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ALBERTA ROYALTY REVIEW PANEL

Before Board Panel:

- Bill Hunter - Board Chairman
- Judith Dwarkin - Board Member
- Andre Plourde - Board Member
- Evan Chrapko (NP) - Board Member
- Ken McKenzie - Board Member
- Sam Spanglet (NP) - Board Member

HELD AT:

Delta South  
Edmonton, Alberta  
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Volume V

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APPEARANCES

Don Davidson ) Private Citizen  
Vera Milligan ) Private Citizen  
Kevan Rhead ) Private Citizen

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1 --- Upon commencing at 9:00 a.m.

2

3 THE CHAIRPERSON: Good morning, ladies  
4 and gentlemen. On behalf of the Royalty Review Panel  
5 thank you for your interest in our work in Alberta's  
6 royalty and tax regimes. I notice a few of the public  
7 audience that are returning from other days. I  
8 appreciate that and I'm probably going to have to catch  
9 up with you later today and see if I'm as consistent as  
10 I'd like to be. Thank you for coming again.

11 I'd like to introduce the panel. We have  
12 Andre Plourde on my far right; next is Judith Dwarkin; my  
13 name is Bill Hunter; and we have Ken McKenzie on my left.  
14 And at the end of our table is our timekeeper for today,  
15 not as pretty as we've had in the last two (2) days but  
16 still as effective.

17 A couple of housekeeping opportunities for  
18 us today. Each individual presenter will have five (5)  
19 minutes to make their presentation and then the panel  
20 would like to take the liberty of asking some points of  
21 clarification. Each organization will be allotted ten  
22 (10) minutes and again the panel would like the  
23 opportunity to ask questions of clarification.

24 If you've brought a submission with you  
25 today we'd gladly accept it, both at the secretariat

1 table at the back of the room or at the registration desk  
2 where you came in. If you haven't brought a submission  
3 with you and you'd like to make the submission, please  
4 see our website. We will accept all submissions and  
5 contributions from the public through the internet,  
6 email, fax, or by mail. The public contributions close  
7 on June 22nd of this year.

8 Just in case there's an emergency, I draw  
9 your attention to the exit doors. There's the one that  
10 you came through when you came into the room. On my back  
11 right is a set of doors and, if necessary, we can get  
12 through this corner if you're over in this quadrant.

13 To enhance the opportunity for the  
14 presentations and to lessen the disturbances or  
15 interventions on the contributions, I would ask you to  
16 shut off your cell phones and Blackberrys. If you have  
17 to keep them on in case of an emergency, please put them  
18 on vibrate or something that's less intrusive.

19 For any of the media present today, I  
20 would be very happy to spend some quality time with you  
21 at the end of the presentations, but I do ask that you  
22 respect the space of the panel and the presenters during  
23 the proceedings.

24 So there's two (2) panel members missing.  
25 In a word, there's six (6) of us and two (2) of them are

1 out of country; will be returning for the Calgary forums.

2 And again, on behalf of the panel and  
3 Albertans, thank you very, very much for your time and  
4 your interest.

5 The logistics for today is, we have two  
6 (2) registered presenters that we will start shortly and  
7 that's all that's come forward. At the end of the  
8 presentations this morning we will adjourn the  
9 proceedings, but the panel will make itself available for  
10 11:00 this morning if there's some walk-ups or late  
11 arrivals and then again at 1:30 this afternoon.

12 So our opportunity this morning is to hear  
13 from a Mr. Davidson, if you are here, sir. Welcome, sir.

14

15 PRESENTATION BY MR. DAN DAVIDSON

16 MR. DAN DAVIDSON: Good morning. Thank  
17 you, Mr. Chairman and panel members. I am thankful for  
18 the opportunity to provide my input into the evaluation  
19 and hopefully changes into Alberta's royalty system.  
20 There is no doubt that time for change is long overdue.

21 The resources of Alberta are owned by  
22 Albertans and by future generations of Albertans. It is  
23 a responsibility of our government to look after these  
24 resources and provide further development in a  
25 responsible manner. As such, the Government is a trustee

1 for the people of Alberta. Unfortunately, something has  
2 gone wrong.

3                   Today, as we look around Alberta, we see  
4 uncontrolled growth, housing prices going through the  
5 roof, rents going into orbit, an infrastructure that is  
6 falling apart and I won't even bring up our medical  
7 system. The list goes on and on.

8                   And are Albertans benefiting from this  
9 development?

10                   Some people are getting incredibly rich  
11 and companies are making record profits, but is the  
12 average Albertan being advantaged? I would say, no.

13                   We are building a house of cards. Our  
14 housing development policy is creating monster cities  
15 without sustainability and without adequate  
16 infrastructure.

17                   People cannot afford housing and if the  
18 interest rates take a sudden increase or if the economy  
19 takes a sudden downturn, where will we be? I do not want  
20 to belabour this point as I'm sure you all read the --  
21 the news.

22                   My recommendations will not focus on the  
23 immediate need to amend our royalty program for oil sands  
24 development and to increase our current royalty system  
25 for conventional oil and gas. I will leave this obvious

1 need for others to argue. I would only like to focus on  
2 four (4) issues concerning royalties.

3                   The first relates not so much to royalty  
4 rates, but to the system of leasing development rights to  
5 oil and gas companies. At present, land that is posted  
6 can be leased. Any land that can -- that can be posted.  
7 I'm sorry, at present, any land that is posted can be  
8 leased.

9                   It seems that there are no considerations  
10 as to what land is leased. Is it a special place such as  
11 a lake, a wetland, or a provincial park? Is it an  
12 undeveloped wilderness area that is the habitat for  
13 caribou or other endangered species?

14                   My recommendation is that the Government,  
15 as steward for the things that are owned by Albertans and  
16 future generations, should cease accepting postings for  
17 these special places. Let's leave the decisions to  
18 develop or not develop these special places to our  
19 children. Let us establish areas where development is  
20 deferred for the future.

21                   My second recommendation relates to the  
22 many Albertans that are being left behind; those that are  
23 not only not benefiting from the boom but, in fact, are  
24 being disadvantaged from it. These are such as the  
25 elderly who are living in extended care facilities.

1                   We have all heard horror stories of people  
2 spending all day in soiled diapers because of the  
3 inadequate facilities. Even to the extent that one (1)  
4 lady went on a hunger strike to bring attention to her  
5 plight only to die a short time later.

6                   These Albertans equally own their -- their  
7 share of Alberta's resources and they should be able to  
8 cash in as their time on the earth is ending. Let them  
9 end their lives in dignity. As such, I would recommend  
10 that an additional royalty increment of 1 percent be  
11 collected which should be given solely to disadvantaged  
12 Albertans. It is rightfully theirs.

13                   My third recommendation is to have some  
14 flexibility in the royalty system such that it can be  
15 easily varied depending on the prevailing economic  
16 conditions. At times of windfall profit, the Government  
17 on behalf of Albertans should have the ability to  
18 increase its share in a fair manner. While corporations  
19 will bemoan the fact that -- that they need certainty and  
20 stability, they should enjoy the fact that this is really  
21 a page from their book; extract what the market will  
22 bear.

23                   Oil companies seem to be able to do so  
24 with impunity as we watch the almost weekly increases in  
25 gasoline prices. Perhaps it is time to turn the tables

1 so that we get a realistic return and slow this  
2 ridiculous rate of development. I'm not recommending  
3 that we raise the royalty rates just before the long  
4 weekend in May, we should not stoop that low.

5                   This would only happen when  
6 circumstances warranted it during times of windfall  
7 profits and uncontrolled growth. It is interesting to  
8 note that Imperial Oil and Shell Oil both increased their  
9 share value by four and a half (4 1/2) times since June -  
10 - since the year 2000. Other oil companies have had  
11 similar increases. This seems to reflect what has  
12 happened to housing and rental prices in Calgary and --  
13 and Edmonton. Albertans too want certainty and  
14 stability.

15                   My forth recommendation is another  
16 incremental royalty. This increment would go directly  
17 into a new trust fund; a trust fund that is beyond the  
18 reach of government both for the principal and the  
19 interest. There is no excuse for the depreciation of the  
20 Heritage Trust Fund with its profits seeming to go to --  
21 or seemingly to be used as an avenue to give corporations  
22 and the wealthy big tax breaks.

23                   Let's set up a real trust fund, one  
24 that grows for our future. Perhaps this money from the  
25 trust fund should be invested in oil sands developments

1 so that Albertans can really own some of its resources,  
2 resources that they already own.

3 THE CHAIRPERSON: Mr. Davidson, your five  
4 (5) minutes is up. I wonder if you could close with a  
5 paragraph that wraps up your --

6 MR. DAN DAVIDSON: I'm on my last  
7 paragraph right now.

8 THE CHAIRPERSON: Okay, sure. Go for it.

9 MR. DAN DAVIDSON: In conclusion, I would  
10 like to say that in the past four (4) months there have  
11 been at least four (4) public forums and I'm thankful  
12 that the Government has set these up: oil sands  
13 development, climate change, this royalty review and  
14 later today, land use.

15 There's a common thread running through  
16 the public forums which is uncontrolled growth is having  
17 a drastic effect on Alberta.

18 I'm somewhat concerned that our Premier  
19 even before hearing what Albertans wants done with their  
20 resources has stated that the development will not slow  
21 down. I hope our government will reconsider its policies  
22 and listen to Albertans. Thank you.

23 THE CHAIRPERSON: Thank you, Mr.  
24 Davidson. If you will allow us a few questions.

25 MR. DAN DAVIDSON: Yes.

1 THE CHAIRPERSON: Judith...?

2

3 QUESTIONS BY BOARD:

4 MS. JUDITH DWARKIN: Thank you. I have a  
5 couple of questions for you. With respect to your  
6 recommendation that -- lease -- leases no -- no longer be  
7 accepted or postings no longer be accepted for special  
8 places, are you meaning that to apply only to the oil and  
9 gas sector to -- or to all sort of industrial uses of  
10 land?

11 MR. DAN DAVIDSON: We are talking here  
12 generally about oil and gas royalties, but I would love  
13 it to -- and I'm sure a lot of Albertans would agree with  
14 me that it's time to set aside areas that are really  
15 protected from development and let -- leave them for our  
16 -- our children and our grand children and let them  
17 decide what they want to do with it.

18 MS. JUDITH DWARKIN: Thank you. And you  
19 recommended a couple of incremental royalty rate  
20 increases.

21 Is that the -- the totality of your  
22 recommendations?

23 MR. DAN DAVIDSON: No. No, I stated that  
24 my recommendations will not focus on the immediate need  
25 to increase the oil sands royalty and the con -- royalty

1 for conventional oil and gas, and I would leave that for  
2 other people to argue. But assuming that happens there  
3 should be a separate increment for the disadvantaged  
4 Albertans and for a real trust fund set up for our  
5 future.

6 MS. JUDITH DWARKIN: So you would isolate  
7 two (2) of those points of increase and stream them --

8 MR. DAN DAVIDSON: It's not happening  
9 now. I would isolate them because it's not happening and  
10 I think it's totally unfair that Albertans who own a  
11 percentage share of our resources are -- are being  
12 disadvantaged. It's not -- it's not as though that they  
13 are just maintaining the status quo; they are really  
14 being disadvantaged.

15 And it's going to get worse as our rent  
16 controls -- we have no control of our rent. There's  
17 going to be more and more homeless people that are -- are  
18 going to be thrown out into the streets because they  
19 cannot afford what is happening. It's totally out of  
20 control and I think it's time to stop it and the way to  
21 stop it is through the control with royalties.

22 MS. JUDITH DWARKIN: Thank you.

23 THE CHAIRPERSON: Ken...?

24 MR. KEN MCKENZIE: Thanks very much for  
25 your presentation. I appreciate you taking the time.

1                   Just really -- just to build on what  
2 Judith was talking about, it seems that what you're  
3 really interested in, and then you just indicated this,  
4 was not so much arguing for an increase in royalties that  
5 -- that may or may not happen -- but rather in terms of  
6 how those royalties are used and how the revenue is used.

7                   You -- you've identified two (2), sort of,  
8 what I think of as dedicated sources for these revenues.  
9 One might be -- you mentioned healthcare and -- and  
10 allocating some for the disadvantaged and the other one  
11 is --

12                   MR. DAN DAVIDSON:    Oh, it's not for  
13 healthcare. It's -- it is for the specific segment of  
14 our society, those poor people that are laying on their  
15 deathbeds in elder care facilities --

16                   MR. KEN MCKENZIE:    Okay.

17                   MR. DAN DAVIDSON:    -- that have to lay in  
18 dirty diapers all day because we're not looking after  
19 them.

20                   MR. KEN MCKENZIE:    Okay. Thank you for  
21 clarifying that, and also on the -- the trust fund idea  
22 as well.

23                   So this is more about how we allocate or  
24 spend the royalties in your mind as opposed to --

25                   MR. DAN DAVIDSON:    No, I'm sorry if I --

1 let me clarify that.

2 MR. KEN MCKENZIE: Okay.

3 MR. DAN DAVIDSON: In five (5) minutes I  
4 -- I couldn't address the need to increase our royalties.

5 MR. KEN MCKENZIE: Okay.

6 MR. DAN DAVIDSON: I definitely think we  
7 need to increase our royalties because at these giveaway  
8 prices, I think what is happening is terrible --

9 MR. KEN MCKENZIE: Okay.

10 MR. DAN DAVIDSON: -- as far as  
11 development is concerned. I'm addressing four (4)  
12 specific points and I'm hoping others will address the  
13 need to increase the royalties.

14 MR. KEN MCKENZIE: Okay. Thanks for  
15 clarifying that.

16 THE CHAIRPERSON: Andre...?

17 MR. ANDRE PLOURDE: Thank you. Thanks  
18 for your presentation.

19 You mentioned the windfall profit idea,  
20 kind of the flowthrough of a lot of profits to the  
21 operators of the companies, and you made the suggestion  
22 about in good times the Government should take more -- on  
23 behalf of Albertans the Government should take more.

24 Do you see this as something that would  
25 fit into the royalty system? Do you see this a different

1 tax? Do you see this as something that would -- should  
2 be done automatically, part of the design of this system,  
3 or is it an action that would need to occur?

4 MR. DAN DAVISON: I think there should be  
5 two (2) parts. The -- the one -- the currently -- the  
6 current rate for conventional oil and gas in -- is a  
7 function of price. It goes up and then it flattens off  
8 and when that was created nobody ever thought that oil  
9 prices would -- would reach these type of levels. That  
10 was so far in the future they just said, Okay, we'll cap  
11 it then.

12 MR. ANDRE PLOURDE: Yeah.

13 MR. DAN DAVIDSON: That -- that curve  
14 should have continued going straight up and that would  
15 have sorted a lot of problems out for the conventional  
16 oil and gas.

17 But there's always going to be some times  
18 that -- or something happen that we can't foresee, and I  
19 think that the Government should have the ability to  
20 adjust the royalty rate to -- to control the growth that  
21 we're having, control the economic situation and to take  
22 its fair share for Albertans. The Government doesn't own  
23 the royalties, Albertans own the royalties.

24 MR. ANDRE PLOURDE: Can I ask you, if in  
25 the oil sands, you mentioned the conventional side with

1 the royalty rate increasing as prices go up, but in the  
2 oil sands as you know it's a flat rate.

3 Do you see that as something we should  
4 consider in the oil -- that should be considered in oil  
5 sands as well, this notion of royalty rates --

6 MR. DAN DAVIDSON: Definitely --  
7 definitely there should be some flexibility. If you have  
8 a flat rate, you're going to pick the rate at the wrong  
9 point.

10 MR. ANDRE PLOURDE: Great. Thank you.

11 THE CHAIRPERSON: I'd like you to go back  
12 to the thought where we have the four (4) forums  
13 travelling around the Province right now; so the oil sand  
14 development, this forum, affordable housing and the land  
15 use --

16 MR. DAN DAVIDSON: No, I -- I didn't say  
17 affordable housing, I said climate change.

18 THE CHAIRPERSON: Climate change, sorry.

19 MR. DAN DAVIDSON: Now, affordable  
20 housing is one that I haven't participated in and I  
21 probably should but my --

22 THE CHAIRPERSON: It's a different rent  
23 control than what we're looking for.

24 MR. DAN DAVIDSON: Yes.

25 THE CHAIRPERSON: But the common --

1 MR. DAN DAVIDSON: Thread.

2 THE CHAIRPERSON: -- thread between the  
3 four (4) again is the...?

4 MR. DAN DAVIDSON: Is the -- is the  
5 ability or -- or the -- the platform that is laid out  
6 mainly through royalties and other incentives for oil  
7 companies and resource companies to come in and just  
8 wildly develop it.

9 And -- and it's killing themselves. It's  
10 like an animal going to -- eating itself to death; that  
11 is what is happening. There are -- how many oil sands  
12 projects are not proceeding because of the runaway costs?

13 And they're only -- the runaway costs are  
14 only a result of what the Government has given them --  
15 allowed them to do; Hey, here's a -- here's a good deal.

16 There's no royalties, basically, until you  
17 get your payout and then we start getting this increment  
18 of royalty. And so, there's so much development, we  
19 can't -- the -- the labour -- there's no -- there's not  
20 sufficient labour. But I'm looking at what's happening  
21 to Albertans. How are Albertans really benefiting from  
22 it? They're not.

23 There -- there are some that are -- are --  
24 think they're benefiting but, boy, I think when the --  
25 the crash comes and we've all seen oil and gas boom and

1 bust cycles, and it's going to happen. This house of  
2 cards we're building is going to come crashing down.

3 THE CHAIRPERSON: Thank you very much,  
4 Mr. Davidson. We really appreciate you coming forward  
5 and making that contribution.

6 MR. DON DAVIDSON: Thank you.

7 THE CHAIRPERSON: The next opportunity is  
8 to hear from Ms. Milligan, if you're here. Welcome.

9

10 PRESENTATION BY MS. VERNA MILLIGAN

11 MS. VERNA MILLIGAN: Thank you, panel. I  
12 have been out of town and should have been aware, but  
13 wasn't, of this. And so last night at midnight I decided  
14 -- and the reason I decided was because I saw on  
15 television the faces of the homeless up in Fort McMurray,  
16 on CBC, and I decided to speak out, because no longer  
17 were they just statistics, they were people. They were  
18 brokenhearted men who -- with wives and children to look  
19 after and they were in crisis.

20 About seven (7) or eight (8) years ago I  
21 heard a radio host interviewing a head of a giant  
22 petroleum company in Fort McMurray who was already  
23 realizing the terrible crunch of lack of hospitals,  
24 schools, et cetera in their area. The host gently said  
25 to him, Well, do you think that your company has some

1 obligation because it's your people that are moving in?  
2 Without any hesitation this CEO said, No, hospitals and  
3 schools and all of that is the Government's role; the  
4 Government's responsibility.

5 I was astounded. But I was even more  
6 astounded when I later read Andrew Nikiforuk statement,  
7 that in 2001 the Province kept on granting the industry's  
8 subsidies, this time to the tune of 314 million in 2001.  
9 In addition, the Klein Government has refused to disclose  
10 to the Auditor General why these subsidies are still  
11 necessary - as Nikiforuk says - in an era of high energy  
12 prices.

13 The Province is also giving the oil and  
14 indus -- gas industry an annual of 640 million subsidy in  
15 free water allocations; that was in National Post,  
16 December 1, 2002.

17 So Peter -- I remember Peter Lougheed  
18 saying recently that he only accepted one (1) petroleum  
19 company at a time and he negotiated strong agreements  
20 with these people regarding their financial  
21 responsibility for the necessary infrastructure including  
22 roads, schools and housing.

23 So, sufficient royalties, no. Not until -  
24 - and I would make the following recommendations. Not  
25 until a royalty money is used to set up a special fund --

1 arm's length - as a previous gentleman says - from the  
2 Government because these royalties belong to the people.  
3 What -- distribution will be given on a mathematical  
4 formula for rebates, fair infrastructure obligations and  
5 future savings for younger generations.

6                   This is the way it is done in Alaska. Not  
7 as here, in the whim of a premier who can dip into this  
8 cookie jar or candy dish and hand out \$4 billion to fix  
9 up de-regulation before an election, to hand out 1.3  
10 billion on a four hundred dollar (\$400) rebates before an  
11 election with another four hundred (400) promised after  
12 the election.

13                   2. Not until we have used this resource  
14 money to establish a fund which will provide equal  
15 dollars to each citizen who is willing to run for the  
16 highest political offices in our province. Wow, this is  
17 really getting to the core of electoral reform.

18                   As long as we, as citizens, are willing to  
19 allow all our elected officials to rely on financial  
20 donations from individuals and, worst of all, from huge  
21 political corp -- corporations, and very powerful ones,  
22 who stand to profit from our policies, how can we expect  
23 these same elected officials to do their moral and  
24 ethical duty of setting standards, regulating and  
25 monitoring these corporations for financial fairness, and

1 environmental protection to our citizens?

2                   3. If we cannot change the royalty rates  
3 and only the political will of our electoral officials is  
4 stopping us, then why isn't the Government at least doing  
5 as in Norway; having an access profit tax? This is the  
6 major reason Norway's fund is at an astounding -- what,  
7 140 billion now compared to our twelve (12) in the '70s.  
8 Well, it started in 1970s. Theirs started a decade ago;  
9 ten (10) years ago.

10                   And why, in the name of all that is  
11 decent, in the light of immediate crisis, plus all the  
12 crucial evidence of global warming is Alberta Government  
13 still insisting at going at break-neck speed allowing,  
14 even encouraging, unrestricted and uncontrolled growth?

15                   And as for the claim that the Government  
16 cannot change royalty rules in the middle of the game;  
17 the Alberta Government didn't seem to have a problem  
18 increasing our healthcare premiums 30 percent. Or, as  
19 the other gentleman referred to, nursing home and elderly  
20 -- on the frail elderly on fixed incomes, 45 to 50  
21 percent with not even a month's notice, when we were  
22 suddenly facing financial troubles in 2002, after having  
23 what, a \$7 billion surplus the year before.

24                   We have a need for more transparency in  
25 our royalty payments for each and every petroleum

1 company. I'll give one (1) example that's recent.  
2 According to royalty agreement, once the companies have  
3 paid off -- they're supposed to what, 25 percent? One  
4 recent example and I'll name it, it was Suncor. It was  
5 in the paper. They were suing Alberta Government, what  
6 200 million, for -- because the Government was saying  
7 that their Firebag extension was a new program. No, was  
8 -- yeah, it wasn't part of the existing program. Suncor  
9 was saying that it was new. And all we have done is put  
10 a pipeline between the two (2).

11 And I read in the paper where the  
12 Government was terrified that if Suncor got away with  
13 this, what is to stop every other government -- other --  
14 other corporations from doing the same?

15 Now my question was, at that time, the  
16 Premier's Executive Assistant immediately left his job,  
17 went to work for this same company that's suing Alberta  
18 taxpayers, and at the same time, within months, was our  
19 Premier on a fishing trip when he opened his fishing  
20 lodge and has skipped the Legislature to do so, was  
21 fishing with that same Executive Assistant now working  
22 for Suncor and the Chairman of the Board.

23 Now we, in Alberta, would have been  
24 screaming blue murder if that had been Paul Martin and  
25 company, right?

1 THE CHAIRPERSON: Ms. Milligan, your time  
2 is up.

3 MS. VERNA MILLIGAN: Yeah. So --

4 THE CHAIRPERSON: Are you close to the  
5 end?

6 MS. VERNA MILLIGAN: Yes I am.

7 THE CHAIRPERSON: Okay.

8 MS. VERNA MILLIGAN: So, my question is,  
9 as a citizen, do I know if that two hundred dollar (\$200)  
10 -- 200 million was ever settled and if so, is the company  
11 paying 1 percent or 25 percent now?

12 And citizens have a right to know. But I  
13 guess, basically, in closing, what kind of society are we  
14 building here in Alberta -- I could just say, amen, to  
15 everything my previous speaker said -- where some  
16 corporations are raking in unbelievable profits, much of  
17 that, probably half, going out of our country, while our  
18 own citizens are being tossed out of their living  
19 accommodation, they can't find a decent place to live and  
20 -- and the right to decent life in our own province.  
21 Thank you very much. I appreciate your time.

22 THE CHAIRPERSON: Thank you, Ms.  
23 Milligan. If you would allow us a few questions.

24 MS. VERNA MILLIGAN: Sure.

25 THE CHAIRPERSON: Andre...?

1 QUESTIONS BY BOARD:

2 MR. ANDRE PLOURDE: Thank you. Two (2)  
3 things, please, if I may.

4 The first thing is: Do you think that the  
5 royalty system is -- is an important part in controlling  
6 the pace of activity or not?

7 MS. VERNA MILLIGAN: No.

8 MR. ANDRE PLOURDE: No?

9 MS. VERNA MILLIGAN: It hasn't. In fact,  
10 I think it's encouraging it. If you told me that -- if  
11 the city of Edmonton says, Okay, you're only going to pay  
12 1 percent taxation on your house until it's all payed  
13 off, do you think I wouldn't be adding on a porch, and a  
14 sundeck, and a, you know, gazebos and the whole gamut  
15 because I'd really have that house finished, right?

16 MR. ANDRE PLOURDE: Well, sorry --

17 MS. VERNA MILLIGAN: Why would the -- so  
18 why would an oil company say, I've finished now, I'll  
19 start paying 25 percent? I know some of them are and I -  
20 - I commend the ones that are, and I haven't had time the  
21 research at midnight.

22 But -- but it isn't a system that  
23 encourages it, but I would recommend that I think  
24 Norway's royalty rates are one (1) thing, but their  
25 biggest thing is the excess profit tax and it would get

1 at, what the gentleman was referring to, is -- is a  
2 sliding scale. And what we've done is hold the royalty  
3 rates at such a low rate. They were lowered, weren't  
4 they, by Mr. Klein in the mid '80s -- no, in the '90s or  
5 something. They were lowered at any rate the mid '80s, I  
6 believe, when oil dropped. They have never been raised.

7 MR. ANDRE PLOURDE: Okay. So -- I'm  
8 sorry, it wasn't very clear, but should we use the  
9 royalty system to affect the pace of development or are  
10 there other tools that you have in mind?

11 Like, you mentioned an excess profit tax.  
12 So should we focus on something like an excess profit tax  
13 and leave the royalty system alone, for example, or  
14 should we do something else?

15 MS. VERNA MILLIGAN: I think it's a  
16 combination of everything and I think it's a combination  
17 of just saying, no. What part of no don't you understand  
18 when you apply to open some more things in the oils  
19 sands?

20 MR. ANDRE PLOURDE: Oh, okay. Next  
21 question, thank you. You mentioned kind of the -- the  
22 system that was in place when Premier Lougheed was around  
23 in terms of negotiating deals with individual companies,  
24 and now the system is more, here are the rules under  
25 which we operate, and then, you know, play within those

1 rules sort of thing. Very different types of approaches.

2                   Would you prefer to move away from the  
3 series of rules that are well known ahead of time and go  
4 more to -- back to negotiated deals or do you think we  
5 can design a system that -- where the rules are clear and  
6 open to everyone and then they can make their own  
7 decisions?

8                   MS. VERNA MILLIGAN: I'm not sure how  
9 many rules we have anymore, I guess. But -- but I think  
10 that there should be -- if that's the companies bringing  
11 in all these people, there's an obligation on these  
12 companies to do something about infrastructure, and --  
13 and as I said the -- the companies saw no reason to do  
14 so. We have to -- our elected officials on behalf of  
15 citizens have to start setting some stronger rules.

16                   MR. ANDRE PLOURDE: Thank you.

17                   MS. VERNA MILLIGAN: Thank you.

18                   THE CHAIRPERSON: Ken...?

19                   MR. KEN MCKENZIE: Thank you very much  
20 for your presentation.

21                   Both you and the previous presenter talked  
22 about the idea of this arm's length managed fund. Can  
23 you give me your thoughts on exactly who would manage it  
24 and -- and how we would go about choosing the individuals  
25 to manage it?

1 MS. VERNA MILLIGAN: Well, that's a good  
2 question. I think, first of all, I'd research Alaska a  
3 little further. I have looked into it but it was, oh, a  
4 few years ago when I was promoting this kind of a thing  
5 myself, but they -- they have a very highly regulated  
6 fund and it's all by a mathematical formula.

7 Now, who is on it and how they get there,  
8 I don't know but it is arm's length from short-term  
9 thinking politicians. I mean, that's what we have a  
10 problem with. It has gone -- even the interest from our  
11 Heritage Fund has gone into the -- the cookie jar.

12 And at election time -- you know the  
13 imbalance -- but at election time they just pull out  
14 these in the billions. Albertans don't understand what a  
15 billion is. It's the population of China. It just  
16 surpassed a billion a little while ago. The population  
17 of the whole world is 6 billion people. We can give one  
18 dollar (\$1) and so many cents to every person, man,  
19 woman, and child, in the world just last year. Now,  
20 that's -- that's an incredible amount of money, but we  
21 roll it off our tongue here in Alberta like it's nothing.

22 MR. KEN MCKENZIE: So your preference  
23 would be to see this fund managed according to well-  
24 defined rules and formulas --

25 MS. VERNA MILLIGAN: Very much.

1 MR. KEN MCKENZIE: -- as opposed to the  
2 whims and discretions of the politicians?

3 MS. VERNA MILLIGAN: Oh, oh, I think  
4 it's --

5 MR. KEN MCKENZIE: I don't want to put  
6 words in your mouth.

7 MS. VERNA MILLIGAN: No, I -- you did  
8 very well and -- and it's -- it's just -- it's the whims  
9 and -- and it's -- it's bribery is what it is, and it  
10 wouldn't be -- it wouldn't be tolerated in most  
11 democratic areas.

12 MR. KEN MCKENZIE: Thank you, very much.

13 MS. VERNA MILLIGAN: Like Alaska's part  
14 of the United States, right?

15 THE CHAIRPERSON: Judith...?

16 MS. JUDITH DWARKIN: Thank you. Just to  
17 followup, a new question with respect to -- I don't like  
18 royalty revenue is being put into general revenues. It's  
19 general revenues that are used to finance infrastructure  
20 projects but, in your opinion, some of the projects that  
21 have been financed haven't been the best use of those  
22 funds, is that correct?

23 Do I understand that correctly?

24 MS. VERNA MILLIGAN: Well, we don't know  
25 what's been going where I don't think, but they -- where

1 it has been done in places like Alaska, that certain  
2 percentage of that fund, those royalties, goes right back  
3 into the community; it goes into their education system,  
4 the universities, I think -- are they free? I'm not  
5 sure. I haven't time, as I said, to do the research.

6 But -- but if -- you would take a certain  
7 percentage of that and say, Here, this is what needs to  
8 be done; this is the percentage that goes every year into  
9 it, you wouldn't get this deficit that we're in at the  
10 moment.

11 MS. JUDITH DWARKIN: Is your  
12 recommendation that these funds, the royalty funds, be  
13 streamed to those communities that are, sort of, at the  
14 centre of the development activities then or more  
15 generally across the Province?

16 MS. VERNA MILLIGAN: Well, I -- I would  
17 say amen again to the other gentleman, that this belongs  
18 to all Albertans and I would say the -- the majority of  
19 Albertans are not benefiting and they are hurting. They  
20 are hurting a great deal from this. So they say, Oh,  
21 your house is worth such-and-such now, but where do you  
22 go?

23 MS. JUDITH DWARKIN: Okay. And so with  
24 that system then, you're suggesting a supplementary  
25 system where oil and gas companies would directly

1 contribute to infrastructure projects --

2 MS. VERNA MILLIGAN: Right.

3 MS. JUDITH DWARKIN: -- in the  
4 communities where they operate?

5 MS. VERNA MILLIGAN: Right. Either do it  
6 that way or do it through stronger regulations demanding  
7 money for their infrastructure.

8 One (1) example was the train that was  
9 suggested that we put in. Premier Klein was willing for  
10 taxpayers to pay for that but he didn't think he should  
11 pay for a train that would go Calgary to Edmonton. No,  
12 we've got our priorities backwards here in this province.  
13 That should be something that the companies that are up  
14 there demanding this or needing this and riding on the  
15 highways --

16 MS. JUDITH DWARKIN: Hmm hmm.

17 MS. VERNA MILLIGAN: -- should have a  
18 huge obligation on that regard.

19 MS. JUDITH DWARKIN: So a user pay, kind  
20 of, principle is what you're talking about?

21 MS. VERNA MILLIGAN: Well, it's supposed  
22 to be what we do.

23 MS. JUDITH DWARKIN: Thank you.

24 MS. VERNA MILLIGAN: Thank you.

25 THE CHAIRPERSON: Ms. Milligan, I'm

1 impressed by your midnight analysis.

2 MS. VERNA MILLIGAN: Oh, thank you.

3 THE CHAIRPERSON: It's come through loud  
4 and strong.

5 That's all the questions we have for you  
6 this morning.

7 MS. VERNA MILLIGAN: Thank you.

8 THE CHAIRPERSON: Thank you for making  
9 your contribution.

10 MS. VERNA MILLIGAN: And I -- I would  
11 appreciate you passing on to the Premier that these  
12 hearings are appreciated. Thank you.

13 THE CHAIRPERSON: Thank you very much.

14 So ladies and gentlemen, that concludes  
15 our contributions for this morning. As I told you, the  
16 panel will make themselves available for an eleven  
17 o'clock appearance if we have some walk-ups that would  
18 like to register. In the meantime, we are going to get  
19 back to work in analysing all the contributions that we  
20 have heard from Edmontonians in the last three (3) days,  
21 so thanks again.

22 And for you regulars, I really appreciate  
23 you coming back and sharing some time with us.

24

25 --- Upon recessing at 9:32 a.m.

1 --- Upon resuming at 2:10 p.m.

2

3 THE CHAIRPERSON: Good afternoon, Ladies  
4 and Gentlemen, and welcome to the afternoon session of  
5 the Public Forum. I see that we only have one (1) new  
6 face this afternoon so I'll briefly talk about, first of  
7 all, thank you for coming and we appreciate your interest  
8 in the work that the Royalty Review Panel has on  
9 Alberta's royalty and tax regime. As always, the public  
10 input is a very important part of our analysis on behalf  
11 of the Panel.

12 A couple of housekeeping opportunities,  
13 individual presenters or citizens get five (5) minutes to  
14 present and then that will be followed by an opportunity  
15 for the panel to ask questions and questions of  
16 clarification.

17 If you have a written submission you'd  
18 like to leave with us today, there's secretariat people  
19 or at the registration desk they'll gladly take it. If  
20 you forgot it and you'd like to make the submission we  
21 have a variety of ways through internet, e-mail, fax and  
22 the normal mail system to get your contribution to us.

23 The public contribution opportunity ends  
24 on June 22nd of this year. Just a quick safety aspect,  
25 is that in case of an emergency, there is a door at the

1 back that you came through, there's emergency doors at  
2 the front here on my right and as well we can leave  
3 through this corner opening should something happen and  
4 we must all leave the building in an orderly fashion.

5 I please ask that Blackberry and cell  
6 phones be shut off so we don't have any interruptions for  
7 the presenter or the listening opportunity by the panel.

8 Media folks, we'll cover that when the  
9 presentations are over and I'd be happy to speak with any  
10 media requests. We ask them to respect our space and the  
11 space of the presenters during the proceedings.

12 And again, thanks everyone for coming this  
13 afternoon.

14 So we have an opportunity to hear from Mr.  
15 Rhead. If you're here, sir, we'd be glad to hear from  
16 you. I hope I pronounced your name right.

17 MR. KEVAN RHEAD: Sit up here?

18 THE CHAIRPERSON: Yes, please.

19

20 (BRIEF PAUSE)

21

22 MR. KEVAN RHEAD: Good afternoon.

23 THE CHAIRPERSON: If you -- if you could  
24 just hold for one second, we just want to make sure that  
25 the -- the mic system's working for you.

1 (BRIEF PAUSE)

2

3 THE CHAIRPERSON: What we have is a  
4 very sophisticated system that helps us with our  
5 transcripts and it's hooked into the hotel's speaker  
6 system so we're -- we're getting a bit of feedback and  
7 it's acting up this afternoon. So we apologize for that.

8

9 (BRIEF PAUSE)

10

11 THE CHAIRPERSON: I'm being told that  
12 we're collecting the data for the transcripts now so even  
13 though we may have some hardships, if you and I speak a  
14 little louder, the public can also participate.

15 MR. KEVAN RHEAD: Are we abandoning --  
16 abandoning the mics there?

17 THE CHAIRPERSON: We're going to try and  
18 use a partial and slowly tweak it up as you're speaking,  
19 sir.

20 MR. KEVAN RHEAD: Oh, so you want me to  
21 start?

22 THE CHAIRPERSON: If you're ready. I  
23 appreciate your flexibility.

24

25 PRESENTATION BY MR. KEVAN RHEAD:

1                   MR. KEVAN RHEAD:    Okay.  My name is Kevan  
2 Rhead.  I'm a graduate three (3) times from the  
3 University of Alberta.  First in geography, education,  
4 then a Masters of Administration.  I'm a farm boy who  
5 retired in the city and I am very concerned about a  
6 number of social issues.

7                   Unfortunately, I find that the -- several  
8 of the public consultation processes launched by our new  
9 Premier are not -- not all that well promulgated at least  
10 to me, so I only learned about this particular one this  
11 morning at ten o'clock.  And nonetheless, there are some  
12 burning concerns that I have had about the matter of oil  
13 sands development and oil royalties that I have no  
14 trouble speaking off the cuff about.

15                   Before we start, would it be in order for  
16 me to clarify who I'm talking to:  Mr. Hunter, Ms.  
17 Dwarkin and Mr. McKenzie.  And I see in the things I got  
18 at the door, you folks are economists and researchers.

19                   Might I ask you a question?  Have -- in  
20 your research capacity in this -- in this business I  
21 presume that much or most of your work has been for  
22 industry.  Have you done any work that is not for  
23 industry?

24                   THE CHAIRPERSON:    Sir, we're here to hear  
25 your contributions, not to respond on our qualifications.

1 Our resumes are on the website and available for you to  
2 have a look at and decide that for yourself.

3 MR. KEVAN RHEAD: That's fine. I -- I  
4 just thought I'd verify -- I don't -- what I don't see on  
5 the website so I'll conclude if it's not on the website,  
6 it doesn't exist.

7 Another point I want to make is with  
8 respect to research. There are many research  
9 organizations -- extent in Canada; some significant ones  
10 here in the Province of Alberta and notably the Pembina  
11 Institute with regard to environment and some other  
12 groups.

13 But we also find that there are some  
14 groups like C.D. Howe and the Fraser Institute who do a  
15 lot of research on a wide range of topics and their  
16 stated objective is generally to advocate market  
17 solutions. But I have been told by reputable researchers  
18 that their research is generally not peer reviewed.  
19 Quite the contrary to the kind of research we might get  
20 from Pembina, or say the Parkland Institute which also  
21 does research on matters of environment and energy and  
22 public policy.

23 So with that qualifier, I -- I do think  
24 it's important that we recognize that; at least it's my  
25 opinion and what I've heard. And if I make reference to

1 -- to one of these groups or work done by, for example  
2 the Environmental Research and Study Centre at the  
3 University of Alberta which also does, I believe, peer  
4 review research, from my training at the University of  
5 Alberta whose model is something we often forget --  
6 Cocrum Cavera (phonetic) meaning what, so everythings  
7 (sic) are true -- we really ought to be looking at  
8 research that is done clearly without bias.

9           Now with respect to royalties. I know  
10 that there was some concern in the early '70's about what  
11 we were getting from royalties and actually it was not  
12 Mr. Lougheed himself who decided, wait a minute, we're  
13 not getting enough money out of royalties, it was another  
14 party. It was the Alberta Teacher's Association who  
15 hired an economist called Eric Hanson and he did a report  
16 which was presented to government and they said, Whoa,  
17 we're not getting enough money out of royalties, so they  
18 hiked the royalties.

19           Well, now there's an awful lot of evidence  
20 around the world and I submit that for a government that  
21 advocates the market forces governing things, I'm  
22 surprised that market forces don't determine our -- our  
23 recovery on the sale of our energy resources. Assuming  
24 they still are our energy resources.

25           I was surprised to hear that in the survey

1 reported by Mr. Stelmach's office after he consulted with  
2 the oil -- several oil companies about the merits of  
3 changing the oil royalty scheme that 18 percent of the  
4 oil companies declared that if the royalties were going  
5 to go up, they're going to take their bitumen out of the  
6 Province to process.

7           So that does raise a significant question.  
8 I mean, I thought this was public property and I -- if we  
9 have sold that in the ground for them to be free to take  
10 and do what they like with, I'd like to know about it.

11           My concern about the haste -- and I have  
12 to emphasize that I think there's just too much haste in  
13 oil sands development -- is spurred by several concerns.

14           One is the lack of pollution controls, the  
15 lack of environmental controls. In fact, it seems to be  
16 pretty much open season with disregard for environmental  
17 controls in an area the size of Switzerland in our  
18 province.

19           And we do not seem to have a handle on  
20 controlling pollution. The Pembina Institute did a  
21 recent research, which is reported on their site, a  
22 survey of -- of statistically selected five hundred (500)  
23 Albertans, I guess; 70 percent of whom had companies  
24 ought to be required to clean up their own pollution.  
25 And that in one sense would be an increased royalty for

1 them to pay and that has to happen.

2                   There are many comparisons made to other  
3 countries' monies recovered from -- from petroleum  
4 resources and most notably Norway. Of course, Norway  
5 exports most of its petroleum resource and therefore  
6 accrues far bigger percentage than we do because of the  
7 volume. But the rate they get per unit of petroleum is  
8 also much higher. And if that's -- that must be a market  
9 price. If that's a market price, why aren't we getting  
10 something similar?

11                   THE CHAIRPERSON: Mr. Rhead, I just  
12 wanted to point out that your five (5) minutes has  
13 elapsed. I've given you an extra minute because of the  
14 troubles we started out with and I'd like to offer you  
15 one more minute to --

16                   MR. KEVAN RHEAD: To conclude?

17                   THE CHAIRPERSON: Yes, please.

18                   MR. KEVAN RHEAD: Thank you. There is a  
19 lot of debate in the Legislature in the past few days  
20 about rents and social problems related thereto from an  
21 overheated economy. Well, I've already heard Pembina  
22 institute economist, Lynn Taylor, on radio last week  
23 point out that one way to slow down the economy is to  
24 hike the royalties. So not only we would accrue a lot  
25 more public income, we would slow down the economy and

1 deal with what is the problem. The rent problems are a  
2 symptom.

3 And Mr. Chairman, that pretty much  
4 concludes the basis of my presentation. If you have any  
5 questions, I'd be happy to try and answer them.

6 Oh, I forgot to mention this -- what was  
7 the report I referred to from the Environmental Research  
8 and Study Centre, delivered May 2007 called "Running Out  
9 Of Steam" where notables such as David Schindler, who  
10 seems to be so frequently ignored with his research in  
11 this province despite winning millions of dollars in  
12 research awards, points out there's just not enough water  
13 there to allow the extraction of -- of petroleum from the  
14 oil sands.

15 Thank you.

16 THE CHAIRPERSON: Thank you, Mr. Rhead.  
17 Just before we ask our questions, I'd sure like to remind  
18 and offer you that in your becoming aware of the panel  
19 and the opportunity to make a contribution, if you still  
20 would like to make a contribution in a written form, we'd  
21 look forward to all of your reasonings and the details of  
22 your surmises.

23 MR. KEVAN RHEAD: And -- and I note that  
24 the deadline for that is 22 June?

25 THE CHAIRPERSON: June, that's right.

1 MR. KEVAN RHEAD: Thank you.

2 THE CHAIRPERSON: And again, the access  
3 is through the website at --

4 MR. KEVAN RHEAD: Yes, I saw that.

5 THE CHAIRPERSON: albertaroyaltyreview.ca.  
6 Judith...?

7

8 QUESTIONS BY BOARD:

9 MS. JUDITH DWARKIN: Thank you. Thank  
10 you, Mr. Rhead. I appreciated your comments, though  
11 coming on short notice. A couple of questions.

12 My first is: Would you advocate using  
13 fiscal or other instruments to encourage more upgrading  
14 in the Province? You expressed a concern about  
15 unprocessed bitumen being removed from the Province.

16 Is -- is the solution to that, in your  
17 mind, to provide more incentives to the oil sector to  
18 upgrade bitumen in Alberta?

19 MR. KEVAN RHEAD: Well, to respond to  
20 that, I don't think it's a matter of providing  
21 incentives. I'd damn well tell them. Who's bitumen is  
22 it?

23 And previous agreements notwithstanding,  
24 when we used to have policy advocating that we're going  
25 to have a fifty (50) reserve -- a fifty (50) year reserve

1 petroleum in Canada, then it became thirty (30) years and  
2 now it's nothing. The proportionality agreement of the  
3 NAFTA allows us to -- to keep 40 percent of our resources  
4 as they run out. The rest we have to give to the  
5 Americans.

6 So how to -- my goal is not to speed up  
7 oil sands extraction. I think that was the essence of  
8 your question. How do we encourage them to do this. Or  
9 maybe it was just how to --

10 MS. JUDITH DWARKIN: No. My question was  
11 if -- if it's good --

12 MR. KEVAN RHEAD: How do we --

13 MS. JUDITH DWARKIN: -- to have more  
14 upgrading within the Province, how -- what are the  
15 possible ways to achieve that?

16 MR. KEVAN RHEAD: Okay. So for the  
17 value-added component, that should happen here. And how  
18 to do it? I think the government can do it by fiat, if -  
19 - if reason doesn't prevail. I mean it is our bitumen.  
20 Why should we export our jobs?

21 MS. JUDITH DWARKIN: Thank you. I have  
22 one (1) more question, and that is: With reference to  
23 your concerns about pollution and the industry and  
24 pollution controls, would you agree or disagree that  
25 companies be allowed to deduct their cost of pollution

1 control or mitigation for royalty purposes?

2 MR. KEVAN RHEAD: I agree with the 70  
3 percent of Albertans, according to the Pembina survey,  
4 that said they shouldn't, they shouldn't take this.  
5 They're getting the oil at fire sale prices as it is.

6 MS. JUDITH DWARKIN: Thank you.

7 THE CHAIRPERSON: Ken...?

8 MR. KEN MCKENZIE: You talked about using  
9 the royalty system as a way cooling down an overheated  
10 economy.

11 Do you think that should be the primary  
12 focus of the royalty system at this point in time or more  
13 about collecting the maximum amount of rent or revenue we  
14 can from the oil sector?

15 MR. KEVAN RHEAD: Well I -- yeah, to  
16 respond to that, I think that government if it's so --  
17 this government is so much enamoured with business  
18 principles. While businesses, we know, are  
19 psychopathically driven to -- to maximize profits, well  
20 why doesn't our government operate like that kind of a  
21 business?

22 We should take what the market will bear  
23 on -- on the revenue; that's the hard nosed approach.  
24 You can do what you like for PR and so on to encourage  
25 them. I don't know why they need encouragement.

1                   I -- I heard last week a guy from Oilweek  
2 Magazine say on the radio, in response to Lynn Taylor  
3 from Pembina, that the oil companies might well pack up  
4 and go elsewhere. Anna Maria Tremonti said, like, Where  
5 would they go, sir? And he couldn't answer. Where would  
6 they go?

7                   We don't exist here to prop up  
8 international giants. We exist as a government here to  
9 help the people of this province.

10                  So number 1, of course we should -- we  
11 should hike the royalties from the perspective of getting  
12 fair market value. But the process of doing that would  
13 not only enable us to leave more for future generations  
14 and solve an awful lot of current social problems, some  
15 of which, many of which, are actually caused by this  
16 pell-mell pedal to the metal economic expansion on oil  
17 sands.

18                  But secondly, surely if the price goes up  
19 then the extraction might slow down. If it didn't, I  
20 think the Government should find other ways to slow it  
21 down; like the fact there isn't enough water there to let  
22 them do the stuff they're planning to do.

23                  THE CHAIRPERSON: Thank you. Our terms  
24 of reference say that we're to look at not only royalty  
25 regimes but taxation and fees.

1                   Had you given any thought to the taxation  
2 side of it?

3                   MR. KEVAN RHEAD:    I'm sorry I -- I assume  
4 royalty is a form of taxation.  Are you referring to  
5 other forms of taxation?

6                   THE CHAIRPERSON:   There is a  
7 distinguished difference between the two (2) but that's  
8 okay.

9                   The other -- the other question I had was:  
10 In your readings, in your analysis, you talked about  
11 Norway, possibly Alaska and others, are there some  
12 international models that -- that you saw that you liked  
13 and -- and would recommend as a serious evaluation by a  
14 panel?

15                   MR. KEVAN RHEAD:    Well I've heard  
16 presenters from Norway.  I'm not sure Alaska is similar.  
17 Their distribution of the wealth, of course, is something  
18 entirely different and not one which I would advocate.  I  
19 mean, they're -- they're taking their heritage and  
20 passing it out by way of handouts every year to every  
21 citizen in the count -- in the state and I don't advocate  
22 that.

23                   I mean, if we operated more like the  
24 normal province, with a normal tax regime, then more of  
25 this unrenewable resource and wealth would actually be

1 available for our descendants. In fact, they could leave  
2 it in the ground, it would probably accrue more value.

3 In the meantime, we could do a lot to  
4 solve the extraction problems, the pollution problems. I  
5 mean, how in good conscience can a government let virtual  
6 unfettered, no concern for environment development occur  
7 in the area the size of Switzerland.

8 Now, that's with the CCPA ads  
9 notwithstanding. We all see the television ads. We all  
10 know that CCPA retires -- retains Hill and Knowlton inter  
11 -- internationally known, it's on their website; their  
12 business is manufacturing consent.

13 It was Hill and Knowlton who cooked up the  
14 synergy group thing for the environment group -- for --  
15 for petroleum industry. I've gone to three (3) of their  
16 conferences in this province. They only exist to -- to  
17 manage dissent.

18 THE CHAIRPERSON: Thank you very much,  
19 Mr. Rhead. I do owe you the introductions of our panel,  
20 something I normally do.

21 Mr. Spanglet and Mr. Chrapko are out of  
22 country and Mr. Plourde was called away to a critical  
23 issue this afternoon. So I'm -- I'm glad that the  
24 placards were able to suffice who we are and I apologize  
25 for that.

1                   And one other opportunity was, on the  
2 website we do have our bios for your examination. So I  
3 hope that you'll have the opportunity to do that and make  
4 us a written submission. So thanks very much.

5                   MR. KEVAN RHEAD: Thank you, sir.

6                   THE CHAIRPERSON: And Ladies and  
7 Gentleman, that concludes this afternoon's opportunities  
8 for our friends who are very consistent in their  
9 attendance. I appreciate that again.

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11 --- Upon adjourning at 2:30 p.m.

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15 Certified Correct,

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Ashley Guillemin, Ms.

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