



Legislative Assembly of Alberta

The 30th Legislature  
Fourth Session

Standing Committee  
on  
Resource Stewardship

Conflicts of Interest Act Review  
Southern Alberta Alternative Energy Partnership

Thursday, February 2, 2023  
1 p.m.

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**Legislative Assembly of Alberta  
The 30th Legislature  
Fourth Session**

**Standing Committee on Resource Stewardship**

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Feehan, Richard, Edmonton-Rutherford (NDP), Deputy Chair  
Eggen, David, Edmonton-North West (NDP),\* Acting Deputy Chair

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Issik, Whitney, Calgary-Glenmore (UC)  
Nielsen, Christian E., Edmonton-Decore (NDP)  
Orr, Ronald, Lacombe-Ponoka (UC)  
Pon, Josephine, Calgary-Beddington (UC)\*\*  
Sigurdson, R.J., Highwood (UC)  
Singh, Peter, Calgary-East (UC)  
Stephan, Jason, Red Deer-South (UC)\*\*\*  
Sweet, Heather, Edmonton-Manning (NDP)\*\*\*\*  
Turton, Searle, Spruce Grove-Stony Plain (UC)

\* substitution for Richard Feehan

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Josh de Groot	Lobbyist Registrar and General Counsel
Kent Ziegler	Chief Administrative Officer

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## **Standing Committee on Resource Stewardship**

### **Participants**

Ministry of Justice

Mark Ammann, Barrister and Solicitor

Southern Alberta Alternative Energy Partnership

Peter Casurella, Executive Director, SouthGrow Regional Economic Development

Bradley Nickel, Business Opportunity Specialist, Equus REA Ltd., Energy Futures Lab



**1 p.m.**

**Thursday, February 2, 2023**

[Mr. Hanson in the chair]

**The Chair:** I'd like to call this meeting of the Standing Committee on Resource Stewardship to order and welcome everyone in attendance.

My name is David Hanson, MLA for Bonnyville-Cold Lake-St. Paul and chair of the committee. I'd ask that members and those joining the committee at the table introduce themselves for the record, and then I will call on those joining us by videoconference. We'll begin to my right.

**Mr. Orr:** Ron Orr, Lacombe-Ponoka.

**Mr. Ammann:** Mark Ammann from Alberta Justice.

**Ms Trussler:** Marguerite Trussler, office of the Ethics Commissioner.

**Mr. Ziegler:** Kent Ziegler, office of the Ethics Commissioner.

**Mr. de Groot:** Josh de Groot, office of the Ethics Commissioner.

**Mr. Eggen:** Good afternoon. My name is David Eggen. I'm the MLA for Edmonton-North West.

**Mr. Dach:** Afternoon. Lorne Dach, MLA for Edmonton-McClung.

**Ms Sweet:** Afternoon. Heather Sweet, MLA for Edmonton-Manning.

**Mr. Nielsen:** Good afternoon, everyone. Chris Nielsen, MLA for Edmonton-Decore.

**Dr. Williamson:** Christina Williamson, research officer.

**Ms Govindarajan:** Vani Govindarajan, office of Parliamentary Counsel.

**Ms Robert:** Good afternoon. Nancy Robert, clerk of *Journals* and committees.

**Mr. Huffman:** Warren Huffman, committee clerk.

**The Chair:** Thank you.

We'll now go to those joining online. Please introduce yourself as I call your names. MLA Getson.

**Mr. Getson:** Shane Getson, MLA for Lac Ste. Anne-Parkland.

**Ms Issik:** Whitney Issik, MLA, Calgary-Glenmore.

**The Chair:** MLA Stephan.

**Mr. Stephan:** Hi. MLA Jason Stephan for Red Deer-South, substituting for Member Sigurdson.

**The Chair:** Thank you.

MLA Pon.

**Ms Pon:** Good afternoon. Josephine Pon, MLA for Calgary-Beddington. I'm substituting for Peter Singh.

**The Chair:** Thank you.

MLA Aheer.

**Mrs. Aheer:** Good afternoon, everyone. Leela Aheer, Chestermere-Strathmore.

**The Chair:** Thank you.

For the record I'll note the following substitutions: hon. MLA Eggen for hon. MLA Feehan as deputy chair; MLA Sweet for hon. MLA Ganley; hon. MLA Pon for MLA Singh; and MLA Stephan for MLA Sigurdson.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website.

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We will now move to approval of the agenda. Are there any changes or additions to the draft agenda?

If not, would someone please make a motion to approve the agenda? Thank you, Mr. Nielsen. Moved by Mr. Nielsen that the Standing Committee on Resource Stewardship approve the draft agenda for today's meeting as distributed. All in favour? Any opposed? That motion is carried.

Next we . . .

**Mr. Orr:** Online? Did you do online or – never mind. I won't interfere.

**The Chair:** Oh, they never said nay. Oh, no.

Next we have the draft minutes of our December 21, 2022, meeting. Are there any errors or omissions to note?

If not, would a member like to make a motion to approve the minutes? Thank you, Ms Sweet. Moved by MLA Sweet that the minutes of the December 21, 2022, meeting of the Standing Committee on Resource Stewardship be approved as distributed. All in favour? Any opposed? Online, anybody opposed or in favour? There we go; that was for you, Ron. That motion is accepted.

Hon. members, at our last meeting on December 21, 2022, the committee invited the Ministry of Justice and the office of the Ethics Commissioner to provide technical briefings on the Conflicts of Interest Act.

Ministry of Justice – at this time I would like to turn the floor over to the officials from Alberta Justice. You have up to 20 minutes for your technical briefing. Please introduce yourselves, and the timer will start when you begin your presentation.

**Mr. Ammann:** Well, thank you for the opportunity to provide this technical briefing. My name is Mark Ammann, and I work as barrister and solicitor with the Department of Justice. I will be providing an outline of the structure of the act. I understand that the Ethics Commissioner will also be presenting, so I will turn the floor over after that time.

By way of background the last substantial amendments made to the Conflicts of Interest Act occurred in fall 2017. Amendments since then have been made, but they are updating names of agencies or acts, revising cross-references, or modifying the wording to reflect the new King rather than references to the Queen. Broadly speaking, the Conflicts of Interest Act applies to four groups: Members of the Legislative Assembly, members of the Executive Council, ministers, Premier's and ministers' staff, and select staff at public agencies. I'll discuss each group in turn though just note

that some restrictions in the act apply in respect to more than one group.

The first part, which is part 2, covering sections 2 to 10, sets out the obligations of all Members of the Legislative Assembly. Members cannot take part in a decision if it would further their private interests of the member themselves, a member's minor or adult child, or a person directly associated with the member. And the meaning of "directly associated with the Member" is discussed in the interpretation section. It includes a spouse or adult interdependent partner, a for-profit corporation where the member is a director or senior officer, a private corporation of which the member owns a share, a partnership where either the member or corporation directly associated with the member is a partner, or a person or group of persons acting with the express or implied consent of the member. So when the member is involved in a matter for decision where they've got reasonable grounds to believe that they, their child, or a person directly associated may have a private interest, the member must declare that interest and withdraw without voting or participating.

Members additionally would also breach the act if they use their office or powers to influence a decision of the Crown or communicate or attempt to further private interests by using insider information, information not available to the general public, that's gained in the course of the member's duty.

Now, section 6 contains employment restrictions in terms of concurrent employment. Members are prohibited from being concurrently employed by the Crown in right of Alberta, which includes provincial agencies; Crown in right of Canada; or an office set out in the act schedule, and that includes, for example, university boards of governors.

Section 7 establishes that members, their spouse or partner, or minor child cannot receive a fee, gift, or other benefit that's connected directly or indirectly with the member's office from someone other than the Crown. It's the general rule, and there are a number of exceptions to this rule. First, the prohibition doesn't apply to nonmonetary gifts or nonmonetary benefits that are accepted by the member, their spouse, or minor child from the member's political party, from the constituency association, a charitable organization, or a Canadian government. Canadian government: that means the federal government as well as territorial governments, provincial governments, or municipal governments. There are also specific exceptions identified, just by way of example, where gifts would be accepted as part of a protocol or in a normal social obligation. They're not prohibited where the value wouldn't exceed \$200 or, for example, in the case of tickets or invitations to events if the total value of all the tickets or invitations to the events from the same source in a calendar year does not exceed \$400.

Now, in the event that there is no prescribed exception available, the member may still apply to the Ethics Commissioner for approval to retain the benefit. This application would need to occur either before or as soon as practicable after receipt of the gift or benefit. And in the event approval is not granted, the member would need to follow the steps directed by the Ethics Commissioner.

Section 7.1, right after, deals with noncommercial, chartered, or private air travel. This does not, just for clarification, include noncommercial aircraft that are chartered by the Crown or, for example, private aircraft that are owned or leased by the Crown. Generally members are prohibited from taking noncommercial, chartered, or private flights, but as with gifts this section is subject to exceptions such as where the travel is required for the performance of the member's responsibilities or exceptional circumstances warrant the travel; the Ethics Commissioner provides advanced approval. I want to note here that even if

advanced approval is acquired from the Ethics Commissioner prior to the time of flight, it would still need to be reported within 30 days of accepting the travel offer. The information that must be included in the report is included in the act but, just by way of example, includes who provided the flight, the circumstances around the travel, and any other information requested by the Ethics Commissioner.

The last part of part 2 deals with sections 8 and 9, which address contracts with the Crown and payments from the Crown. By way of background members, spouses, or direct associates are not permitted to accept specified contracts where the Crown is the other party, and they're set out in section 8 of the act, which, just by way of example, would include selling interest in land to the Crown, constructing or demolishing public works, or more generally where the member would receive a preference from the Crown in respect of that contract on entering it or receiving a benefit under the contract that's not available to other members of the public under contracts in the same class. Now, I want to note here that a member would not breach this part of the act where the Ethics Commissioner finds that the contract doesn't constitute a conflict between the contracting party's private interest and the public interest or if the contract is trivial in its nature.

Part 3, the next portion, sections 11 to 19, deals with MLA disclosure requirements, so the financial information filed by MLAs as well as the public disclosure requirements. Now, this is administered by the Ethics Commissioner, so I'll just note that this is that part of the act. The commissioner will discuss this in greater detail, so I'll move on to part 4.

Just structurally speaking, part 4 actually has a number of different portions. There is part 4 itself as well as part 4.1 all the way to 4.3. And just kind of by way of explanation for the structure parts 4.1 and 4.2, dealing with former ministers as well as ministers' and Premier's staff, were previously parts 6 and 6.1, and they were reorganized back up, and then Part 4.3 was added afterwards. So the act jumps between part 5 and part 7, so that's kind of the explanation for why that is the case. Part 4, specifically restrictions on members of Executive Council, ministers, as well as the Leader of the Opposition.

#### **1:10**

Section 20 establishes that ministers have breached the act if they own beneficial interest in publicly traded securities outside the specified time limit, and section 21 establishes that a minister is not able to carry on business or engage in professional employment that creates or appears to create a conflict between the private interest of the minister and the public duty of the minister. Now, in respect of both of these restrictions there's a time limit, and the minister only breaches the act if they're not compliant by the time that limit expires. By default the limit would be 60 days after appointment although this timeline could be extended by the Ethics Commissioner.

As well, in terms of securities there are a few ways in which they could be retained after the time limit. First, the commissioner would be able to approve the retention of the securities if they are of the view that they're publicly traded securities and they're unlikely to be affected by a decision of the Alberta government or if the minister would sustain a financial loss if the securities are not disposed of and the public interest does not require that the securities be disposed of. Second, the securities could be placed in a blind trust. The criteria for a blind trust itself are actually set out in the interpretation section of the act, which is 1(7), but just briefly: a blind trust involves the minister as the settlor of the trust, giving a trustee sole power over the investment decisions and agreeing to have no decision-making or knowledge of the investment in that

trust as long as it exists. The trustee that's selected, additionally, must have no relationship with the minister that would affect or appear to affect the trustee's discharge of their duties. And, third, the commissioner can also approve an investment arrangement that contains similar requirements to a blind trust.

Part 4.1 – as I mentioned, it was previously part 6 – deals with former ministers, specifically postrestrictions on them after they're no longer ministers. There are five restrictions in total in respect to this part. The first two take effect from the last day of the minister's appointment. A former minister cannot, within 12 months of the appointment ending, lobby any public office holder – and the meanings of both of those are drawn from the Lobbyists Act – act on a commercial basis, or make representations on their behalf on an ongoing matter with which the minister was directly involved in their office. The third and fourth restrictions take effect from the day the former minister last had direct and significant official dealing with a department or provincial agency. For 12 months from that time a former minister is prohibited from making representations with respect to a contract from that department or agency or soliciting or accepting a contract with that department or agency. And, fifth, a former minister who has had direct or significant official dealings with an individual or an organization or a board must wait 12 months from the last day of those dealings before accepting a job with that individual or organization or an appointment, if it's in the case of a board of directors, to the board.

Former ministers in respect to any of those restrictions are able to apply to the Ethics Commissioner and request that those cooling-off periods be waived entirely or reduced. I want to note at this point as well that section 23.13 actually establishes that a currently appointed minister would breach the act if they knowingly award or approve a contract that gives a benefit to a former minister or a former member of the Premier's and ministers' staff. It's in contravention of the act itself, in contravention of the cooling-off periods. So that covers section 4.1.

Section 4.2 is dealing with requirements for Premier's and ministers' staff. I'll be able to move through these a little bit more quickly because they are similar to some of the ones previously discussed. Note that as per the interpretation section in 1(1)(c .1) administrative support staff are not included in this category. As with MLAs, staff covered under this part are prohibited from participating in decisions using their influence or using or communicating insider information to further their own private interest. The staff also have similar postemployment restrictions to the ones just discussed for former ministers though I would note that section 23.7(6) does make clear that these staff are able to accept employment with a department of the public service or a provincial agency provided it is made in accordance with part 1 of the Public Service Act.

Additionally, specifically for the Premier's chief of staff, they are subject to the same restrictions noted earlier for ministers dealing with retention of private securities investments, and similarly they would have the same means of retaining the holdings; for example, setting up a blind trust.

As a final note, these staff are all subject to a code of conduct that's established by the Lieutenant Governor in Council, and 23.41(3) makes clear that contraventions of the code are a breach of the act and may result in disciplinary action with respect of those staff.

Now moving to part 4.3, this is the most recently added portion of the act. This was added in 2017, and it applies to public agencies and subsidiaries of public agencies under the Alberta Public Agencies Governance Act – I'll just call it APAGA for short – regional health authorities as well as other bodies identified by the Lieutenant Governor in Council as a public agency for the purposes

of this part. I note as well that the Lieutenant Governor in Council is able to exempt public agencies as well as classes of positions in public agencies from this part or specific obligations within this part.

There are three components to part 4.3. The first is that the subject agencies need to establish and submit a code of conduct for the commissioner's approval and, once it's approved by the commissioner, publish and implement the code of conduct. The act sets out a number of key requirements that need to exist in every code. Just by way of example, these would include prohibitions on using influence for their private interests, disclosure of real or apparent conflicts of interest, restrictions on the acceptance of gifts, and a process for receiving and investigating complaints made under that code of conduct.

Second, the act sets requirements for senior officials, which are the chairs of public agencies, the CEOs of public agencies, or any other position designated as such by the Lieutenant Governor in Council. Here senior officials have similar restrictions, in respect of MLAs, in terms of not furthering private interests and restrictions on concurrent employment. In addition, there are designated senior officials as well, and these are designated in the designation regulation under here. They're subject to additional restrictions, and those would include postemployment restrictions that are consistent with former ministers as well as restrictions on securities that are similar to the ones applicable to ministers, including there again the same way of retaining securities; again, for example, setting up a blind trust. As I noted here, the designation order regulation is the piece that identifies what is a designated senior official in respect of a specific public agency.

I want to note two other changes here. The act is clear that former designated senior officials are not prohibited from being appointed to the board of directors or a governing body of a similar public agency. As well – and this is similar to a former minister's office or Premier's staff – they are able to accept positions of employment with a department of the public service, again provided that the appointment is made subject to part 1 of the Public Service Act.

The remaining parts of the act are part 5, which deals with investigations – part 6 is skipped over, as I mentioned – and part 7, which deals with the office of the Ethics Commissioner generally. As the Ethics Commissioner is here and able to present on those, I will turn the floor over to the Ethics Commissioner, but I'm pleased to take questions after the presentation.

Thanks very much.

**The Chair:** Yeah. Thank you, Mr. Ammann, for your presentation.

We will now move on to the technical briefing by the Ethics Commissioner. Ms Trussler, if you could please introduce yourself and your staff, and then you will have 20 minutes for your presentation.

**Ms Trussler:** Yes. Thank you for inviting me to present today. I have administrative officer Mr. Kent Ziegler with me and legal counsel Mr. Josh de Groot.

The review of the Conflicts of Interest Act is timely as, with the exception of the 2017 provisions relating to agencies, boards, and commissions, it has not been substantially updated since 2014. There are a number of serious problems with parts of the act, but today I am going to restrict myself to discussing how the act works. I'll point out some of the issues, but I will not deal with any of the changes that I believe are necessary; they'll be part of a later submission. Although I can't resist whining about the ridiculous number system in the act, jumping from part 5 to part 7 is the least of the numbering issues.

The purpose of the act – and I think that’s what we always have to keep in mind – is to make sure that legislators, political staff, deputy ministers, and the chief operating officers of the agencies, boards, and commissions don’t financially or otherwise benefit from their positions beyond the government remuneration that they’re paid. You have to sort of look at the whole act with that in mind.

I’ve set this out in subject areas, and I’ll discuss it in subject areas. The first one is the furthering of private interest. Private interest itself: the definition is a bit problematic in that it’s defined in the negative. You have to start with any interest. Then you exclude – all interests are excluded. Then you have to add back in an interest that’s of general application, part of a broad class, concerns a member’s salary and benefits, an interest that’s trivial, or an interest in a blind trust. So the interpretation of these exclusions can be somewhat subjective. A private interest is usually a financial interest, but there is nothing to preclude other types of interest.

### 1:20

The other matter we have to deal with is that of direct associates because they are tied up in the whole scheme of the act in that you don’t want a member to circumvent the provisions by having their spouse do it. The direct associate – you’ve heard the definition – is a spouse or a spouse equivalent, a corporation with a director, a partnership, or someone acting with consent of the member, and I’ve never quite figured out what that means. These sections, for the most part, are straightforward, and we really don’t have any difficulty with them except getting information about corporations.

Then there are the two major sections, one about making decisions. That section doesn’t allow members to vote on matters that would further their or their direct associate’s or a child’s private interest. This section is very narrow, and it does not cover a considerable amount of egregious conduct.

The next section is the influence one, which prohibits a member from using the member’s influence with respect to a government decision which would further a private interest of the member or direct associate or a minor child. But it also prohibits influencing a decision to improperly further another person’s interest. Again, this section is so narrow, it’s practically useless. Alberta is the only jurisdiction in Canada to limit this section to only government decisions. All other jurisdictions prohibit using the member’s officer powers to influence a decision of any other person.

Then also as part of the private interests are gifts. The section is quite straightforward. It works well. With some exceptions, there are limits on the values that can be accepted, and these are quite clear. But what’s sometimes overlooked is that there’s an absolute prohibition on gifts, and then the exceptions are carved out. As well, gifts must be an incident of protocol or social obligation before they can be accepted. As was mentioned, I do have some discretion in this area in allowing gifts.

The second one talks about contracts and payments from the Crown, and that’s section 8 for contracts. They’re quite complex. They basically prohibit contracts with the Crown, but there are a few exceptions. There are issues with it because they arise from the provisions prohibiting the borrowing of money from the Alberta Treasury Branches and the Financial Services Corporation. Those are some issues that I will be asking to look at later.

Then section 9 is payments from the Crown, but it does exclude your remuneration expenses as a member and if it’s the type that anyone else can receive like the current utility subsidy.

The third area is disclosure, which you’re all very familiar with. The annual disclosure filing requires a listing of all assets of a member no matter what their quality. A contingent interest must

also be disclosed, and it also applies to direct associates. As you all know, we provide the forms. We have close to 300 people who have to do disclosure each year. As a practical matter, we group everyone: members; political staff to the Premier and ministers; designated office holders, who for the most part are deputy ministers; and the designated senior officials. Now, these provisions are scattered throughout the act. In fact, the ones for the deputy minister are found in the Public Service Act.

We have each group disclose at different times a year to spread out the workload and to ensure that we have updated information. Aside from those required to file being late or doing a sloppy job of filling out their forms, the provisions actually work quite well.

We prepare public disclosure statements for the members only, and they’re housed on our website and are updated after everyone’s annual meeting, and they’re also filed with the Clerk of the Legislative Assembly once a year. We limit the amount of information that’s provided in the public disclosure. However, all publicly traded securities over \$10,000 are listed, and real property is listed, but we do not provide addresses for real property.

I now want to move into the fourth area, which is that of Executive Council, and, as you’ve heard, they have additional restrictions. They can’t be involved in a business unless it’s to meet professional requirements, businesses must be sold or placed in a management trust, and publicly traded securities have to be placed in a blind trust. While I have some discretion there, I am very, very reluctant to exercise it and, I would say, probably 99.999 per cent of the time do not. The trustee that’s appointed has to be at arm’s length from the minister, and both the trustee and the agreement have to be vetted and approved by our office. Now, we’re finding that with this prohibition there are some minor issues that arise with residential rental property, and also it causes some complexity when people have farming operations.

The second part with respect to Executive Council is the postemployment that you’ve heard about. That is for a year. The provisions in the act are insufficient, convoluted, and almost impossible to interpret, but they do prevent lobbying or anything that looks like lobbying even if it doesn’t meet the requirements of lobbying in the Lobbyists Act. It also prevents receiving government contracts in a limited way and prevents taking a position with anyone with which they’ve had a direct and significant dealing within the last year.

Now I want to move on to the next area, which is political staff, but this is just political staff to the Premier and ministers. Political staff to caucus and the opposition are not covered, and in some instances this does create an unlevel playing field. As you heard, political staff also have to do disclosure and submit direct associate reports, and they have postemployment restrictions of one year.

Now, the gift provisions for political staff are found in section 17 of the code of conduct for employees serving in the office of the Premier and cabinet ministers. The office of the Ethics Commissioner does not administer this code, but we do investigate breaches. I can tell you that these gift provisions are problematic.

The next area is public agencies. The majority of public agencies are required to have codes of conduct. This requirement is found in section 23.922 and section 23.923 of the act. A designated senior official is the most senior official of an agency and is usually the CEO. Designated senior officials, again, have to report yearly, have blind trusts for their publicly traded securities unless they have an exemption, and they are also subject to one-year postemployment provisions. Not all public agencies have a designated senior official. There are only 36 public agencies who have their senior official designated.

The provisions with respect to deputy ministers and other designated office holders are not found in the Conflicts of Interest



Act although it probably should be there. It's found in part 3 of the Public Service Act. Yearly financial disclosure is required from deputy ministers, and blind trusts are required for publicly traded securities unless there is an exemption. There are also the same postemployment provisions as found in the Conflicts of Interest Act.

I now want to move on to investigations, which is part 5. The main provisions are found in part 5, but there are also provisions in sections 23.8 and 23.94. The powers of the commissioner to obtain information for an investigation and compelling witnesses are extensive. They're also very clear, and we haven't had any issues with them. Now, to request an investigation, a member of the general public must make a request in writing, and the person making the request must sign it and be identified. Generally requests come by e-mail, and as long as the person's name appears in the e-mail, the request is considered. Most requests from the public do not pertain to matters within the office's jurisdiction, and by most I mean 99 per cent.

**1:30**

The Legislative Assembly by resolution may request an investigation, as may Executive Council, and I am empowered to investigate if there's a reasonable belief that someone subject to the act has acted contrary to any directions or advice that I've been given. Everyone who is investigated is given notice right up front about the investigation. The Speaker may be informed, but that's usually done to prevent inquiries in the Assembly or committee by members, and if a law enforcement agency is investigating, I will suspend any investigation until after the law enforcement agency has completed theirs. I can refuse to investigate if the matter is not within jurisdiction, is frivolous, vexatious, or not made in good faith, or there are no grounds for an investigation. Sometimes if you ask a few questions, you'll find there are absolutely no grounds for the investigation.

The reports of an investigation carried out under part 5 are filed with the Speaker, who tables them in the Assembly. As a matter of practice reports are provided to the person being investigated shortly before the report is sent to the Speaker unless the allegations are found to be substantiated, and then the person is given time to respond before we file the report. However, investigation reports with respect to political staff members only go to the staff members' minister and are not made public. Likewise, investigations into the conduct of designated senior officials are only sent to the minister and chair of the agency or board. The situation is similar for designated office holders, which are the deputy ministers, or the report goes to the Deputy Minister of Executive Council, or if it's the Deputy Minister of Executive Council being investigated, to the Premier.

In some instances the person making the request receives a copy of the report, and in other cases they do not. All investigations are done with as much confidentiality as possible, which in cases causes issues and lack of transparency. It's my belief that all reports should be made public. I'm going to leave with you a chart that shows the different reporting provisions and their complexity.

The final area I wish to speak about is administrative penalties. The office can impose administrative penalties for late disclosure to a maximum amount of \$500 per occurrence. The practice is a penalty of \$50 a day until the filing is complete or \$500 is reached. A repeat offender might start with a penalty of \$100 a day. I can tell you that this provision has been very useful, but it would be more useful if the maximum was \$2,500.

Thank you for your attention. I'm going to ask Mr. Ziegler to give the clerk the copy of the chart that we've prepared that shows how

needlessly complex many provisions of the act are, and I would be happy to answer any questions.

**The Chair:** Thank you very much, Ms Trussler and staff.

I'd like to welcome MLA Turton to the group.

We'll now have a joint question-and-answer period where members can ask questions of either presenter. I would like to open the floor to committee members. Mr. Orr.

**Mr. Orr:** Thank you, all of you, for your presentation and being here. I appreciate it. I'm actually sort of thinking ahead a little bit here, and maybe to the committee this is more about the stakeholder review list, but I do notice that the Public Service Commission delivered a joint presentation with the Ministry of Justice and Solicitor General during the last review of this act, yet they're not included on the stakeholder list. So my interest is to hear from you whether we should actually be adding them and including them in this particular case. Do you think it would be worth while to hear from Public Service Commission, and can you maybe just elaborate a little bit on the commission's role in relation to yours in Justice when it comes to reviews of this act?

**Mr. Ammann:** Certainly. Just very quickly, I would be reluctant to speak specifically of the Public Service Commission, just being separate departments. I believe the submission was requested, though, as part of the review process. That's either joint or separate submissions. You know, the request would certainly be, well, considered.

**Mr. Orr:** So just to be clear, you do think it would be worth us actually proceeding with that? My understanding is that it wasn't on the list at the current time.

**Mr. Ammann:** Yeah . . .

**Mr. Orr:** I know you don't want to speak for them, but from your point of view.

**Mr. Ammann:** I think that where Justice at least has been asked for a submission, you know, we've provided one. Yeah.

**Mr. Orr:** Yeah. Okay. Thank you.

**The Chair:** Mr. Dach.

**Mr. Dach:** Thank you, Mr. Chair. Quick question for Mr. Ammann. In your interpretation, where would you draw the line between an unregistered lobbyist and a friend of the minister or Premier? Is that distinction . . .

**Mr. Ammann:** You know, I apologize. I don't think I'd be able to provide sort of a definitive interpretation kind of in this context. But if the Ethics Commissioner would perhaps offer a better answer in terms of the application?

**Ms Trussler:** We seem to have switched acts. It depends on the circumstances. We have a whole list of questions we ask to determine what is actually friendship, and whenever something arises and we get asked – particularly in the gifts area where someone says, "Oh, my friend wants to take me," well, we want to know a little bit about that friend and just how friendly you really are. So we do it on a case-by-case basis.

**The Chair:** Mr. Dach, go ahead.

**Mr. Dach:** This is a question definitely for the Ethics Commissioner, Mr. Chair, through you. With respect to the five

restrictions of the minister upon the last day of holding office, you're indicating that there was a 12-month cooling-off period. I'm wondering how many times you've actually been requested to extend or waive the cooling-off period during, say, the last five years. Is it common?

**Ms Trussler:** With respect to ministers?

**Mr. Dach:** Yes.

**Ms Trussler:** I couldn't tell you, but I've never waived it.

**Mr. Dach:** All right. If requests – so there have been requests, but you've never granted them?

**Ms Trussler:** I can't remember. Some of them have been – I think there may have been one or two, but I will not waive it.

**Mr. Dach:** Okay. So could you clarify exactly how many have actually been requested in the last five years?

**Ms Trussler:** I have no idea.

**Mr. Dach:** Not right now, but I mean later on in writing.

**Ms Trussler:** I'm not sure we can.

**Mr. Dach:** If you can, would you?

**Ms Trussler:** Okay.

**Mr. Dach:** Thank you.

**Mr. Ziegler:** The challenge there, Member Dach, is that after three years of a person no longer being a minister, we are required to destroy all the records pertaining to that person. So while normally we would go and pull the files, for many up to the last three years we wouldn't have any records beyond that.

**Mr. Dach:** Within the confines of your abilities.  
Thank you.

**The Chair:** So just to clarify, folks, the questions should be more on a technical nature regarding the act itself. I know that it's kind of hard to not drift into exactly what Ms Trussler said. You're kind of talking about the Lobbyists Act now a little bit, and it's hard not to mix the two of them, but if we could kind of, hopefully, try to just kind of narrow it down to a little bit more technical questions on the act itself.

Any other questions from committee members? Ms Sweet.

**Ms Sweet:** Thank you, Mr. Chair. I'm just curious if we could get a little bit more clarity around the comment around being able to influence decisions and the fact that it's too narrow. What would be the recommendation or what is the concern around right now the definition of influencing decisions is too narrow?

**Ms Trussler:** There are the two sections, and in section 2 it "takes part in a decision in the course of carrying out the Member's office . . . [that] might further a private interest." That's very narrow, so it seems to me that we should follow some of the other jurisdictions and include an apparent private interest, real or apparent private interest. And in the other section, as I mentioned, it says "uses the Member's office or powers to influence or to seek to influence a decision . . . made by or on behalf of the Crown." No other province has that. Every other province just says that you can't use your position to try and influence the decision of any other person.

**1:40**

**Ms Sweet:** Just in follow-up to other jurisdictions, can you give examples of other jurisdictions we should be looking at in regard to expanding the definition?

**Ms Trussler:** B.C. has "apparent," and as I say, every other province doesn't have that very narrow section 3.

**The Chair:** Okay. Thank you.

Mr. Stephan, we'll go to you online.

**Mr. Stephan:** Great. Thanks a lot. Can you hear me okay, Chair?

**The Chair:** Absolutely. Go ahead, sir.

**Mr. Stephan:** Great. Thank you for the opportunity to participate in this review of the Conflicts of Interest Act. I think it's a really important piece of legislation. It helps the public have faith and confidence in the integrity of decisions. Not only do we have to be fair and right in what we do, but we need to be seen to be doing what is right.

My question is about the interaction between sections 24 and 25. I think it's really important that we have this act, but it's really important that it's not used inappropriately because it weakens respect for the act and the important thing that it's meant to do. I'm going to kind of use a little bit of a hypothetical example. For example, let's say that I voted as a member of the Legislature to reduce corporate taxes. I would hope that, you know – I'm a business owner, as many Albertans are. I would hope that I wouldn't be accused of violating or having an improper private interest because I would vote in favour of reducing taxes.

The question that I have for the Ethics Commissioner is that I know that you do have to screen requests that are received under section 24 in making a decision to investigate under section 25. I'm wondering: if you get someone who is in conflict of interest themselves – let's say, you know, someone from the opposition if you're in government – and they are asking for an investigation and there's no corroborating evidence for that investigation request, could you provide what standards? I mean, you said that – and the act correctly identifies reasonable belief, but what checks and balances are there to substantiate that there is, in fact, a reasonable belief without any corroborating evidence?

**Ms Trussler:** I think I indicated that we don't investigate 99 per cent of the requests that we get. I know one year we had over 200 requests, and we investigated two. Usually there is some corroboration or there seems to be some corroboration before we'll engage in an investigation. We often do a little preliminary fact-finding to see whether or not there is something, but we do screen them. You have no idea the number of requests that we get that don't make the test. We screen them to make sure that on the face of it – and there's some underlying support – an investigation is necessary.

Now, sometimes it's very difficult because what we're told and what seems to be the corroborating evidence – when we get into it and get everybody under oath, then that's not the case.

**The Chair:** A follow-up, Mr. Stephan?

**Mr. Stephan:** Right. Maybe just a follow-up question on that under section 25. So for you to start an investigation, you have to have reason to believe that there is a conflict of interest. I'm just wondering: is the word of someone else who is in conflict of interest themselves sufficient for you to launch an investigation on a person?

**Ms Trussler:** What do you mean, that they're in conflict of interest themselves?

**Mr. Stephan:** Well, let's say that I'm a member of the UCP, and a member of the NDP says that I'm in conflict of interest without any corroborating evidence. Is that sufficient grounds for you to have a belief that, say, I should be investigated?

**Ms Trussler:** A request must be signed by the person and set out sufficient particulars of the matter to which the request relates for an investigation to be commenced. So we have to have enough particulars. We don't have to have the cold, hard evidence, but we have to have enough particulars that it's a matter that needs to be investigated.

**Mr. Stephan:** Okay.

**Ms Trussler:** If I get – and I do; I get letters from members of the public: hey, you should investigate this. If there are no particulars, there's no way we're going to investigate it.

**Mr. Stephan:** Okay. I appreciate that. And I appreciate that there are thresholds, that there is some rigour, you know. We want this act used to protect the integrity of government and that decisions are right, and I hope that we also have sufficient checks and balances to ensure that it's not used inappropriately as a sword. I know it's a hard job, and I appreciate you making sure that there are some thresholds and standards of proof, because launching an investigation in and of itself is a very serious matter.

Thank you.

**The Chair:** Thank you.

We'll move on to Mr. Getson. You have your hand up?

**Mr. Getson:** Yeah. Mic check. Can you guys hear me in there?

**The Chair:** Absolutely. Go ahead.

**Mr. Getson:** Perfect. Well, thank you for the presentation and the answers so far. I've got two quick ones for you, Madam Commissioner. The first one comes around aviation. I know I'm a little bit of a different animal than you've had to run across, but is there an opportunity to look at when members own their own aircraft, that they don't have to go for an exemption letter? That would be the first part.

The second one, really quickly, is consolidating the findings here. Can you give us a rough timeline of how long it would take, an estimated timeline, to be able to do this work?

**Ms Trussler:** I'm not sure I understand your second question. You mean to review the act?

**Mr. Getson:** Yes, ma'am. How long would it take to review the act, consolidate your recommendations, and present it back before this committee for their work?

**Ms Trussler:** We've actually done quite a bit of work already, so in probably two to three weeks we could have a submission in. We'd need at least two weeks to do it.

**Mr. Getson:** Okay. I appreciate that. And in . . .

**The Chair:** Just to be fair, Mr. Getson . . .

**Mr. Getson:** . . . consideration of the aviation, I'm not sure how that works for broad strokes . . .

**The Chair:** Okay. I'll let him finish.

**Mr. Getson:** . . . but when members – and I can use myself as an example – own their own aircraft, want to use it for business purposes, et cetera, that doesn't contravene the act. In my case I had to go specifically to you to get an exemption. I'm wondering if there is any consideration to amend those items for folks that actually own their own aircraft. I'm trying to get more people into flying, and you're kind of hinging that for . . .

**Ms Trussler:** Well, I think you were just basically given a comfort letter; there wouldn't be a problem because you haven't accepted an offer to travel on a noncommercial, chartered, or private aircraft because it's actually – unless you can offer yourself, so you're not really covered by the act. But I think what we did with you is just clarify it so that there wouldn't be an issue. You can fly your own plane, or if your neighbour . . .

**Mr. Getson:** Okay.

**Ms Trussler:** Even if you're a farmer and your neighbour comes over and says, "Hey, do you want to come up and look at the crops with me?" I don't care. That's not what this section is trying to get at. It's more of a gift thing, and there were instances in the past where a member would be offered to be flown off to a fishing lodge somewhere, and it's that sort of thing that this is supposed to cover. Also, corporations like to take members up and do show and tell. In instances where there is no other way you can do it, then I usually say yes, but in instances where there are other ways to do it, then I say no. It really depends on the situation: whether it will further government, whether it will further the public good. So – well, I can't give you that example because I'd be breaching confidentiality, but we've had some examples where we've allowed it because it would be in the best interests of the province.

**1:50**

**The Chair:** Very good. Thank you, Madam Trussler.

Just to be clear, folks, this isn't a committee meeting where you can get, you know, your personal grievances off with the commissioner. Also, to be clear, we've been given an assignment by the cabinet and the Chamber. It gives us one year to follow through and come up with a report that we would present. During that time a specific period will be given to both Justice and the office of the Ethics Commissioner to provide a report as well.

Carrying on, the next question goes to Mr. Dach.

**Mr. Dach:** Thank you, Mr. Chair. I do hope to be more general and broad in my questions, that will maybe shed some light on the question of unregistered lobbyists, in particular. I would like to have a bit more insight, Madam Trussler, on what the rules are around unregistered lobbyists and what the rules are around an unregistered person lobbying the Premier and/or ministers.

**Ms Trussler:** Again, we're talking about the Lobbyists Act?

**The Chair:** Yeah. Again, folks, we're kind of drifting off topic here. This is more about the Conflicts of Interest Act, and we seem to be tending to drift over to that lobbyist thing again. I know they're very closely connected.

**Mr. Dach:** I'll try to be more to the point with my next question. For example, would a third party e-mailing the Premier, who then forwards that e-mail to the Justice minister, count as a conflict of interest or a violation of the rules of lobbying?

**Ms Trussler:** It would depend on the facts. It may not, but it may.

**Mr. Dach:** Okay. Under the act could there be conflicts of interest in contact between elected officials or political staff and civil servants? Like, how would you determine that?

**Ms Trussler:** Again, it depends on the facts.

**Mr. Dach:** So it's a possibility.

**Ms Trussler:** Well, not usually with contact between the government and the public service.

**Mr. Dach:** For example, contact between cabinet ministers and a police chief or political staff and Justice officials: is that covered by the act, or should it be?

**Ms Trussler:** Again, you're not being specific enough in terms of the facts, so I hate to give an opinion just out of the air, because it's amazing how one fact can change a situation.

**The Chair:** If I might jump in, Commissioner. If the member would like to file a complaint with the Ethics Commissioner, that's one thing, but this isn't the place. I know that we've all had our yearly meetings with the commissioner, and it feels like we're put on a hot seat, but this isn't the place to go for revenge and put the commissioner on the hot seat.

Anything specific regarding the act itself and clarification on it I think is fine, but anywhere where we're starting to kind of go down that road about the Lobbyists Act or specific complaints, I think those would be dealt with more on a personal basis with the commissioner.

Are there any other further questions?

**Mr. Dach:** I never did ever feel like I was put on a hot seat in terms of the commissioner, and I certainly wasn't attempting to do the same to her today.

**The Chair:** Are there any other questions from the committee members? I see Mr. Stephan has his hand up.

**Mr. Stephan:** Yeah. I appreciate that, and I certainly have had no intent with any question I've asked referencing the act itself. I just want us to be better, really.

I do have kind of a follow-up question, though. You know, as we've been talking about the act – and I know that, of course, in normal legal proceedings where, you know, there's due process and procedural fairness, if an individual makes accusations or files claims that are found to be unsuccessful or wrong, they are in some cases assessed costs. If the act is used or the court processes are used, in some cases, inappropriately for spurious or vexatious matters, as you've indicated, I'm just wondering if the act should maybe contemplate that, when there are requests made that are spurious or vexatious, because as members we want to encourage individuals. We want members of the public to consider serving and putting their names out there and being elected officials, and of course we want to make sure that they act with integrity.

But, at the same time, when there are accusations made that, you know, are not right and don't have proof, I'm just wondering if you think that the use of the act, its respect for the act, would be strengthened if there's accountability for requests made that don't have anything to them and are used and made quite publicly against an elected official when, really, this is not appropriate. An accusation in and of itself, you know, can be hurtful even if it's not true at all. I'm just wondering if the Ethics Commissioner had any thoughts on that given her experience working in the judicial system, that does have costs when there are vexatious or spurious claims.

Thanks.

**Ms Trussler:** Even in the judicial system most judges are reluctant toward costs unless it's a very marked incident of frivolous or vexatious conduct or it's repeated. At the moment there is no provision for costs in the act. I think one of the reasons there's no provision is that my reports are merely that; they're reports. They're filed with the Legislative Assembly, and it's the Legislative Assembly that determines what happens with the report. I'm not a decision-maker; I'm a fact-finder. I can draw conclusions from the facts. So it might be changing the role of the office and making it more subject to judicial review if I had the cost-granting power, but this is a policy decision that you're going to have to decide on. But it might be better for the Legislative Assembly to have that power because they are the ones that either accept the report and my recommendations in it, or they don't accept the report, or you can do something else. So it may be at that level, if you decide as a matter of policy that there should be costs, where the provision should be.

**Mr. Stephan:** Just a follow-up question. And that's a good point. There are some distinctions there. It would be very unusual for the Legislative Assembly to assess costs, and maybe that example isn't the best one, I guess. You know, as a principle, maybe speaking to it as a principle: are there opportunities in the act to have accountability if the act is used in inappropriate ways? I used the example of spurious or vexatious accusations. But, you know, I do want the act to be used. I think you do have a very important role; I really do. I think it's an important role, but I don't really want to see this act used in inappropriate ways, and I want there to be accountability in rare, very rare, circumstances where it's clearly used in inappropriate ways. I'm just wondering if you have any ideas about how we could inject more accountability to make sure that this act is used in a respectful, good way.

Thanks.

**Ms Trussler:** Well, in section 25, subsection (15), if I'm of the opinion that a request was made that was frivolous or vexatious or not in good faith, I can actually state that in an opinion. So it's really a matter, I suppose, of public shaming as opposed to having any actual authority to have sanctions against someone.

**The Chair:** Okay. Thank you, Mr. Stephan.

Just to be clear, folks, this isn't the last opportunity that we're going to have. We do have a full year to look into the Conflicts of Interest Act. The commissioner will be back on a number of occasions, and we'll have a lot more opportunity to go into those specific questions.

Mr. Orr.

**Mr. Orr:** Thank you. Hopefully, this is more on target for you.

**The Chair:** Well, if not, I'm going to call it.

2:00

**Mr. Orr:** Okay. I'm interested, really, in sort of the rationale or even the justification with regard to the requirement to list public shares. I totally understand the importance of the act creating public confidence and that there's no private or personal benefit to MLAs and/or ministers in their role, but listing public shares and the ownership of public shares – I mean, after all, they are entirely public. They're not private. There are many shareholders involved. So my question is: how does listing them further public confidence? Quite frankly, there's already a lot of legislation in the country with regard to insider trading and the legality of that that would be covered, and quite frankly MLAs couldn't really be considered insiders in most public companies anyway because they're not

insiders in those public companies. So I fail to understand. Particularly, you know, a company is listed in Toronto, it's listed in New York, it's listed on the Nasdaq – I really struggle to understand how an MLA or even a minister in their role could somehow have enough direct influence in that kind of an institutional organization to have personal gain from it. I'm just looking for the rationalization of what justifies having that requirement.

**Ms Trussler:** Well, I didn't write the act, and I'm not sure what the motivation was, but I think what it was – and this is why we only list shareholdings over \$10,000 – is that you could make a decision that very much gives some sort of preference to the industry in which you hold shares, and as a result you could double or triple or quadruple your shareholdings. I think that's why they put it in.

**Mr. Ziegler:** An example could be a small venture capital start-up company that's trading on TSX or just starting in there or some of the ones like that; it might be doing some diamond exploration or some energy exploration, and the minister may be privy to information to know that the government may be providing a grant or some kind of funding to a start-up to do some exploration in Alberta. By putting that on a public disclosure statement, at least there would be some transparency to go: the minister seems to have an interest in a potential investment – or an MLA or any other member – in something that they might have been privy to as a result of being a member. So that way there is some potential to make that transparent for the public.

**Mr. Orr:** Yeah. I guess I'll leave that, but I find that, quite frankly, to be quite a stretch. I think it would be very challenging for an MLA or a minister to so directly influence, first of all, an independent corporation under a completely independent set of rules. I mean, government policy is going to favour all kinds of different things, and to claim that somehow that's going to personally benefit a direct individual: I just struggle with that, and quite frankly to some degree, I suppose, insider trading rules might actually even apply in that case. I don't know. I struggle with it. I don't see the justification of it in the majority of cases. There might be the odd possibility; I don't know. Anyway, I made my point. I'll leave it.

**The Chair:** It sounds like a point maybe for further discussion at a later date.

We'll move on to MLA Leela Aheer.

**Mrs. Aheer:** Thank you so much. I apologize for my lack of camera; my cameras just aren't working right now in conjunction with being able to speak. I have two questions, Commissioner, and thank you so much for the opportunity to chat about this. Just two things; really simple.

Without disclosing too much information, my first question is around municipalities. There's a lot going on right now within municipalities and, of course, with their ability to be able to develop their regions and stuff, but it's been noted on multiple occasions with multiple meetings that I have been in attendance of municipal leaders and councillors also using that time and energy to be able to put forward ideas that may have benefits to themselves inasmuch as benefiting the well-being and the economy of that area. So my first question is around how to make sure that municipalities have all of the information that they need as well to make sure they're not breaching that, because I don't think it's intentional. I think that when you have the opportunity to speak to people, you know, you come up with all of the things. But just for that.

And the second question is around – I was just looking back into some of the changes that had happened over I think it was 2017

you'd mentioned and then also 2006. Just around when we first get elected as MLAs, we're given sort of a bit of a handbook with an understanding, but as we leave, particularly to be able to have a handbook or something along the lines just to help us to understand our place, just to – MLA Stephan had mentioned about becoming better and doing better. I would certainly appreciate a layman's-term version of how it is to make sure that we're not in conflict of interest. I don't think anybody would ever want that.

So those are my two questions. Is there a version that can be used that we can use as a handbook or tool kit to help us as we exit or as we continue on? And the second piece is: how does it relate to municipal affairs, and how can we help that to make sure that private interests aren't being brought before, you know, people that could be making those changes that impact those people personally?

Thank you so much for the opportunity.

**Ms Trussler:** We have on our website information about postemployment for ministers of the Crown, but MLAs who are not members of the Executive Council do not have any postemployment restrictions, so there are not any guidelines. Whether or not they should is a policy matter for this group to decide, but there are no restrictions, so there's really no reason to have any sort of information on the website.

On municipalities, I think municipalities have the power, as seems to be in Calgary and Edmonton, to appoint their own conflicts of interest or integrity commissioners, and both Calgary and Edmonton have. So the municipalities seem to have the authority to look after the conflicts in their own areas. But that's a matter for the Municipal Government Act, and it's not something that's covered by the Conflicts of Interest Act.

**The Chair:** Thank you.

**Mrs. Aheer:** That's my question. Okay.

May I still have a follow-up, Mr. Hanson, just a quick one?

**The Chair:** Go ahead, Mrs. Aheer.

**Mrs. Aheer:** Thank you so much. So I understand – and this is what I was coming to – that the MLAs aren't in that act. However, the optics, like you said, could provide some concern, particularly if you're moving on to other things. Just to make sure that that isn't part of it, my suggestion would be potentially to suggest that we discuss – that may be the case – how it is, then, that that cannot be used against or put on a person when they're moving forward, that they have somehow breached that, because once the optics are out there and once the message is out there, it could certainly harm anybody that is out in the public trying to function once one has left this position. Just food for thought.

Thank you so much.

**The Chair:** Thank you, Mrs. Aheer.

Any further questions from committee members?

All right. Seeing none, I would like to thank the representatives for the Ministry of Justice and the office of the Ethics Commissioner for providing their presentations and responding to the members' questions.

Hon. members, it's been standard practice during similar reviews for committees to request that technical experts provide ongoing support to the committee. The committee may also choose to request that the Ministry of Justice and the office of the Ethics Commissioner officials work with the Legislative Assembly staff during the committee's review of the Conflicts of Interest Act. The committee clerk has prepared a draft motion with some wording to

that effect. If there is a member that would like to put forward that motion – Mr. Orr. We'll bring it up on the screen. Here it comes. Technical difficulties.

2:10

**Mr. Huffman:** I don't know why it's not appearing on the screen, but I can read it into the record if you want.

**The Chair:** Oh, I can read it in, and then, Mr. Orr, you can agree with me whether that's what you meant to say or not. Mr. Orr to move that

the Standing Committee on Resource Stewardship invite officials from the office of the Ethics Commissioner and the Ministry of Justice to attend committee meetings and participate when requested to provide technical expertise and request that these officials work in conjunction with Legislative Assembly Office staff as required to support the committee during its review of the Conflicts of Interest Act.

Sound like what you were thinking? Thank you very much, Mr. Orr.

Any discussion on the motion?

Seeing none, all in favour of the motion? Any opposed?

That motion is carried.

At our last meeting the committee directed Legislative Assembly Office staff to provide a draft stakeholder list related to our review of the Conflicts of Interest Act. This list was posted to the committee's internal website, and members had the opportunity to review it. At this time I'd like to ask Dr. Christina Williamson and LAO research services to provide an overview of the document.

Oh, I'm sorry. I was supposed to put that here. If we could get Ms Robert to introduce the staff, please.

**Ms Robert:** Thank you very much, Mr. Chair. I just wanted to take a brief minute to introduce the committee to a new research officer with the Legislative Assembly Office. Dr. Christina Williamson joined the Legislative Assembly Office as a research officer in July of 2022. She has a PhD, I believe, in history from Carleton University and came to us from the Métis Archival Project at the University of Alberta. I just wanted to just give you that little brief bio on Christina.

Thank you.

**Dr. Williamson:** Thank you so much, Nancy.

Thank you, Mr. Chair. Thank you so much for having me at the table today as I introduce the draft stakeholder list for review of the Conflicts of Interest Act. We based this proposed list on stakeholders and respondents from previous reviews of the legislation. The list includes ethics commissioners from across Canada, interested advocacy groups, professional associations, research institutes, and ethics experts. You can see the list in sections 2 to 5.

Additionally, the stakeholder list includes individuals subject to the Conflicts of Interest Act such as Members of the Legislative Assembly, excepting members appointed to the committee reviewing the act, and nonadministrative staff working in the Premier's office or in ministers' offices. These are located and listed in sections 6 and 7.

Finally, under sections 8 and 9 of the list there are two final groups. Those are individuals who are designated office holders under the Public Service Act. This provides for deputy ministers and other leadership as defined under sections 25.2(a) and (b) of that act. Additionally, the list includes designated senior officials of public agencies designated in the Conflicts of Interest Act.

I just want to note here that under section 9 there's a typographical error in the stakeholder list on page 10. The sections referred to should read: 23.921(3) and 23.921(4), not 23.91.

I hope this list proves helpful to the committee, and I'll leave my introduction there. Thank you very much.

**The Chair:** Thank you, Dr. Williamson.

Do members have any questions or comments about the stakeholder list?

I don't see any questions. I'd like once again to thank Dr. Williamson for joining us. Having reviewed the stakeholder list prepared by research services, do committee members have any comments or motions they would like to make? Go ahead, Mr. Nielsen.

**Mr. Nielsen:** Just a quick question. The list is not exhaustive. Like, if some group or individual presents themselves, are we able to add them to the list later?

**The Chair:** Ms Robert.

**Ms Robert:** Thank you, Mr. Chair. I think my advice on that would be – I mean, I believe the committee will be asked if it wishes to approve the list as it is today or if it wishes to add names to that list. If the list was approved and then someone came to mind later – it's been quite common in previous reviews of this act that public submissions are also invited or advertised for, so a stakeholder could certainly make a written submission at that time. If they were, you know, sort of classified as a stakeholder when the researchers are looking at it, they would fit them in with the stakeholder submissions. I hope that helps a little.

Thanks.

**The Chair:** Thank you for that.

I see Member Issik has a question.

**Ms Issik:** Good afternoon. I'm wondering if any thought has been given to providing some expertise around the issues around Internet safety. Certainly, with our disclosures being published online, I wonder if we have any potential to have a stakeholder come in or an expert come in to discuss the safety measures that might be necessary with respect to online disclosures.

**The Chair:** Yeah. Just to clarify, this is just a draft list. We can add people onto it or groups where we see fit as a committee. So we do have that opportunity.

**Ms Issik:** Very good.

**The Chair:** Okay. Any other questions?

Do we have a member that would like to put forward a motion to approve the draft stakeholder list as presented? Mr. Dach. With your approval, Mr. Dach moves that

the Standing Committee on Resource Stewardship approve the draft stakeholder list prepared by the Legislative Assembly Office as part of the committee's review of the Conflicts of Interest Act.

Is there any discussion to that motion? Go ahead, Member Sweet.

**Ms Sweet:** Sorry, Mr. Chair. Just because I'm a substitute for the committee, I can't actually see the list. Is the public listed as being a stakeholder to consult with?

**The Chair:** At a later date there will be advertising put out, during the committee's deliberations, for public submissions.

**Ms Sweet:** They're listed, then, as part of the stakeholders?

**The Chair:** No.

**Ms Sweet:** No? So we need to add the public to the stakeholder list?

**The Chair:** Go ahead, Ms Robert.

**Ms Robert:** Thanks, Mr. Chair. Sorry; I wasn't clear before. It would be two separate requests for written submissions: the stakeholder requests and then, if the committee so decided, which it often has in the past, communications would do an advertising campaign, and members of the public could make written submissions at that time.

**Ms Sweet:** Okay. Thank you.

**Ms Robert:** Okay. Thanks.

**The Chair:** Okay. Thank you.

Any further discussion on the motion? All those in favour of the motion, please say aye. Any opposed, please say no. Online?

That motion is carried.

The committee directed the committee clerk to create a draft timeline for the committee's review of the Conflicts of Interest Act. The timeline document has been made available for the information of committee members on the internal site. As we discussed at our last meeting, if the 30th Legislature is dissolved this spring as anticipated, the review of this act will be discontinued as all committees will cease to exist. The timeline document was produced with this in mind. It shows a proposed timeline to spring 2023. However, for the benefit of all members, it also contains a list of the consultation and deliberation processes this committee might have undertaken were it to be afforded the opportunity to complete this review at this time. Because the timeline is just an informational item, no decisions are required, but I will ask members if they have any questions or comments.

Do we need to take a five-minute break? Okay. You know, before we move on to the next item of business, is there anybody that would like to take a quick five-minute break, or can we just carry on?

Thank you very much for your time, folks.

[The committee adjourned from 2:20 p.m. to 2:23 p.m.]

**The Chair:** All right, committee members. At our last meeting the committee agreed to a request to hear a presentation from representatives of SouthGrow Regional Economic Development. Just to remind members as to the process, when we receive these kinds of presentations, the presenters will make their presentation, followed by some time for committee members to ask questions. The committee will then consider preparing a report to the Assembly summarizing the contents of the presentation and including any recommendations that the committee might wish to make.

With that, I would like to welcome Mr. Casurella and Mr. Nickel to the committee. You have 20 minutes to make your presentation. Please introduce yourselves for the record before you begin.

**Mr. Casurella:** Thank you very much. Do I have to press any buttons here?

**The Chair:** No. You're good.

**Mr. Casurella:** Thank you very much. I appreciate you having us here today. My name is Peter Casurella. I'm the executive director of the SouthGrow regional initiative, one of Alberta's nine regional economic development alliances. I work directly for 30 municipalities in southern Alberta, but I'm here today representing a larger partnership that we're part of, which is the southern Alberta

alternative energy partnership, that includes Alberta Southwest, SouthGrow, the Palliser region, and Economic Development Lethbridge.

And with me today is . . .

**Mr. Nickel:** I'm Brad Nickel. I work for an organization called Equis. We're a power distribution co-op in Alberta. We're across the province. Also, I'm a part of the Energy Futures Lab, which is a – I'll give you the 101 on that but not go into a huge amount of detail because I'm sure everyone is tired of listening to long explanations about stuff. Not that the last presentation wasn't very interesting.

The Energy Futures Lab is a social innovation lab that was founded by the Suncor foundation. It's really to bring together a diverse group of stakeholders, so you get people that are oil and gas engineers with artists, with Indigenous groups. That means we get together and we have a lot of heated discussions, and not everyone agrees, but what's great about it is that we're able to come up with a great vision and a great understanding of the energy transition in Alberta and how Alberta can do really well at this thing through it.

**Mr. Casurella:** Thank you.

The presentation we have for you today is the culmination of conversations that started about a year and a half ago with Minister Savage, Minister Neudorf, and Minister Fir as well down in Lethbridge. In our positions we hear from stakeholders in the energy industry a lot of times about the pain points that they're dealing with, and we have a laundry list of issues that we'd love to see movement on within this space, that's changing rapidly around us. But what it really comes down to, the thing that we can't make movement on ourselves, is the idea of an overarching, unified vision for the development of Alberta's electrical system to provide predictability for the environment, predictability for the next 10 to 15 years, which will help us unlock additional investments and help folks at the utilities like Equis to really directly address affordability at the ground level for all Albertans by putting in those strategic investments that need to be put in efficiently.

**Mr. Nickel:** You can keep advancing the slides. Yeah.

**Mr. Casurella:** Thank you.

**Mr. Nickel:** Even the next one. Perfect. Thanks so much.

The current situation, right now, is that technology is changing, and I think that sometimes, because we're in the pace of such increasing technology change, we forget about it, right? The iPhone has not been around for very long. It's been less than 20 years we've had the iPhone, yet it's drastically changed our lives. For the large part of our history the electrical grid has not changed a whole lot – right? – and now we're seeing a big change.

I think there are two primary drivers for this. One we're seeing is technology. Natural gas generators are cheaper than they've ever been. We have an abundant supply of natural gas, which just makes coal – even if you rip out all the environmental costs of coal, it's just not economical today. You just aren't going to build an 1,800-megawatt coal plant today in a competitive market. It's just too much of an investment risk, even barring all environmental stuff.

The other thing is, obviously, policy. We've seen shifts to lower GHGs, and right now wind and solar are the cheapest forms of electricity on our grid. This drastically changes our market and our grid quicker than we've ever seen. We also see this coupling with increased electricity demand. Alberta is an amazing province. We see substantial economic growth happening, and economic growth drives electricity consumption. These people need more electricity. Also, we're seeing in kind of the less exciting areas of AC that more

people in Alberta, especially in Calgary, are getting ACs, which drive electricity consumption growth.

The other kind of thing is that that's really the demands today, and tomorrow we're going to start to see electric vehicles coming in, and we're going to start to see a bunch of different other loads come in. So those coupled today create a situation where we need a very solid vision and an understanding of where we're going with our electricity grid and what resources we're going to start leveraging here.

**Mr. Casurella:** Yeah. On my side of the coin, I work at the forefront of investment attraction in southern Alberta, working closely, hand in glove, with Invest Alberta and folks like that. When we had this conversation first with Minister Fir and Minister Sonya Savage a few years ago, I profiled \$20 billion in capital expense in wind and solar and battery tech alone that was in the queue with AESO being applied for. Six months later, when we had a follow-up conversation here in Edmonton, that number had increased to \$30 billion. Today it's even higher, and that's not even factoring in all of the surging investments we're seeing in hydrogen, which is a huge opportunity for this province, and in small-scale nuclear.

These are investments that need certainty and that build business plans on decades time scales. Particularly if you're looking at things like nuclear, that's a 50-year project time scale. They're making calculations based on those long timelines, and they need certainty in order to be able to pursue these projects.

Our domestic stakeholders need to do investments as well. We do a lot of pilot projects with companies like Fortis down in Southern Alberta, and we're working on projects that will increase affordability for our ratepayers but reduce the pressures that are happening on the grid, too. But utilities like Fortis and Equus and ATCO have to be careful in managing their risk as well. If they don't know what the table is going to be looking like in the policy environment in five years even, they have to be careful and really choosy about the investments they make. If they know what things are going to look like in 15 years, they're going to make a different suite of investments that actually will put new options on the table with respect to affordability in addressing some of the issues that we have here today.

**Mr. Nickel:** So a changing grid. Again, our grid is changing more than it ever has, and I think the two points I want to make out of this are that the retirement of coal was a policy decision to change the grid, but economics are driving this change as well. I think it's very easy to say: oh, well, the change is driven because, you know, historical decisions have made that decision. Yes, that's a fair statement, but economics are driving it, too. Natural gas, like, besides the last year here, has been quite cheap, and you're seeing wind prices collapse down and solar prices coming down, and we're seeing more and more development here.

2:30

On the generation side there are these macroeconomics things that we cannot avoid in Alberta no matter what we like to do or try to do. This is an opportunity, especially in southern Alberta, where we have such great resources here. We can take advantage of this. The big difference is that industry needs to know the rules, and in order for them to know the rules, they need to know the vision, and they need certainty. You know, the worst thing you can have is uncertainty for businesses, especially in the utilities space and the electricity space, because these assets don't go away in two years. They're there for 20, 30, 40, 50 years, and in some cases they're intergenerational even, if you're talking large-scale hydro or transmission projects.

So when we're looking at the changing loads here – and I'll just get you to flip to the next slide – historically 10 years ago, five years ago EVs were, I don't know, kind of nice, cute. No one wants to drive a Leaf; it was a horrible car. Like, that's what it was, but that's not where it is right now, right? What we're seeing is EV adoption being driven by market choice, consumers wanting a performance product, and economics. So you can drive an electric vehicle 35,000 K a year. It costs you 750 bucks in electricity, and that includes transmission and distribution costs in electricity. So the fundamental economics of that is not necessarily at this point a policy-driven decision; these are economics driving. And we're seeing the adoption curve now where it's not just a nice-to-have or, you know, kind of the fringe adapters. This is happening. The fastest cars in the world are electric right now.

Then we start to get into the unified vision.

**Mr. Casurella:** Next slide. Thank you.

The unified vision: what will it actually do? We talk about developing your business plans. Natural gas generators, solar and wind build business plans on 20- to 30-year time scales. Nuclear is looking at 50 years. They need to be able to make long-term predictability to make sure that their project has a business case so they can provide revenue back to their investors and make safe and sound business decisions. We've got a deregulated energy market, which means people want to take advantage of it. This is just another step that we need to take to give them the additional certainty to unlock that capital. It will provide that predictability and certainty. It'll help us unlock that foreign investment and unlock domestic investment that's desperately needed for all of our ratepayers, everybody who's seen their electricity bill go up, and directly affect affordability as we move forward.

Next slide.

**Mr. Nickel:** What happens if we don't? Investment will be missed. High electricity prices. Right now the most efficient solution to power price is to build a cheap, simple cycle gas peaker plant because you can get your payback in five years. And it's good, but that's going to keep electricity prices pretty high because no one is willing to put the cash in because we don't know what the rules are going to be in the industry. We don't know the vision. We don't know the priorities and the policies, so this type of uncertainty makes prices higher and an inefficient market. Like, Alberta has a great market that has driven renewable development on completely – well, not completely, but based on market economics, and it's been great and has created great investment opportunities. But if we rob that market of certainty of what the rules are, that is going to ensure higher prices.

So when we look at the next slide here – I know; we have the most boring slides. We were going to put more pictures on it, but I don't know. So we're coming with a very high-level ask today to convene industry leaders together. This is something that the Energy Futures Lab has the ability to assist with because their whole function is to work with a crossdiscipline team, to have people from a bunch of different perspectives come together and perform recommendations and policy recommendations.

Also, looking at global best practices and strategies that survive transitions: that's also important. These are – markets like certainty. Markets like to know what the rules are going to be because then they can build towards it. And a systems approach – because I think a lot of the time we like to look at our crystal ball and say: "Okay. Tell me, you know, expensive consultant: what is a zero-emission system going to cost?" They don't know. No one knows – right? – because it's complicated. We don't know what's going to happen in 30 years, but what we can do is identify what we should do in the



next five years and kind of what policies we should place in the next 10 years. But we shouldn't be prescriptive in the solution, obviously. We should let the market drive it.

But I think the key is understanding that a lot of these forward predictions in 10 to 15 years aren't really valuable because people don't know what the technology is going to do at this point, so we just need to take a consistency to ensure affordability, reliability, and to have off-ramps as we go. That's a systems approach to this.

The other thing is to protect consumers. This is something, obviously, that would be dived in more when we come up with, you know, a unified vision. Netting out the carbon tax on residential consumers on-bill would be a great opportunity to lower people's bills today and doesn't affect the dispatch of the merit order. I will not talk about that in a bunch of detail because it gets into a lot of technical stuff on the market. But, essentially, you can basically rebate someone's carbon tax and electricity because it already affects how much GHGs are emitted in production through the wholesale market price.

Of course, these would be kind of the stuff – the regulated rate option. It was really good to see some market capped on that and the control, because consumers are hurting right now, especially at 30 cents. I hear it every day. I help our billing departments, and there are lots of people hurting on that. But the solution necessarily to defer payments is still going to create some structural issues and some challenges with overall affordability in the future. So there is some opportunity there to provide certainty into the market with that type of option as well.

Again, those are options that we'd look at as a cross-functional group in more detail, but just to give you a flavour.

**Mr. Casurella:** In the next slide, just to sum things up here for you today, this is strategic planning writ large on a provincial scale to guide the direction. The legislation that's come out in recent years has been very, very useful, and it has addressed particular pain points and it has done so quite aggressively, but it has always been a reactive approach. We're always responding to new problems that are emerging in a reactionary way, and we're never getting ahead of the issues. Sitting down and crafting this vision for the future of Alberta would be getting ahead of things, would be jumping forward and looking proactively at the future and setting the table for the industry.

This is also a legacy project. When I think of things that – you know, if there are any among you who are particularly nerdy about these kinds of issues, if you wanted to tackle a project that's going to echo with positive impacts for generations, this is something you could leave behind. A long time after you've left office and you're sitting in retirement, you can watch the impacts of a project like this roll out across the province, creating economic opportunities for communities, for utilities, for private investors, and for all Albertans for the next generation, and that's really what the ask is.

This is not something we can do. It's something that you can do and that you have the abilities and tools at your fingertips, but through partners like the Energy Futures Lab we can help. We have those stakeholders who can advise.

Thank you very much, Mr. Chair.

**The Chair:** Thank you.

Okay. I'd like to now open the floor to members to ask questions, starting with Mr. Orr.

**Mr. Orr:** Oh, sorry. I forgot that I'm not supposed to touch that.

**The Chair:** It's all right.

**Mr. Orr:** Yeah. Thanks for your presentation. Thanks for the work you're doing. It interests me a lot. One of the challenges we have in government, of course, is the balancing of grid expansion and capability with cost to consumer, cost to the average taxpayer, to the citizen. The growing costs of the grid over the last decade has been one of the biggest drivers of electricity. I've always heard people brag that we have cheap electricity, but if you factor in transmission and distribution costs, it's no longer cheap.

In a purely theoretical world if everybody generated their own electricity, you wouldn't even need a grid, which is purely theoretical, I know. But I'd like your insights on moving more toward distributed generation rather than concentrated generation and then having to pay these massive costs to spread it out to everybody. Should the theory drive more toward distributed generation?

I have two particular beefs I'd appreciate your insight on with regard to that, with regard to the microgeneration regulation that's in place. One is the requirement that microgeneration, particularly the small ones, residential users, are really only able to put in an installation that would cover, theoretically, the cost they use on an annual basis, however many kilowatts. I think 11 is something like the average in Alberta. I think that should be increased, and here's the reason. A lot of home consumers don't want to do it simply because it takes 20-plus years to pay it off when that's all you're allowed to produce. If you could produce a little bit more, you could actually pay it off quicker. Quite frankly, it would become a more economically viable option for many Albertans to do it. So that's my first point.

2:40

The second one is on the larger microgen side. The cap was increased, but it's still at five megawatts. I've had producers in my riding who have argued: "Why is it limited to only five megawatts? It should be increased."

I'd appreciate your insight on those two points in particular and, more broadly, the theory of distributed generation. Thank you.

**Mr. Nickel:** Sure. The challenge is that – you know, I always view it as when you go buy things off Amazon. You're like, "That's a great price," and then shipping is 20 bucks, right? And that is a challenge in Alberta. The great thing is that Equus is very different than investor-owned utilities because we're owned by our members, so we're not – it's a bit different from a structural standpoint.

When you're talking about the distribution and transmission costs, as a high level there is a challenge between balancing market generation efficiency and distributions, because in the transmissions space we have the zero-congestion policy, which creates efficiencies for generation, to maximize efficiency, but that creates inefficiency when it comes to assets – right? – because you have to have no congestion. Similarly, on the distribution side, like, if you're talking about the macro levers, that's compensation. Performance-based regulations for distribution utilities: that's how you'd touch those costs if you want to have that macro effect on wires cost. You talk about, fundamentally, compensation frameworks for utilities distribution and transmission.

When you're talking about distributed generation, the challenge is that the grid is a locational asset, so not every location is equal. For example, you putting solar on your house may actually hurt the grid, and utility may have to upgrade infrastructure to support that. That doesn't benefit anyone else. But let's say this gentleman here does it; actually, it really helps us. So, really, as a high-level stroke – and again we're getting into very details here about specific policies when high level we want to stay at: what is the vision?

Ultimately, you need – again, this is my world. People don't ask me what I do for a living anymore because they just don't want to talk to me about it. But it's differential connection cost. So, basically, I can pay you money to put solar on your house because that has an infrastructural deferral benefit where you may actually have to pay more. Then we shape the system in a more decentralized way to basically optimize the wires better of where everything goes.

Just think of it as pipes and where it gets taken out and injected. We've got to optimize that all by placing things in the right spot. You can't have policies that don't have locational stuff. I know that's completely confusing, and I do apologize.

**Mr. Orr:** One follow-up?

**The Chair:** One quick follow-up. Go ahead.

**Mr. Orr:** I hear what you're saying about locational. I get it, but I think as we do move toward – and you had it on one of your slides – the adoption of electric vehicles, the more people that are actually generating, I mean, the grid is not going to sustain a massive turn to electric cars. There have been all kinds of studies that the grid is not prepared to actually be able to handle the demand that's going to come, what was on your charts, through the mass adoption of electric vehicles. So somehow we have to create a system that encourages people to actually generate that without the need to totally rebuild the entire grid.

**Mr. Nickel:** You're absolutely right. It's a huge challenge but also a huge opportunity in the industry. Really, the challenge with EVs is that they hit hard. Like, they charge really high. It basically uses a dryer of power for an hour, and everyone charges at the same time. So the challenge with using solar to try to fill that void is in winter, when you're having it on a feeder level, so like your individual house level. So what you have to do, really, is manage charging to basically incentivize people to charge at different times, right? But, again, we don't have a vision that we're going to prepare for this at this point. Like, there's nothing from a provincial level or like an AUC level that drives that type of preparation down yet.

It's all possible and doable, and we can definitely keep affordability because we have the technologies. Sensors are a lot cheaper than they used to be, and there's a place for every little bit of technology, right? There's a really strong case for solar, especially in areas that have high air conditioning load. That makes a ton of sense because you get the benefit of the energy and you get the benefit of less wires. But then if you have an area that's not, it has less benefit from the infrastructure standpoint. You still have an energy benefit, for sure.

**Mr. Casurella:** If I can interject with a quick point. I'm not an engineer; my friend Brad is. The thing that I've learned from talking to his counterparts at Fortis and at ATCO and at other places is that when you go to convene a panel that you have stakeholders for to talk about what the vision should be, what's feasible, how do specific policies fall out of the vision that's crafted and adopted by government, there are folks like Brad who are very smart, who grapple with these precise issues about how we address affordability while still transitioning. They're working on this every day, and they've got great ideas. Put them in a room, throw the knives in, and see what ideas come out. Let them fight it out.

**The Chair:** Thank you very much.  
MLA Sweet.

**Ms Sweet:** Thank you, Mr. Chair. I have two questions. The first one, I think, is building off Mr. Orr's comments around the

infrastructure components. I hear what you're saying: in urban settings, Calgary and Edmonton, being able to do that green transition, solar on my roof. It makes sense because it's just an easier perspective. One of the questions that continuously comes up is: how do we support our rural communities when the infrastructure may not have the two-way capacity, when we're having to travel farther distances? I appreciate that you want the high-level vision of, like, "Where are we moving forward to?" but there are some logistical questions, from a provincial perspective, of urban versus rural and, you know, capacity in the context of higher population versus more rural population.

**Mr. Nickel:** Yeah. Eqs: our service territory is physically about the size of Kuwait, and we have 12,000 members. We're so rural that they didn't think it was worth putting power to us in 1945: that is what we are. From that part is – the challenges with this: it's not going to be solar panels on everyone's roof. That is not the solution to the transition, right? If we did that, there would be just as many challenges from a grid cost perspective as putting EVs in everyone's place. So what it needs to be is having a vision of: what is the long-term vision? What are long-term carbon policies? What are going to be the planning criteria? What are going to be this stuff? It has to come from the top and then go all the way down. It's at the point that we're seeing these in the bottom, but we need it to come to the top because that's how this framework works.

When it comes to rural Alberta, EVs are definitely not going to be the first place there because if you're going to be driving, the infrastructure is not there. But there's an application for things, and that's where I'd like to kind of – you know, 10 years ago cordless tools were crap, right? Like, if you had a cordless power tool, it was a joke. You put in three screws, and then it charged for two hours, right? Now there's not a carpenter, a mechanic that doesn't have a DeWalt or Milwaukee set, and that's what's happening.

I think what we're going to see in rural Alberta, from my crystal ball here, is going to be that the F-150 Lightning is going to come in. Farmers are going to – it's a great toy. It's lots of fun. Are you going to tow with it? Absolutely not. You're not going to tow with it. It's a great thing to go out to the field and do welding, rip around, go to town with. That's probably what you're going to see first, and that's going to provide us a lot of support in the grid because we can utilize those assets and co-ordinate it with solar and geothermal exchange to reduce heating loads.

There are lots and lots of these technical opportunities here, but ultimately we need to get the vision of what we want our grid to do – correct? – create the certainty in the market of: "Okay. Well, what are the policy tools that are going to be done? Are we going to use a rationing carbon tax that's separate from the allocation system? What are we doing there kind of at that high level?" Give the market certainty. What are the rules for utilities on doing these nonwire solutions? We know that bill has been passed now, so that was definitely a step in that direction, but there's still this massive vision issue, and then we've got to get down to all the weeds. But we can't start in all the weeds and then try to get up, and that's where EFL can help with this stuff.

**Ms Sweet:** A follow-up?

**The Chair:** Go ahead, MLA Sweet.

**Ms Sweet:** Yeah. Just really quickly: do you have an estimate on the potential for investment and job creation as we look towards this market?

**Mr. Casurella:** Yeah. This is a very interesting topic. I have to tell this to people: when the tractor was invented, it fundamentally

changed how we produce energy to power society. The tractor put a lot of people out of work. It fundamentally changed the equations on the ground, and all of those people leaving the farms – because now farming was more efficient, you needed less human labour – went off into other areas of society, and there were individual tragedies. There were many individual tragedies when an entire industry goes through a transition like that. But they went out into society, they reskilled, they found new areas to work in, and they are productive members of society, and that was a hundred years ago.

2:50

These transitions have happened all throughout human history. The energy industry is going through a similar transition, and it's not just renewable energy. It's not solar and wind putting people out of work. The efficiencies are being found in our traditional generating environments as well. It takes less human labour to generate natural gas energy today than it did 10, 15 years ago. Coal was going to be phased out anyways. It's just outcompeted by all the new options out there in the market. This is a moment in history that's fraught with lots of individual tragedies similar to many other situations that we've gone through collectively in the past. But we are fundamentally levelling up as a society because we're producing the fundamental energy needed to power society much more efficiently, and we're freeing up a lot of valuable human labour that can be put to work in other areas of the economy.

I work in economic development. Labour is our biggest issue, and it's not somebody to flip burgers that we need; it's high-tech, experienced jobs. Folks who know how to handle tools coming out of the oil patch are very, very valuable, and there are jobs for them in southern Alberta if they want to move down to Lethbridge.

**The Chair:** Thank you.

Mr. Stephan, you're next.

**Mr. Stephan:** Sure. Great. Can you hear me okay, Chair?

**The Chair:** You bet. Go ahead, sir.

**Mr. Stephan:** Excellent. I appreciate this presentation. Power is super important. I just had a personal experience, really quickly. I went to a Flames game in an electric vehicle from Red Deer a week ago, and it was interesting that I couldn't have the heater on because we were going to run out of power and get stuck on the way home, but it is improving, and – you're right – things are changing.

I guess the question I had is that you talk about the need to have a vision, and I agree. I think one of the challenges that we have is that – well, I'm just going to say it – we have a federal government that seems to change the goalposts on what that vision is, and they are making prescriptive mandates which may work well in some areas of the country better than others. I know that, for example, Quebec Hydro have the lowest residential power rates, I think, in all of North America. You know, they have a hydro resource. Perhaps the vision – because you mentioned that technology is evolving. I think that if we have a vision that's based on principle, that is making sure that our electric system is the very best that it can be, that it is the most competitive in terms of lowest price to Albertans, and that we are continuously being better as technologies evolve.

The one question I would have is – I think you had mentioned coal, and one thing that I was really troubled with when I became an MLA is that I do understand that technology is getting better over time, but I also know that, unfortunately, taxpayers were required to pay well over a billion dollars for the accelerated phase-out of coal before the end of their economic lives. And while I

appreciate that things are getting better, I know, because the power producers received over a billion dollars of compensation from Alberta taxpayers, that it wasn't market driven. It was government driven. And I guess the question I have for you is: in terms of representing ratepayers, did you raise any concerns about that policy direction that the government took, that did cost Alberta ratepayers so much money?

**Mr. Nickel:** Thanks so much for your question. I guess that maybe I will tackle it in parts here. The first one is about the federal government pushing regulation on us. I think the best push-back for Justin's transition is to push back with our view. Not to say no to everything but to say: well, actually we have a better plan. Honestly, looking at affordability, but it's predictability in carbon pricing; it's understanding what we're going to do with our distribution policy. What are the requirements of the AUC when looking at carbon emissions of projects? Like, these are all fundamental, large questions that need to be dealt with. It's not to say that tomorrow we're going to go and turn everything off. That's not where we're going. We need to create certainty and a direction and get the policies in place.

When it comes specifically to the off-coal policy – like, at the time I was at a different organization, so I can't specifically speak to that from that perspective because it's a different role. Honestly, that's a political decision for you guys to look at, whether it makes economical sense. You can go back and forth on that. But my comments, really, around coal economics right now are that the only reason our coal plants were economical was that they were built 60 years ago. The mines were built, and there's zero – there's marginal cost because you still had to mine it, but today, if you were to go and build a coal mine, like, think of the cost you'd have to do, and then you'd have to build at a scale of about 1,800 megawatts to break even. Well, you'd crash the energy market, period, and your prices would crater. Therefore, it's not a viable business model today because I can go build a 50-megawatt, 100-megawatt natural gas plant and follow market prices. That's kind of where my comments came around coal.

**Mr. Stephan:** Yeah. Sorry; I just want to clarify my question. My question was not about whether or not coal is economic if you're starting from scratch today. My question was more about the coal plants that have been built, as you correctly identified, and whether or not it was in the ratepayers' best interest to accelerate them before the end of their economic life unnecessarily and cost Alberta ratepayers, you know, well over a billion dollars. That was more my question, not about new coal developments for power but the premature phase-out of the existing projects.

**Mr. Nickel:** Sure. I'm starting to get outside of my area of expertise, speculating on past issues and policies, but, you know, I'm always one to look into my ball here and see – the challenge I see with this is that it's about value for the money. The natural gas retrofits were pretty cheap, so if you're looking for bang for your buck – I don't know because I'm not an expert on offsets for GHGs and the cost of that to really comment specifically on that. To start going through – and, again, I start to get beyond my expertise. I don't want to speculate and mislead you as me being an expert in this area, so I'll have to – sorry about that.

**Mr. Casurella:** I wasn't around at the time. I do know that one of our partners, the Palliser Economic Partnership – they do have coal in their area, and they did speak out against the cancelling of those projects. The SouthGrow region and Alberta Southwest, SouthGrow in particular: we don't have any coal, and we didn't much have an economic opinion on it. As an expert who follows

these issues very, very carefully, I am not opposed to the phase-out of coal. I believe very strongly that we do need to take concentrated action on climate change, that it's an important responsibility for both government and individual taxpayers to take firm steps on to make sure that we're doing our part to move this issue forward. I've got small kids; I want to see their future be brighter than mine.

**The Chair:** We're just about out of time, but go ahead, Mr. Nielsen, followed by Mr. Dach, and then we'll wrap it up. Thanks.

**Mr. Nielsen:** Thanks, Mr. Chair. Thanks for the presentation. I appreciate that you were talking about, you know, political decisions, leadership but also, in the same context, the cost that Albertans are facing right now around electricity. I know some people love to hear lots about, you know: what does the future look like? They are pretty much wrapped up around what's happening right here, right now, and how they're trying to manage that. I know that throughout your presentation you suggested that, I guess, without political leadership it may be harder to reduce those prices for Albertans, so I was wondering if you might be able to give us an idea a little bit about maybe what the difference in those prices could be right now, you know, had some of those decisions been made. I don't know how specific you can get, or maybe you can just allude to what type of – even a magnitude that they could be benefiting from.

**Mr. Nickel:** Yeah. You've got to pay a consultant \$500 an hour to go and come up with those numbers for you. I don't like speculating on this stuff because you can give people really wrong impressions, right? There are so many indeterminates on this, so, like, that's a question for a consultant that does market modelling, and they can go through and do the assessment on what they'd look like for different generations coming in, but I don't have those numbers for you at hand.

3:00

**The Chair:** Thank you.  
Mr. Dach.

**Mr. Dach:** Thank you very much, Mr. Chair. I just wanted to ask something that came to mind as you first started your PowerPoint. You talked about coming to a unified vision, and a question that came to mind was: who are you looking to unify? The PowerPoint presentation said at the very beginning that you would convene industry leaders, and then at the bottom it said that you would protect consumers. There are a lot of stakeholders in between there, and it seemed it was, like, top heavy with industry leaders, and you said that that was sort of the way the framework worked. But I think consumers, Albertans, are going to want to be part of this picture. How is a broader group of interested parties going to be convened to make sure we get it right?

**Mr. Nickel:** Yeah. And that's what the EFL does. They take groups of people that are at every different level. Being a fellow in the Energy Futures Lab, I have lots of conversations with a guy who runs a theatre company about energy policy, and I can tell you that it's very good. So, absolutely, you need it across stakeholders; you need consumers. You don't just need industry experts, because everyone is affected. That's what makes this such a challenging issue, especially to get everyone to kind of come together and say: well, you know, we're not going to agree on what makes sense in 30 years because everyone's predictions are different, but we can probably agree on what makes a lot of sense in the next five years and 10 years.

Also, we can probably agree on a vision of what it is. You know, are we going to have the lowest costs, the cleanest grid? Like, what are we doing here? When we can start to get that stuff together, then it can trilluate through into policies and procedures and legislation and everything else, but we want to create that unified vision with consumers, industry experts, and stakeholder groups.

**Mr. Dach:** Just a quick follow-up by me, and that is that I'm the critic for transportation, so I've been following the adoption of EVs with much interest across the country and around the world and in this province. I know that we are behind on the uptake. I think about 7.7 per cent of the vehicles are EV in Alberta versus in other jurisdictions, even in Canada, which are much larger. There's not really a promotion provincially, an incentive, to buy EVs. Other provinces have that as well as the feds. But I'm just wondering. You seem to express a fear that we would be left behind in some ways or getting behind the eight ball. Do you have an idea on the investment and what the cost economically is going to be should we not develop this unified vision?

**Mr. Nickel:** If we don't have a vision, people can't make investment decisions, right? People can't determine whether to build a combined cycle plant or a simple peaker or if they want to go hydrogen or geoechange, so it fundamentally just limits your investment.

Specifically on EV adoption, when you talk about policy tools, incentivizing EVs in Alberta, if you're looking at that – and this, again, starts to get into the fringes of what we're looking at here around the unified vision – it's a broad stroke. But in Alberta, you know, we have lots of other possibilities here to really drive innovation than to – if we get a bunch of EVs on the road in Alberta, is that going to have a huge, huge uptake?

You know, I'd be more focused on building the infrastructure to enable it than trying to incentivize individual development at this point, especially coming up with the proper standards around charging programs and load curtailments, da, da, da, to make sure EVs support our grid and don't hurt it. If we can do that, I would rather have a third of the EVs B.C. has. But if they're highly integrated into our power grids so they provide backup power, load-shedding services, and a bunch of these other products that drop everyone's bills, that's much more successful, in my opinion.

**Mr. Casurella:** And I'll add, on the vision that I see, that we have been global leaders in energy. We have crushed it. We have expertise here that is world leading. As the energy environment changes, we've got the expertise and the firms and the capital available to lean into the transition to make it part of the mix. It's not oil and gas or renewables. It's not. It's both. And we have the ability, capital, experience to lead on all of these fronts and be world leaders in technology development, have companies creating solutions here, not just coming here to extract resources. That's really what this is about. Help us set the table so that industry leans into the transition and leads it and that we export our talent and we export our products and our innovations to the rest of the world, as we have done over the past 50 years.

**The Chair:** Thank you.

**Mr. Nickel:** Oil and gas is a huge part of this province, and the adoption of EV is not going to make the oil and gas industry go away. Like, the oil and gas industry is the whole reason we're all sitting here having this conversation and not out hunting today to survive. We have a lot to be thankful for.

You know, back a hundred years ago we were heating our homes with wood. Do we heat our homes with wood anymore? No, but we sure use a lot of wood still to build them, and that's what's going to happen with the oil and gas industry. We're going to be still producing a lot of oil and gas in Alberta, but we're probably not going to be burning it. We're probably going to be making everything for the world because we have this amazing carbon resource that we can extract environmentally friendly and provide a huge value to this province.

**Mr. Casurella:** Hear, hear.

**The Chair:** Thank you very much. I know that people that drive electric vehicles like to drive on pavement, which is made from bitumen, so we're not going anywhere fast.

Anyway, I'd like to thank Mr. Casurella and Mr. Nickel for attending the meeting today and providing their presentation. You may stay for the remainder of the meeting if you like and listen in. We'll be wrapping up shortly.

Hon. members, after receiving this kind of presentation, the practice of legislative policy committees is to report to the Legislative Assembly on the information received. These reports contain introductory remarks about how the committee proceeded with hearing the presentation and also a summary of the presentation itself and any recommendations that the committee may wish to make.

At this time I'd open the floor to any comments, questions, or motions in relation to the committee reporting to the Assembly on today's presentation.

**Mr. Nielsen:** Mr. Chair, I'm sure that there's probably a motion that would capture what I'm thinking, but why don't we just report to the Assembly that

the Standing Committee on Resource Stewardship direct the Legislative Assembly Office to prepare a draft report to the Legislative Assembly summarizing the presentation to the committee by SouthGrow Regional Economic Development at its February 2, 2023, meeting and that the chair and the deputy chair be authorized to approve the final report after its distribution to the committee for review.

**The Chair:** Thank you very much for that very prompt motion.

Is there any discussion on the motion?

Hearing none, all those in favour of the motion, please say aye.

Any opposed, please say no. Hearing none, online?

That motion is carried.

Are there any other issues for discussion at today's meeting?

Seeing and hearing none, the next meeting will be at the call of the chair.

If there's nothing else for the committee's consideration, I'll call for a motion to adjourn.

**Mr. Orr:** Done.

**The Chair:** Mr. Orr. Moved by Mr. Orr that the meeting be adjourned. All in favour? Any opposed? Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 3:07 p.m.]





