



**OFFICE OF THE ETHICS COMMISSIONER
PROVINCE OF ALBERTA**

**INVESTIGATION INTO ALLEGATION
INVOLVING HON. DIANNE MIROSH, MINISTER WITHOUT PORTFOLIO**

October 28, 1993

ALLEGATION

This Office received a letter dated October 20, 1993, from the Hon. Dianne Mirosh, Minister without Portfolio, requesting an investigation into an alleged conflict of interest involving herself and a purchase of shares in Syncrude Canada Ltd. by Murphy Oil. The allegation arose because Len Pasychny, President and Chief Executive Officer of Murphy Oil Company Ltd., is Mrs. Mirosh's brother.

FACTS

According to the Hon. Jim Dinning, Provincial Treasurer, the Government of Alberta began seeking buyers for its shares in Syncrude Canada Ltd. in the fall of 1991. Lancaster Financial Corp. and Morgan Grenfell were retained at that time as financial advisors to seek buyers for the government's shares. Those two financial advisors contacted prospective buyers, met with interested companies, and handled all discussions relating to the sale. Murphy Oil was the sole company to provide a formal offer.

Discussions between the financial advisors and Murphy Oil took place in 1993. Claiborne P. Deming, Executive Vice President and Chief Operating Officer of Murphy Oil Corporation in Arkansas, advised this Office that he supervised the negotiations and that the negotiators for Murphy Oil were Clefton D. Vaughan, Vice-president of Murphy Exploration & Production Company in Louisiana and Steven A. Cossé, Vice-president and General Counsel of Murphy Oil Corporation. Both the Province Treasurer and Mr. Deming confirm that the negotiations were carried out by Murphy Oil and the two financial advisors retained by the province. Mr. Deming also advised that the Murphy Oil negotiators did work with officials in the provincial Treasury and Energy departments but that Mrs. Mirosh was not involved in the negotiations.

Mr. Pasychny provided this Office with a letter confirming that he did not discuss the negotiations with his sister and that his sister did not arrange any introductions or meetings on his behalf regarding this matter. Mr. Pasychny did meet with the Hon. Patricia Black, Minister of Energy. That meeting, Mr. Pasychny advises, was arranged by himself through the Minister's staff.

Following successful negotiations between the financial advisors and Murphy Oil, a briefing was prepared for Cabinet and presented to Cabinet on October 12. At that meeting, the Hon. Dianne Mirosch first learned of the negotiations and upon learning the name of the buyer, absented herself from the discussions. Mrs. Mirosch's withdrawal from Cabinet and caucus discussions has been verified by the Hon. Ken Kowalski, Deputy Premier. Mr. Stan Woloshyn, Government Whip, has also confirmed Mrs. Mirosch's absence from caucus discussions. We have also received and reviewed an excerpt from the minutes of the Cabinet meeting on October 12 and Mrs. Mirosch's absence from the Cabinet discussions is noted in those minutes.

Cabinet approved the terms of the sale of the shares in Syncrude to Murphy Oil at its meeting on October 12, 1993.

FINDINGS

The *Conflicts of Interest Act* states in section 2 that

- 2(1) A Member breaches this Act if the Member takes part in a decision in the course of carrying out the Member's office or powers knowing that the decision might further a private interest of the Member, a person directly associated with the Member or the Member's minor child.
- (2) Where a matter for decision in which a Member has reasonable grounds to believe that the Member, the Member's minor child or a person directly associated with the Member has a private interest is before a meeting of the Executive Council or a committee of the Executive Council or the Legislative Assembly or a committee appointed by resolution of the Legislative Assembly, the Member must declare that interest and must withdraw from the meeting without voting on or participating in the consideration of the matter.
- (3) A Member who fails to comply with subsection (2) breaches this Act.
- (4) If a matter referred to in subsection (1) requires a decision of a Minister, the Minister may request another Minister to act in the Minister's stead in connection with the decision and the Minister to whom it is referred may act in the matter for the period of time necessary.

This obligation on the part of a Member is required where a private interest **of the Member, a person directly associated with the Member or the Member's minor child** is concerned.

Mrs. Mirosch does not hold shares in Murphy Oil. That fact is confirmed by her disclosure statement filed with this Office and by Mr. Deming. She therefore does not have a financial interest of her own. Mrs. Mirosch does not have minor children and has no direct associates as defined in the Act. While "private interest" is not defined in the legislation, the only "interest" which could be argued to be present in this matter is a sister's "private interest" in hoping that her brother is successful in his business or career.

No conflict of interest issue exists under the *Conflicts of Interest Act* regarding Mr. Pasychny's private

interests in this sale. Mr. Pasychny is not a direct associate of the Minister and the Act does not extend to family members beyond the Member, the Member's spouse, and minor children.

As stated above, Mrs. Mirosch declared her relationship with Murphy Oil at the first opportunity. She did not participate in the Cabinet discussions or the Cabinet decision to accept Murphy Oil's offer to purchase the shares in Syncrude.

We have also considered sections 3 and 4 of the Act. Section 3 relates to the use of the Member's office or powers to influence or to seek to influence a decision to be made by or on behalf of the Crown to further a private interest. Mr. Dinning, Mr. Pasychny, and Mr. Deming have all indicated that Mrs. Mirosch was not involved in any of the discussions and did not arrange any introductions between Murphy Oil executives and individuals acting on behalf of the Government.

Section 4 of the Act states that a Member breaches the Act by using or communicating information not available to the general public that was gained by the Member in the course of carrying out the Member's office or powers to further or seek to further a private interest. Mrs. Mirosch has stated that she was unaware of the negotiations involving Murphy Oil and Mr. Dinning has confirmed that statement.

It is the opinion of this Office that Mrs. Mirosch has not only acted in an appropriate manner, she has gone beyond the actions required of her under the legislation.

RECOMMENDATIONS

The Executive Council may wish to consider providing to the Office of the Ethics Commissioner on a quarterly or other basis notification of instances where Cabinet Ministers or other Members have withdrawn from meetings of the Executive Council or its committees and an indication of the subject matter discussions.

SANCTIONS

No sanctions are recommended as no breach of the *Conflicts of Interest Act* has occurred.