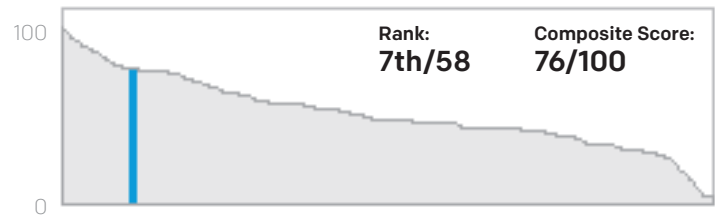


## Canada (Alberta)



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at [www.renewatch.org/rgi](http://www.renewatch.org/rgi).



### Background

The extractive industries play a large and growing role in Canada's economy. Petroleum and minerals made up 38 percent of merchandise exports in 2011, up from 28 percent in 2005. The province of Alberta is Canada's largest oil and gas producing region and contains 96 percent of the country's petroleum reserves. After Saudi Arabia and Venezuela, Alberta has the third-largest proven oil deposits in the world, mostly in the form of difficult-to-tap oil sands. Under Canada's federal system, natural resources are governed at the provincial level, although the federal government retains certain responsibilities, such as collecting corporate income tax from oil companies. In view of Alberta's outsize role in the extractive sector and the importance of provincial laws and authorities, the RGI has focused its assessment on Alberta alone.

Canada	2000	2005	2011
Population (million)	30.77	32.31	34.48
GDP (constant 2011 international \$ billion)	925.3	1,283.9	1,736.1
GDP per capita, PPP (constant 2005 international \$)	32,447	35,033	35,716
Extractive exports (% total exports)	18%	28%	38%

SOURCES: World Bank.

### Alberta's performance on the RGI

Alberta earned a "satisfactory" score of 76, ranking 7th out of 58 countries. While it performed extremely well on the Enabling Environment component, its Institutional and Legal Setting score was relatively low.

#### Institutional and Legal Setting

(Rank: 21st/58 Score: 67/100)

Alberta received a "partial" score of 67, its lowest on any component. Despite comprehensive extractive industry legislation, Alberta's revenue collection mechanisms and the rules governing its natural resource funds are not entirely clear.

The Energy Resources Conservation Board (ERCB) and its parent agency, Alberta's Energy Department, regulate the

industry. Taxes and royalty rates are set by legislation, which is publicly available. The province's Freedom of Information and Protection of Privacy Act of 2000 regulates disclosure of industry information. Environmental impact assessments are required before extraction begins, but these assessments are not performed until after permits have been awarded, allowing the government to approve projects quickly and begin receiving revenues. Royalties, taxes, and other revenues are collected by different agencies; some payments go directly to the treasury, some into natural resource funds.

#### Reporting Practices

(Rank: 12th/58 Score: 72/100)

Alberta's "satisfactory" score of 72 reflects the province's broad, but not complete, disclosure of information on the extractive sector.

Alberta's Energy Department publishes comprehensive information on the licensing process before and after bidding, including bid prices and licenses. Environmental impact assessments are published, but the comment period is brief and public consultation is often limited.

Alberta's Energy Department provides 2010 reserve statistics, as well as current and historical data on production values, prices, petroleum export values, investment in the industry, royalties, bonuses, and fees. ERCB, the regulator, publishes information on reserves, prices, and production volumes and values; similar information is published by the national statistical agency. The Finance Department publishes resource revenue data, including royalties, bonuses, and fees.

#### Safeguards and Quality Controls

(Rank: 12th/58 Score: 74/100)

With strong government oversight of the extractive sector and substantial auditing requirements, Alberta earned a "satisfactory" score of 74.

The ERCB has little discretion when granting extractive permits, and third parties may appeal its decisions. The provincial legislature monitors the activities of the Energy Department. Alberta's independent auditing authority reviews provincial accounts and reports regularly to the legislature, where a committee scrutinizes all revenues, including petroleum receipts.

While individual agencies involved in the extractive sector have their own conflict-of-interest disclosure rules, there are no government-wide requirements.

### Enabling Environment

(Rank: 3rd/58 Score: 96/100)

Alberta received a “satisfactory” score of 96, its highest on any component, the result of Canada’s excellent performance on democratic accountability, government effectiveness, the rule of law and control of corruption.

### Natural Resource Fund

(Rank: 7th/23 Score: 73/100)

The Alberta Heritage Savings Trust Fund was created in 1976. It

receives revenues from non-renewable resource taxes and royalties and is managed by the province-owned Alberta Investment Management Corporation. The amount to be deposited in the fund is decided each year; no deposits were made between 1987 and 2005. Rules for withdrawals from the fund are published, as are quarterly reports. Annual audits are conducted and the results are made public. Given Alberta’s considerable resource wealth, the trust fund is relatively small, leading to criticism that the province is failing to invest in its future in order to subsidize its present. Alberta also has a Sustainability Fund, which receives any budget surplus as determined by the Fiscal Responsibility Act of 2009.

## Canada’s Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
<b>7</b>	<b>COMPOSITE SCORE</b>	<b>76</b>
<b>21</b>	<b>Institutional and Legal Setting</b>	<b>67</b>
	Freedom of information law	100
	Comprehensive sector legislation	100
	EITI participation	0
	Independent licensing process	100
	Environmental and social impact assessments required	50
	Clarity in revenue collection	67
	Comprehensive public sector balance	67
	SOC financial reports required	..
	Fund rules defined in law	50
	Subnational transfer rules defined in law	..
<b>12</b>	<b>Reporting Practices</b>	<b>72</b>
	Licensing process	100
	Contracts	100
	Environmental and social impact assessments	67
	Exploration data	83
	Production volumes	100
	Production value	67
	Primary sources of revenue	50
	Secondary sources of revenue	100
	Subsidies	67
	Operating company names	0
	Comprehensive SOC reports	..
	SOC production data	..
	SOC revenue data	..
	SOC quasi fiscal activities	..
	SOC board of directors	..
	Fund rules	100

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	33
	Subnational transfer rules	..
	Comprehensive subnational transfer reports	..
	Subnational reporting of transfers	..
<b>12</b>	<b>Safeguards and Quality Controls</b>	<b>74</b>
	Checks on licensing process	89
	Checks on budgetary process	100
	Quality of government reports	79
	Government disclosure of conflicts of interest	0
	Quality of SOC reports	..
	SOC reports audited	..
	SOC use of international accounting standards	..
	SOC disclosure of conflicts of interest	..
	Quality of fund reports	100
	Fund reports audited	100
	Government follows fund rules	100
	Checks on fund spending	100
	Fund disclosure of conflicts of interest	0
	Quality of subnational transfer reports	..
	Government follows subnational transfer rules	..
<b>3</b>	<b>Enabling Environment</b>	<b>96</b>
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	96
	Open Budget (IBP Index)	..
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	95
	Government effectiveness (WGI)	97
	Rule of law (WGI)	96

■ Satisfactory    ■ Weak  
■ Partial        ■ Failing