

PRESENTATION TO PANEL RE ROYALTIES:

May 16, 2007

By Verna Milligan
Concerned Citizen of Edmonton.

Mr. Chairman, members of the Committee.

Thank you for this opportunity to present my concerns to you directly. I had been away and had not planned to attend.

However, last night at Midnight, after seeing some of the faces the homeless working people in Ft. McMurray - I decided I had to speak out. No longer were they just statistics – they were heart broken men with wives and children in crisis.

About seven or eight years ago, a radio host was interviewing a head of a giant petroleum company who was already complaining about the severe lack of hospitals, schools, etc., in Ft. McMurray. The host gently asked him, “Do you not feel that your company bears some responsibility in that it is your workers and their families that are moving there?” His immediate answer – without hesitation – was:
“No – hospitals and schools? That’s the Government’s job.”

Really?

I was shocked and angry at the time. But not near as angry as when I later read Andre Nikiforuk’s statement in the National Post:

In 2001 the province kept on granting the industry subsidies, this time to the tune of \$314 million. In addition, the Klein government has refused to disclose to the auditor general why these subsidies are still necessary in an era of high energy prices. The province also gives the oil and gas industry an annual \$640-million subsidy in free water allocations. (National Post Dec 1, 2002)

Peter Lougheed said recently that he had only accepted ONE Petroleum Company at a time – and he negotiated strong agreements regarding the company’s financial responsibility for the necessary infrastructure, including roads, schools, etc.

ARE WE COLLECTING SUFFICIENT ROYALTIES? NO, Definitely not!

1. **Royalty money should be set up in a special fund – Arms Length from the Government. Such as in Alaska,** where distribution will be given by a strict mathematical formula for fair infrastructure obligations, future savings for other generations and rebates, some as high as \$ 1,9800 per person over the past 25 years. This “Permanent Fund Corporation” was established by law, arms-length from the politicians and is run by experts under strict mathematical guidelines.
<http://www.apfc.org/fundlaw/lawindex.cfm>

Not as in Alberta, where, at **the whim of a Premier**, 4 Billion Dollars was handed out from a “Cookie Jar” to cover the Sticker-Shock of Deregulation just prior to an election; and 1.3 Billion handed out in Rebate cheques (\$ 400 before an election – with the promise of another \$ 400 if we re-elect them)...all the while politicians thumbing their noses at our Legislative Procedures.
(Our \$ 12 Billion Heritage Fund, established in 1976, has had its interest sucked out of it by short-sighted politicians.)

2. **Higher Royalty money could be used to establish a fund to provide Equal Dollars to each citizen who is willing to run for the highest political offices in our Province.** Yes – the core of electoral reform.

As long as citizens are willing to allow our elected officials to receive huge financial donations from powerful corporations -who stand to profit from our policies - how can citizens expect those same elected officials **to do their moral and ethical duty** of setting standards and regulating and monitoring these corporations for financial fairness and environmental protection to the citizens?

3. If we cannot change the Royalty rates – and **only the Political Will of our Elected Officials is stopping us** -- then why isn't the Government at least putting in an **Excess Profit Tax**, which is the major reason Norway's Fund is what \$ 120 Billion – and they only started 10 years ago - as opposed to Alberta's 12 Billion begun in the 1970's.
4. Why in the name of all that is decent - in light of this immediate crisis, plus all the crucial evidence of Global Warming – is the Alberta Government still persisting in Break-neck speed allowing (even encouraging) **Unrestricted and Uncontrolled Growth?**
5. **As for the claim that the Government cannot change the Royalty Rules** in the middle of the game, the Alberta Government didn't seem to have a problem Increasing the Healthcare Premiums by 30 percent; and upping the Nursing Home rates for the frail elderly and handicapped by 45-50 percent (with less than a month's notice) when we were suddenly facing financial troubles in 2002 – after having a 7 Billion Surplus less than a year before!
6. There is a dire need for **more transparency** regarding the Royalty payments by each and every Petroleum company:

For example:

According to the Royalty agreement, once the companies have paid off their costs, they are to pay 25 % royalties. Right? But how outside accounting can citizens know if the companies are doing that?

One recent example was the case Suncor – who was suing the Alberta Government (Alberta citizens) for \$ 200 Million. The company claiming that the Firebag was merely an extension of their current work – not a new one. At the same time the Premier’s Executive Assistant left that position and *immediately* took a high position with this same company. Later the Premier took time off from the Legislature to open his Fishing Lodge – and spent those days fishing with this former Ex Assistant, plus the Chairman of the Board – of the same company that was suing the Alberta Government. (If that had been the Paul Martin Government, wouldn’t Albertans be screaming???)

Has this case ever been settled? If so, did Alberta taxpayers pay? Is the company paying 1 % or 25%? Don’t citizens have a right to know?

Are we collecting sufficient royalties? Definitely not!

In conclusion:

I fear that Albertans, and their politicians, seem unable to comprehend the magnitude of a *Billion Dollars*. For example, the population of China just surpassed the One Million mark a few years ago, and the population of the world just passed the 6 Billion figure a year or so ago.

Last year with our 9 Billion Dollar surplus, we could have given \$ 1 and change to every man, woman and child in the whole world – yet we can’t look after a little over 3 Million people in our own province? We have people sleeping on our streets in the 40 below weather.

What kind of a society are we building in Alberta...where some corporations are raking in unbelievable profits, approximately half of which leave our country, while more and more of our own citizens are being forced out of their housing and people earning decent salaries are being priced out of even the simplest of housing and are being denied their basic rights to a decent life for them and their families.

Thank you.

Verna Milligan
Edmonton, Alberta