

The Inside Scoop:

Looking Back at the 2014 Martha Kostuch Lecture

By Ian Urquhart



I know...this report on Dr. Ted Morton's November 2014 Martha Kostuch Lecture was almost as long in coming as the major land-use legislation passed by Ed Stelmach's Progressive Conservative government in 2009. Morton ushered that law, the *Alberta Land Stewardship Act* (ALSA), through the legislature. The former minister recounted to a full house at Hillhurst Cottage School last November how he regards that law as one important success of his tenure as Sustainable Resource Development Minister.

Morton, who was SRD Minister for just over three years beginning in 2006, gave AWA members something of an insider's account of his time in one of Alberta's key "conservation" ministries. He recounted the challenges he faced, the successes he had, as well as the challenges and opportunities he thinks are part of Alberta's conservation landscape.

I was optimistic when Ed Stelmach appointed Morton to the SRD portfolio in December 2006. Morton was kin. We both have PhDs in Political Science and I admired his intellect. *Charter Politics*, the book he co-authored in 1992 with his University of Calgary colleague Rainer Knopff, remains an important contribution to understanding the Charter of Rights and Freedoms and its place in Canadian politics and society. I taught constitutional law and politics and especially admired its balance, the fact he and Knopff kept in check their antipathy to the Charter and the negative changes they associated with it.

We were kin in perhaps a important sense. We grew up in spectacular natural settings, Morton in Wyoming and me in southeastern B.C. We loved the outdoors and doing the things teenage boys of our generation with those inclinations did: hunting, fishing, hiking, and camping. While we probably don't share many political "heroes" one we both admire is Teddy Roosevelt, the 26th President of the United States. Roosevelt led America into the Progressive Era and made stewardship of natural resources a hallmark of his eight years in the White House. His experiences in the American West helped shape his commitment to natural resource stewardship, to trying to ensure that the condition of natural resources passed on to the next generation was at least as healthy as it was when the current generation was entrusted with it. Such progressive conservatism hasn't fared well in the history of Alberta politics. Morton, seeing himself as a Roosevelt conservative, tried to bring those stewardship sensibilities to his job as Minister.

SHE, Leadership, and Revenues

In Morton's experience many of the challenges facing the conservationist agenda are financial ones. Conservation policy initiatives run into strong political headwinds when they try to compete with SHE – social program, health, and education spending. SHE spending consumed more than two-thirds of the Stelmach era budget and even more of a

politician's time for one very simple reason – that's where the votes are. Those are the issues Alberta voters care most about and so they're what MLAs and cabinet ministers focus most of their attention on. The successes he identified in his talk were realized because they didn't cost much, were funded by some other source, or were funded by wind-fall resource revenues between 2005 and 2008. Sometimes they also were issues where political leadership – exercised by Morton and/or Premier Stelmach – played a vital role.

Successes

The former Minister counted the OH Ranch and the *Alberta Land Stewardship Act* among what I would call the major landscape policy successes of his time in SRD. ALSA was a policy initiative that sprouted out of the Progressive Conservative leadership race in 2006. It arguably was the Stelmach government's single most important land-use initiative and grappled with the perennial pressures the contemporary Alberta landscape faces from population growth and industrialization. Morton was very committed to seeing the Progressive Conservatives respond to those pressures. His leadership, the Premier's support, and beliefs that the administrative and economic costs of the initiative wouldn't be too severe helped to ensure its passage through the legislature.

The OH Ranch story struck me as a particularly powerful example of how, even during the Progressive Conservative

dynasty, committed political leadership could trump Energy – the 800-pound gorilla in Alberta policy-making circles. Morton saw what a jewel the OH Ranch, west of Longview, was when he hunted elk there in the 1980s. Doc Seamans, owner of the ranch, agreed to put conservation easements on the portions of the ranch he owned if the Alberta government would designate the ranch's grazing leases as a Heritage Ranchland. Morton very much wanted to turn this 4,277-hectare property into a conservation victory. "My biggest obstacle," he recounted, "was the Minister of Energy and the bureaucrats in Energy. They were afraid that if you put this Heritage Rangeland status on the Crown land that would put restrictions on future oil and gas development, and it would." According to Morton Premier Stelmach was a vital ally when it came to overriding Energy. The Premier was concerned about his political support in southern Alberta and saw conserving the OH Ranch lands as a measure that could bolster his popularity in that part of the province. The fact the financial costs to the treasury of creating this Heritage Rangeland were unknown made the decision even more palatable.

What of the Future? Financing Conservation With "Cowboy Welfare" Loot

Looking ahead, Morton sees a political terrain dotted with conservation challenges and opportunities. Population growth and economic growth remain prominent challenges there. New petroleum exploitation technologies such as hydraulic fracturing may accentuate some conservation challenges in parts of the province – such as water availability and allocation in southern Alberta. The possibility of continued budget deficits may make funding new conservation programs more difficult since AWA's priorities still have to compete with health, education, and social programs.



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AWA members and other readers of *Wild Lands Advocate* may recall the phrase "cowboy welfare" from a previous Kostuch lecture delivered by Bob Scammell (see the December 2011 issue of WLA for a discussion of Bob's lecture). Bob's focus was on what he called the "public lands crisis" in Alberta; the province's grazing lease system for Crown/public lands and its resemblance in some respects to a system of cowboy welfare was critical to Bob's analysis. Among other points, Bob maintained that some grazing leaseholders receive unjustified financial windfalls courtesy of the provincial government. The windfalls come as the financial compensation cheques petroleum companies write for their activities on your Crown lands. These payments go directly to leaseholders, not to the government. He believed these payments should go into the public purse, nor private pockets. If a leaseholder's cattle operations were damaged by oil and gas activity then the rancher could approach the government for a fair share of those payments.

Although Morton never referred to Bob's remarks, his lecture strongly supported Bob's conclusions. The former

minister used the phrase "unjust enrichment" to describe what Alberta's financial compensation system delivers to a small number of leaseholders. Morton sits on the board of the Alberta Land Institute and he gave his audience a preview of what he claims a forthcoming Institute study will conclude about surface disturbance payments (Morton told his audience that the study would be released by early 2015. It still hasn't appeared. Dr. Vic Adamowicz, the research director for the Alberta Land Institute, says the study will be released some time this fall.).

According to Morton, forty-five percent of grazing leaseholders don't receive surface disturbance payments for oil and gas wells on the lands they lease from the province. In fact, he claims only a very small percentage of leaseholders, two percent, collect a staggering 50 percent of all the oil and gas well surface disturbance payments. To underline this point he gave his audience the example of one leaseholder with more than 800 wells on those public lands. That leaseholder collected more than \$1.2 million in disturbance payments. To add insult to this situation the former Minister said

he could guarantee this leaseholder paid a small fraction of this amount per year in grazing fees to the government. This is precisely the type of situation Bob Scammell asserted was at the centre of the public lands crisis he feels characterizes contemporary Alberta.

While we wait to see if the Alberta Land Institute confirms Morton's charges please consider the July 2015 analysis and report presented by Merwan Saher, Alberta's Auditor General. That report describes the same sort of situation pointed to by Scammell in 2011 and Morton in November 2014. "Some leaseholders receive significant compensation for allowing operators onto leased public land," the Auditor General wrote, "or from selling or transferring their lease to another leaseholder. *In some cases the amount of surface compensation paid to leaseholders...is many times the amount of the rent they pay on a grazing lease.*" (my emphasis) Compare those words to the former Minister's claim that a relatively small number of grazing leaseholders in eastern

Alberta pay the government "X amount of dollars to raise their cows on Crown land and they collect five and ten times X in surface disturbance payments from companies that drill wells or put pipelines there."

Or compare Morton's example above of the gross disparity between lease fees paid to the people of Alberta and surface disturbance payments handed over to leaseholders with what the Auditor General estimated. With respect to 54 leases covering 10 percent of the Crown land leased for grazing he concluded: "They received about \$2.7 million more in access compensation fees than the \$326,000 they paid in lease rents to the province."

Both Saher's report and Morton's lecture compare Alberta's system with the grazing lease system in Saskatchewan. Saher notes that in Saskatchewan, unlike in Alberta, surface lease rentals are paid to the government, not to leaseholders. In the 2014-15 fiscal year Saskatchewan collected \$11.5 million in surface lease rentals; Alberta didn't collect a penny.

Morton spoke more prescriptively than Saher did. The former Minister sees the Saskatchewan model as one that Alberta should adopt. It's a model he believes the Alberta Land Institute study will show would generate approximately \$40 million per year. These funds should be dedicated to promoting conservation and stewardship issues in rural Alberta. Given his view of how concentrated the benefits of the current regime in Alberta are – where very few grazing leaseholders secure the lion's share of access compensation – Morton believed the policy shift towards the Saskatchewan approach is politically feasible. If you agree with his suggestion that compensation payments for accessing Crown lands should be devoted to conservation and stewardship purposes – as his AWA audience last November did – then let's hope the new government will address this dimension of Alberta's public lands crisis. 🐾

Featured Artist Philip Kanwischer



Unity



Falling