

## Premier defends payout to envoy

### Ex-minister's 'golden parachute' angers critics

**Tony Seskus and Jason Fekete, with files from Jason**

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A defiant Premier Ed Stelmach is standing by the contract he approved for Murray Smith that paid the former Washington, D.C., envoy six months' salary in severance -- despite him quitting the post.

Smith will now cash in two government severances worth hundreds of thousands of dollars -- despite voluntarily leaving both jobs -- as the former energy minister will also collect an MLA transition allowance he deferred when he vacated his seat in 2004.



CREDIT: Stuart Gradon/Calgary Herald

Spending and ethics watchdogs assailed the latest severance, worth \$105,000, as a "taxpayer-paid golden parachute," but Stelmach maintained Thursday he struck a good deal for Albertans when he approved Smith's contract as then-intergovernmental relations minister.

"I stand by the contract," Stelmach told reporters at the legislature when asked if he believed the pact was exorbitant. "We needed to put a person in that office very quickly.

"We had a number of issues coming forward, most of them trade related, and he did a very good job for us during a very difficult period," Stelmach said.

Smith declined comment on the matter, telling Herald columnist Don Braid in an e-mail that the contract is a thing of the past.

"The contract is three years old. I've moved on," he wrote.

But critics were astonished by the "termination allowance" provided to the former envoy.

Danielle Smith, director of provincial affairs for the Canadian Federation of Independent Business, said the contract sniffs of the same "mentality of entitlement" that has allowed MLAs to vote themselves severance plans of three months' pay for every year served.

"It's not appropriate," said Scott Hennig of the Canadian Taxpayers Federation.

"Severance payments are usually reserved for people who are fired without cause."

The six-figure payment was a so-called "termination allowance" in Murray Smith's contract, obtained this week through a government access request.

Smith was entitled to six months' extra pay whether he was fired, completed his three-year term in Washington, or left early, as he did in July to join a Toronto-based bank's energy advisory board.

It was on top of his \$210,500-per-year salary, plus a car, a Washington apartment and other benefits. The contract also allowed Smith to collect his \$360,000 MLA retirement allowance as of January 2006. Government records show he did not opt to take the money at that point.

Stelmach has defended the Washington diplomatic office, which he launched in late 2004.

Smith has been deemed pivotal in getting senior White House officials to visit Alberta's oilsands, organizing last year's Alberta Week at the Smithsonian Institute, and pleading Alberta's case during the U.S. trade bans amid Canada's mad cow crisis.

Stelmach argued Thursday that the government would have likely been forced to pay a similar severance had they hired someone from the private sector, rather than a politician. Hiring top talent requires the government to shell out a pretty penny, he said.

"The rate of pay, the schedule of pay, although for most Albertans, they'll see it as quite substantial," Stelmach said. "But to attract the kind of skill sets in some positions may require negotiating contracts so we can attract people for those positions."

Duff Conacher of Democracy Watch, an Ottawa-based group that advocates for democratic reform in Canada, called the deal a "taxpayer-paid golden parachute" for the former Calgary MLA.

He also criticized the fact government has not disclosed whether former cabinet minister Gary Mar, who has replaced Smith in Washington, could receive the same kind of package if he leaves early.

Hennig also pointed to the news as proof the government should disclose how taxpayer-funded staff are compensated.

While details of the "termination allowance" were a surprise to some observers, they didn't stun Brent Shervey, who has negotiated several high-powered contracts with Boyden Global Executive Search.

"Quite frankly, it's not unheard of that a person would receive severance if they initiated the departure, particularly in the event they had been there more than one year," said Shervey, who last year ran the Tory leadership campaign for Stelmach rival Jim Dinning.

But Piers Steel, who teaches compensation at the University of Calgary's Haskayne School of Business, was surprised the contract allowed Smith to collect a termination allowance even after he quit.

"You just don't write a contract that way," said Steel, an associate professor of human resources and organizational dynamics.

"The way business works is that if we fire you, we pay you a penalty -- not if you quit we pay you a penalty."

The Conservative government fought against media requests to see Smith's contract for nearly three years, until the privacy commissioner recently ordered it do so. Stelmach said Alberta Justice is now looking into whether this means no government contract can remain shielded from public viewing.

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