



Royalty Review Panel

Question asked during Oral Question Period of the 26th Legislature of Alberta, 3rd Session from Dr. Kevin Taft, Hon. Member from Edmonton-Riverview, Leader of Alberta Liberal Caucus, The Official Opposition

March 08, 2007

Dr. Taft: Thank you, Mr. Speaker. The review of the province's royalty rates may be the single most important issue this government confronts under this Premier.

The makeup of the review panel is just as interesting for who is not on it as for who is. It is reasonable for industry to have a voice on the panel, but Albertans are asking me why other groups do not. To the Premier: can the Premier explain to the farmers of Alberta, whose land and livelihoods are so often affected by the activities of the petroleum industry, why they do not deserve a representative on the panel when industry does?



Mr. Stelmach: Mr. Speaker, the issue of a royalty review came forward during the leadership campaign in the province of Alberta, and I made a commitment to ensure that all royalties – starting with oil sands, conventional oil and gas, and coal-bed methane – be reviewed in a very open and transparent manner and that information to be then put on the table for all Albertans to see. If our royalty regime is fair, there will be comparisons made to other jurisdictions. We need that information to communicate that to Albertans, and they will have the information to make their own decision.

Dr. Taft: Well, I was hoping for more, Mr. Speaker: an answer. So I will repeat the question to the Premier. Can the Premier explain to the farmers of Alberta, whose land and livelihoods are so often affected by the activities of the petroleum industry, why they do not deserve a representative on the review panel when industry does?

Mr. Stelmach: Mr. Speaker, I believe the leader maybe doesn't have all the information here. I was going to say confused but not from the point of view of saying that he doesn't understand. There is legislation in place that protects the landowner in terms of the Surface Rights Act and land compensation for the entry of the oil companies onto a farmer's land or, quite frankly, onto any private land. This is a review of the royalty regime. This is a review of what we receive as Albertans, all equal shareholders in the resource that we own, and how that is calculated in terms of the resource royalty. So those are two separate issues.

Dr. Taft: Thank you, Mr. Speaker. Again to the Premier: given that environmental issues concerning the activity of the petroleum industry are of such high concern and that royalties could be for example structured to encourage better environmental activities, can the Premier explain to the people of Alberta why no one with environmental expertise deserves to be on the panel?

Mr. Stelmach: Mr. Speaker, once again, this is a review of the royalty regime. All of the other issues, especially with respect to environment, are a separate discussion. In fact, our ministers of Environment and Sustainable Resource Development are mandated to bring forward plans to ensure a very clean environment for the next generation. Quite frankly, it's not only the oil and gas industry that we have to pay attention to but all other industry, including agriculture, to make sure that we do protect the environment for the future generation.

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Royalty Review Panel – Continued

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Dr. Taft: Thank you, Mr. Speaker. Leadership in trying times requires good judgment, yet several times the Premier's judgment seems to be lacking. When it comes to the royalty review, the Premier failed to take steps to ensure that the panelists were free from conflicts of interest. Within hours of the panel members being made public, it came to light that one of them owns millions of dollars of stock options in an oil sands company: clearly a blatant conflict of interest. My question is to the Premier. What has the Premier done to address the conflict of interest of the member of the panel who has a multimillion dollar stake in a major oil company?

Mr. Stelmach: Mr. Speaker, all members on the royalty review committee have extensive experience in a number of areas. I can't list to you the names of all the individuals or their backgrounds, but I can certainly allow the Minister of Finance to give the background on the review panel.

Dr. Oberg: Thank you very much, Mr. Speaker. On the review panel are six individuals that are very classy, intelligent individuals. We have three economists. We have a former president of Alberta-Pacific who has worked with environmental groups and has worked in the lumber industry for the last 30 years. We have a gentleman who was in the information technology business and, unbeknownst to me at the time, has actually done a considerable amount of work on finances with regard to oil companies. Lastly, we're very privileged to have a gentleman by the name of Sam Spanglet, who is the former vice-president of Shell and two years ago was the executive of the year worldwide for Shell International. Mr. Speaker, that kind of expertise is what we're looking for, but on top of that we have asked each and every one of the members of the committee to swear an official oath that they will not do anything that will benefit them, that they will not talk about what is occurring, that they will not speak about what is occurring in this particular review, which is an incredibly important element of this deliberation.

Dr. Taft: Business as usual, Mr. Speaker. To the Premier: given that last week, well after they were appointed, all the panelists were asked to disclose their conflicts of interest to the government on the panel, will the Premier do the open and accountable thing and tell the people of Alberta what those conflicts of interest were?

Mr. Stelmach: Mr. Speaker, we wouldn't even be debating this issue of the composition of the panel if it wasn't for my insistence to ensure that we have a very thorough public review of the royalty regime in this province, and that's what we're going to get at the end of this.

Dr. Taft: Thank you, Mr. Speaker. To the Premier again: can the Premier assure Albertans that none of the royalty review panelists have business interests that will be affected by the decisions of the panel that they're serving on?

Mr. Stelmach: I can assure this House that the review will be done in a very open, transparent manner to ensure that there are no self-interests in terms of the results that end up on the table for all Albertans to observe in terms of whether the royalty regime is fair to all Albertans. Remember, we are all equal shareholders in that resource. of how funds were accepted. The committee then accepted whatever donations were made. I just want to say this, Mr. Speaker. There's such a concern about the disclosure. Well, a lot of those that didn't disclose were like \$25, \$50, you know, donations to the campaign. But here's the thing. We will have a lobbyist registry in place that will identify any person in this province that wants to lobby the government. Also, as soon as we get the information technology in place, we'll be able to track what money goes to any person in this province of Alberta through the blue book. So we've got it now, Mr. Speaker, on both sides of the spectrum. We'll make sure that is very open and transparent, and Albertans will see not only who's lobbying government but who is getting money from the other end.

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Royalty Review (continued)

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Dr. Taft: Thank you, Mr. Speaker. The Premier's first few months as leader have been tainted by questions about his commitment to openness and transparency.

They're not going to diminish after today. Though he talks the talk, his decision to hold a fundraiser where individuals could purchase time with the Premier and his refusal to disclose a list of donors to his leadership campaign are clear indications that he doesn't necessarily walk the walk. With the announcement of the Royalty Review Panel questions have arisen regarding the relationship between panel members and the government. To the Premier: given that the Premier only released a partial list of his leadership campaign donors, will the Premier tell this Assembly and all Albertans whether or not any of the review panelists provided cash in kind or other contributions to his leadership campaign?

Mr. Stelmach: In fact, in terms of the leadership campaign I don't know what the Liberals have in mind in terms of what kind of disclosure or how much involvement a candidate has in raising funds. There was a committee structured that receives campaign funds. It's actually a company that was enacted to receive campaign funds. It's their responsibility. In absence of any rules by the party in terms of the campaign, we had to make rules ourselves in terms of how funds were accepted. The committee then accepted whatever donations were made.

I just want to say this, Mr. Speaker. There's such a concern about the disclosure. Well, a lot of those that didn't disclose were like \$25, \$50, you know, donations to the campaign. But here's the thing. We will have a lobbyist registry in place that will identify any person in this province that wants to lobby the government. Also, as soon as we get the information technology in place, we'll be able to track what money goes to any person in this province of Alberta through the blue book. So we've got it now, Mr. Speaker, on both sides of the spectrum. We'll make sure that is very open and transparent, and Albertans will see not only who's lobbying government but who is getting money from the other end.

Dr. Taft: Thank you, Mr. Speaker. Again to the Premier: will the Premier tell this Assembly and all Albertans whether or not any of the companies the panelists are connected to contributed to his leadership campaign?

Mr. Stelmach: You know, Mr. Speaker, I don't know because I didn't follow who gave money to the campaign. It's a committee structure. It was a company name, and that's their role. I'm not involved in collecting funds in terms of the campaign nor any other leadership candidates here.

Dr. Taft: Thank you, Mr. Speaker. Again to the Premier: given that the minister responsible for the Royalty Review Panel hasn't released a list of his leadership donors, will the Premier direct the minister to disclose whether or not any of the review panelists or the companies they work with contributed to this minister's leadership campaign?

Mr. Stelmach: As I said before . . .

Dr. Taft: Open and accountable.

Mr. Stelmach: Yeah, and we've moved more in the last 60 days than you ever will in this Assembly. I can tell you that. We're going to have the lobbyist registry. Every person that receives any kind of money from this government will be in the blue book. That will be on the Internet. Any Albertan can pull it up. This is more transparency and openness than has been seen in this province for years, well ahead of where the opposition is today.

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March 12, 2007

Dr. Taft: Thank you, Mr. Speaker. This government is failing its claims to openness and accountability when it comes to the issue of appointments to the Royalty Review Panel.

Instead of a truly independent, balanced panel, we have a flawed process, blatant conflicts of interest, and serious questions about panelists' qualifications and their independence from this government. Albertans have questions they want this Premier to answer. To the Premier: given the Minister of Finance's embarrassing admission last week that unbeknownst to him one panel member – and I quote Hansard – “has actually done a considerable amount of work on finances with regard to oil companies,” will the Premier tell this Assembly what personal financial interests this individual may have in energy-related businesses?

Mr. Stelmach: Mr. Speaker, what Albertans want to know at the completion of this royalty review is whether the royalty regime that's in place today is fair: fair to those that make hundreds of billions of dollars' worth of investment in the oil and gas industry and also to all of us as Albertans, as equal shareholders in the natural resources. That is the purpose of this royalty review.

Dr. Taft: Again, he's failing to be open and accountable, so I will ask him another question. To the Premier: given that the Minister of Finance admits that he was unaware of the panelist's history of working with oil companies prior to his appointment, can the Premier tell this Assembly what qualified this person as panelist in the first place other than that he is a friend of the Premier?

Mr. Stelmach: Well, making allegations in the House like that – he doesn't know who my friends are, who my enemies are, so maybe do a little bit more research on that. Actually, Mr. Speaker, all members of the panel are professionals. They're economists. They're people with professional designations. I expect them to live up to their commitments as professionals in those key areas, to do a very thorough review of the royalties, put all that information on the table, and Albertans will make that determination of whether the royalty regime is fair or not.

Dr. Taft: Thank you, Mr. Speaker. Again to the Premier, and I will continue until he answers: is the Premier finally prepared to answer the question of whether any panelists or their companies financially supported his or the Minister of Finance's PC leadership campaigns?

Mr. Stelmach: Mr. Speaker, following the question from the hon. leader last week, I made a commitment that I'd check to make sure if there was anything coming from any member of the five members on the committee. There are none at all in terms of any contributions to me, you know, to my campaign. They checked whatever company names or individual names, and there are none on the record.

Dr. Oberg: Mr. Speaker, I would just add to that that none of the people on the royalty review commission made any contribution to my leadership campaign.

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March 13, 2007

Dr. Taft: Mr. Speaker, the principle of ensuring that private interests don't interfere with public duties is a sound one, one which Albertans expect to be upheld.

With the government taking in over \$80 billion worth of nonrenewable resource revenues in the last 10 years alone, surely the stakes are high enough to defend this principle when it comes to the Royalty Review Panel. My question is to the Premier. Why is the Premier allowing panel members with clear conflicts of interest to be involved in the biggest policy issue facing this government?

Mr. Stelmach: Mr. Speaker, yesterday I thought I was clear in my response to the question raised with respect to the individuals that have been selected for this panel. They are professionals. They all have professional ethics when they do a review of this sort. I said that their job is to lay out all of the information for all Albertans to look at to decide for themselves whether the royalty regime that we have in place today is fair both to all Albertans in terms of owners and also to industry, that is investing billions of dollars.

Dr. Taft: Thank you, Mr. Speaker. A letter from the Minister of Energy just last month restated that the goal of the royalty regime is to, quote, encourage development, apparently without regard to whether this development is hurting Albertans' quality of life. So much for managing growth. My question is to the Premier. Given that the royalty regime is designed to ensure profitability of investments for oil companies, will the Premier admit that the outcome of this review could have a substantial impact on the future value of the stock options and other investments held by panel members?

Mr. Stelmach: Mr. Speaker, there was some comment made with respect to managing growth. Part of the growth pressures, of course, in the province of Alberta are related to the critical human resource shortage, some to infrastructure, obviously, and to housing. Those are three clear priorities that this government is moving very quickly on, and we will report to the House on the progress on those particular areas.

Dr. Taft: Thank you, Mr. Speaker. A complete and utter dodge. I'll repeat so that he can hear and think. Will the Premier admit that the outcome of this review could have a substantial impact on the future value of the stock options and other investments held by royalty panel members?

Mr. Stelmach: Mr. Speaker, again, the purpose of this review is to gather information, assess the information that comes from Albertans in terms of the royalty regime, and lay it out on the table so all Albertans can have a look at it. But if the hon. member is concerned that there may be changes in the investment climate, it may be because of the lack of clarity in terms of rules with respect to greenhouse gas emissions, and that in itself may drive away substantial investment. That's why last week our Minister of Environment tabled a bill with very clear emission targets, and at least that in itself is stabilizing the investment climate in the province of Alberta.

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