



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on
Alberta's Economic Future

Bitumen Royalty in Kind Program

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6:18 p.m.

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Standing Committee on Alberta's Economic Future

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Rogers, George, Leduc-Beaumont (PC)
Sandhu, Peter, Edmonton-Manning (PC)
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6:18 p.m. Wednesday, November 21, 2012

[Mr. Amery in the chair]

The Chair: Ladies and gentlemen, I would like to call this meeting to order. We only need nine people, or a third of the committee. I'm sure we have a quorum here, so let's start.

I would like to welcome all of you and welcome the staff that we have here around the table. I would like to start by introducing ourselves. I will start with myself. Moe Amery, MLA, Calgary-East and the chair of this committee. If you're really wondering as to who this man sitting beside me is, he was here last time, but this time he has a moustache.

An Hon. Member: There's just mo of him. That's all.

Mr. Bikman: Mo of him. Oh, very good. In honour of Moe. This guy is so vain he thinks Movember is all about him.

The Chair: Exactly.

Mr. Bikman: Gotcha back.
Gary Bikman. Thank you.

Mr. Rogers: George Rogers, Leduc-Beaumont. After last night I'm saying no mo. But I'll be back.

Ms Jansen: Sandra Jansen, Calgary-North West.

Mr. Bhardwaj: Naresh Bhardwaj, Edmonton-Ellerslie.

Mr. Luan: Jason Luan, Calgary-Hawkwood.

Ms Olesen: Cathy Olesen, Sherwood Park.

Mr. Quadri: Sohail Quadri, Edmonton-Mill Woods.

Mrs. Towle: Kerry Towle, Innisfail-Sylvan Lake.

Ms Smith: Danielle Smith, Highwood.

Mr. Donovan: Ian Donovan, Little Bow.

Mr. Strankman: Rick Strankman, Drumheller-Stettler.

Ms L. Johnson: Linda Johnson, Calgary-Glenmore.

Mr. Xiao: David Xiao, Edmonton-McClung, substituting for Mr. McDonald.

Mr. Quest: Dave Quest, Strathcona-Sherwood Park.

Mr. Sandhu: Peter Sandhu, Edmonton-Manning.

Dr. Massolin: Good evening. Philip Massolin, manager of research services.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Well, thank you very much.

Just a few housekeeping items before we turn to the business of the day. The microphone consoles are operated by the *Hansard* staff. Please keep your cellphones, iPhones, BlackBerrys off the table as these may interfere with the audio feed. The audio of the committee proceedings is streamed live on the Internet and recorded by *Hansard*. Audio access and meeting transcripts are obtained via the Legislative Assembly website.

Now, I'm sure all of you have received the agenda of today's meeting. It was posted on the internal committee website on

Monday. Can I have a motion to approve the agenda as circulated? Mr. Bhardwaj? Great. Thank you. All in favour? Opposed? Carried. Thank you.

The third item on the agenda is the approval of the meeting minutes of October 31, 2012. I'm sure you have all received them. Again, they were posted on the committee's internal website last Monday.

Mr. Sandhu: So moved.

The Chair: We don't need a seconder. All in favour? Any opposition? Carried. Thank you.

Now we move to the fourth item on the agenda, the draft stakeholders list, the review and the approval of the stakeholders. Ladies and gentlemen, members, you should have a copy of the stakeholders list. If anyone needs a copy, please let the committee clerk know, and she'll be happy to deliver a copy to you. I would like to let the committee know that the working group met last week to review the draft stakeholders list and also to consider a method for structuring our review, which we will be discussing under the next item on our agenda.

Right now I'm going to ask Dr. Massolin to speak to the stakeholders list first, and then I will open the floor for discussion. Before I do that, I really want to take this opportunity to thank you, Dr. Phil, and your staff for providing this very substantive list of stakeholders. I know that on October 31 we had directed you to do that, and we gave you a deadline of November 7. By November 7 you came up with 37 different entities. Thank you very much for your hard work.

The floor is yours.

Dr. Massolin: Thank you, Mr. Chair, and you're welcome. My comments will be brief. Just as you pointed out, this list was derived by my research services and provided to you and to the working group. If you turn to the table of contents, on page 2, you can see how the stakeholders are organized. You can see the various groups there. The scheme was adopted this way following the motion that was passed by this committee pursuant to the topic areas that were agreed to.

The other thing I would point out is topic 10 on page 12, which includes additional stakeholders suggested at the earlier meeting.

Those are my comments, Mr. Chair, and I'm prepared to answer any questions.

Sorry. One other thing I would say is that at this point this is a draft stakeholders list, of course, pending approval by the committee.

Thank you.

The Chair: Great.

Any questions for Dr. Phil?

Mr. Luan: I remember last time when we talked about that stakeholders list, there were some subcategories of those who are new, who are experienced, and all that stuff.

The Chair: We will come to that under the next item.

Mr. Luan: Okay.

6:25

The Chair: Any other questions? Great.

Well, if not, I would like a member to move a motion that the Standing Committee on Alberta's Economic Future approve the stakeholders list as circulated.

Dr. Starke: So moved, Mr. Chair.

The Chair: Dr. Starke. All in favour? Oh, sorry.

Ms Smith: Are we able to make any additions to this?

The Chair: Ms Smith, we will come to that in the next item. Yes, you can.

Ms Smith: Okay. Thank you.

The Chair: As a matter of fact, let me tell you that the names that you submitted are on the list.

Ms Smith: I did see that, but there are others. Thank you.

The Chair: You can make additional submissions if you wish.
Mr. Bhardwaj.

Mr. Bhardwaj: I just had one question. I think Ms Smith asked my question. That was my question as well. Thank you.

The Chair: Okay. Any other questions? All in favour? Opposed? Carried.

Now we move to your question, Ms Smith and Mr. Bhardwaj. If you have any groups or individuals or entity that you would add to the list, please submit them to us, and we will make sure that we consider them.

Ms Smith: Did you want us to make a verbal submission? Or did you want us to just do that by e-mail?

The Chair: E-mail would be fine.

Ms Smith: Thank you.

The Chair: E-mail it to me or to the committee clerk, and we will be happy to add them to the list.

Ms Smith: Okay.

Mr. Luan: Just a quick question related to my earlier one. When you submit more, are there criteria? Is there a limit, or do you want as many as possible? My curiosity is because I know last time we talked about different categories, so if we captured some or are needing some, I just need a ballpark of where we're at.

The Chair: Dr. Phil, would you like to answer that?

Dr. Massolin: Yes, I think I can sort of provide a little bit of guidance. I would think, Mr. Chair – and it's up to you and the committee, obviously – that the motion that was passed at the previous meeting that outlines the nature of the parameters of the review would be a guideline as to the stakeholder groups that this committee would want to see. For instance, the economic and financing issues of bitumen upgrading is one example. Impact on water is another aspect of that motion. I would think that that would provide guidelines.

Thank you.

The Chair: Okay. Any other questions?

The next item on the agenda is the proposed review process and, of course, the timeline of our next meetings. That is being circulated now. While Duncan is circulating the timeline and the review process, I would like to go over the next item on the agenda.

The working group considered a number of methods for requesting input from stakeholders. Number one is inviting oral presentations at the outset of the review from each of the

groupings set out in the stakeholders list; secondly, advertising the committee's review of the BRIK program and conducting public meetings. Thirdly, we suggested a new format. The working group believes that their suggested review format will serve to highlight the issues and allow the committee to make an informed decision on whom it wishes to receive oral presentations from.

The working group also determined that if the committee agreed with the proposed timeline and process, it would be beneficial to schedule two presentations at the outset to provide an overview of the program from the perspective of both the government department responsible for administration of the program and a private contractor currently involved in the program. At the last meeting, ladies and gentlemen, what we discussed as a working group – and the working group is made up of the chair, the deputy chair, a representative of the Liberal caucus, and a representative of the NDP caucus. We looked at the stakeholders list, and as I mentioned earlier, it has 37 different entities. We only had a brief description of each group, individual, or company. We didn't want to go like eeeny, meeney, miney, mo and just pick one. We suggested that the clerk and Dr. Phil and the research staff write to these companies and ask them to give us a written submission.

The written submissions will be sent to the clerk. As you know, many of these companies have a lot of resources, and they might give us a submission of 10, 15 pages. We thought we'd ask them to do a summary of one or two pages for us. So instead of going through 10 or 15 pages, we will go through two pages. If we have the time to go through all of them, that would be a lot better.

I will open that up for discussion. Any questions about this?

Ms Jansen: I have a question about the groups that are on the list. You're suggesting to contact each group on this list and ask for a submission?

The Chair: For a written submission.

Ms Jansen: So if there are groups that some of us may not feel are relevant, we're still going to take a submission from them?

The Chair: You know, we will review the submissions, and we will decide as to the relevancy of their submissions or not. Then we will make a decision whether to invite them or not.

Ms Jansen: Okay.

Mr. Donovan: That would be done as a committee as to who's going to be in, who's going to be out on their submissions? Just to follow up on that, I guess, we have the list here. There's conversation about adding some more people to the list. Once we have that list, are we going to shortlist the next list?

The Chair: I think we're going to ask those people to give us really focused presentations. There is no way we can meet with 37 different people, 37 different entities. As you know, we have to present a report by April 31. Probably the maximum that we can do is maybe five or six or seven between now and April 30.

The other thing that I would like to talk about right now is the timeline and the timing of our meetings in the next couple of months. You know, I think that with the support of Dr. Phil and the committee clerk, we will be able to shortlist them and pick the presentations that are more relevant to the subject at hand.

Karen, do you want to say anything? Go ahead.

Mrs. Sawchuk: Mr. Chair, I was taking notes at the working group meeting. I think the way it was put forward was that written submissions would be requested from all of the stakeholders on

the list now that it's approved, and then the committee research branch would do summaries of all the submissions. Based on that, the committee would make a decision on which groups it wished to invite to present oral presentations. Written submissions can come in, you know, but the committee makes the short list, decides who it wishes to hear from.

Ms Jansen: And we would decide that by a vote?

Mrs. Sawchuk: By motion, Mr. Chair, I would think.

The Chair: Yeah. Of course.
Any other questions?

Mr. Donovan: Just one last question. Are we going to actually have original submissions? We talk of having all these stakeholders give an original submission. Are we going to be able to have access to their original submission?

The Chair: Yes. Absolutely. You will.

Mr. Donovan: That would be great. Thank you.

The Chair: You will have access to the original submissions plus the summary.

6:35

Dr. Massolin: I can speak to that one, Mr. Chair. I mean, what has happened for policy committees in the past – and it's a practice that has worked pretty well – is that when the original submission comes in, it's posted to the internal committee website within, you know, a reasonable time for review by the committee members, of course. Then our work is simply just to summarize the whole group according to certain topic areas or whatever.

Mr. Donovan: That would be great. In case I have insomnia and I need some quick reading.

The Chair: Any other questions or discussions?

If not, I would like someone to make that motion. Mr. Bhardwaj, would you like to read it into the record, please?

Mr. Bhardwaj: I move that

the Standing Committee on Alberta's Economic Future approve the proposed timeline and process document and authorize the chair, in conjunction with the working group, to approve a letter to stakeholders inviting written submissions on the committee's review of the BRIK, bitumen royalty in kind, program.

That's the motion.

The Chair: All right. All in favour? Any opposed? Carried.

Now I'd like to go into the timeline for the next meetings of the committee. I know from past experiences and from watching other committees operating and selecting dates for their meetings that I don't think it is advisable to have meetings in December and January. It's not because the MLAs can't attend those meetings but that I think we will have trouble finding presenters to come and present to us. What we suggest as a working group is that we have another meeting on November 28 and a meeting on December 5 at the same time, 6:15 to 7:15. We also suggest that on November 28 – contact has been made with the Department of Energy, responsible for the BRIK program, to be invited to attend the November 28 meeting to provide an overview of the program for committee information. We haven't heard back from them.

Mrs. Sawchuk: They haven't returned our calls yet, Mr. Chair.

The Chair: We are also planning to invite North West Upgrading, as a partner in the new bitumen refinery in Alberta, to attend the December 5 meeting to speak to its experience with this program. Those are the two entities that we have on the burner right now to invite to speak to us on the 28th and December 5. So if we could get the committee's approval to invite the Department of Energy and North West Upgrading, I would like to have a motion.

Mr. Quest: I just have a question, Mr. Chair. I wasn't at the last meeting. I had a substitute. So maybe this was tossed around. It just seems to me that one week's notice is pretty short. If we don't have a confirmation from the department now – and I doubt I'm the only member in the room that looks more than a week ahead of time. I've got a conflict that night for sure. I don't know if anybody else is impacted. I may be the only one. But just as a comment I'd say that if our members weren't aware of it and our presenters aren't confirmed, I would suggest that might be too soon. If it works for everybody else, that's fine.

The Chair: Well, we will try. We will try both of them, and maybe we will be successful with at least one of them. Okay?
I'd like to have somebody make the motion. Ms Jansen?

Ms Jansen: I move that

the Standing Committee on Alberta's Economic Future approve the proposed schedule of presenters for Wednesday, November 28, 2012, the Department of Energy, and Wednesday, December 5, 2012, North West Upgrading, understanding that the order of presenters may vary depending on their availability, and that the committee identify a further schedule of presenters in February 2013 after consideration of written submissions received from stakeholders.

The Chair: Great. All in favour? Opposed? Carried.

The next item on the agenda is research requirements. I would like to ask Dr. Phil Massolin to address the research document completed in response to the motion made at our October 31 meeting, please.

Dr. Massolin: Thank you, Mr. Chair. I'll keep my comments brief again. I'm just referring to the document that's posted on the website that's called Background Research on the Bitumen Royalty in Kind Program. This document was prepared according to a motion that was passed at the last meeting saying that we should produce this for this meeting for the chair and then, ultimately, for the committee.

Basically, this document is an overview of the BRIK program, talking about the impetus, first of all, for the program and its governance and other things like the valuation of BRIK bitumen. I would point out to you on page 4, sort of three-quarters of the way down the page, right before section 4, that the forecasted mode by which to value BRIK bitumen has not yet been determined. That might be something the committee members want to ask the Department of Energy if and when it appears before the committee, to see how that would work.

Then we also talk at the end of the document, section 5 on page 5, about expressions of interest in the program and end off with a summary of the upgrader agreements, whether they be the marketing agreement or the agreement in terms of carbon capture, and give a summary there of a pretty massive legal document.

There you have it. I'm available for questions, too. Thank you.

The Chair: Thank you very much. Any questions?

All right. I think they've been working all night. They're really tired.

Mr. Donovan: We're easy to get along with.

The Chair: Any other business? Yes, Ms Olesen.

Ms Olesen: Thank you. I have a resident who was a professor of economics at the University of Alberta, and he would love to come and talk to this group. He's done a lot of research papers on international trade, Alberta's role, Canada's role. I know we're consumed with this project, but are we going to be entertaining other speakers or other agenda items in the meantime?

The Chair: Can you send his information to the committee clerk?

Ms Olesen: Absolutely. Thank you. Yes, I will.

The Chair: We will make sure we issue an invitation to him.

Ms Olesen: Okay. Thank you.

The Chair: Any other business?

Okay. The date of next meeting, as discussed before, is November 28 from 6:15 to 7:15 p.m.

I'd ask for a motion for adjournment, please.

Mr. Sandhu: So moved.

The Chair: Mr. Sandhu. Thank you.

[The committee adjourned at 6:44 p.m.]

