CAPP was creating to convince Albertans that the royalty system worked great. My first question is to the Premier. Whose interest is this government standing up for? Is it CAPP, or is it the owners of the natural resources of this province, the people of the province?



Mr. Stelmach: Mr. Speaker, the responsibility of this government of course is to represent all Albertans, and that's what we're doing.

Mr. MacDonald: The government's own documents show that from 1995 through to 2003 the effective royalty rate for oil averaged 16.42 per cent and for natural gas 17.2 per cent. Now, my question again is to the Premier: given that your government has failed so badly in meeting its own goals of 20 to 25 per cent of royalties, how much money have Albertans lost due to your government's failure to collect a fair and balanced amount under the royalty program?

Mr. Stelmach: Mr. Speaker, my government is conducting a very independent royalty review not only of oil sands but conventional oil and gas and coal-bed methane. That information will be very public, it'll be transparent, again trying to find the balance between Albertans that are owners of the resource and of course those individuals and companies that make multibillion dollar investments in this province in a very volatile marketplace.

Mr. MacDonald: Again this hon. member was part of the last government as well.

Things are bigger in Texas, including the amount collected on oil and natural gas royalties. Yesterday the Minister of Energy indicated that Texas was the best jurisdiction for Alberta to be compared to in terms of oil and gas producing states. In a report prepared for Alberta Energy by Wood McKenzie, it is suggested that Texans receive 25 per cent in royalties. My question to the Premier: why are Albertans getting so little when Texans get so much in royalties?

Mr. Stelmach: Mr. Speaker, that hon. member was a member of the opposition at that time. So what's he saying? He didn't follow up on his duty, I suspect.

But in light of course of not only upsetting him a bit and creating more disturbance in the House, that's the purpose of the royalty review. It'll be completed by August, and all Albertans will have that information in a very transparent manner. Thank you.

Alberta *Hansard*, April 18, 2007 (unofficial)



Royalty Revenues

Question asked during Oral Question Period of the 26th Legislature of Alberta, 3rd Session from Mr. Hugh MacDonald, Hon. Member from Edmonton-Gold Bar, Shadow Cabinet Minister for Energy and Agriculture & Food

April 30, 2007



Mr. MacDonald: Thank you, Mr. Speaker. The Minister of Energy tables this document – and it's an extensive review of a royalty structure between 2005 and 2006 – in this House on April 16. After reviewing an uncensored copy of one of the reports within this tabling, it is clear that this government is too embarrassed to share the truth on our royalty rates with Albertans. My first question is to the Minister of Energy. Why was the chart from the Wood Mackenzie report showing that the Alberta government collects less in royalties than six oil and gas producing U.S. states censored from the record of this House?

Mr. Knight: Mr. Speaker, thank you very much. First of all, we did table the information so that all Albertans have an opportunity to read the information, if they feel like they want to read it. There are pieces of information in any report that may be fundamental bits of information that are required for the government's purposes that are not allowed out in public. I'm not embarrassed about any of the information that we have provided, and we'll continue to provide the information they require, and we will continue with the royalty review that's being conducted under the auspices of the Minister of Finance.

Mr. MacDonald: Thank you, Mr. Speaker. That certainly was a valiant attempt at an answer. Again, to the same minister: who in cabinet ordered this proof of the government's failure to collect a fair share of royalties to be censored from the public record? Documents were censored from the public record. Why?

Mr. Knight: Mr. Speaker, there is nothing in any of those documents that would indicate to anybody that we have not collected a fair share of royalties for Albertans. I must also add that that was a grand attempt at a question.

Mr. MacDonald: Again, Mr. Speaker, the reason why the minister in this government should be embarrassed is because through section 24 in this report, you censored the fact that the province of Alberta collects significantly less in royalties than six states in the lower 48 oil and gas producing states. You should be ashamed of yourself. Why did you do that? Why did you censor this document?

Mr. Knight: Thank you. Mr. Speaker, the situation is this – and I've explained this to the gentleman opposite on other occasions, particularly just last week – you can take a snapshot of a royalty from any place in the world and compare apples to oranges. The royalty structure in the province of Alberta has served Albertans very well for many, many years. It will continue to do so, and under this government we are building a stronger Alberta, and the royalty review will prove that.

Alberta *Hansard*, April 30, 2007 (unofficial)



Royalty Revenues

Question made during Question Period of the 26th Legislature of Alberta, 3rd Session from Mr. Hugh MacDonald, Hon. Member from Edmonton-Gold Bar, Shadow Cabinet Minister for Energy and Agriculture and Food

May 1, 2007



Mr. MacDonald: Thank you, Mr. Speaker. The Department of Energy censored hundreds of pages in the royalty review documents that it tabled two weeks ago. One of the censored charts, that is available publicly in the Department of Energy's library, reveals that Alberta takes 5 per cent less than Wyoming, 6 per cent less than Colorado, 8 per cent less than Oklahoma, 10 per cent less than New Mexico, and 12 per cent less than both Louisiana and Texas. My first question is to the Minister of Energy. How many of the other censored documents also show that this government does not collect a fair share in royalties for Albertans, the owners of the resource?

Mr. Knight: Well, thank you, Mr. Speaker. Certainly, the hon. member indicates what has been done by this ministry and by this government. To be open, transparent, and fair I have tabled in the Legislature certain documents related to a previous royalty review. In those documents that were tabled here there were some exceptions. Again, department staff working with respect to the FOIP requirements may have severed some pieces of those documents; however, what I did say was that I had the department then put all of the documents on public review in the library. That's where the information came from.

Mr. MacDonald: Thank you, Mr. Speaker. The Minister of Energy can't get his story straight. Two weeks ago he said that Texas is the best oil and gas producing state to compare Alberta to when looking at royalties. When the truth was revealed showing that Texas collects much more in royalties, the minister changed his story, saying: it isn't fair to compare Alberta to other jurisdictions. Again to the Minister of Energy: how many millions of dollars have been lost due to this government's failure to collect a fair share of royalties on behalf of Albertans? How much money have you squandered and lost?

Mr. Knight: Mr. Speaker, absolutely none. I can tell you today as I stand here that the development that's happened in the province of Alberta, the development that's happened in the country of Canada, the development that's happened that does provide tremendous asset and tremendous resource for the country, for the province, for North America, and globally, would not – would not – have taken place without the foresight of this government in 1996 and 1997 to put a generic oil sands royalty system in place. This hon. member picks a piece out of Texas. If he wants to compare the royalties in Alberta with Texas, ask him to make comparisons with the deep gulf drilling.

Mr. MacDonald: I just may do that. Because I know what I'll find. Again to the Minister of Energy. Why did this government fail to increase royalty rates when two years ago your own officials in the Department of Energy stated, and I quote: we are not capturing our fair share at high prices. End of quote. Why didn't you increase royalties to a fair rate then?

Mr. Knight: Well thank you very much. Mr. Speaker, I think that the hon. member opposite will know that two years ago I wasn't standing here. Look ahead. Look to the future. Don't look behind you. We're working with this. We're working with the situation, and this hon. member absolutely refuses to listen. I answered a question last week which very clearly indicated that last year we changed four – count them: one, two, three, four – royalty systems that took back \$300 million for Albertans.

Alberta Hansard, May 1, 2007 (Unofficial)