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Agriculture & Food

Farm-sitting service gives landowners a break; Website matches up knowledgeable folks with spare time

The Edmonton Journal

Sun 28 Oct 2007

Page: A15

Section: Cityplus

Byline: Jeff Holubitsky

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - A St. Albert businessman may have a high-tech way for farmers to find temporary help when they need a few days away from the barn.

AgriConnect president Frank Campbell launched a website this week where rural landowners can seek skilled and knowledgeable farm sitters during vacations or when they need extra hands during harvest.

Campbell will also offer the service by fax and phone.

"In most of the small communities, these people are going to know each other," Campbell says.

"The bulk of the people who are going to do farm sitting are either retired farmers or another farmer just down the road who may have some free time."

Wild Rose Agricultural Producers executive director Rod Scarlett says the service has the potential to supply badly needed part-time, full-time and seasonal workers to farms that have to compete with highly paid jobs in the oilpatch.

"Certainly it's a unique idea in Alberta," Scarlet says.

Campbell has already received requests from farmers after appearing at a few small-town business fairs, but says he will focus on signing up prospective users over the next few months.

"If there's an obvious match, we'll make it," he says. "But right now we need to get people into our database."

He came up with the idea on a camping trip with a farmer who had to drive more than 50 kilometres every day before dawn to look after chores at home.

"Seven or eight months ago I sat up in the middle of the night and said, why does every other industry have somewhere to go to get resources and where do farmers go?"

He Googled the term "farmsitter" and found a company in Australia providing a similar service, though it charges users an annual fee.

"Farmers have enough expenses these days," he says. So Campbell's service will be free.

He expects to make money from sponsors and website advertisers such as banks, and tire and insurance companies.

Because of privacy laws, only AgriConnect personnel will have access to the database. Once a match is made for location or needs, the farmer and farm sitter will be expected to work out a deal on their own.

"They'll barter, they'll trade, or maybe it will be half a cow the next time they butcher one, or maybe it will be monetary," Campbell says.

"There's 130,000 farms in Western Canada alone and if 10 per cent ever use this service, that's 13,000 farmers that will have a place to go when they didn't have a place to go before," he says.

"That's a huge impact."

It is up to the farmers to see that they are properly insured to employ the help, he adds.

Farmers, acreage owners and potential sitters can find more information by going to www.agricconnect.com or calling 1-888-470-2474.

[agricconnect.com](http://www.agricconnect.com) or calling 1-888-470-2474.

jholubitsky@thejournal.canwest.com

Beef business going bust; Alberta may lose up to 40 per cent of cow-calf operations by Christmas
The Edmonton Journal

Sat 27 Oct 2007

Page: A1 / FRONT

Section: News

Byline: David Finlayson

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Marcel Turgeon cried when he watched 50 years of his life get sold for \$56,000.

That's what the 63-year-old Lac La Biche rancher got at auction for 123 of the best charolais cows in the province.

They were so good they didn't need to be fattened up at a feedlot before going to slaughter, but that didn't matter to the packing plant buyer.

"I told him he stole my cattle, but he said he had no bidding competition so what was he to do," said Turgeon, who was banking on the sale to help fund his retirement.

Under normal market conditions Turgeon could have expected to get \$200,000 to \$250,000 for the pregnant cows, but he only got \$479 apiece.

"I knew prices were low but I didn't expect that bombshell," he said. "I'm pretty depressed. I've put my life into this."

Turgeon is among thousands of ranchers quitting Alberta's heritage industry or drastically cutting their herds because of rock-bottom cattle prices and higher feed, fuel and other costs. Industry insiders believe Alberta will have lost as many as 40 per cent of its 35,000-odd cow-calf operations by Christmas.

Lois and Brian Scarrow of Donalda, east of Ponoka, have been raising cattle for only seven years, but are sending almost all of their 180 cows to auction next month.

"They've treated us well but we're stretched too thin," Brian Scarrow said. "Everybody's still hurting from the BSE days, and grain has gone up three or four times while cow prices have fallen."

"We'll keep a few, just enough for the grass, and maybe rebuild again."

The Scarrows will keep this year's calves and sell them in the spring, then concentrate on the trucking business they started in 1999, at least for a while.

Lois Scarrow said she and Brian, in their mid to late fifties, can't afford to keep losing money on the ranching side.

"I feel sorry for people who have spent years building up their herds, and then spend their retirement fund feeding their animals," she added.

Fairview rancher JoAnne Loland is selling half her 200 cattle because she can't afford to keep them, and she's ready to give up ranching altogether after 30 frustrating years.

"We had three years of drought, then three or four years of BSE and now prices are so low we're losing money," said Loland.

"Sometimes I feel like crying. I wish I'd never started ranching."

Not only have feed costs increased, cattle prices are less than half what they were five years ago, Loland said.

"Yet that's not reflected in the supermarket prices, so somebody's making money. If it goes on we'll all be eating beef from Brazil and Australia."

Gary Jarvis, owner of Triple J Auctions in Westlock, said he's already had a number of herds come through, and there are more scheduled in the next few weeks.

"Based on what I am seeing, we will lose between 30 and 40 per cent of cow-calf operations before Christmas, and they are the grass roots of Alberta ranching," Jarvis said.

"We're getting the same today for fall calves as we did 30 year ago."

A good young cow that's been pregnancy tested is selling for between \$500 and \$600, he said. Before the arrival in Alberta of bovine spongiform encephalopathy, commonly known as mad cow disease or BSE, such a cow would sell for as much as \$1,500.

It costs \$650 to \$675, not counting labour, to keep a cow for 12 months, he added.

Cory Sekura, at Sekura Auctions in Drayton Valley, figures one in four ranchers in his area have got out of the business in the last couple of years.

"People who've been in it a long time are getting out," Sekura said. "They get so fed up they say just let the cattle go."

"It just doesn't add up when you're getting 80 cents a pound for a fat calf when it costs 85 cents to put each pound on it."

Economies of scale are taking over, so farmers with 40 cattle or less can't make a living, Sekura says.

Even ranchers with 200 or 300 cattle are suffering because high feed costs and the strong loonie are combining to push down cattle prices, he said.

Blair Vold, owner of Vold Jones Vold Auction at Ponoka, said he's had far more people than usual calling about selling their cattle, even before the peak winter sale season.

"I'm seeing a lot of sad faces at the auctions," Vold said.

Prices for calves are about as bad as they were during the darkest days of BSE, and grain prices have jumped 70 per cent because of the competition from the biofuels industry, he said.

At times like this, many ranchers get a push from the banks to sell some or all their cattle, he said.

Meanwhile, Marcel Turgeon will start looking for another job and probably will have to sell some of his five quarter sections so he can enjoy the retirement that's being forced by his worsening asthma.

"They said at the auction my cows were some of the best they'd seen, didn't even need to be finished," he said.

"But it didn't help. It's really sad."

dfinlayson@thejournal.canwest.com

WHERE'S THE BEEF

There are more than 35,000 Alberta beef cattle producers, with an estimated cattle population of 5.5 million.

Alberta produces almost 60 per cent of Canada's beef, about 700,000 tonnes a year.

Most cow-calf ranches breed their cows in June and July, so the calves are born in March and April and miss the winter.

Calves graze with their mothers on pastures and grasslands until October or November. That's when they are bought by feedlot owners or packing plants for finishing on a grain diet, usually barley, which gives the meat its distinctive white fat.

The animals get to slaughter when they are between 12 and 14 months old. Smaller calves can be 18-24 months old before they are big enough for slaughter.

Ranchers will also sell pregnant cows at the winter sales.

dfinlayson@thejournal.canwest.com

Children's Services

Day-care giant seeks foothold in Alberta; Multinational has 2,238 franchises in 4 countries

The Edmonton Journal

Mon 29 Oct 2007

Page: A3

Section: News

Byline: Mike Sadava

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - A multinational chain that some day-care advocates warn will bring a big-box concept to Alberta child care has started shopping for day-care centres in the province.

It isn't known exactly how many operators are selling their facilities, but day-care operators say they have heard nine centres in Edmonton and even more in Calgary are being sold to 123 Busy Beavers Learning Centres, which is affiliated with the Australian-based day-care giant ABC Learning Centres.

ABC has expanded in six years from 43 to 2,238 day-care franchises in Australia, the United States, the United Kingdom and New Zealand. It calls itself the world's largest publicly listed operator of child-care facilities.

ABC's interest in Canada has raised concerns among child-care advocates in Alberta, Ontario and British Columbia.

In Edmonton, officials with the Garneau/University Child Care Centre received a letter from Adroit Investments LLC of North Carolina informing them that "we might have an interest in purchasing your child-care centre."

The letter says that if they are interested in selling, they should contact Adroit, and if the centre meets its criteria "we will make you an offer that may be of interest to you ...

"We represent a financial group buying child-care centres in Alberta. We have been contacting and purchasing child-care centres in Alberta since January of this year.

"If we have spoken over the phone over the past six months, please take this time to really think about what you want out of your business."

Meanwhile, a Calgary jobs website has listed postings for child-care workers on behalf of 123 Busy Beavers. Calls to a toll-free number on the Busy Beavers website were not returned.

Mark Davis, a representative of Adroit in Charlotte, N.C., wouldn't say who his company represents.

But an e-mail from Adroit to a B.C. child-care centre refers to websites for 123 Busy Beavers and for ABC's parent company, 123-Global.

The message also contained an Australian fax number.

Vivian Turner, director of the Garneau centre, said the not-for-profit facility is not for sale.

Turner said at least five of 20 day-care directors at a recent meeting of the Child and Family Resource Association received letters similar to the one she got.

Talk at the meeting was that at least nine centres in Edmonton have been purchased, Turner said.

She said operators are concerned about the possibility of growing concentration of ownership in child care and what it could mean in the future for fees and wages.

"As a monopoly, who determines the direction that child care is going to go? Twenty years down the line, will they provide excellence in care?"

She also noted that a mass purchase of day-care centres would not create any more child-care spaces in Alberta, which has a shortage of quality day-care centres and workers.

Bill Moore-Kilgannon of Public Interest Alberta said corporate child care would be a big change for the province.

Although 65 per cent of Alberta day-care centres are privately owned, owners tend to live in the communities where they operate, Moore Kilgannon said.

"These are not people who live in the community -- they are in it for the money," he said. "This represents a real transition."

ABC's annual report shows that its profits were up by 76 per cent to \$164 million Cdn in 2006-2007.

The corporation's website promises high-quality child care that enhances lifelong learning.

"We love that our spirit of fun runs as deep as our spirit of competition," the website says.

But according to Forbes magazine, ABC founder Edmund Groves, one of the wealthiest people in Australia, has been accused in the Australian House of Representatives of getting rich through government subsidies. Groves has also been accused of understaffing ABC centres and providing inadequate food.

Jody Korchinski, spokeswoman for Alberta Children's Services, said foreign and chain ownership are not concerns of the government.

"We look past who is in the boardroom and look at whether they are meeting our standards," Korchinski said.

When a new owner takes over a day-care centre, they must provide a service plan and a criminal record check.

If they provide better than the minimum standards, they can apply for accreditation under a provincial program that informs parents it is a high-quality centre, she said.

Korchinski said that no new licences have been recently issued.

msadava@thejournal.canwest.com

Employment, Immigration & Industry

Good help is hard to keep; Private industry poaching highly skilled frontline responders

The Edmonton Journal

Sun 28 Oct 2007

Page: A6

Section: News

Byline: Ryan Cormier, Trish Audette and Elise Stolte

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - When leaders of Alberta's police service and unions met this summer to talk about recruitment, the Solicitor

General's department handed out coffee mugs bearing the slogan 'Report a Poacher.'

The message had nothing to do with animals, but everything to do with hunting.

The mugs were donated by Alberta Sustainable Resource Development. They were given out as a sly but serious reminder to recruiters: stop luring seasoned officers away from other police services.

"Poaching is a short-term strategy and not very strategic," says Brian Skeet, assistant deputy minister of public security with Alberta Solicitor General.

Still, when officers with 25 years of experience walk out the door, Alberta police services have to fill the void however they can. They need the best candidates. And they're not alone.

Recruitment is a top priority for Edmonton's police, paramedic and fire services.

Retirements, increased competition for recruits and a wealth of available jobs in a booming economy have left emergency departments with fewer people to choose from when uniforms need to be filled.

The hunt is on, and recruiters are coming up with new tricks to get the best results. For starters, they are expanding their hunting grounds.

At the Edmonton Police Service training centre at Griesbach, cadets -- backs straight and chins up -- are required to address everyone they meet.

"Constable," they say with a nod. "Sir." "Ma'am."

Some of those salutations now come with British accents. Eight of the current 52 recruits are from the United Kingdom.

EPS has also brought officers to the city from China and Australia through the Provincial Nominee Program, which accelerates immigration to connect employers and employees. The program, which brought 1,000 workers to Alberta last year, was designed for academics and doctors but has since expanded to other fields.

Emergency Medical Services has seen what the city police are doing, and will follow suit by widening the net it casts for applicants.

"We're looking at other provinces and it may come to other countries as well," says Chief Steve Rapanos. "Your most important asset is the people in your

organization. We have to make every effort. It's critical to be ahead."

Edmonton's EMS department faces a potent combination of increased

demand in a growing and aging city, a looming retirement wave, and competition from oil industry jobs that pay paramedics as much as \$800 a day. EMS has hired a third of its staff in the past year and the pace is likely to continue.

The department has been forced to get more aggressive, Rapanos says.

Instead of advertising and then waiting for applicants to respond, the service now reaches out. A program with NAIT allows EMS to partner with paramedic students before they graduate. Students can now get paid for a practicum while they study.

"It's a great way to get people into our organization," Rapanos says. "Rather than traditionally posting a job and then waiting, we're going to them. It's more proactive. It's where we believe we need to go."

But a high turnover rate can sap any organization of valued experience. EMS is hoping that its 13-step hiring process, 240 hours of orientation and continuous training can help bridge the gap.

EPS, meanwhile, has different solutions. Deputy police Chief Norm Lipinski says the service has to look to its own people to compensate for the loss of

experienced officers.

"We now have to look at developing leaders within the EPS," Lipinski says. "Leadership is picking the right people, and developing them, and getting them up to that threshold."

Promotions will have to come earlier, he says. While in the past an officer could spend 16 to 19 years as a constable before being considered for promotion, that may have to be lowered to as few as 10 years.

"I don't think we're compromising by promoting people early," Lipinski says. "I think we're choosing very carefully."

EPS is also bumping up its recruitment efforts. In recent years it has marketed itself as a hot product. Newspaper ads, billboards and leaflets emphasize excitement and compassion. A shiny promotional Hummer, parked near the EPS recruitment office at Jasper Avenue and 109th Street, has "Apply today!

Respond now" emblazoned on its side.

Lipinski has budgeted for 150 recruits in 2008, slightly more than 100 in 2009 and slightly fewer than 100 in 2010.

In general, recruitment problems wouldn't seem to inspire tougher hiring criteria. But Edmonton's fire department is boosting its requirements -- and likes what it gets in return.

In 1995, applicants were required to have a high school diploma and a clean driver's licence. Now they pay a \$50 fee and need a Class 3 licence, Emergency Medical Responder status and relevant experience.

They must successfully complete a three-hour fire knowledge exam and an eight-hour sink-or-swim trial in a fire hall under the watchful eyes of an experienced crew.

The restrictions have cut down the number of applicants from 826 in 1995 to between 480 and 640 in recent years.

"We don't get the drive-by applicant," says Brian Bianchini, a human resources consultant with the department. "Now people come in with binders and are meticulous about their applications. We're getting just quality people."

As a hedge against losing experience through retirements, the fire department keeps retirees on contract as plainclothes consultants. "Most retirees plan for that," says Chief Randy Wolsey.

The department also hopes to diversify its recruitment pool, even if it doesn't necessarily want to expand the number of candidates applying.

An outreach committee was formed this spring. Promotional brochures and videos were produced in the summer. Current recruitment efforts are limited to word-of-mouth and some advertising on websites and in The Journal.

"I guess diversity is the ultimate goal," says Deputy Chief John Lamb. "(It's about) making diverse communities aware of the requirements and trying to bring awareness to the communities about our job."

Of 20 people in a recent recruit class, 19 are white males. One black man rounds out the group. Edmonton has only eight female firefighters.

The outreach committee was at this year's Heritage Days festival. Members will soon start making visits to youth and ethnic groups.

The department has also hired Judy Harvie, who is Metis, to reach out to aboriginal groups. Harvie previously spent several years improving fire service on reserves through the Alberta Fire Commissioner's Office.

Current problems facing providers of police, fire and paramedic services weren't unforeseen. Across Canada, for example, police services anticipated baby boomers' retirements to reach a peak and cause a bad pinch by 2012.

But in Edmonton's police force, a late-1980s hiring freeze and a booming economy contributed to a crunch that hit years before that.

"We only saw part of the picture," says Skeet, the deputy minister of public security. "What we thought was that we could hire our way through that. (That) we'll suck it up through it and we'll be fine."

Things didn't turn out that way.

At provincewide policing meetings this summer, a need was identified to better market law enforcement as a career. Research has suggested young people have little interest in policing because they see it as too dangerous and demanding.

While about 20 initiatives planned at the meetings haven't been made public, Skeet says they focus on mentorship, promoting recruitment and cutting the time between a candidate's initial interest and the end of the hiring process.

rcormier@thejournal.canwest.com

taudette@thejournal.canwest.com

estolte@thejournal.canwest.com

AUPE demands labour law reform; Current labour rules 'oppressive'

The Edmonton Sun

Sat 27 Oct 2007

Page: 7

Section: News

Byline: BY RENATO GANDIA, SUN MEDIA

Alberta's largest union is demanding changes to provincial labour laws that some of its members are calling oppressive and antiquated.

About 800 members of the Alberta Union of Provincial Employees marched to the legislature grounds yesterday, waving black, red and white union flags and shouting slogans calling for changes in the law and the government.

'WE'RE SERIOUS'

"We are here to impress upon the Conservative government that we're serious about changing the Alberta labour laws," said Doug Knight, newly re-elected union president.

"We need the laws changed so that they are not slanted in favour of the employers. These laws are oppressive."

Yesterday's protest was part of the union's Change the Law campaign, which was launched Labour Day.

One of the main beefs of the union is its inability to strike. Because they can't walk off their jobs, they can't bargain their contracts effectively, the union leader said.

"When you don't have full rights, then you're not able to achieve what you should in fair collective bargaining," Knight said.

Ginger Woepfel, 51, who has been working for the province for 13 years as an administrative assistant, wore a sign saying: "Our labour laws suck."

The Edmonton woman participated in the rally because she said she wants to have the same rights as those who work in the private sector.

"The government (employees) do not have the opportunity to strike to be able to effectively bargain," Woeppel said.

Medicine Hat's Dawn Prawdzik, 48, said any fair bargaining includes the right to strike.

"Often our bargaining position is undermined."

Opposition politicians took turns in denouncing not only the labour laws but the current administration.

'TIME TO CHANGE THE LAW'

"It's time to change the law," NDP Leader Brian Mason told the cheering crowd. "It's time to change the government," he said.

Liberal labour critic Hugh MacDonald agreed and called for a ban on the use of replacement workers.

The union presented the MLAs with boxes of letters from Albertans demanding drastic changes to the labour laws.

Doug Knight re-elected as AUPE president

The Edmonton Journal

Sat 27 Oct 2007

Page: B5

Section: Alberta

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Doug Knight, who has been president of the 63,000-member Alberta Union of Provincial Employees for the past year, has been re-elected to a two-year term at the union's top spot.

Knight overcame a challenge from Ann Green, an administrative support worker from Edmonton, at the union's convention Friday.

He was re-elected by a vote of 402 to 223.

Knight, a land-management specialist from Red Deer, was elected president a year ago when Dan MacLennan stepped down after nine years as leader of the union.

The new executive, which includes other senior officials, will be sworn-in today at the final day of the three-day convention.

After the vote, delegates from the convention attended a march on the legislature demanding a change to Alberta's labour laws.

The march began at the Alberta Labour Relations Board office, 10808 99th Ave., and moved to the legislature.

Energy

Party faithful back decision to hike royalties, Stelmach says

The Globe and Mail

Mon 29 Oct 2007

Page: A4

Section: National News

Byline: Dawn Walton

Dateline: CALGARY

CALGARY -- Alberta's new controversial energy tax plan does not require a mandate from voters in the province, Premier Ed Stelmach said yesterday, defending his unilateral decision last week to hike royalty rates.

"The royalty framework affects all of Canada and we're not going to go to Canadians for the vote," Mr. Stelmach told reporters. "The decision has been made. It's over, done with. We're onto new things over the next few weeks."

Mr. Stelmach, who was chosen to lead the governing Tories almost 11 months ago after Ralph Klein stepped down as premier, was speaking after a three-day Progressive Conservative Party policy convention in Calgary, where more than 400 delegates discussed "election preparedness" and "platform issue readiness" behind closed doors.

Party faithful, he said, are solidly behind last Thursday's decision to change the royalty framework on oil and gas, designed to add \$1.4-billion to provincial coffers when the changes come into effect in 2009. The implementation date is delayed to give the energy industry time to adjust.

That is about \$500-million less than a government-appointed panel recently said the province was owed on Alberta's natural resources. The plan spurred outrage from the industry.

Over the weekend, Pedro van Meurs, a respected international consultant on royalties upon whom the panel had relied heavily, wrote that he "strongly" supports the new terms on conventional oil and gas, but he called the regime for oil sands a "disaster for Alberta."

"The new terms will not give Albertans a fair share of the oil sands revenues," Mr. van Meurs wrote.

Royalties on natural-gas revenues will range to a maximum of 50 per cent, up from 35 per cent under the previous system. After project costs have been recovered, rates in the oil sands will start at 25 per cent and rise to 40 per cent, depending on the price of oil. Currently the rate is fixed at 25 per cent.

Energy Minister Mel Knight is taking the framework to the United States this week to meet with investors, energy representatives and government officials in Washington, New York, Boston and Chicago.

Mr. Stelmach and Tory MLAs emerged from the convention's question-and-answer session saying the party is ready to go to the polls, but failed to commit to a date.

"The message coming out of the Q&A was 'We're pumped. We're ready to go whenever you make the call,' " Mr. Stelmach said.

"Somebody said 'Maybe now's the time in terms of the popular decision on royalties,' " he added. "But this isn't about political expediency."

Instead, Mr. Stelmach said he plans to make a "major announcement" today on homelessness. He also said he wants to sort out the teacher pension liability issue, complete a 20-year capital plan and design a new crime-reduction strategy.

Meanwhile, a local newspaper reported yesterday that support for the government is still well below where the Tories sat last December, when Mr. Stelmach surprised many by winning the party's leadership.

The poll by Leger Marketing, which was conducted largely before Mr. Stelmach announced a new royalty regime on Thursday, found that 37 per cent of respondents backed the Tories, down from around 50 per cent in January. That's still significantly better than the Opposition Liberals, who captured the support of 14 per cent of respondents, down from 20 per cent in June.

Mr. Stelmach shrugged off concerns about the poll.

"I don't pay much attention to polls," he told reporters. "If I would have paid attention to polls, I wouldn't be standing before you."

Populism tramples principle in Alberta

The Globe and Mail

Mon 29 Oct 2007

Page: B1

Section: Report On Business Column

Byline: Gwyn Morgan

Experience has taught me that populist politics are seldom principled. It's not that populists don't want to do what's right and best; it's just that if a choice has to be made as to which has priority, what is popular wins.

Ralph Klein was very popular, but he was not a populist. When he took on the job of premier, Alberta was suffering the aftereffects of Trudeau's national energy program followed by a prolonged slump in energy prices. Inheriting a big deficit, he slashed spending on everything from hospitals to schools, an unpopular but necessary move. Investment in the relatively embryonic oil sands was virtually at a standstill. The Klein government implemented a royalty regime that provided for recovery of investment before significant royalties kicked in. Mr. Klein understood a key truth - you can't tax what doesn't happen, and lower tax rates almost always result in more revenue.

If you poll almost any society with questions like "should the rich pay more?" or "should industry pay more?" you can count on a majority of yes answers. If you precede that poll by a government commissioned report alleging that "the people" have not been getting their "fair share," the number of

yes responses will be even greater. Then, if the chairman and some members of that review commission actively campaign for full adoption of their report, the populist pressures intensify.

In a choice between polls and principle, the populist's choice is predictable. Enter the populist Premier Ed Stelmach. What principles have been violated by Mr. Stelmach's royalty decision?

The first one is renegeing on the terms under which the province sold conventional oil and gas lease rights to industry. Assessing the amount to bid for new leases is a complex matter starting with the reality that the odds of finding commercial resources on any one lease are low.

Once the technical analysis is completed, risk-adjusted forecasts of costs and production are made, using a range of pricing scenarios. The final step is to apply provincial royalty rates to determine the producer's share. During my three decades of working to build what became Alberta's largest natural gas producer, royalty rates were the lone factor that we counted on in our investment analyses.

Royalty terms were vital in determining how much to bid for a resource lease from the province, creating what we believed was a long-term commitment on both sides. An analogy would be buying the right to lease an office for 25 years. The bigger the annual lease payments, the less you're prepared to pay up front. And you would count on the deal not changing even if new lease rates went up.

The second matter of principle Mr. Stelmach's government has violated is renegeing on oil sands royalty commitments under which capital has already been invested. Except in the case of Syncrude and Suncor, the money was invested without a contract binding the government to honour the terms.

Nonetheless, investors rightly see this unilateral change as a clear case of doing what is popular rather than what is right. And in terms of doing what is best, the damage to Alberta's reputation certainly illustrates the wrong choice.

Does an owner have both the moral and legal right to unilaterally change the terms under which he is prepared to lease his property? The answer is clearly yes ... for new leases. Industry can then decide whether to buy new leases or develop new projects having consideration for the new royalty rates. Had Alberta raised royalties that would apply to leases not yet sold or for oil sands projects not yet commenced, then the rare combination of what is popular may have aligned with what is right and best.

So what will the fallout be?

Alberta's current annual royalty revenue is about \$8.5-billion. Sale of leases added \$2.5-billion over the past fiscal year and the province's share of income taxes is about \$1.5-billion, for a total take of \$12.5-billion. The province calculates that it will receive an additional \$1.4-billion by 2010 as a result of the higher royalty rates. But that assumes no change either in what the industry bids for land sales and no reduction in production resulting from reduced drilling. Consistent with the fact that you can't tax what doesn't happen, Alberta's coffers could end up with no gain at all, or even a net reduction.

Industry is still in shock, but the computer models used to compare before and after investment feasibility are grinding away. Companies with investment opportunities outside Alberta will be looking at them a lot closer. The natural gas drilling and development service sector was already suffering, so expect an even worse downturn. New project decisions in the oil sands will have to factor a much higher government take into a business already replete with risk.

Mr. Stelmach states: "I'm confident we've made the right decisions for today and for Alberta's future."

As for me, I continue to believe that populist politics are seldom principled.

Gwyn Morgan is the retired founding CEO of EnCana Corp. His column appears every other Monday in the ROB.

You have to feel for Big Oil

The Edmonton Sun

Mon 29 Oct 2007

Page: 11

Section: Editorial/Opinion

Byline: BY ANDREW HANON

Column: OPINION

MEMO

To: Oil and gas executives

Dear Sirs and Madams,

I realize that you're extremely busy these days, what with trying to keep your beleaguered industry from collapsing under the weight of Premier Ed Stelmach's usurious new royalty regime.

I know that in some of your Calgary boardrooms, comparisons have been made between Stelmach and Venezuelan strongman Hugo Chavez. Believe me when I say that associating the two is neither hysterical nor idiotic.

Likewise, likening a royalty increase to the spectre of Pierre Trudeau's National Energy Program is not emotionally manipulative, as some unsympathetic cynics have implied.

How dare Stelmach suggest that just because the people of Alberta happen to own one of the world's biggest oil reserves, we have the right to benefit from it? Where does he think he is, Norway?

I know you face very uncertain times ahead, and Stelmach's plan to pillage your meagre coffers will only make things worse.

As everyone knows, oil companies never know from day to day if there's any need for your products, let alone whether you can get a fair price for them. With world markets paying in the lowly \$90-per-barrel range these days, how can anyone in your industry feel secure?

Please don't take this the wrong way, but I feel very fortunate to live in the heart of oil country without being employed in the industry. I wouldn't know what to do with those high wages, anyway.

You see, it's a privilege and an honour just to live in the same wonderful province that you do, and I'm thankful for the free ride I get, courtesy of your generosity.

There is much to be grateful for:

Runaway inflation - led by a superheated housing market - is a sign that our economy is firing on all cylinders.

Increasing crime, especially when it's connected to drugs, shows that people have more disposable income.

Edmonton and Calgary's maddening traffic congestion only proves that they're cities on the move ... uh, except at rush hour.

Crowded classrooms and glacially long waits for medical services, demonstrate that they are in high demand - a testament to their enduring quality.

Homelessness? Market forces at work, baby.

As for the environment, northern Alberta winters were too cold, anyway. Thank you for heating up more than just our economic climate.

So you can clearly see that all Albertans, not just those employed in your industry, are reaping the benefits of the oil boom.

Since royalties are such a drain on your severely limited resources, I have an alternate plan.

My children have the privilege of being in the public education system, and right now I'm holding bills from their schools totalling more than \$1,300 in fees above and beyond the taxes I've already paid.

I realize that public education doesn't come cheap, and the money for such extra frills as "instructional materials," "communication fees" and "locker rental" have to come from somewhere.

I'm also aware that it's extremely unfair for Stelmach to try to charge you higher royalties.

So here's my suggestion: I'll forward my kids' annual school fees directly to you. You pay them and I'll tell Premier Stelmach that I'm giving you my share of Alberta's oil and there's no need to charge royalties for that amount.

I'm sure other people can tell you what they'd like to see done with their share.

The beauty of my plan is that it eliminates the government middle man and takes those awful royalties right out of the picture.

Instead you get to deal directly with the true owners of the oil: Albertans.

When image trumps substance; Oil industry chiefs awaken to disturbing reality: the public doesn't like them

The Edmonton Journal

Mon 29 Oct 2007

Page: A16 / FRONT

Section: Business
Byline: Gordon Jaremko
Column: Energy
Dateline: EDMONTON
Source: The Edmonton Journal

EDMONTON - Alberta's fiery debate over oil and gas royalties startled the 2007 Canadian Energy Person of the Year.

"It's been a psychologically hard time," Enbridge Inc. president Pat Daniel said in an interview after receiving the award from the Energy Council of Canada.

Two days before Premier Ed Stelmach announced a 20-per-cent, \$1.4-billion hike in royalties, the big-business peagee filled a hall in Edmonton's Shaw Conference Centre to bestow the title on Daniel.

The event highlighted an industry self-image that is worlds apart from the popular view that pushed Stelmach into taking a tough political stand on resource revenue sharing.

Overwhelming public support across the province for increasing royalties was a rude awakening for oil and gas barons because they see themselves as public benefactors. Their annual award recipients are leaders seen by their peers as the best personifications of virtues claimed by all in the industry officer class. The code is expressed by a favourite phrase in the corporate commanding heights: "giving back."

Daniel's prize was not for raising Enbridge's profits and share prices, its \$10-billion portfolio of current oil pipeline additions or its \$14-billion inventory of future projects.

The award citation described a 30-year career of contributions to society.

"His commitment to environmental, social and economic issues has had a profound impact on the Canadian energy industry as well as a significant influence on the many community initiatives he has supported on a personal and professional level."

Daniel's multiple roles have ranged from charity fundraising to supporting educational institutions and working on making streams, rivers and lakes clean enough to satisfy fussy fly fishermen including him. He is a force in operations from the University of Alberta business school to Trout Unlimited Canada.

During the royalty debate he said he was amazed to learn his industry's image in Alberta often differs little from widespread suspicion and disdain that the company encounters in the United States as Canada's chief builder of oil

export pipelines.

As a member of Washington-based American Petroleum Institute, a U.S. counterpart to the Canadian Association of Petroleum Producers, Enbridge sees results of public opinion research. Oil and gas ranks 25th among 25 industries covered by API popularity polling, Daniel reported.

"I would like to have somebody give the energy industry a break for a change," he said. He ranked this yearning at the top of a 10-point wish list he outlined in accepting his award.

"I don't understand what's not to like about the energy industry," Daniel said.

Canadians plainly love oil and gas

products, he said, pointing to the nation's dependence on the fossil fuels to satisfy needs from hot food to personal mobility.

Daniel speculated "maybe it's the people they don't like," but added it is unlikely that many truly wish ill to all the relatives, friends and neighbours who work for the industry.

The popular imagery of "unconscionable profits" going to sinister, often foreign interests also runs counter to the facts, he suggested.

He cited stockholder lists of oil, gas, pipeline, supply and service firms.

Rosters of top investors are studded with respectable savers such as teacher

pension plans, municipal governments and academic and philanthropic endowment funds.

Daniel said he suspects images of oil and gas as a field of fortune hunting, economic exploitation and environmental degradation have to be credited to a history of bygone pioneer practices preserved as grist for political campaigns and popular entertainment in television soap operas.

"We've got a real problem," he said.

In the U.S., the API is mounting advocacy advertising campaigns to improve the industry's public image. The effort spills over into Canada in community relations drives by the Alberta industry's top, often international firms such as Chevron, Total SA, Shell and Petro-Canada.

"Hopefully that'll bring about a little bit better balance," Daniel said. "We've created a North American success story here in Alberta," the Enbridge president said.

But the industry will not likely retrieve respect and full recognition of its pervasive role in Alberta communities just by blowing its own horn, he added.

"It's kind of hard to defend oneself. Somebody from the outside has to come to the rescue," Daniel said.

The Edmonton gathering of energy celebrities showed Conservative politicians are still willing to serve as white knights for the oil and gas industry, at least after conflict over resource revenue shares ends.

"It's a real pleasure to talk about issues beyond the pressing and present situations we're dealing with in Alberta," said Energy Minister Mel Knight, who took time off from the royalty debate to dine out with the industrialists in Edmonton.

"The energy sector is one that literally drives our economy," added federal

Natural Resources Minister Gary Lunn.

"It has to grow."

gjaremko@thejournal.canwest.com

Rancour quiets in aftermath of royalty row

The Calgary Sun

Mon 29 Oct 2007

Page: 5

Section: News

Byline: BY CP

The dust appears to be settling in Alberta after an outcry by the energy and business sectors over Premier Ed Stelmach's announcement royalties will increase 20% or \$1.4 billion annually starting in 2009.

"What you saw was some hysteria building up, some knee-jerk reactions, but I think cooler heads will prevail," said Finance Minister Lyle Oberg. "I think they'll take a look at it and say, 'Gee, this isn't as bad as I as I thought.' "

Energy Minister Mel Knight looked relieved Saturday as he mingled with the 450 delegates at the governing Progressive Conservatives' annual policy conference.

"We haven't had an awful lot of irritated e-mails and that sort of thing. It's quieted down quite a bit and the tone is much more constructive," he said. "People have had an opportunity to look at the situation from the point of view of their individual asset bases."

The energy minister also said the muted stock market reaction seems to have had a calming effect.

"When they got to analyze the numbers a little bit, they realized we were definitely taking Albertans' share, but not at the risk of thousands of jobs in Alberta," said Knight.

"I think the markets realized that it was a fair share."

Energy analyst Wilf Gobert rejects any suggestion the reaction from the energy industry was "knee-jerk."

"It's ridiculous and intellectually dishonest to be saying that a CEO doesn't know what he's talking about. They represent billions of dollars of shareholder value," he said.

World didn't end for Big Oil

The Edmonton Sun

Sun 28 Oct 2007

Page: 15

Section: Editorial/Opinion

Byline: BY NEIL WAUGH

Column: Editorial

The end of the world as we know it did not occur on Friday - the predicted stock market meltdown which was going to show Premier Ed Stelmach once and for all how his modest royalty reforms would devastate the energy industry.

RECORD-HIGH PRICES

But somewhere between the fiery rhetoric and the close of the stock markets it didn't happen.

Sure, Stelmach caught a little luck when both the Canadian dollar and world oil prices hit record highs on the day the oil patch was allegedly doomed to die.

But it was also obvious that the premier had called the energy industry execs' bluff.

Their scare tactics fizzled when stockmarket traders failed to take the bait - with some key energy company shares actually going up - on the day when the Alberta industry was supposed to crash and burn.

By the end of the day, companies like Connacher Oil and Gas and Petro-Canada actually took Stelmach's earlier advice to "take a deep breath."

They put out statements that concluded the royalty hit was no big deal. And it was business as usual.

The royalty changes, are going to increase the government's take by a moderate \$1.4 billion by 2010.

And the changes won't go into effect for another 14 months. So there's plenty of time for the industry to adjust.

Sometimes where there's smoke there is no fire.

MORE BUSINESS TO DO

Of course, the premier and Energy Minister Mel Knight still have some unfinished business following Thursday's announcement.

And that business is to renegotiate the existing royalty deal for Suncor and Syncrude.

Both oilsands plants fall outside of the now-discarded generic oilsands regime that former premier Ralph Klein brought in to stimulate development when oil was under \$20 a barrel on the world markets.

That requires companies to make a token 1% royalty payment until the project's massive capital costs were recovered.

As part of the premier's royalty plan to create a level playing field in the oilsands, Stelmach also plans to strike a new royalty deal with the two original plants in the province.

And while he said he wants to negotiate, which is the "Alberta way," he also made it clear that at the end of a three-month period, Albertans will be getting their fair share from those two massive operations too - one way or another.

There was a lot of angry talk about court action.

That would be an unwise move.

Because, like the plants under the generic regime, Syncrude and Suncor also set their royalty rates when the world oil price was a fraction of what it is today.

Because, when all the fires die down and the smoke clears, the premier has one overriding truth on his side.

IT'S OURS

Oil belongs to ordinary Albertans, not to the energy companies. And Stelmach has a moral and ethical obligation to ensure that he gets the very, very best bang for our buck.

Ed vows to do it right; Wants to get the highest value from bitumen

The Edmonton Sun

Sun 28 Oct 2007

Page: 7

Section: News

Byline: BY NEIL WAUGH, EDMONTON SUN

Dateline: CALGARY

You know, I think he's really going to do it.

Premier Ed Stelmach was certainly talking that way after receiving a little pep talk here Friday.

On the day that the oilpatch agony aunts were saying the industry was doomed, the premier got an inspirational earful from former British prime minister Tony Blair.

Blair, of course, had his own showdown with Big Oil two years ago, when he doubled North Sea royalty rates after energy prices soared following the hurricane double whammy in the Gulf of Mexico.

Which is a heck of a lot more than the modest tweaks in the royalty framework Stelmach released last week, which industry execs were predicting would cripple the patch.

Except the Toronto Stock Exchange energy index actually ended the day up. How the heck did that happen?

In a chat with Blair before his speech, Tony gave Ed three key words of wisdom.

"He said 'stay the course,' " the premier winked.

And it appears he took it.

Because not only did Stelmach vow: "The decision has been made."

He quickly added, "We're not moving off the decision."

In fact he's already thinking about the payoff for the Martha and Henrys who have stood by him.

Last week, he talked about a mysterious Plan B, which is only going to create more outrage and anguish in the Calgary energy towers.

Stelmach revealed the PCs are putting the finishing touches on an \$18-billion, three-year capital plan - to try to keep up with \$56 billion worth of requests.

It will include completion of the Edmonton and Calgary ring roads, and the border-to-border CanaMex Highway, three lanes on super-congested sections of the QE2 and an "indepth" infrastructure upgrade of the Capital Region to handle the growth of Upgrader Alley.

But it only gets better. Stelmach also revealed his treasury guys are "just rolling the last final numbers" on where the budget is going, including the Canbuck, which "chews away at the bottom line" to the tune of \$123 million every time it goes up a penny.

But if everything works out, expect some happy news in the pre-election spring budget.

"I'm a conservative, so I would like to see taxes go down," the premier said.

He ruled out another round of Ralph Bucks (or Eddie Money). But he did say, "If you ever want to give every Albertan a raise, that's on the tax side." Because "everyone benefits."

The only holdback is it must be "long-term and sustainable."

Then he got into two hidden items in the royalty framework that the oil industry boo birds appear to have overlooked.

One is called the "shallow gas rights revision," which Stelmach described as a "big, big increase in the pie" by forcing a bunch of gas companies - who are sitting on three trillion cubic feet of gas in formations above their wells - to either drill it or spill it. Then, the land will go back into the pool for other companies to bid on.

"It's Albertans' gas but it's not being produced," Stelmach snorted. "It just sits there."

It also means that if the energy execs go on a capital strike it could prove very costly to their shareholders.

Then he opened a second front on bitumen removal, admitting that the royalty review panel's recommendations were "a little weak."

"As the trustee on behalf of all Albertans, we obviously want to get the highest value," Stelmach vowed.

So the energy-crats are kicking around a "number of options" to prevent the flow of millions of barrels of raw bitumen and thousands of jobs down the pipeline to Illinois and Texas.

They include something Stelmach called "pipeline tolling," which sounds like a bitumen removal tax.

He admits there may be "some trade issues" under NAFTA.

"We want to do it right," the premier said.

And right or wrong, I think he's serious.

Tories hail Stelmach for royalty 'balance'; Premier refuses to rule out fall election

The Edmonton Journal

Sun 28 Oct 2007

Page: A1 / FRONT

Section: News

Byline: Archie McLean

Dateline: CALGARY

Source: The Edmonton Journal

CALGARY - Tory party members rallied around their leader Saturday, clapping and cheering Ed Stelmach in the face of heavy criticism that his new royalty plan will harm the province.

Stelmach chuckled as he told 400 delegates at the party's annual policy convention in Calgary that "change is never easy ... I found that out."

But Stelmach said the oil and gas industry is beginning to come onside with his plan, which will see an additional \$1.4 billion in royalties pumped into the province by 2010.

"There was not only enthusiasm in the policy conference, there was enthusiasm in the energy industry," he said.

Some delegates wondered if Stelmach will call a fall election, which he refused to rule out. They were almost uniformly supportive of the premier and his royalty plan.

"I think it struck a good balance between the interests of the oil companies and Albertans," said Devin Dreesen, from Innisfail-Sylvan Lake. "When you have oil companies bashing it and others saying it didn't go far enough, I think you've found a pretty good balance."

But Saturday still brought its share of new criticism.

Pedro Van Meurs, an international expert on royalties, said terms of Stelmach's plans are "highly detrimental to Alberta." Van Meurs was an adviser to the royalty review panel that delivered its recommendations to government last month.

The panel suggested a roughly \$2-billion take per year, including a bitumen extraction tax, which the government rejected.

Van Meurs has worked with governments around the world to develop royalty regimes. He praised the conventional oil and gas portion of Stelmach's plan but took aim at the oilsands.

"They provide for only a minimal increase in revenues, compared to what was already a very modest proposal by the panel," Van Meurs told The Journal by e-mail.

"By proposing these terms, Albertans have lost the opportunity to gain a secure and reasonable share from the rapidly increasing oilsands production."

A sliding royalty rate taken from net profit, which is itself highly variable, is "an administrative monstrosity," Van Meurs said.

He also questioned the province's pledge to create a valuation method for bitumen since it won't apply to all companies equally.

He said Alberta Energy mismanaged royalty collection for years and can't be trusted to manage the plan and renegotiate long-standing contracts with oilsands giants Syncrude and Suncor.

Van Meurs is the second person associated with the panel to bash Stelmach's plan. An anonymous panel member called it "a blatant deceit" on Friday.

"It's a political document that's not really grounded in too much economic reality," the panel member said.

Finance Minister Lyle Oberg, who put the panel together in the spring, thanked the panel members but said their advice was only one piece of royalty puzzle.

"The panel was there to give advice to us," Oberg said. "It's the government that has to put in the policy . . . We do reserve the right to cherry pick -- that is our job. That's what has happened here."

Energy Minister Mel Knight said Albertans will support Stelmach's plan once they have a chance to digest it.

"We believe (the new plan) is very, very solid," Knight said. "Albertans, I think generally speaking, when they've had an opportunity to take a look at it will feel the same way."

Knight leaves today for a week in the United States to sell the province's royalty plan to American investors.

"It's my job on behalf of Albertans to go to those same market sources -- the investors, those players -- and explain to them the technical detail of where we're headed so they can very much understand how this business is going to operate in Alberta, in Canada and in North America in the future," Knight said.

Criticism of the plan has been harsh from the oilpatch. Several commentators have suggested it spells doom for the industry, particularly small oil and gas producers.

"Big Oil Wins, Little Oil Loses," FirstEnergy Capital said in a newsletter to investors.

The markets Friday barely registered the changes, with oil and gas stocks rising 0.2 per cent. Share prices had help as oil climbed as high as \$92 US a barrel.

Stelmach admitted his decision on royalties was a tough one.

"Here's Alberta, the economic engine of prosperity for all of Canada," the premier said.

"It's not only a decision for Alberta but all of Canada.

"It's critical, but it's a good decision and I'm sure there will be more to come in the future."

In Edmonton, oilsands expert Allan MacRae said Stelmach has been "ill-advised" on the issue by people who don't know what they're talking about.

Speaking Saturday at the founding meeting of the right-wing Wildrose Party of Alberta, MacRae said it took a group of experts eight years to set up oilsands agreements that were finalized in 1996 and '97.

Those agreements have been "ripped up in a matter of months," said MacRae, a former Syncrude official who worked on the agreements from 1988 through to 1991, when he left the business.

"Quite honestly, it's bizarre," he said of Stelmach's decision.

With files from the Calgary Herald and Andrea Sands

amclean@thejournal.canwest.com

Ed's stuck in his own vise; Albertans should gain directly from the new influx of royalty money with a tax break

The Calgary Sun

Sun 28 Oct 2007

Page: 31

Section: Editorial/Opinion

Byline: BY PAUL JACKSON

Column: Editorial

Oil industry outrage over Premier Ed Stelmach's royalty regime changes was clearly not feigned.

Nor was it surprising.

Who -- individuals or corporations -- likes a tax hike?

Some investment analysts talked about our province becoming like Venezuela, where hardline left-wing leader Hugo Chavez is the industry's worst enemy.

That's clearly nonsense.

Meanwhile, some liberal-left types in Alberta were saying Stelmach had capitulated to the oil industry.

Again, nonsense.

The truth is, Stelmach himself was stuck in a vise of his own making.

With the provincial review panel urging an immediate \$2 billion hike -- and the public whipped up almost into a frenzy against the industry -- Stelmach had to do something.

Political history shows when public opinion starts to turn against a government, the death knell has been sounded.

Stelmach had to appease public sentiment, try not to infuriate the oil industry, and certainly not damage our province's economy.

That's quite a tightrope.

Has he achieved that?

Well, hiking the province's take by \$1.4 billion above projected 2010 revenues -- a 20% hike, rather than the 26% the review panel wanted -- should appease the public.

That's a huge slab of money, which is why Stelmach hasn't appeased the industry, even if he did Stelmach reject about half of the review panel's recommendations.

The industry had to know ,given the climate of public opinion -- and much of the public, even in Alberta, knows little about how the industry operates --the premier had to show some muscle.

Stelmach seems to have achieved something of a balancing act between capitulating to the soak-the-industry fanatics and making the industry adjust to new realities, as temporarily painful as they may be.

The balancing act also ensures the measures will do little harm to our province's economy. When the hue and cry from the industry fades, it's unlikely any major projects will be shelved because of the new regime.

What the industry may not publicly say, but knows full well, is the Progressive Conservative government is still the best friend it has in the province.

A coalition of Kevin Taft's Liberals and Brian Mason's New Democrats would be fatal to the industry and to the province's economy.

So the survival of the PC regime, unless a viable alternative comes along, is in the best interests of the industry and Albertans.

In future, the industry must become pro-active in letting the public know the risks involved in the energy business.

Oilsands plants need long-term planning and cost billions in investment, while oil prices go on unpredictable rollercoaster rides.

If the public understood both the lucrative and fragile nature of the industry, the scare tactics we've witnessed would not work.

The provincial government should itself get into some long-term planning on the royalty issue. Auditor general Fred Dunn has contended the energy department sat on reports showing the government could have collected \$1 billion in extra royalties without harming the industry. If it had collected those royalties, this crisis would likely have been averted.

In response to this lapse, the government did appoint former auditor general Peter Valentine to lead a team to assess and recommend improvements to the collection system. That's a move in the right direction.

A final aspect to this: The Alberta government now spends more per capita than any government in the nation, including the federal government. Does it actually need more money?

Some say yes, to catch up on infrastructure needs after the huge cuts needed to balance the budget.

It's easy to spend money and draw up dream lists.

Yet, shouldn't Albertans gain directly from this new influx of money.

One quick way is to slash the provincial flat tax from a 10% rate to a 5% rate.

How about it, Premier Stelmach?

New rates too low; Oilsands take not fair: expert

The Calgary Herald

Sun 28 Oct 2007

Page: A1 / FRONT

Section: News

Byline: Jason Fekete

Source: Calgary Herald

An independent energy economist who worked closely with the province and royalty review panel said Saturday the Stelmach government's new royalties policy fails miserably on the oilsands -- the province's top energy play -- and won't deliver nearly enough economic rent to Albertans.

The analysis from world-renowned oil and gas economist Pedro van Meurs came a day after a member of the government-appointed royalty panel argued Premier Ed Stelmach's new strategy is "a blatant deceit" of Albertans and doesn't offer them a fair share of energy development.

"I believe that the proposed terms are highly detrimental to Alberta. They provide for only a minimal increase in revenues, compared to what was already a very modest proposal by the panel. The new terms will not give Albertans a fair share of the oilsands revenues," van Meurs said in an analysis provided to the Herald.

"Albertans have lost the opportunity to gain a secure and reasonable share from the rapidly increasing oilsands production," van Meurs said.

The new royalty framework, set to take effect Jan. 1, 2009, is expected to deliver an additional \$1.4 billion in royalties in 2010 -- 20 per cent more than projected revenues -- but falls nearly \$500 million short of what was recommended by the expert panel.

The government's plan would generate an additional \$470 million in 2010 on the oilsands, but that's nearly \$200 million short of what was recommended by the panel.

Van Meurs said new rates in the plan mean Albertans will absorb 60 to 80 cents of every dollar of cost overruns on oilsands projects through lower royalties and taxes.

The move could eat billions of dollars out of provincial coffers as oilsands projects soar billions of dollars over budget.

While expert criticism of the government's royalty strategy builds, Stelmach insisted Saturday the new plan recognizes the sensitivities on the natural gas side and delivers on the oilsands.

"The oilsands are Alberta's future. We needed to do more -- and we have," the premier told more than 300 delegates at a Progressive Conservative policy conference in Calgary. "This new framework will enable Alberta to plan for a financially secure future."

Speaking later to reporters, Stelmach said Albertans can trust his government made the right call on the royalty issue -- regardless of what van Meurs and panel members suggest.

"This is the best decision . . . We're on the right track," he said.

In crafting the new framework, the Tory government rejected nearly half of the 26 recommendations from the royalty panel -- including six of 11 suggestions on oilsands.

One of the panellists, who asked not to be identified, agreed with van Meurs that Albertans aren't receiving a fair share of the publicly owned oil and gas resources under a deal that's not grounded "in too much economic reality."

Van Meurs, meanwhile, said he supports the government's blueprint for conventional oil and gas because it simplifies the royalty terms -- although it will deliver less revenue to Albertans than the panel proposed.

A progressive sliding scale for price and volume, and a new formula for deep gas will stimulate the development on conventional oil and gas, as well as coal bed methane and tight gas, he added.

But on the oilsands -- the second-largest oil reserves in the world -- van Meurs said he "deeply regrets" the government did not implement the panel's recommendations.

The terms of the government's new proposal "are very poorly designed" and an "administrative monstrosity," added van Meurs.

Government promises to transition oilsands giants Suncor and Syncrude to the new plan, as well as pledges to improve accountability measures and slap a price on raw bitumen -- which doesn't currently have a market price -- should be viewed "with skepticism," he said.

"The (government) division that will most likely be responsible for this is the same that gave away needlessly billions of dollars under the Crown Agreements in the first place," he argued.

Energy Minister Mel Knight defended the government's decision and said it implemented much of the expert panel's suggestions.

One of the recommendations rejected was an industry-wide oilsands tax that would have recouped a lot of the revenue that will be lost by the government through its current deals with Suncor and Syncrude.

Stelmach has said the government will negotiate with the companies over the next 90 days to transition them to the new royalty structure, but government officials admit there may be little incentive for the producers to do so.

One of the royalty panel members told the Herald the only way the government will ever get Suncor and Syncrude to move to the new framework is through a buyout worth "double digits of billions of dollars."

The assessment from van Meurs and the panellist that oilsands companies continue to receive a sweetheart deal, compared to conventional oil and gas players, has been backed up by the oilpatch itself.

Petro-Canada plans to forge ahead with major oilsands developments in northern Alberta under the new royalty framework, even with higher costs now a certainty. The company is doing detailed engineering and design work on the Fort Hills oilsands mining development and steam-driven MacKay River expansion.

jfekete@theherald.canwest.com

New royalty scheme will fuel inflation in already overheated economy; Middle-income earners falling behind, TD Bank report points out

The Edmonton Journal

Sun 28 Oct 2007

Page: A18

Section: Opinion

Byline: Sheila Pratt

Column: Sheila Pratt

Source: The Edmonton Journal

Ed Stelmach will be basking in the afterglow of his royalty announcement in Calgary this weekend at the Conservative Party policy convention.

The premier should savour the historic moment, because the warm feelings, like the late fall sun, may not last long when his plan gets a closer look.

For the first time in years, Albertans had a healthy, mostly open debate on a crucial public issue and credit for that goes directly to Stelmach. He appointed a surprisingly independent expert review panel, called for public hearings and invited everyone to join the discussion. Good for him. It wouldn't have happened in the bad old, behind-closed-door Klein days.

Stelmach also gets credit for putting this crucial item on the agenda right after he won the Tory leadership almost a year ago. Ralph Klein, by contrast, boasted he didn't give a tinker's damn about royalty rates -- even though for seven years civil servants in the energy department tried to tell him the rates needed adjusting as oil prices rose.

But if this is Stelmach's defining moment, it's still a risky proposition. There's a lot of wiggle room in the new royalty regime, starting with the all-important figure, the \$1.4-billion increase in royalties that Albertans are supposed to collect under Stelmach's new rates.

If getting \$1.4 billion more sounds like a good compromise (as opposed to the more than \$1.8 billion called for under the review panel's recommendations), ask yourself what it would look like if that figure turns out to be a lot less -- because the two biggest players in the oilsands aren't in the new game yet.

Stelmach's \$1.4 billion depends on persuading the two biggest producers, Syncrude and Suncor, to give up their long-term contracts that freeze their royalty rates until 2016 and voluntarily start to pay the new, higher rates.

Those two companies, which make up almost 40 per cent of oilsands production and almost half of the oilsands revenue, are the only operators with these Crown agreements. They had smart lawyers a decade ago when that was negotiated.

Stelmach will sit down with those companies and persuade them to drop those agreements in just 90 days. What kind of incentive will the government have to offer for that to happen? Abrogating those agreements won't come cheap and taxpayers will likely never know what will happen in those closed-door meetings. But let's hope the government has better lawyers than the last time.

What's so bizarre is that the royalty review panel recommended against breaking those agreements. It's bad form. Partly to make sure Suncor and Syncrude paid their fair share, the panel recommended putting a bitumen tax on all oilsands operators -- a levy on every barrel of bitumen that would increase as the price of oil goes up.

The oil industry bitterly opposed the proposed new tax, which Stelmach quickly dropped. In lieu of the bitumen tax, Stelmach is asking oil companies to pay a bit more in the start-up, pre-payout phase. Currently, oilsands operators pay just one-per-cent royalty until their construction costs are paid off. Stelmach will raise that to a maximum of nine per cent that kicks in at \$120 a barrel of oil. At \$70 a barrel, the rate is 2.85 per cent.

The downside is that this method of assessing royalties encourages more inflation in this already red-hot economy. There's little incentive to keep costs down on oilsands plants when you have a royalty holiday until construction costs are paid off. The higher the construction costs, the longer the royalty holiday. (After costs are paid off, royalties jump to 25 per cent, rising to 40 per cent when oil reaches \$120 a barrel, under Stelmach's proposals.) Yet, it's precisely those rapidly rising costs in construction and labour that are being felt in all sectors of the provincial economy. As Fort McMurray Mayor Melissa Blake says, "we used to call that the Fort McMurray factor -- 30- to 40-per- cent higher price. Now it's all over the province." At this rate of economic growth, her city of 65,000 will have a population of 100,000 in another five years, Blake said in an interview. Good grief.

Inflation is also eroding people's earning power. That's the observation of none other than this fall's TD Bank report on the Alberta economy.

"While average incomes have been rising, the bulk of the gains have been enjoyed at the high end of the income spectrum," says the report. People earning more than \$100,000 are enjoying rising incomes. That includes lots of oilpatch workers, not just head office middle managers.

While low-income earners are most at risk, "perhaps the bigger surprise" is that middle-income earners are also hard pressed to record any gains after inflation, says the bank report.

People earning \$60,000 or less have remained static or slipped back in inflation- adjusted dollars, according to the bank report.

This is also the province with the regressive flat income tax, which means high-income earners pay the same ten per cent as low-income earners. So the tax system does nothing to mitigate a growing income gap.

So Martha and Henry might have a few questions for Stelmach about a royalty regime that keeps the accelerator to the floor.

They might also note that the dire predictions that investors would dump their energy stocks and flee Alberta didn't happen. On the Toronto exchange Friday, the energy sector was up 0.17.

Doesn't that just make you wonder whether Stelmach went far enough?

Coal takes its lumps; Hopes for gasification have been reduced to one major project

The Calgary Herald

Sun 28 Oct 2007

Page: E4

Section: Calgary Business

Byline: Eileen O'Grady

Dateline: HOUSTON

Source: Reuters

Much talked-about U.S. efforts to build a coal-fired power plant with near zero emissions are now concentrated in a single project, as the costs and difficulties of the endeavour have mounted and the stakes have risen.

FutureGen, a \$1.5-billion public-private venture, aims to design and test the technology required to turn coal into a gas that can be stripped of harmful emissions, then burned to produce electricity and hydrogen. It will also capture carbon dioxide -- widely blamed for global warming -- and store it underground forever.

Plants that burn coal, already used to produce half the electricity consumed in the United States, were poised to make a major comeback after a decade of construction of less-polluting, natural gas-fired units. Dirtier coal regained its lustre as a cheap power-plant fuel after gas prices soared in 2005 following two hurricanes that disrupted U.S. supply.

But increased worry about climate change and the potential for new laws to tax carbon emissions have created a backlash against new coal plants, which account for nearly 40 per cent of all U.S. carbon dioxide emissions.

While China and India continue to pursue construction of traditional coal-fired plants, U.S. regulators and utilities this year in Texas, Florida, Oklahoma, Minnesota and Kansas have backed off plans for a dozen new coal-fired plants, citing high costs and regulatory uncertainty about carbon emissions.

Earlier this month, Tampa, Fla.,-based TECO Energy said its utility dropped plans to build a long-awaited advanced clean-coal plant. While utility executives said they will continue to look for new ways to use coal, the project was too risky at the current time.

The growing risk associated with coal use increases the pressure on FutureGen to succeed.

"For those still in the process of coming to the realization of the importance of the global warming threat, FutureGen may be more important than it seemed a couple of years ago," said Scott Anderson, senior policy adviser for climate and air programs at Environmental Defense in Texas.

The FutureGen alliance includes U.S. utilities and coal producers like American Electric Power Co. and Peabody Energy, along with international miners Anglo American, BHP Billiton and China's largest coal-based power company, China Huaneng Group.

The U.S. Department of Energy and the industrial alliance have been planning FutureGen since 2003. A decision on which of four finalist sites -- two in Texas and two in Illinois -- will become FutureGen's home is expected in December.

THORNY ISSUES

Coal gasification technology uses heat and pressure to convert coal or any carbon material into a synthetic gas that is burned in a turbine to generate electricity. Hot gas leaving the turbine is used to heat water to produce steam to power a steam turbine and generate more power.

The technology allows for the separation of the pollutants currently regulated in the United States -- nitrogen oxide, sulfur dioxide and mercury -- from the gas before burning it. Carbon dioxide can also be separated.

While gasification is fairly well understood, technical and legal aspects of carbon storage present the thorniest issues for FutureGen, said Jerry Oliver, senior vice-president of the alliance.

Putting carbon dioxide underground permanently "has never been done before," Oliver said. "There's no precedent."

So far, FutureGen has spent about \$50 million, mostly focusing on the behaviour of carbon at specific geographic sites under consideration, said a spokesman.

Oliver recently met with state officials to follow up on the competing site proposals that promise millions of dollars in grants, tax incentives, power purchase guarantees and liability protection for stored carbon.

When operational in 2012, technology developed by FutureGen could help transform America's plentiful supply of coal into a friendly and affordable fuel to meet growing demand for electricity. But success of the project will not be quick or cheap, said Lawrence Makovich, a vice-president with Cambridge Energy Research Associates.

"Reducing carbon in electric production is a very big challenge and it's something that is going to be very expensive," Makovich said.

"That's why there is so much government involvement and subsidy," he said.

"It's a very important piece of R&D that's moving forward."

Pieces of the technology are in use or being tested around the world, but no single project combines the processes needed to operate a coal-gasification plant and to store carbon permanently at a commercial scale and an economical price, Makovich said.

When FutureGen was proposed, "there were going to be all kinds of projects that were going to do this," said Oliver. "But none of them are going forward."

Debate rages over Stelmach's plan to raise oil royalties

The Globe and Mail

Sat 27 Oct 2007

Page: A6

Section: National News

Byline: Katherine O'Neill And Dawn Walton

Dateline: EDMONTON; CALGARY

EDMONTON; CALGARY -- To most Canadians, Alberta won the lottery this week with news their government plans to collect even more money from its booming oil patch. So why are all Albertans not celebrating?

An emotional debate over the future of the debt-free Alberta's royalty program raged across the province yesterday, as people flooded call-in radio shows and on-line forums to give their opinion about the Progressive Conservative government's new plan that was released on Thursday.

During an interview yesterday with Premier Ed Stelmach, popular Calgary-based call-in radio host Dave Rutherford even asked him whether he was intentionally trying to kick the energy industry "in the nuts" with his scheme that could hike royalties by 20 per cent in 2010, potentially bringing an additional \$1.4-billion to the treasury.

Many people who phoned Mr. Rutherford's show worried that the new rules are greedy and could put the brakes on the boom. Others argued it's a short-sighted political play designed to win the next election for the Tory Party, which has seen its support plummet since Mr. Stelmach became Premier last December after Ralph Klein retired.

While the Premier's plan, which would collect less than a government-commissioned panel recommended last month, received a rough ride from some yesterday, he did receive support from an unlikely source: former British prime minister Tony Blair.

"He said, 'stay the course,' " Mr. Stelmach told reporters about a private conservation they had in Calgary. Mr. Blair was delivering a lecture in the city.

Mr. Blair speaks from experience in getting more from oil companies, as Britain several years ago raised taxes on North Sea oil production. The controversial move was made without consultation and announced as a done deal in the annual budget.

Mr. Stelmach told reporters there is no wiggle room for lobbying between now and Jan. 1, 2009, when the new framework is implemented in Alberta. "The decision has been made."

Despite that assertion, the topic is expected to dominate an annual Tory Party policy convention in Calgary this weekend. The right-wing party has governed Alberta since 1971.

Mr. Stelmach said the new framework will offer "certainty" and "predictability" to the oil and gas industry and "secure the future" for the wealthy province. Before the new plan was rolled out, the energy industry had threatened billions of dollars of capital spending cuts if increases were too high, saying thousands of jobs are on the line.

Mr. Stelmach pointed out that financial markets did not react negatively yesterday to the news of Alberta's royalty reforms. "I didn't see much of a decline. In fact, I thought everything held its own," he said.

Mr. Stelmach shrugged of comparisons to Hugo Chavez and Venezuela, pointing out Alberta's stable and secure supply of energy. He also dismissed criticism that the new rules don't go far enough, describing the decision as a "balance" based on research and public input. "As a Premier you make a decision."

His government launched a 10-day, \$225,000 advertising campaign in Alberta newspapers and radio stations yesterday to sell the new royalty system to the public. The newspaper advertisements feature a photograph of Mr. Stelmach and the quote: "I made a commitment and I delivered."

Alberta Liberal Leader Kevin Taft slammed the ad campaign as "partisan." He said a provincial election could be called as early as December if the government's internal polling in the coming days tells them that voters are happy with the reforms.

The Liberals wanted royalty rates to be hiked higher and Mr. Taft accused the Premier of "selling Albertans short."

One Albertan who notably didn't want to talk about the new higher royalty rates was Mr. Klein. "I'm out of it," he told reporters.

This month Alberta's Auditor-General said Mr. Klein's Tory government had rejected calls from its own Energy Department to raise royalties, saying they could get billions more without hurting industry.

Rogers: Alberta reverted to 'theft'

The Globe and Mail

Sat 27 Oct 2007

Page: B7

Section: Report On Business: Canadian

Byline: Shawn McCarthy

Source: GLOBAL ENERGY REPORTER

The Alberta government's decision to sharply raise royalties on oil and gas has damaged its international reputation as a stable place to do business, analysts warned yesterday, as two prominent investment advisers recommended that clients steer clear of the province.

Despite the fallout, several industry analysts expressed relief that the government stopped short of adopting the full report of the royalty commission - which called for an additional \$1.9-billion in royalty payments - but instead found some middle ground.

They argued the industry would likely continue to invest in oil sands projects, and other oil production, so long as robust world prices do not fall back below \$60 (U.S.) a barrel.

But the compromises weren't enough for influential commodity investment guru Jim Rogers. He said the government's U-turn on royalties - after years in which it had promised a stable investment climate - was "astonishing."

"All politicians revert to theft when conditions work for them. I must confess I thought Alberta's would be among the last sellouts, but clearly I was wrong," Mr. Rogers said in an e-mail exchange from China yesterday. "This is not going to lead to more production from Alberta. Politicians always go for the short-term fix to help themselves and could care less about the long term since they will be gone in the long run. May I suggest everyone be leery even of Alberta."

Dennis Gartman, publisher of a popular investment newsletter, suggested the Alberta royalty plan contributed to a new record oil price - oil closed at \$91.86 (U.S.) a barrel yesterday - because it could slow the growth of supply from the oil sands.

"Mr. Stelmach has sided with the populist farmers of rural Alberta who've long looked upon the oil industry with disdain, and has moved to increase the royalties upon much of the oil industry to what we consider to be onerous levels," Mr. Gartman wrote in The Gartman Letter.

"This, in our opinion, is lunacy, mincing no words, and it shall serve to make less oil available, not more available, from Alberta in the future."

Leo Drollas of the London-based Centre for Global Energy Studies, said Alberta should expect repercussions from tax hikes, especially as it looks to attract investment from international firms. "It muddies the waters for the future," he said.

"Governments have to be careful how they handle this. We can understand how they're under pressure to change the terms and extract more from the activity but they have to balance that with investment needs in the future."

Derek Butter of Edinburgh-based Wood Mackenzie Ltd., took a more sanguine view of the royalty changes. He said Alberta is following the lead of oil-rich states around the world by demanding a larger slice of the revenue pie as crude prices have hit record highs in recent years. Just this week, Nigeria announced it is reopening production-sharing contracts with all foreign oil firms operating there to reconsider their "generous terms."

In an interview from Edinburgh, Mr. Butter said Alberta has taken a relatively moderate approach. The government decided to leave the royalty rate unchanged when prices are below \$55 (U.S.) a barrel. Wood Mackenzie has calculated the average new oil sands project will have a "break even" threshold of \$50, meaning a 10-per-cent return on investment at that level.

"The government has helped the industry by protecting that downside," he said. "There is much less chance of the cancellation of proposed oil sands projects under the government's plan than under the panel's proposals."

Fadel Gheit, analyst with Oppenheimer & Co. in New York, had sounded the alarm after the review panel released its report last month urging more aggressive royalty increases.

But now, Mr. Gheit said sharply higher oil prices will offset any reduced profits the companies would face from the increased royalties.

Drillers axing winter plans ahead of new royalty regime

The Globe and Mail

Sat 27 Oct 2007

Page: B7

Section: Report On Business: Canadian

Byline: Norval Scott

Dateline: CALGARY

CALGARY -- Alberta's new energy royalty regime will cut into this year's winter drilling season, reducing employment and the number of wells started by already beleaguered oil field services companies, industry observers say.

On Thursday, Alberta Premier Ed Stelmach announced long-awaited changes to the province's royalty picture, increasing the government's take from oil and gas production.

The changes do not take effect until 2009. However, Western Canada's natural gas industry is already under severe pressure from high costs and low commodity prices, and the sector faces more deterioration as companies further scale back their exploration plans because of the new royalties.

"It already makes no economic sense to drill [natural gas] wells at today's prices, and under the new royalties the gas production outlook in Canada is now dismal," said Bill Gwozd, vice-president of gas services for Ziff Energy Group. "The industry is being kicked when it's already down. Producers will be hard-pressed to push forward on new drilling programs and you will see reductions in expenditures on services and drilling fleets."

Rig utilization rates in Canada are already at their lowest since at least 2002, as companies have eschewed gas exploration in favour of alternatives such as share buybacks or growth projects in the oil sands, placing the share price of services firms such as Precision Drilling under severe pressure.

The miserable outlook already seemed set to continue into 2008, given that major producers like EnCana Corp., Canadian Natural Resources Ltd., Talisman Energy and Husky Energy have all indicated that they won't increase their exploration efforts any time soon because low gas prices continue to discourage drilling new wells.

On top of that bleak picture, producers also threatened to slash their capital budgets for 2008 if the royalty changes originally proposed were implemented; for example, EnCana previously said that it could cut about \$1- billion from its annual investment, with natural gas exploration bearing the brunt of the cutbacks. While the province decided to increase its royalties by only about three-quarters of what was recommended - and not until 2009 - there will still be a significant effect on future output from wells brought on stream this winter, and it's still likely that firms will scale back their exploration to some degree, analysts said.

"The changes will slow the industry down, especially on the conventional side, and they're particularly disheartening for the smaller players," said Peter Tertzakian, chief economist at ARC Financial Corp. "It creates a difficult operating environment and makes more companies marginally economic. Firms will now look to make cuts to their programs - it's just a question of how much and how deep."

Don Herring, president of the Canadian Association of Oilwell Drilling Contractors, said his organization now expects only 13,700 wells to be drilled in 2008, down from a high-water mark of 22,300 in 2006. He said uncertainty from the new royalty regime would "very negatively impact the winter drilling season," and as many as 16,000 oil and gas services-related jobs could be lost.

"We were already definitely going to see reduced drilling this winter, and that will be compounded by the higher royalties," said Sue Riddell Rose, CEO of Paramount Energy Trust.

Royalties 'Blatant deceit'; Gov't depriving albertans, review panel member says

The Edmonton Journal

Sat 27 Oct 2007

Page: A1 / FRONT

Section: News

Byline: Jason Markusoff and Jason Fekete with files from Gordon Kent

Dateline: EDMONTON

Source: Calgary Herald; Reuters

EDMONTON - Ed Stelmach's new royalty regime is a "blatant deceit" that deprives Albertans of a fair share, a member of his royalty panel charged Friday.

The premier insisted his plan is balanced and will go ahead as planned.

The panelist, who asked not to be identified, said Stelmach's royalty strategy is a misleading response to what the royalty report and economic data suggest are best for Albertans.

"It's a political document that's not really grounded in too much economic reality," the panelist said.

"It's a lot of dread. ... Just seeing it unfold is like a Greek tragedy," the panel member added, saying the government's rejection of so many recommendations was a slap in the face.

As a result, Albertans "absolutely are not" receiving a fair share of the publicly owned oil and gas resources under the new deal.

Instead, the province could actually collect fewer royalties in the future because the government ignored several key recommendations, including an industry-wide oilsands "severance" tax.

"Overall, we could end up with less (in royalties) than we're getting now," the panelist said.

A big reason for that is the government's current deals with oilsands giants Suncor and Syncrude, and its plan to move the companies to the new royalty structure.

The agreements -- which allow the companies to pay royalties on the price of lower-valued bitumen rather than synthetic crude -- don't expire until 2016 and will eat away at the government's royalty take.

But had Stelmach adopted the oilsands tax, as recommended, he could have recouped some of the revenue lost by the agreements.

The only way the government will ever get Suncor and Syncrude to abandon their current deals is through a buyout worth "double digits of billions of dollars," the panelist said.

"If I was in Suncor's or Syncrude's shoes, I would be doing the happy dance," said the panel member. "They won the lottery."

Stelmach, in Calgary, rejected suggestions he's not delivering Albertans the fair share he promised.

"If we don't develop the resources in a very responsible manner, there won't be any revenue coming to the province in form of royalties," he said. "It is a balance."

As dust settled on Day 2 of Alberta's new royalty era, struggling natural-gas firms still had fears the winter drilling season is imperilled, while developers of a couple of oilsands projects announced they'll press ahead as planned.

But the "ugly day" some stock-market analysts feared never materialized.

On the first trading day after Stelmach announced royalties would rise by \$1.4 billion by 2010 -- \$463 million less than the review panel recommended -- oil and gas stocks rose 0.2 per cent. They had help as oil rocketed as high as \$92 US a barrel.

Stelmach argued investors' muted reaction suggests "everything held its own" and that he found the right balance.

To analyst Peter Linder of Delta One Capital Partners, the stock market's response suggests that protests about Stelmach punishing Alberta's dominant industry are "much ado about nothing."

"The royalty proposed by the panel was watered down significantly, I feel, and the new royalty system is such that the industry can live with it, and I think the industry will live with it," he said.

"As much as it's a bigger slice of the pie, there's still enough of the pie left for the industry left to be healthy," Linder said. "It's still severe in some cases, but it could have been a lot worse."

Liberal Leader Kevin Taft added his voice to the chorus of those saying Stelmach is continuing to shortchange Albertans, which the auditor general and royalty panel said the Ralph Klein regime knowingly did for years.

"By falling well short of the recommended goals of the royalty review panel, he has compromised on a compromise," Taft said.

Higher royalties on natural gas stand to hurt a gas sector that has idled rigs because of high costs and low gas prices.

Tristone Capital eased off its declaration that the winter drilling season is dead -- saying some, like Talisman, can afford to come back thanks to new deep-well incentives. But Tristone said the picture's still grim.

Companies will still see a much more attractive royalty system in British Columbia, Tristone analyst Cristina Lopez said.

"The plays that straddle the border are going to be drilled across the border, and not in Alberta," Lopez said. Even though new royalty rules don't take effect until January 2009, firms set up deep-gas rigs for multi-year activity, and most players are now mulling how much of the winter activity to cut, beyond what's already savaged by lousy prices.

Grande Prairie Mayor Dwight Logan said he doesn't think there were "substantive changes" to the royalty system that would put the city's booming, natural gas-fuelled economy in trouble. He's more afraid of the factors already hurting the sector.

"If we don't see the market rise in the U.S., things will stay a little slow," Logan said.

As for the oilsands, analysts were relieved Stelmach rejected a new "severance tax" on bitumen, and instead gave them something closer to what industry wanted -- adjustments to the current formula that rises only as oil lifts above \$55 US per barrel.

Petro-Canada said it will press ahead with design and engineering for its \$26-billion Fort Hills oilsands project and the steam-driven MacKay River expansion.

"With what we've seen, that still is the right path for us to be taking, so we're still going full speed ahead to get to those decision points," said Andrew Stephens, Petro-Canada vice-president of corporate relations.

Connacher Oil and Gas also expressed faith that it can still comfortably profit in the oilsands.

"The new policy will not impair our decision to proceed with continuing evaluation of our oilsands acreage with our Algar project," Connacher announced in a statement.

EnCana, the first company that threatened to cancel \$1 billion in spending plans in gas and oilsands, is still studying the impacts of the new royalty system, spokesman Alan Boras said.

Meanwhile Canadian Oil Sands, the largest partner in Syncrude, reacted cautiously to Stelmach's insistence that Syncrude and Suncor must renegotiate government agreements that would exempt them from new oilsands rules until 2016, or face unspecified alternative measures.

"We must ensure that our legal rights are preserved," Marcel Coutu, CEO of Canadian Oil Sands, said in a statement.

Stelmach's push to convince Albertans he's struck the right balance continues today as he speaks to a conference of his Progressive Conservatives. The party counts among its members some of the oil industry's loudest advocates against higher royalties.

Energy Minister Mel Knight begins a one-week trip Sunday to New York, Washington and other United States cities to sell the reforms to U.S. industry, investors and government officials.

A \$225,000 ad campaign began in Alberta newspapers Friday, light on details but boasting that Stelmach "delivered" for the public.

"They royalty report was an economic document," complained Frank Atkins, an economist at the University of Calgary. "They've taken it and made it a political document."

NDP added further to the politics. Leader Brian Mason accused his fellow opposition Liberals of helping the government go easy on royalties by not firmly demanding a higher government take when Stelmach was still mulling his decision.

jmarkusoff@thejournal.canwest.com

Gov't has yet to address existing royalty contracts

The Edmonton Journal

Sat 27 Oct 2007

Page: E1 / FRONT

Section: Business

Byline: Ron Chalmers

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - A day after Premier Ed Stelmach announced a new royalty regime in Alberta, there was still no explanation about how his government will escape from Crown agreements that promise continued low royalty rates for Syncrude and Suncor.

Those two companies have contracts guaranteeing that current rates will continue until 2016.

"The Alberta government acknowledges that a legal contract exists," Marcel Coutu stated Friday, in a news release. Coutu is president of Canadian Oil Sands Limited, Syncrude's largest shareholder.

"We would expect that the Alberta government would honour the contractual commitment it made to the Syncrude owners, which induced the owners to spend over \$8.5 billion of capital in the past five years," he continued.

Suncor president Rick George said the proposed changes "could have a significant impact on industry economics," and that "we will work with the government to find the right solution for Suncor and the people of Alberta."

Stelmach's report announced, unequivocally, that "the government will not grandfather existing oilsands projects."

It argued that "a level playing field" requires all operators to pay equal royalty rates.

"The government is in discussion with Syncrude and Suncor, whose Crown agreements expire in 2016, to participate in the new oilsands royalty regime," his report stated.

"The transition details will be worked out over the next 90 days."

The government's dilemma -- honouring agreements or treating everyone equally -- arises from its 1997 decision to simplify, reduce and standardize oilsands royalties.

In that generic policy, every operator pays only one per cent of gross revenue at startup until initial capital costs are recovered -- then pays 25 per cent of net revenue.

Stelmach's new framework follows that same one-and-25 formula for oil prices up to \$55 per barrel. Then the start-up royalty rises gradually to a maximum of nine per cent when prices hit \$120. After costs are recovered, the royalty rises to a maximum of 40 per cent.

When the Alberta government implemented its generic policy in 1997, it already had signed royalty agreements with Suncor and Syncrude. To bring them into the new one-and-25 policy, it agreed to not raise those rates before 2016.

(The government entered a similar agreement with Imperial Oil for its Cold Lake plant. But that deal expires at the end of 2007 and is unaffected by the new framework.)

No other operator has a Crown agreement limiting royalties.

Stelmach's strategy to avoid the contractual commitments is unclear.

"In the event the agreement cannot be reached, the government will take other measures to ensure a level playing field for all industry stakeholders," his framework report states.

In a radio interview, Friday, Stelmach said "I'm not breaking any contracts."

He insisted "it is in the best interest of their shareholders ... for those two companies to roll into the Alberta framework" -- but did not explain how they would gain by paying higher royalties.

"I have no idea what they have in mind," says Andre Plourde, chairman of the economics department at the University of Alberta, and a member of the Alberta Royalty Review Panel. "It really becomes a negotiation."

Stelmach's report also announced that all oilsands operators will pay future royalties based on an objective "bitumen valuation methodology" to ensure that the resource is not undervalued in sales between related companies.

It further stated that the provincial portion of the accelerated capital cost allowance will end, following the federal government's recent elimination of its portion. This will tend to raise taxes.

With higher royalties, however, "we anticipate there will be reduced tax revenues from corporate income in the short term," the report noted.

Plourde estimates that provincial income taxes from tax-paying operators could drop by up to 10 per cent of the oilsands royalty increase, which the Stelmach report projected at \$470 million in 2010.

Federal taxes could drop by up to 20 per cent of that amount -- with no offsetting revenue gain.

rchalmers@thejournal.canwest.com

Stelmach's royalty stand breaks sinister spell of silence

The Edmonton Journal

Sat 27 Oct 2007

Page: B1 / FRONT

Section: Cityplus

Byline: Paula Simons

Column: Paula Simons

Source: The Edmonton Journal

Is it too little? Is it too late?

Well, yes. Premier Ed Stelmach could have raised royalties more to match more closely the recommendations of his royalty review panel. And it's certainly true this review was years overdue and delaying implementation of the new regime until 2009 means another year of lost revenues for Alberta.

And yet this morning, instead of analyzing the pros and cons of a severance tax versus a royalty hike, or the wisdom of allowing oilsands companies to make payments in kind with raw bitumen, I'd like to celebrate what a sea-change in Alberta's political culture Stelmach's new royalty framework represents.

For years, Ralph Klein and his energy ministers told us our royalty system was just peachy. They told us they had done internal reviews and found no problems. Heck, Klein told us he didn't give a tinker's damn whether those internal reviews were ever done, that we didn't need them anyway.

On Thursday, Stelmach effectively admitted Albertans were lied to, that the Tory government had failed in its duty as the trustee of our natural resources.

He tacitly acknowledged that our royalty regime is an overly complicated patchwork of out-of-date programs that has failed to keep pace with rising world energy prices. And he acknowledged, too, that the energy ministry had failed to ensure we were even collecting and accounting for the all monies we were due.

The most bold and welcome part of Stelmach's new royalty framework wasn't his proposal to peg royalty rates to oil and gas prices. Nor was it his plan to streamline the hodge-podge of royalty regimes.

No, the most critical element was a tantalizing promise of a "competent administrative framework" to collect and verify royalty revenues, and to report openly to the people who own the resource: the citizens of Alberta.

Imagine. Instead of incompetence, secrecy and a coverup, we're being promised competence, transparency and accountability. Pinch me, I think I'm dreaming. (True, Stelmach has appointed former auditor general Peter Valentine, who never had a tough-as-nails reputation, to lead the accountability review. Still, it's a start.)

One of this nation's other newspapers referred Friday to Stelmach's new royalty system as a "slap in the face" for Big Oil. I'd call it more of a swift kick in the rear for Ralph Klein.

Stelmach is working hard to distance himself from his former boss, quietly undermining the Klein legacy, while positioning himself as the righteous Mr. Clean of Alberta politics.

It's a strategic stance that might ring a tad more sincere if Stelmach hadn't been a Klein cabinet minister, at the table when important decisions were being taken -- or not taken. He was a party to the laziness, drift and corporate cosiness of the later Klein years. Perhaps if he had spoken up sooner, we wouldn't have found ourselves in this mess. Then again, perhaps he'd have been out seeding the back 40 and licking his political wounds.

But while Stelmach's compromise package certainly won't please everyone, it marks a critical, landmark change in Alberta's cultural history. Just look at the robust policy discussion that's filled our newspaper pages and airwaves these last five exciting weeks.

"This has been the most open public debate we've had in this province for many years," Stelmach said at his press conference Thursday.

He's too right. And what a sad commentary on the state of democratic discourse in Alberta, where speaking out against the status quo has been a risky business.

The "revolution" began with Our Fair Share, the report of the provincial royalty review. When I first saw the tough, blunt language this group of government-appointed experts used to indict the government's existing royalty system, I was flabbergasted. I never thought I'd see the day when a government panel would speak truth to power in such a fierce way.

Burly and bearded, panel chairman Bill Hunter might not look like Prince Charming. But he and his fellow panelists spoke the magic words that jolted this province out of its somnolence, that broke the sinister spell of silence.

Over the last five weeks, Hunter and his posse, Evan Chrapko, Andre Plourde, Sam Spanglet, and Ken McKenzie, together with their wizard of a technical adviser, Pedro van Meurs, have passionately defended the rationale of their royalty recommendations, in the face of personal attacks and immense political pressure. The bafflingly dorkish behaviour of Judith Dworkin aside, the panelists stood staunchly by their words, and in so doing, gave Stelmach the cover and courage he needed to accept, albeit with moderating modifications, the bulk of their advice.

Just as importantly, Albertans on all sides of the issues got to speak their minds -- and feel themselves heard. Even the efforts of some political and business interests to skew the argument by paying

protesters to show up at the legislature, and issuing them mass-produced picket signs, couldn't derail the real debate.

So let the more hysterical Calgary and Toronto pundits talk of Albertastan or Albertainezuela, or dub us Stelmachistas. The real truth is, we've just taken a big step towards shedding our banana republic status. We're looking and sounding like a healthy, open, fractious democracy, instead of an oil-besotted oligarchy. And so, at least for today, I'm moderately proud to say, "Yo soy una Stelmachista!"-- I am a Stelmachista.

psimons@thejournal.canwest.com

'Bloodbath' a very shallow pool; Energy investors greet Alberta royalty hike with overwhelming sense of ennui

The Edmonton Journal

Sat 27 Oct 2007

Page: E1 / FRONT

Section: Business

Byline: Gary Lamphier

Column: Gary Lamphier

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Half of one per cent. That's it.

After five tortuous weeks of incendiary, anti-royalty hysteria from Alberta's powerful energy industry, the Toronto Stock Exchange's lead energy index has plunged a staggering half a point. As in 0.5 per cent.

No, that's no typo, folks. More like a rounding error. Some bloodbath, huh?

Despite threats of multibillion-dollar spending cuts, massive layoffs and a pending calamity in the oilpatch, oil and gas stocks are virtually unchanged since a six-member panel tabled its report on energy royalties Sept. 18.

Maybe the new royalty framework unveiled Thursday by Alberta Premier Ed Stelmach really has infuriated energy execs and scared the bejesus out of investors, as some alarmists insist. But I doubt it.

Their overblown rhetoric simply doesn't match the facts. As pending economic catastrophes go, this one looks like a yawner.

"We're still pretty upbeat on Alberta's prospects, going forward," says economist Derek Holt, of RBC Financial Group, which recently raised its 2008 economic growth forecast for Alberta to 4.5 per cent, tops in Canada.

"We're not as yet altering our growth forecast over the next couple of years. There might be some higher risks on the investment side (when new royalty rates kick in), but there's enough momentum to keep growth around four per cent next year."

Holt says higher royalties should also help dampen the inflationary pressures that have played havoc with budgets inside and outside the oilpatch.

Meanwhile, on the jobs front, he sees little overall impact on Alberta's economy.

It is true that TSX-listed energy stocks have lagged the uptick in oil and gas prices in recent weeks, which have risen 12.7 per cent and 9.9 per cent, respectively, since Sept. 18. But the runup in crude and natural gas prices has been offset by a simultaneous 5.4 per cent runup in the loonie, which undercuts the benefit of rising commodity prices for Canadian producers.

The bottom line: energy stocks have hit a slight speed bump, after years of record-busting, double-digit gains, as investors calibrate the modest reductions in cash flow and net asset values that will result once the new royalty regime takes effect in January, 2009. So cry me a river.

Fact is, many of Calgary's largest energy firms still boast five-year stock charts that look like hockey sticks. Even as some fear mongers continued to predict Armageddon on Friday, shares of oilpatch giants such as Husky Energy, Canadian Natural Resources and Imperial Oil were on the rise.

Shares of Suncor closed Friday at \$102.61 -- just \$1.54 or 1.5 per cent below the all-time record high, set last week.

And at \$77.02, CNRL's stock ended the week a mere \$3 or 3.7 per cent below its all-time high.

Shares of EnCana, Canada's largest oil and gas producer and a vigorous opponent of higher royalties, closed Friday at \$64.25, just a hair below the price the stock traded at before the royalty panel issued its report.

Units of Canadian Oil Sands Trust, a major investor in Syncrude, closed at \$33.20, just 3.6 per cent below their all-time record high.

Such minor declines, I'd argue, far better reflect the real-world impact of Alberta's new royalty regime than the overblown nonsense that's still gushing from the mouths of a few oilpatch execs and their sycophants.

To their credit, some investment dealers have begun to ratchet down the rhetoric. In a report issued Friday, UBS Securities played down the impact of higher royalties on share prices.

"While still imperfect, the new royalty rates for oilsands are significantly better (read: lower) than the royalty panel recommendations," it said. "The NPV (net present value) of a typical upgraded oilsands mining project declines by 2.7 per cent in a \$50 US per barrel scenario, to 5.9 per cent in an \$80 price environment."

The impact on producer cash flows is also expected to be small, it says.

"For senior producers and integrators, our 2009 cash flow estimates decline by one per cent, while trusts benefit from low well productivity, resulting in essentially no change to our cash flows," UBS says. "We expect junior producers to be harder hit, declining by 10 per cent."

Despite the modest impact, UBS says it wouldn't be surprised if energy stocks drop further, as investors digest the significance of the new rates. Its advice? "We would view such weakness as a buying opportunity." Right.

In a report issued Thursday, after Stelmach unveiled his new royalty plan, FirstEnergy Capital said most oilsands stocks had already discounted the impact of the changes in the weeks prior to the announcement, and would likely rebound Friday -- as indeed some did.

"Despite this potential challenge, we do not actually view this change as a material impairment to the longer-term value of the projects, as the effective increase in royalty rates would impact netbacks by less than four per cent, due to the bitumen-based pricing mechanisms," FirstEnergy said.

Got the message, folks? For investors who live in the real world, the royalty story is already yesterday's news.

glamphier@thejournal.canwest.com

PetroCan pushing ahead with oilsands plans

The Edmonton Journal

Sat 27 Oct 2007

Page: E3

Section: Business

Dateline: CALGARY

Source: Reuters

CALGARY - Petro-Canada is still planning major oilsands developments in Alberta, following announced changes to the province's royalty structure, although it is clear that the moves will mean higher costs, an executive said Friday.

Imperial Oil Ltd., meanwhile, said it was still assessing the potential impact on its plans for the \$8-billion Kearl oilsands project, also in northern Alberta.

Petro-Canada is conducting detailed engineering and design work on the \$26 billion Fort Hills oilsands mining development and the steam-driven MacKay River expansion, with decisions on funding expected next year.

"With what we've seen, that still is the right path for us to be taking, so we're still going full speed ahead to get to those decision points," Petro-Canada's vice-president, Andrew Stephens, said.

"There's no question that the decisions yesterday have had an impact on the economics, but what we're saying is: Let's keep working."

In the new fiscal regime, Alberta Premier Ed Stelmach rejected the idea of a new tax on oilsands production.

But the amount companies pay for oilsands projects before capital costs are recovered will range between one per cent and nine per cent of revenues, with increases starting when oil trades at \$55 a barrel and a cap set at \$120 a barrel.

After capital costs are recovered, royalties will range from 25 per cent to 40 per cent of net profits.

Imperial spokesman Pius Rolheiser said the changes are "substantial" and will mean a jump in costs at Kearl, a project his firm is planning jointly with Exxon Mobil Corp.

"Before making a decision on project funding, we'll complete further evaluations and we will obviously take into account the higher royalties that will be imposed on Kearl," he said.

Where's the \$14B?; Liberals say that's how much royalty money was not collected

The Edmonton Sun

Sat 27 Oct 2007

Page: 7

Section: News

Byline: BY JEREMY LOOME, LEGISLATURE BUREAU

The Alberta government's new royalty regime doesn't hold anyone accountable for as much as \$14 billion in oil revenue the government chose not to collect over the last seven years, the Opposition Alberta Liberals charged yesterday.

"During that time, the Tories cost taxpayers at least \$114,000 for every hour of every day, noted Liberal Leader Kevin Taft.

The problem was identified in this year's auditor general's report, which said as early as 2000, staff told the government they could be collecting \$1 billion per year without affecting oil companies' profitability. Those staff estimates later rose to as much as \$2 billion per year.

"It's even been suggested to me that the police should be called in," said Taft.

"If Ed Stelmach thinks the Alberta Liberals are going to roll over and let billions of dollars of taxpayers' money go missing, he's sadly mistaken.

HOLD GOV'T ACCOUNTABLE

"We will be working very hard to hold this government accountable for what amounts to probably the most expensive scandal in Canadian history."

He criticized Stelmach's announcement that former auditor general Peter Valentine would review his successor's findings by the end of next March.

"If Peter Valentine didn't catch these problems the first time, when he was the auditor general, he sure as heck isn't going to do anything about it now," said Taft.

The government isn't worried about Valentine's role, said Stelmach's spokesman, Tom Olsen.

"Peter Valentine is there to ensure transparency in the system and obviously we have faith in him, or he wouldn't have been appointed."

But the fact that the auditor clarified that it was a government decision, and not an error, to forgo those revenues means any review should be independent, said Taft.

He plans to make the Tories' handling of revenue a major issue in any provincial vote, with an election call expected as early as this December.

"We're going to make Ed Stelmach cough up, starting with making public all of those reports that they held back on this issue over the years.

"We've already seen two of them that confirmed this has been going on for at least seven years. What else isn't the public being told?"

There was some backlash against the new royalty regime yesterday.

The Canadian Association of Petroleum Producers told talk radio it expects some smaller producers to head to Saskatchewan if the environment in Alberta is costing too much.

And the president of the Canadian Union of Public Employees said the deal was too much of a compromise to Big Oil by allowing the industry a year-long hiatus before changing systems.

LOWEST ROYALTIES IN WORLD

"And the fact remains that, even with this increase, our royalties will remain the lowest in the world," noted Darcy Lanovaz.

One company, Canadian Oil Sands, said the government's new regimen would reduce profitability and work.

"These changes likely will reduce oilsands activity," said company president, Marcel Coutu.

However, that was countered by Petro-Canada's announcement that it would not slow down its \$15 billion worth of new projects in the oilsands.

Stelmach announced Thursday a revamped oil royalty system that could increase the government's take by \$1.4 billion by 2010.

It's based on a sliding scale that sees payments to the government increase or decrease based on the market price of oil.

Alberta messes with success

The Edmonton Sun

Sat 27 Oct 2007

Page: 10

Section: Editorial/Opinion

Byline: BY LICIA CORBELLA

Column: Editorial

Don't mess with a good thing.

If it ain't broke, don't fix it.

Those are just a couple of colloquial sayings Alberta Premier Ed Stelmach should have brushed up on before he messed with the royalty framework governing energy industries that have filled Alberta's and Canada's coffers.

Well, he's tinkered and it's still too early to know if he has done lasting damage to the industry in Alberta.

Nevertheless, it is obvious that he has already damaged Alberta's reputation as a pro-business jurisdiction where a contract is, well ... a contract that will be honoured and not unilaterally shredded for potential political gain.

On Thursday, when Stelmach announced that his supposedly conservative government would break existing contracts with big energy players and raise the province's royalty take by \$1.4 billion a year, he stated he was "confident" that he found the "right balance" between giving Albertans a "fair share" of their non-renewable resources and maintaining the kind of business climate that attracts investment into the capital-intensive oil and gas sector.

This has potentially huge implications for the entire country.

In the last fiscal year, Alberta gave Ottawa \$15 billion net in taxes. Over that same 2006-07 time period, the feds recorded a \$13.8 billion budget surplus.

You don't have to be an economist or even good at arithmetic to figure out that without Alberta being one of this country's few "have" provinces, Canada's federal government would have recorded a deficit.

Stelmach said the Crown agreements Alberta has with Syncrude and Suncor that expire in 2016 will be renegotiated.

That's a lousy way to treat the very companies that pioneered oil sand development in the first place.

Suncor began construction of the first oilsands plant in 1963 back when a barrel of oil sold for \$3 US. It didn't start making money for 11 years! It took vision, risk and a positive business climate to build the oilsands development in northern Alberta.

It would appear Stelmach has forgotten that, along with a few old sayings.

Small-cap producers most hurt by royalty; Analysts' Reaction

National Post

Sat 27 Oct 2007

Page: FP11

Section: Financial Post

Byline: Jeffrey Jones

Dateline: CALGARY

Source: Reuters

CALGARY - Alberta's \$1.4-billion hike in energy royalties has sparked warnings that output will wane as the industry cuts spending, but the financial hit could have been much more severe.

With oil prices surging, Alberta Premier Ed Stelmach says royalties will increase and be more closely tied to swings in the market. Many measures are less aggressive than those recommended by a review panel he appointed.

Analysts said small producing firms that rely mostly on conventional oil and gas drilling will be most affected under the new terms, which take effect in 2009. Developers of the booming oil sands projects were spared some of the biggest hits the review panel proposed, including a new tax on output.

Mr. Stelmach rejected that tax, but will impose changes that will force producers of the unconventional resources -- the largest oil deposits outside the Middle East -- to pay more when prices jump.

Oil closed at a record US\$91.86 a barrel yesterday.

"The belief was [oil sands] would bear the brunt in the exorcising of the royalty demons. In fact when I take a look at it I think what they did was right. They took a balanced perspective," FirstEnergy Capital analyst William

Lacey said. "They didn't do it to the point where you've crucified the projects."

Alberta has attracted an unprecedented influx of investors as the world oil industry took notice of the vast oil sands and oil prices soared. That has created big strains on housing, schools, hospitals and roads, leading many residents to believe that the oil industry is not paying its fair share.

Mr. Stelmach has said the status quo was not an option, but he also promised predictability and stability for the industry.

Despite higher royalties when the changes take effect in 2009, shares in most companies did not tumble.

Some analysts said the changes still ignore the high costs of producing oil and gas in the province.

"I don't think the province understands the existing margin squeeze," Octagon Capital analyst Jeff Fiell said.

"The objective is to expand the size of the pie, but increasing royalties puts an additional squeeze on margins, which will actually shrink the pie."

Drilling is already slumping due to low natural gas prices.

Robert Pearce, president North West Upgrading, which is developing a \$4.2-billion plant to turn gooey crude from the oil sands into refinery-ready light oil by 2011, said he is pleased with part of new structure that will ensure more such processing in Alberta.

The government aims to take heavy bitumen as a royalty payment, and process it at plants like the North West one.

Royalty change no stake in heart

National Post

Sat 27 Oct 2007

Page: FP1

Section: Financial Post

Byline: David Berman

Column: Ahead Of The Bell

Source: Financial Post

Investors have spoken, and they do not care.

Ed Stelmach, the Premier of Alberta, followed through on Thursday on recommendations to raise royalty rates in the oil-patch, and in the process he has raised the ire of many companies that operate in the sector. Some observers, who bought into the hype, say the sector is now ruined, and that stocks and income-trust units could plummet as much as 20%.

The reality? Amid hand-wringing and protests, the sector held up remarkably well yesterday. After an initial dip, the S&P/TSX energy index of 74 companies rose 0.45%.

That was on the first day of trading after Mr. Stelmach unleashed his list of changes, which kick in at the start of 2009 and will bring in an estimated \$1.4-billion in additional government revenue.

From an investor's perspective, it appears that the much-feared royalty grab by the Alberta government is more of a pinch. And a light pinch at that. After all, the energy index remains about 10% higher than its near-term low in mid-August, when it rebounded because of diminishing concerns about a slowing global economy, surging oil prices and tension between the United States and Iran -- the factors that get people truly interested in energy companies.

"Uncertainty in the Middle East is contributing to the recent upward momentum in oil prices and it drives home the fact that Canada, even with these new, higher royalty costs, remains an attractive location for investment," said John Johnston, chief strategist at The Harbour Group at RBC Dominion Securities, in a note to clients.

Of course, the collective savvy of investors has never approached that of, say, Warren Buffett. But in this case, the upbeat masses seem to have it right: As much as the Alberta government's desire for a bigger slice of the province's energy pie might be annoying, it does not amount to a stake through the heart of the sector or an act of lunacy on the part of a profit-hating premier.

Investors can also see that, with oil prices closing in on US\$92 a barrel (or about 50% higher than many of the forecasts used by notoriously conservative oil producers and analysts), the \$1.4-billion in additional royalties represents a very small extra slice of pie.

Canadian Oil Sands Trust, one of the key players in the oilsands, had the biggest negative impact on the energy index yesterday. Its units fell all of 1.2%, which is a far cry from the sort of catastrophe that had been predicted for the sector by some particularly vocal opponents of change. Meanwhile, the shares of Imperial Oil Ltd. rose 2.7% and Canadian Natural Resources Ltd. rose 1.1%.

Only small-cap companies felt any pain. Galleon Energy Inc. and Highpine Oil&Gas Ltd. fell 11.1% and 16.6%, respectively, because of their greater exposure to Alberta and the fact their production will

be subject to particularly cumbersome royalty rates. However, their small size (have you ever heard of them?) means that their impact on the overall index has been slight.

"I think it's going to pay to be more selective because not everybody is going to be treated equally here," said Dean Orrico, chief investment officer at Middlefield Capital.

"I think you have to look at who the various players are, where they are operating and where they are in their continuum of building out their oilsands projects. I think the large-caps and the trusts are going to be in not-bad shape here."

Clearly, investors are betting on strong energy prices more than anything else. If they are right, Mr. Stelmach's notorious cash grab will soon be forgotten.

Syncrude partner willing to talk on royalty regime; Legal Deals Exist

National Post

Sat 27 Oct 2007

Page: FP6

Section: Financial Post

Dateline: CALGARY

Source: Reuters

CALGARY - The firm with the biggest stake in the Syncrude Canada Ltd. oilsands venture said yesterday it is willing to talk to the Alberta government on changing Syncrude's royalty structure, but issued a reminder that its terms are part of a legal contract.

Canadian Oil Sands Trust, which has a 37% stake in the sprawling oilsands mining and synthetic crude venture, said its terms have helped prompt \$8.5-billion in Syncrude spending over the past five years and create 5,000 jobs.

Its royalty terms and those of rival Suncor Energy Inc. do not expire until the end of 2015. Premier Ed Stelmach has said Alberta would negotiate with the two operations to agree to a transition to the new royalty framework.

"While we are open to honest and productive discussions with the Alberta government, we must ensure that our legal rights are preserved," Marcel Coutu, Canadian Oil Sands's chief executive, said in a statement. "We would expect that the Alberta government would honour the contractual commitment it made to the Syncrude owners."

Meanwhile, Petro-Canada is still planning major oilsands developments in Alberta, following announced changes to the province's royalty structure, although it is clear that the moves will mean higher costs. Imperial Oil Ltd., however, said it was still assessing the potential impact on its plans for the \$8-billion Kearl oilsands project, also in northern Alberta.

Petro-Canada is conducting detailed engineering and design work on the \$26-billion Fort Hills oilsands mining development and the steam-driven MacKay River expansion, with decisions on funding expected next year.

"With what we've seen, that still is the right path for us to be taking, so we're still going full speed ahead to get to those decision points," said Andrew Stephens Petro-Canada's vice-president.

"There's no question that the decisions yesterday have had an impact on the economics, but what we're saying is: Let's keep working."

In the new fiscal regime, Mr. Stelmach rejected the idea of a new tax on oilsands production. But the amount companies pay for oilsands projects before capital costs are recovered will range between 1% and 9% of revenue, with increases starting when oil trades at \$55 a barrel and a cap set at \$120 a barrel. After capital costs are recovered, royalties will range from 25% to 40% of net profits.

Imperial spokesman Pius Rolheiser said the changes are "substantial" and will mean a jump in costs at Kearl, a project his firm is planning jointly with Exxon Mobil Corp.

"Before making a decision on project funding, we'll complete further evaluations and we will obviously take into account the higher royalties that will be imposed on Kearl," he said.

Canadian Oil Sands also said it believed the royalty changes will reduce spending in the oilsands sector.

"These changes likely will reduce oilsands activity. Some projects may no longer proceed on the same timetable, if at all, and some of the lower grade oilsands resource, which form part of every project, may never be recovered due to a now higher economic threshold," Mr. Coutu said.

Synchrude is the largest oil sands producer, pumping up to 350,000 barrels a day. Its other owners are Imperial, Petro-Canada, ConocoPhillips, Nexen Inc., Nippon Oil Corp. unit Mocal Energy Ltd and Murphy Oil Corp.

Taxpayers foot bill to sell royalty plan

The Calgary Herald

Sat 27 Oct 2007

Page: A3

Section: News

Byline: Jason Markusoff

Dateline: EDMONTON

Source: For The Calgary Herald

Albertans may reap \$1.4 billion in extra royalties in three years, but right now they're on the hook for a \$225,000 government ad blitz that critics say is just Premier Ed Stelmach brazenly trying to boost his pre-election image.

It kicked off Friday morning with large advertisements in major newspapers provincewide. They prominently featured the premier, and say the new royalty system offers "future generations of Albertans their fair share," but offers no details of the plan.

"Clearly partisan ads, clearly political ads paid for by the taxpayer -- that's completely offside," Liberal Leader Kevin Taft told reporters.

Stelmach's TV address this week cost taxpayers an additional \$124,000.

This new 10-day publicity campaign includes ads on radio and in weekly newspapers, government spokesman David Sands said. He reasoned that after about 9,000 people phoned or wrote the government about the royalties issue, it was necessary to advertise the announcement.

To the right of the premier's shoulder, the print ads display the main government phone line and website. Beneath, in much bigger text, is the tag line, "Building tomorrow: A plan to secure Alberta's future."

"It wouldn't have struck me as a government ad if it wasn't for the provincial coat of arms," said Scott Hennig of the Canadian Taxpayers Federation.

"That's \$225,000 just for a campaign to say, 'I made a commitment and I delivered'?" Hennig asked, referring to the ad's giant headline.

"Sounds like an election slogan."

Embattled Stelmach basks in glow of master communicator

The Calgary Herald

Sat 27 Oct 2007

Page: A8

Section: News

Byline: Robert Remington

Column: Robert Remington

Source: Calgary Herald

A lot of things went right for Ed Stelmach on Friday. Oil and gas shares rose slightly. Nobody jumped out the windows at Bankers Hall.

And Tony Blair delivered a speech that, between the lines, painted Alberta as the envy of a country that is destined "to be one of the most powerful nations in the world."

After 24 hours of energy industry bleating about Ed Chavez turning Calgary into Caracas on the Bow, Alberta did not fall into the flaming pits of hell. Oil closed at a record \$91.86, tempering market reaction to Stelmach's higher royalty regime.

And Blair, the former British prime minister, couldn't have been more helpful to the beleaguered Alberta premier.

Although Blair never commented directly on the higher royalty rates announced by the Stelmach government Thursday, he delivered a geopolitical message that should be music to the ears of Albertans.

Safe and secure energy supplies, Blair said, are one of the most valued resources in a world of shrinking commodities and growing demand.

"In western Europe, stable sources of energy are the single most strategic thing other than the fight against terrorism," Blair said.

One of the most dynamic speakers on the planet, Blair seemed to be delivering a ready-made script for Stelmach, one of the dullest.

After listening to Blair's message about a world that must increasingly rely on unstable energy producing nations, Alberta seemed like a pretty good place to be, even with royalty uncertainty running rampant in a pouting industry.

The former British PM, who never shied away from making tough decisions in his decade in power, also buoyed Stelmach's confidence when he talked about not backing down in the face of criticism: "Once you make the change, people think that's the way it always was," Blair said.

At the end of the day, Eddie was feeling steady and self-assured. He emerged from Blair's speech and marched straight into a scrum of reporters, quoting a leadership line from the former PM's speech and said he won't back off his royalty decision.

As poised as Stelmach tried to appear, it was a hard act to follow. Blair is the type of impressive leader that Albertans can only wish they had. Whether Stelmach has made the right decision or not, the uncharismatic Alberta premier, compared to Blair, seems more like a middle manager than a leader.

Blair's popularity at home plummeted due to his alignment with the Bush administration, and he may have a thankless and low-paying assignment as special envoy for the Middle Eastern quartet (Russia, the United States, the European Union and the United Nations).

But Blair will do just fine in retirement, thank you very much, with a near-record book deal this week that will pay him an advance of nearly \$9 million for his memoirs.

He's going to be a hit on the lecture circuit. He was certainly shaking his money maker during Friday's speech, his first in Canada after retiring from politics and just six days after his first major post-political speech last week in New York.

He earned a rapturous standing ovation from a Calgary crowd that paid \$400 a plate. They gave him a standing ovation before he even began, and applauded often during his 35-minute talk.

Blair delivered a passionate plea about standing firm against global terrorism, dropped a few funny stories, and took part in a post-talk Q&A with Frank McKenna, the former New Brunswick premier and Canadian ambassador to the U.S.

Blair, a master communicator, was confident and eloquent.

Just the kind of leader that a global energy-producing power like Alberta could desperately use.

rremington@theherald.canwest.com

Stelmach did what he had to do

The Calgary Herald

Sat 27 Oct 2007

Page: A28

Section: The Editorial Page

Byline: Nigel Hannaford
Column: Nigel Hannaford
Source: Calgary Herald

If this royalty review thing goes wrong, Albertans should blame themselves.

They won't, of course. They'll blame Premier Ed Stelmach. And the premier would be partly the author of his own misfortune for the politically retarded way the review was handled. But one must still concede Stelmach's errors, such as releasing Bill Hunter's report unexamined, stem mostly from his zeal to be open and transparent.

If this is a sin -- and in politics, honesty is usually punished -- it is a modest one.

It is Albertans who should examine themselves for their part in a story that reads like a morality play: People who handled adversity well got spoiled and now may learn humility the hard way.

To be blunt, we're living fatter than hogs. No provincial government spends more for every one of its citizens than Alberta, a galumphing \$9,526, or about \$2,000 more than Manitoba or Saskatchewan. And having paid off the debt, we even figure we deserve it.

That makes us hard to govern well. No leader will be popular who keeps a tight rein on spending: Nor is the road to election victory paved with promises to beef up the Heritage Fund, so there's an Alberta advantage from these irreplaceable resources left for our grandchildren. Let posterity take care of itself.

Instead, everybody has a plan to spend everything: If there was one cliché I would ban from the letters page, it would be, "In a rich province like Alberta, it's outrageous that . . . (fill in pet cause)." Zounds! There couldn't be enough money in the oilsands to pay for the comfortable hammock some folks want.

Worse, we have forgotten where the money comes from. Read the bumper sticker, people: "Oil feeds my family, and pays my taxes."

No disrespect to folks from Saskatchewan and Manitoba, but if you want to know what Alberta would be without oil, look east: Debt, potholes and high taxes. Yet folks who six weeks ago didn't know a blow-out preventer from a tradable royalty credit, couldn't explain the oilsands severance tax and still can't were convinced overnight beyond argument that the industry wasn't the best thing that ever happened to Alberta, but a mugger. (Eighty-seven per cent of those polled a week after Hunter released his report reckoned Albertans weren't getting their fair share.)

And, by the way, the industry also rapes the environment, poisons the atmosphere with CO₂ and creates so many jobs, there aren't people left to pour a latte.

Never mind companies like Suncor and Syncrude are great corporate citizens, took big risks in tough areas but built a massive industry anyway, were environmentally aware before they had to be, encouraged First Nations to work for them and paid billions in royalties that paid for hospitals 1,000 kilometres from their site. They're still snatchers of pennies from the eyes of the dead.

Item: In the last 10 years, Albertans have had \$85 billion in resource revenues. Some people would like our problems, and our corporations, if they had our money.

It's like 87 per cent of us have a perverse Second Life alter ego. Listen to yourselves.

You should, because your premier did. I don't know Stelmach personally, but based on what I hear from people who do, and a few meetings, I think I like what he's all about. And I reckon, for a Ukrainian farm boy from Vegreville who would fix his own tractor if he had to, this culture of unfrugality is anathema.

But excess is what Albertans reward, and it costs a lot of money to keep it up.

How much? If Alberta spent at Saskatchewan's per capita rate for its 3.3 million citizens, it would spend about \$25 billion a year, not \$30 billion.

It can't go on. It all depends on oil and gas royalties, and the only way for Stelmach to stave off the inevitable reckoning of Albertans' extravagant tastes is to squeeze the industry for still more.

Which he is doing.

The folks who tell me Stelmach doesn't understand the industry underestimate the man. A farm is a pretty good place to learn the economic facts of life at a very tender age.

But unless he wanted to go back and tell the municipalities, the school boards, the health regions, the cultural groups, the homeless, the helpless and the lost that they would have to accept cutbacks, the man had no choice. This province is mainlining money, and he's responding.

Of course, there may be a price to pay, in industry slowdown and job losses. So if things go bad, look in the mirror, and say this: "In a democracy, you can't grumble if the government gives you what you ask for."

Then, turn off the light before you go to the bank to drop off the keys.

nhannaford@theherald.canwest.com

Enmax plans power plant; Crossfield facility to be built by '09

The Calgary Herald

Sat 27 Oct 2007

Page: C5

Section: Calgary Business

Byline: Geoffrey Scotton

Source: Calgary Herald

City-owned Enmax Corp. announced Friday it will build an up to \$150-million plant near Crossfield, providing 120 megawatts of gas-fired electricity to Calgary and southern Alberta when existing transmission capacity tops out late in 2009.

"It will help the Alberta Electric System Operator in its task of ensuring adequate power for southern Alberta," said Enmax chief executive Gary Holden. The city-owned natural gas and electricity utility that serves roughly a third of Albertans hopes to have the plant --which could cost upwards of \$156 million -- built by mid-2009.

"As a rapid-response, natural gas-fired facility, it will help stabilize the province's southern transmission grid and thereby support the introduction of further wind farms," Holden added.

Enmax also has plans for a larger 1,200-megawatt combined cycle facility, gas-fired and gas-from-coal-fired on Calgary's doorstep that should be producing power by 2011.

The Crossfield plant would be a so-called peaking facility, used to supply power at times of the day when demand is highest, or during periods when base-load plants, such as coal-fired stations near Edmonton, are off-line for maintenance or other issues.

Peak load periods tend to occur during temperature extremes, either during winter cold snaps, particularly through the Christmas holiday season and in the summer, when electricity demand for fans and air conditioners surges along with the mercury.

Enmax expects the plant to operate between 15 and 45 per cent of the time. It will have the added advantage of reducing significant so-called line losses, which occur when high voltage electricity is sent over long distances, in this case from the Lake Wabamun area west of Edmonton.

The announcement comes on the heels of the decision in September by the Alberta Energy and Utilities Board to cease hearings and cancel previous decisions on a controversial 500-kilowatt, up-to-\$600 million transmission line reinforcement between the generating centre west of Edmonton and the rapidly growing load area in and south of Calgary.

"I think it's an ideal time," said Allen Crowley, an industry consultant with Energy Demand Consulting Associates Ltd. in Calgary. "It is a pretty nice spot," he added, noting the location close to Calgary.

"With the north-south line definitely not in until 2011-12, there're two probably very good years of payback."

AESO and other industry officials have said repeatedly the new line needed to get built prior to the fourth quarter of 2009 or risk the possibility of rotating blackouts in the southern part of the province as demand exceeds supply. Nonetheless, in the wake of the EUB's decision, prompted by an admission it had spied on landowners opposed to the line, Alberta Energy Minister Mel Knight has said the province has contingency plans to keep the lights on in Calgary and the southern half of the province.

"Anybody who can get in the ground during that time will probably do very well," said Crowley.

gscotton@theherald.canwest.com

Small fish may be fried by royalty structure hike - analysts

The Edmonton Journal

Sat 27 Oct 2007

Page: E3

Section: Business

Source: Bloomberg News

Alberta's plan to increase oil and natural gas royalties beginning in 2009 will hurt energy companies that don't have oilsands assets or international projects, Calgary brokerage FirstEnergy Capital Corp. said.

Under the provincial plan, the royalty rate on a well producing 100 barrels of oil a day will rise to 44 per cent from 29 per cent at an oil price of up to \$75 a barrel, FirstEnergy said Friday. Crude oil traded as high as \$92.22 a barrel in New York Friday.

"The landscape of opportunity for the smaller capitalized juniors has shrunk discernably," FirstEnergy analysts Robert Fitzmartyn and Cody Kwong said in a research note.

"Economics will be challenged for both natural gas and oil projects, particularly on exploration projects."

Alberta, on Thursday, announced plans to raise royalties to gain an additional \$1.4 billion in government revenue in 2010.

There will be no exemptions for existing projects.

Galleon Energy Inc. fell \$1.80, or 11 per cent, to \$14.45 in Toronto. Highpine Oil & Gas Ltd., a producer that sold its first shares in 2005, dropped \$1.80, or 17 per cent, to \$9.05. Duvernay Oil Corp. declined \$1.20, or 3.5 per cent, to \$32.96. All three companies are based in Calgary.

The new royalty system reduces Highpine's net asset value by 31 per cent to \$8.31 a share and Galleon's value by 18 per cent to \$13.71 a share, FirstEnergy estimated. Duvernay's value is seen declining 15 per cent to \$21.01 a share.

Galleon and Highpine "have high-productivity wells that are going to be subject to higher royalties," said Glenn

MacNeill, who manages the equivalent of \$1.04 billion at Toronto-based

Sentry Select Capital Corp.

"They will be penalized the most."

The new policy will "deepen the gloom" for smaller producers, said

Jeffrey Fiell, an energy analyst at

Calgary-based Octagon Capital Corp. "It squeezes the margins more and the attractiveness to investment from outside Alberta, and outside Canada even, is a lot less.

Larger companies obviously can absorb the changes a lot easier."

Is this how we are going to do business in Alberta?

The Calgary Herald

Sat 27 Oct 2007

Page: C1 / FRONT

Section: Calgary Business

Byline: Charles Frank

Column: Charles Frank
Source: Calgary Herald

Let's get one thing straight right off the bat: the people at Syncrude and Suncor don't need anyone to fight their battles for them.

But someone does need to ask what the hell Premier Ed Stelmach is doing by arbitrarily scrapping the contractual agreements under which the country's two initial oilsands producers currently operate and which are not due to expire until 2016.

Is this how we are going to do business now in Alberta?

If so, people are going to start referring to us in the same breath as Venezuela, Ecuador or, heaven forbid, Nigeria.

Those, as most of us are well aware, are jurisdictions in which despotic government leaders wake up in the morning and decide to change the rules of how business is carried on simply because they can do so -- and because they don't give a damn about continuity or maintaining a stable economic environment.

No surprise, then, that international corporations are abandoning those countries as fast as they can.

We're supposed to be different. That difference -- our much ballyhooed stable economic environment is supposed to be one of the fundamental tenets of the so-called Alberta Advantage -- is what has, until this week, made us arguably the most desirable jurisdiction to explore for oil and gas in the world.

Today, thanks to the government's unilateral actions, that is no longer the case.

After taking the time to digest the neutron bomb Stelmach dropped on the country's historic oilsands developers, Canadian Oil Sands (one of Syncrude's owners) president Marcel Coutu had this to say Friday:

"While we are open to honest and productive discussions with the Alberta government, we must ensure that our legal rights are preserved. We would expect that the Alberta government would honour the contractual commitment it made to the Syncrude owners, which induced the owners to spend over \$8.5 billion of capital in the last five years."

No kidding. And you can bet a host of global companies such as Royal Dutch Shell, which are gambling billions of dollars on the oilsands, are watching this little drama unfold with more than a passing interest. Ditto for global investment bankers, who, all other things being equal, will look to places where they can get the biggest bang for their dollar.

And guess what? That's not necessarily here in Alberta. Yes, we all know there has been a lot of bluster from the oilpatch during the last few weeks. Much of it is posturing. But is it wise to start playing Russian roulette with our most lucrative and vital resource -- at a time when record oil prices are making everyone re-evaluate risk premiums?

And don't tell me that the oilsands will get developed no matter what. We're not going to have \$90 oil forever, bucko.

But there's much more to this issue, as anyone who has had the good fortune to visit Fort McMurray and tour either the Syncrude or Suncor sites will assuredly attest.

Without Syncrude and Suncor (and not forgetting the groundbreaking efforts of the Alberta Oil Sands Technology Research Association), there would not be some \$130 billion worth of oilsands projects, upgraders and related facilities on the province's drawing boards today. They -- and they alone -- paved the way for the Albions and Fort Hills and the Horizons that represent this province's future economic well-being.

In case you missed it, oil from Alberta's oilsands producers now exceeds that from conventional sources in Canada, and with the second largest deposit of recoverable oil in the world lurking in the Wood Buffalo region that surrounds Fort McMurray and oil finally getting its due as a precious global commodity, we are poised to cash in on that wealth for generations to come. Without the foresight and financial risks taken by Syncrude and Suncor over the last 30 years, there's no doubt that the oilsands would be just that -- hundreds of kilometres of oil-soaked sand and barren shield -- instead of the province's burgeoning economic engine.

And how does our premier choose to reward those companies for generations of investment and initiative?

By giving them 90 days to walk away from valid contractual agreements and sign on to a plan cobbled together in the back rooms of the Department of Energy -- to fulfil a political agenda that is questionable at best -- in five short weeks.

Friday, the premier, in words that evoked memories of former U.S. president Bill Clinton's infamous declaration that "I did not have sex with that woman," tried to suggest that the government was not breaking any contracts with respect to Syncrude and Suncor.

A day earlier he had mused that the government's edict that a "new agreement" be worked out, was in fact something the companies' shareholders should welcome.

It's hard to know who should be more insulted: company officials, shareholders or rank-and-file Albertans who have been the direct beneficiaries of the risks taken and investments made by the nation's two oilsands pioneers for more than three decades.

cfrank@theherald.canwest.com

Higher royalties spur fears of massive job losses; Drilling sector fears the impact of new regime

The Calgary Herald

Sat 27 Oct 2007

Page: C4

Section: Calgary Business

Byline: Shaun Polczer

Source: Calgary Herald

Roughnecks are facing a winter of discontent characterized by layoffs and idle drilling rigs as oil and gas companies digest the impact of higher royalties, industry insiders said Friday.

The drilling sector, already ravaged by low natural gas prices, is reeling in the wake of Premier Ed Stelmach's decision to increase the amount of money it takes from oil and gas production.

The biggest impact will be felt in the field, said Don Herring, president of the Canadian Association of Oilwell Drilling Contractors (CAODC) who predicted as many as 30,000 fewer jobs during what is usually the busiest time of year for drilling companies.

"The winter season is toast," he said. "It was already toast before yesterday and all the report did was cement the uncertainty that had been lingering for months. We're at a loss . . . we're very disappointed."

Herring said well counts and active rigs were already down 30 per cent from last year and off 40 per cent from the 2006 peak, which saw about 25,000 wells. He predicted even further reductions in 2008.

"That's the reality based on current gas prices . . . gas is already uneconomic in Western Canada. People look at very high oil prices and think, 'this is great'. But this is a gas prone basin."

Roger Soucy, who heads the Petroleum Service Association of Canada (PSAC), said pink slips were already going out prior to Thursday's announcement.

The association, whose member companies employ almost 70,000 people, relies on a "trickle down" economy derived from the spending of oil producers.

The group will update its annual forecast next Tuesday, but Soucy said he isn't hopeful.

"It's hard to know what the effect will be at this point. But taking \$1.4 billion out of the system -- I can't see how that increases activity."

Michael Heier, CEO of Trinidad Energy Services Income Trust, said his company could employ as many as 4,000 people this winter or as few as 2,000.

"As soon as those rigs are laid down, those people are gone."

Heier said Trinidad is still recovering from the federal government's decision last October to change the tax rules for income trusts.

"What happened then was similar; now it's happening in Alberta. A lot of people were damaged in that process and now what I see is people being damaged again."

Gary Leach, president of the Small Producers and Explorers Association of Canada (SEPAC), said the royalty measures hit smaller juniors and microcaps disproportionately harder than the rest of the industry.

"Exploration by definition is a higher-risk business and this has the potential to discourage exploration. We have some great little companies exploring for natural gas and they're in trouble."

Although the royalty changes don't take effect until 2009, EnDev Energy Inc. CEO Cameron MacGillivray said the company will "definitely change the way we approach 2008."

EnDev, which derives 80 per cent of its production from natural gas at Drumheller and Majorville, spends about \$40 million a year.

MacGillivray said he's worried some of the smaller players will take it on the chin.

"I think it will be a real damper for all those juniors on the exploration side. That's where all the excitement has been in the industry, the exploration and small companies making big discoveries."

EnDev shares lost two cents in Toronto Friday, to close at 90 cents.

spolczer@theherald.canwest.com

Oilpatch says some projects may no longer be viable

The Calgary Herald

Sat 27 Oct 2007

Page: C5

Section: Calgary Business

Byline: Geoffrey Scotton

Source: Calgary Herald

As the sun rose yet again Friday in the wake of sweeping changes to Alberta's oil and natural gas royalty rules, industry players reacted with largely measured responses, but a common theme emerged that at the individual level some projects and drilling programs may no longer be viable.

"By reducing our industry's profitability, these changes likely will reduce oilsands activity," said Marcel Coutu, chief executive of Canadian Oil Sands Trust, the largest single shareholder in the Syncrude Canada Ltd. consortium.

Oilsands projects saw big royalty changes with Thursday's announcement by Premier Ed Stelmach, including substantial increases to royalties both before and after capital cost payout, with royalties rising as oil prices climb above \$55 US per barrel. On Friday, oil traded as high as \$92.22 US per barrel before closing at \$91.86, an all-time high.

"Some projects may no longer proceed on the same timetable, if at all, and some of the lower grade oilsands resource, which form part of every project, may now never be recovered due to a now higher economic threshold," Coutu added.

Other analysts were less sanguine.

"In effect, conventional oil got hammered, oilsands got hit and we really need a lot more clarity on the conventional (natural) gas side," said George Gosbee, president and chief executive of Calgary-based energy-focussed investment bank and brokerage Tristone Capital Inc.

"Overall, we view that the premier had a chance to do the right thing and, we think, he failed to deliver," Gosbee added, also slamming the method in which the province released the information about the royalty changes.

By contrast, UBS Securities Canada Inc. said, "fundamentally we believe that the royalty impact is modest."

"Based on our estimates of Alberta-based production, we estimate that corporate royalty rates will rise only modestly (less than five per cent)," said an analysis produced by UBS's Grant Hoffer, Andrew Potter and Memet Kont.

FirstEnergy Capital Corp. said the oilsands royalty changes were milder than they might have anticipated. "We were positively surprised regarding the proposed royalty structure for oil sands," the Calgary-based energy brokerage and investment firm said.

"Integrated mining projects should see less than a four per cent impact . . . while standalone SAGD projects will see roughly twice that due the lower value end-product," FirstEnergy added, saying new royalties would be a negative for conventional and junior exploration and production companies.

And there was some acknowledgement that Stelmach and Energy Minister Mel Knight had sought to dull some earlier royalty increase proposals. Nonetheless, both the government's new framework and recommendations from a royalty review panel are anticipated to boost royalties by about 20 per cent, with the government's plan adding \$1.4 billion more than without the changes to the government's coffers in 2010.

"The government sought very hard to achieve some sort of a balance here," said Brant Sangster, the former senior vice-president of PetroCanada and now a senior adviser to Deloitte Canada's energy & resources practice in Calgary.

"There doesn't seem to be any question about it that industry has to view it as being an extra burden that the economics of projects will have to carry to some degree," Sangster added. "Depending on where you are in your project and whether you can do anything to ameliorate the effects is something that each project is going to have to consider on its own."

As oilsand pioneers, Syncrude and Suncor Energy Inc. have stand-alone legal agreements with the government on royalties, which the government is seeking to reopen.

Coutu said Syncrude is willing to talk, but may also convert to a bitumen-based royalty as the province explores a bitumen valuation scheme.

"While we are open to honest and productive discussions with the Alberta government, we must ensure that our legal rights are preserved," Coutu said. "We would expect that the Alberta government would honour the contractual commitment it made to the Syncrude owners."

PetroCanada said it was clear that development costs will rise, but the company will press ahead with design and engineering for its \$26 billion Fort Hills oil sands project and the steam-driven MacKay River expansion, with decisions on funding expected next year.

"With what we've seen, that still is the right path for us to be taking, so we're still going full speed ahead to get to those decision points," Andrew Stephens, PetroCanada's vice-president of corporate relations said.

Crescent Point Energy Trust, which had said in the wake of the review panel's recommendations it would reduce to zero its 2008 capital spending in Alberta, softened its stance Friday. "The trust will study the royalty announcement in detail before committing future capital to the province," Crescent Point said in a release.

gscotton@theherald.canwest.com

What is Alberta's fair share?

National Post

Sat 27 Oct 2007

Page: A22

Section: Editorial

Byline: Andrew Coyne

Column: Andrew Coyne

Source: National Post

How much money does the government of Alberta really need? The province has surpluses coming out its ears. It has \$16-billion sitting in the Heritage Savings Trust Fund. It has no net debt. All this, even though it spends more per capita than most provinces. You would think it would be looking for ways to cut taxes. Yet the only thing the province has on its mind is how to extract more, ever more from its bread-and-butter industry, oil and gas.

You would think it would occur to someone to ask: do we actually need more? Even if the province were not taking in massive surpluses, year after year after year, would it not be sensible to ask: is every dollar the government spends sacrosanct? Does it spend more in some areas than it needs to? Are there in fact some areas in which it is now spending where it should not be spending at all? If so, should it not stop?

Yet the case for taking more from the oil industry seems wholly divorced from any such discussion. No one even bothers to pretend the money is needed. Rather, it is put wholly in terms of principle: The oil belongs to the people. We deserve our fair share. Because it's there, in other words. If we can take it, we should.

It's all reminiscent of the way professional athletes approach a salary negotiation. It isn't as if they need that extra \$5-million, on top of the \$50-million they already make. It isn't even that they deserve it. It's just that they'll be damned if they'll let the owners have it.

Why a 65% share of revenues from the oilsands is "fair," whereas a 47% share is "unfair," is another fascinating question, one that the government has made no attempt to address. The principle appears to be that "fair" equals "more." Very well: would 75% be fairer still? And why is it "fairer" that the government should have it than the oil companies? Have they done something to earn it?

If the answer is that "the oil belongs to the people," why should that be so? Is that self-evidently fair? Might some other arrangement be even fairer? Do "the people" even own it, in any

meaningful sense? Can an Albertan sell his share, if he wants to? Can he rent it out? Borrow against it? Can he in fact exercise any of the rights that ownership ordinarily entails?

No, he cannot. It isn't "the people" that own the oil, it's the state, though it prefers to represent itself as "the people." As our own Terence Corcoran has demonstrated, there is no divine right that decrees the province's oil and gas reserves should belong to the state. Such is not true of other natural resources, in other jurisdictions. It's not true of some of Alberta's oil now -- 9% of the province's oil lands that are privately owned. And so far as the remainder are in state hands, that's only because, as Terence puts it, "they took it."

But never mind. Suppose the province should continue to own the oil. And suppose its sole interest is in maximizing the revenues accruing therefrom. Is this the best way to go about it?

At the moment, everyone's stumbling around in the dark. The government demands the industry pay more, but it has no way of knowing how much it will actually collect: it depends on how much less drilling activity results. The industry makes all sorts of dire threats, but no one knows whether they are bluffing. Possibly even they don't.

The unspoken assumption is that royalties are a kind of tax. But in reality, they're more like a price: the price of drilling oil on Crown land.

As the owner of something, I have two ways of putting a price on it. I can just pick a number, and tell everybody to take it or leave it -- which is more or less what the Alberta government has just done. Or I can put it up for

auction.

If I set the price by fiat, I always have to worry about whether I've set the "right" price. Too low, and I'm giving it away (the government's argument.) Too high, and I scare off potential buyers (the industry's argument). The situation's even worse in a political setting, where uncertainty is compounded by demagoguery.

But in an auction, you always extract the most that any buyer is willing to pay -- no more and no less. At a stroke, the issue is depoliticized: the highest bidder determines the price. And the highest bidder will pay up to the point where he can still earn a profit equal to what he might have earned on another investment of comparable risk. No more, and no less.

So if the province really wants to be sure of getting full value for the people's oil, without doing undue harm to the industry, why don't they just auction it off?

ac@andrewcoyne.com

Oilsands in for helluva ride

National Post

Sat 27 Oct 2007

Page: FP2

Section: Financial Post

Byline: Diane Francis

Column: Diane Francis

Source: Financial Post

Russia's President Vladimir Putin, Iran's rogue regime, George W. Bush and Mexico have more impact on the price of Canadian oil stocks than does Alberta Premier Ed Stelmach, who increased royalties yesterday.

Welcome to the Brave New World where oil and gold prices trade in tandem on bad geopolitical news.

Putin's support for Iran and Mexico's announcement earlier this week that its wells are starting to run dry all explain why the oil royalty hike by Alberta didn't stop most Canadian oil stocks from increasing, along with others worldwide.

Bad news and Middle East jitters drove crude to nearly US\$92 a barrel, which led to higher prices for oil stocks everywhere, including two of Alberta's biggest "victims" of higher royalties and largest players, Canadian Natural Resources and Imperial Oil.

Exceptions at the start of the day were Canadian Oil Sands Trust and Suncor, which were sideswiped by Alberta yesterday when a proposed grandfathering of their favourable royalties was removed. But they recovered their values and closed up on the day.

The province should not have done that and may incur litigation as a result.

In fact, Alberta's actions will be another example of the new global marketplace at work. Share increases aside, the jury is out as to whether its royalty increases will take the air out of the oilsands bubble.

The province may have pushed too high and reduced activity could be the result. This is what Calgary's big independents, such as Talisman, Nexen and EnCana, have threatened.

In coming days we'll hear lots of bleating, but it will take months before we see the possible effects. This is also a function of the Brave New World: Governments also compete and the greediest get the least action.

My guess is that the market will bear increased royalties because oil's going up in price and because Canada is still the only safe jurisdiction in the world with an upside.

And with Putin talking up the value of commodities with his crazy support for Iran, the sky's the limit.

But it's a dangerous business, particularly when dealing with a trigger-happy U.S. President like George Bush who actually used the "World War III" spectre in a recent comment about the Russia-Iran friendship.

With troops and the Fifth Fleet nearby, anything can happen and yesterday oil and gold jumped because Bush imposed a unilateral set of fierce sanctions on Iran. This, for some, is considered a serious first step by the rogue elephant toward a rogue mouse.

Add to that the Mexican President's admission about oil production declines.

Mexico supplies, as does Canada, about 10% of America's crude oil and its inefficient, state-owned company Pemex should have been privatized years ago. The company runs on duct tape and bandaids.

Ten years ago, I was on an offshore Pemex rig in the Gulf of Mexico and couldn't wait to get off the rickety, unsafe floater. They were still flaring natural gas, or burning it off as they produced oil because they didn't have the technology to reinject it for later, separate production.

But a troubled Mexico means more oil must come from the world's mean streets. Or Canada. So hold onto your seatbelts. My guess is that, royalty treachery or not, Alberta is still in for a helluva ride.

-read Diane Francis blog at [http:// financialpost.com/dianefrancis](http://financialpost.com/dianefrancis)

Best of the FP Network

National Post

Sat 27 Oct 2007

Page: FP2

Section: Financial Post

Source: Financial Post

OTTAWA

ROYALTY SCHEME MEANS MORE EQUALIZATION: DRUMMOND

Don Drummond, chief economist at Toronto-Dominion Bank, has identified a potentially unintended consequence of the Alberta government's move to boost its take on oil revenue -- increased equalization payments from Ottawa to have-not provinces.

How much of an increase is unclear, given the complex formula used to determine equalization, or the amount Ottawa transfers from its treasury to the bank accounts of the not-so-rich provinces in an effort to address regional disparities. The equalization formula changed this year so that revenue from energy royalties is included in determining the provincial fiscal capacity to which Ottawa has to "equalize."

"The more revenue Alberta gets, or any of the provinces get, the more the federal government has to pay in equalization. It wouldn't have been the case if royalties weren't included," Mr. Drummond said yesterday.

He said the change in policy from Premier Ed Stelmach could cost Ottawa anywhere from \$70-million to near \$300-million annually. "Equalization is so complicated, I don't even know how Finance would begin calculating." (Ottawa is projected to transfer roughly \$13-billion in equalization payments this fiscal year.)

On top of the increase in equalization, Ottawa will also likely face slightly lower tax revenue given that royalties are deductible from federal corporate income taxes. Mr. Drummond estimates the cost to roughly \$280-million, based on an average tax rate of 20% on the \$1.4-billion in extra revenue that Alberta is posed to collect.

Meanwhile, the chief TD economist added the revamped royalty scheme would apply slight downward pressure on his economic outlook for the province.

Paul Vieira

The sky fails to fall

The Edmonton Journal

Sat 27 Oct 2007

Page: A18

Section: Opinion

Source: The Edmonton Journal

If the dire predictions from the energy industry and investment houses were to be believed, Albertans faced a doom-and-gloom economy when they rolled out of bed Friday morning. After Premier Ed Stelmach announced increased royalties, the oilpatch was anxious: Some were "in shock" as they put it; others were convinced that investors would leave Alberta for more profitable pastures.

"Financial markets are going to respond negatively," predicted Pierre Alvarez, president of the Canadian Association of Petroleum Producers. The province waited for the alleged axe to fall.

Fortunately, individual investors proved to be far less panicked than analysts and company executives claimed to be. There was no stampede out of energy stocks in general or the oilsands in particular on Friday.

On the Toronto Stock Exchange, the energy sector was actually up 0.17 per cent after Stelmach announced plans to take about \$1.4 billion a year more in royalties starting in 2009. Industry giant EnCana, one of the most vocal opponents of a royalty increase, dropped just 16 cents to \$64.25 while oilsands giant Suncor Energy fell 14 cents to \$102.61. It is now only \$1.54 below its all-time high reached last week.

Yes, this all might have something to do with the price of oil reaching as high as \$92 U.S. a barrel yesterday, but that explanation is weakened by a parallel rise in the Canadian dollar to almost \$1.04 -- itself a vote of confidence in the new royalty environment, given the importance of resources to our soaring loonie.

In the weeks following the mid-September release of the royalty review panel's report, Albertans had heard warnings of job losses, reduced investment (Encana threatened to pull \$1 billion) and deferred projects.

Did all those weeks of uncertainty hammer investor confidence? Not so much, as Journal business columnist Gary Lamphier concluded after a little work with a calculator. He concluded that the average decline in stock price for Alberta's ten largest oil-and-gas companies since Sept 18 has been 0.5 per cent, a figure echoed by the TSX energy index. By way of comparison, the stock market as a whole was up two per cent over the period -- a modest difference that could happen any month.

Investors, it seems, have taken all the fuss with a grain of salt. Obviously, they remember what was has gotten lost in our public debate: The record profits of the oilpatch in recent years of soaring oil prices are a reminder that Alberta is a stable, reliable, business-

friendly place to invest whatever the shriller voices might have you believe.

Global woes prodding oil prices; Crude cracks \$92 on worries about supplies, Nigerian rebels, Iran nukes

The Edmonton Journal

Sat 27 Oct 2007

Page: E3

Section: Business

Dateline: NEW YORK

Source: Reuters

NEW YORK - Oil prices shot to an all-time high above \$92 a barrel Friday as the tumbling U.S. dollar and Nigerian output disruptions helped extend a rally that has lifted prices nearly 30 per cent since August.

Worries that supplies may come up short ahead of the Northern Hemisphere winter have fuelled the rise, drawing a fresh wave of speculative money from investors.

U.S. crude settled up \$1.40 at \$91.86 a barrel, off the record \$92.22 struck during electronic trading earlier.

Oil was closing in on its inflation-adjusted high of \$101.70 seen over the course of April 1980, a year after the Iranian revolution and at the start of the Iran-Iraq war.

"Fresh highs are now attracting fresh buying, especially following yesterday's violation of the futures highs just above the \$90 level," said Jim Ritterbusch, president of Ritterbusch & Associates in Galena, Ill.

Prices jumped past \$90 a barrel after a U.S. government report on Wednesday showed a sharp drop in crude stocks by the world's biggest energy consumer.

Oil got a boost on Friday after a rebel attack on an oil rig in OPEC-member Nigeria operated by Italian firm ENI shut 50,000 barrels per day of production.

Traders were also eyeing new U.S. sanctions against Iran, the No. 4 oil exporter, which is at odds with the UN Security Council over its nuclear program. Washington accuses Tehran's Revolutionary Guard of spreading weapons of mass destruction.

Unprecedented weakness in the U.S. dollar has been another factor supporting dollar-denominated commodities.

In anticipation that the U.S. Federal Reserve may cut interest rates next week, the dollar hit record lows against the euro and a basket of currencies Friday.

Oil's drive to record highs has stirred concern from consumer governments, and the administration of U.S. President George W. Bush said Friday oil prices were "way too high."

But U.S. Vice-President Dick Cheney said the nation's strategic oil stockpiles would not be used to reign in prices.

Analysts say the wider economic problems may be dragging down demand in the giant U.S. market, while there are some signs of a growth slowdown in China, the world's second-largest consumer.

China's apparent oil demand grew at the slowest rate in 20 months in September, up just 0.3 per cent from a year earlier.

Despite worries from big oil importers, members of the Organization of Petroleum Exporting Countries have said they are unlikely to hike production at a meeting next month in Saudi Arabia.

The cartel has agreed to increase output by 500,000 barrels per day starting Nov. 1, and members insist prices are not being driven by a supply shortfall.

Environment

Water licence request studied

The Calgary Herald

Mon 29 Oct 2007

Page: B3

Section: City & Region

Source: Calgary Herald

Alberta Environment has delayed a decision on a controversial water application while it takes more time to examine whether its policy makes sense as supplies tighten in southern Alberta.

The Eastern Irrigation District's bid to change the conditions of its licence for water has stirred strong opposition from municipalities and environmental groups.

The district, based in Brooks, wants to lease some of its water to customers other than farmers.

In the water-strapped region, where the province is no longer doling out licences for rivers, lakes or streams, irrigation districts have received increasing supply requests from municipalities and businesses, such as feedlots and energy companies.

But some critics argue the province, not irrigation districts, should decide who, if anyone, gets water.

"Although this isn't the first irrigation district to request an amendment to its licence, the state of Alberta's water resources has shifted significantly," said Alberta Environment Minister Rob Renner.

"We need to ensure water is allocated in a fair manner with opportunity for all users to have access to water resources."

No deadline has been set for a decision.

EUB seeks consensus on Eastern Slopes

The Calgary Herald

Mon 29 Oct 2007

Page: B4

Section: City & Region

Byline: Sean Myers
Source: Calgary Herald

The Energy and Utilities Board hopes to bring residents and drilling companies together before further development permits are issued for the environmentally sensitive Eastern Slopes near K-Country.

The EUB recently launched what it terms early engagement round table discussions between oil and gas companies and concerned residents who live near contentious drilling locations around Innisfail and Carstairs.

Organizers hope to hold a similar meeting regarding development in the slopes between Longview and Kananaskis Country as early as late November.

"The early engagement process allows us to get local landowners, local politicians and industry together at the table to resolve some of the issues before the development process goes forward," said EUB spokesman Bob Curran. "It's a chance for people to raise their concerns and see if there's any way to mitigate them in a collaborative setting. By the time it gets to an EUB hearing, it's become adversarial."

The region southwest of Calgary and west of Longview contains more than 200 oil and gas wells.

The Pekisko Land Owners Association, which includes country singer and rancher Ian Tyson, wants a moratorium on future development until more thorough scientific work can be done to assess the environmental impacts of drilling in the region.

Oil and gas companies are required by the EUB to provide plans for their projects before they drill and complete an environmental assessment when operating in the Eastern Slopes.

A clarification to the guidelines covering development in the Eastern Slopes, which was posted on the EUB website last week, affirmed that development applications in this region always fall under non-routine applications, meaning they always require companies to do environmental assessments.

Curran noted, however, that these assessments are not reviewed or overseen by Alberta Environment.

smyers@theherald.canwest.com

Invasion; Native and alien species are wreaking havoc with our environment and resources

The Edmonton Sun

Mon 29 Oct 2007

Page: 14

Section: News

Byline: BY VIVIAN SONG, NATIONAL BUREAU

Column: Green Planet

There are potentially hundreds of sleeper cells living among us.

They live discreetly, waiting patiently for conditions to be ripe before they strike and terrorize the very nature of Canadians.

These sleeper cells hitchhike rides into the "virtually borderless" country via planes and ships, undetected by authorities until it's too late.

They are invasive species, described in the most dramatic of terms by Anthony Ricciardi, a professor of environmental science at McGill University, whose tone is laden with a sense of urgency.

"The world will suffer more ecological explosions and surprises" as alien species invade new habitats and compete with domestic organisms for survival, he warns.

"There is no mass extinction event that compares to what's happening now," he says.

And climate change is only accelerating the situation.

"Suddenly, with global warming, barriers that kept things out, like thermal barriers, are being reduced. Winters are less harsh and summers are longer," Ricciardi explains.

That means organisms like sea squirts are quickly making themselves at home in habitats that were previously unwelcoming.

Sea squirts are soft-bodied globular masses that have become meddlesome pests in Atlantic Canada, latching onto lines of cultured mussels and often killing their hosts.

Though some species are native to tropical and subtropical waters, they're quickly establishing colonies that blanket a hundred square kilometres of sea floor like "pancake batter" in sensitive areas like Georges Bank, an important scallop fishing ground off Nova Scotia, Ricciardi says.

"It's become a blob, an amorphous, continuous colony of sea squirts that doesn't seem to be limited by much."

Meanwhile, mutinous domestic species are also rising up in frenzied chomping sprees thanks to warmer winters.

"The mountain pine beetle is the best example in Canada of a species that appears to be benefiting from climate change," says Hugh MacIsaac, a University of Windsor biologist.

The pine beetle has historically been regulated by predators and cold winters. But they're surviving through warmer winters, and they're projected they'll kill off 78% of B.C.'s marketable pine forests by 2015.

Though MacIsaac "doesn't subscribe" to the theory that the Asian long-horned beetle and emerald ash borer are thriving in Canada because of climate change, he acknowledges the invasive insects could become more devastating with a modest rise in winter temperatures.

From 2003, when it was first discovered in the Toronto area, to 2004, the Asian long-horned beetle killed 17,000 healthy broadleaf trees.

The emerald ash borer also "bulldozed" its way through ash trees in southwestern Ontario, MacIsaac says.

While most of Canada's invasive species traditionally hail from Europe, increased global trade with Asia is bringing aliens into the country at an unprecedented pace.

MacIsaac and Ricciardi describe ships as "syringes inoculating the system with new species" in a hub and spoke structure.

So aquatic species that move out of the Black Sea and into port areas like Antwerp, Belgium, for instance, are picked up by European ships and brought into the Great Lakes in a leapfrog effect.

Meanwhile, Canadian biologists are watching other species like the disease-carrying Asian tiger mosquito closely. It first appeared in the southern U.S., but has climbed as high as Ohio, thanks to rising temperatures. The Asian tiger mosquito transmits viruses like West Nile and, in its native range, dengue fever.

"With most invasions that's it," Ricciardi says. "Once they're in, they're in. They're a devastating form of pollution."

EMERALD ASH BORER

- Probably came from Asia in the 1990s
- First discovered in Michigan in 2002
- Attacks only ash trees
- Adult beetles are metallic green, about 20 mm long

SEA SQUIRTS

- Native to the northwest Pacific.
- The body of an adult tunicate is essentially a sack with two siphons through which water enters and exits. Water is filtered inside the sack-shaped body.
- Mature length: 5 cm; grey-green colour.
- Competes for space and food with native aquaculture species (e.g., mussels, oysters).

MOUNTAIN PINE BEETLES

- Inhabit pines, particularly the ponderosa pine, lodgepole pine, scots pine and limber pine.
- Less than a centimetre long.
- Kill trees by boring through the bark and feeding on the phloem layer.

- Caused massive damage to lodgepole pine forests in Canada. A recent reduction in the severity of winters in B.C. has allowed the population to explode.
- Infestations have been reported in northern B.C., Jasper National Park and northwestern Alberta.

WEST NILE VIRUS

- Carried and spread by mosquitoes.
- Can cause encephalitis or meningitis in humans.
- Was discovered in the West Nile area of Uganda in 1937, then spread to Mediterranean and Europe.
- In 1960, it was observed in horses in Egypt and France.
- Between the 1950s and 1999, there were sporadic epidemics in Israel, South Africa, Romania and Russia.
- West Nile first appeared in Canada in Ontario birds in 2001. Human cases first appeared in the same province in 2002.
- Was assumed we were facing a strain that exists in Africa. Other evidence points to the strain from Israel, which can cause more dangerous results.

Where cooler heads prevail; Bjorn Lomborg's new book shows the way

National Post

Sat 27 Oct 2007

Page: FP19

Section: FP Comment

Byline: Steven F. Hayward

Source: National Review

Is there really anything new to be said about climate change? Hasn't the issue become the public-policy equivalent of Groundhog Day, with the same arguments playing out in the same way every week?

Perhaps there is. The weary and repetitive character of the climate-change debate is masking a number of fundamental changes now taking place that, 20 or 30 years from now, are likely to be recognized as the turning point on the issue. Despite the relentless media and advocacy-group frenzy, the case for catastrophic global warming is fraying around the edges. The alarmists have found themselves suddenly hoisted by their own petard, as the latest massive report of the Intergovernmental Panel on Climate Change (IPCC) noticeably reined in its predictions of future doom and gloom (less sea-level rise, lower temperature rise, admissions of serious problems in its climate models, and so forth). Having thumped skeptics about ignoring the IPCC-certified "consensus," the alarmists are now criticizing the IPCC for being "too conservative." Increasingly it appears that the problem of climate change is likely to be more modest and manageable than the heated rhetoric would have you imagine, just as the apocalyptic 1960s predictions of the "population bomb" turned out to be wrong.

It is increasingly apparent even to the Kyoto Protocol's European cheerleaders that the Kyoto approach is a dead end. Meanwhile, up on Capitol Hill, the new Democratic leadership talks a big game on climate change, but is considering only the most modest of measures, which, if eventually brought to a vote, will probably degenerate into another pork-fest and subsidy game. Seldom if ever has there been a larger gap between the rhetoric and the legislation being considered. It's as if Lincoln and the Republicans of the 1850s had said: "Slavery is evil; therefore let us adopt tax incentives, impose a few regulations on slave auctions, and subsidize the production of new farm equipment."

The alarmists say the lack of dramatic action (such as, for instance, a 50% to 70% cut in greenhouse emissions over the next 40 years) is due to the opposition of the "denial industry" and fossil-fuel interests, but this is a convenient fiction. The real problem is that no one is willing to enact measures with the gargantuan costs that would be involved. Eventually even environmentalists are going to come to see that global warming is the issue that ate them alive. And policymakers are going to begin looking at alternative perspectives on how to deal with the actual problems of climate change.

This is where Bjorn Lomborg comes in. Lomborg burst on the scene in 2001 with *The Skeptical Environmentalist*, pointing out that the data do not support the familiar green "litany" of planet-wide calamity. For this heresy, environmentalists have predictably compared him to Holocaust deniers and worse. He followed up this effort with the "Copenhagen Consensus," an ambitious convocation of top social scientists (including several Nobel laureates) that aimed at ranking global priorities such as AIDS, malnutrition, water supplies and climate change. No matter how the methodology was sliced up, climate change came in last on the list. For this, the head of the IPCC compared Lomborg to Hitler. "What is the difference between Lomborg's view on humans and Hitler's?" the IPCC's Rajendra Pachauri said to a Danish newspaper in 2004. "If you were to accept Lomborg's way of thinking, then maybe what Hitler did was the right thing."

Having already resorted

to the exhausted *reductio ad Hitlerum*, environmentalists will be hard-pressed for new invective to use against *Cool It*, Lomborg's new book focusing exclusively on climate change. Notwithstanding Lomborg's major concession that "global warming is real and man-made" and is "beyond debate," environmentalists will not be happy. Lomborg questions "whether hysteria and headlong spending on extravagant CO₂-cutting programs at an unprecedented price is the only possible response." Any competent economist can tell you that deep CO₂ reductions fail every cost-benefit test; this is true even of economists, such as Yale's William Nordhaus, who accept the catastrophic-global-warming scenario.

Environmentalists, along with most liberals, snort at cost-benefit analysis -- an

attitude best expressed by a full-page advertisement in *The New York Times* several years ago from environmental "archdruid" David Brower that bore the headline: "Economics Is a Form of Brain Damage." The virtue of *Cool It* is that Lomborg effectively translates the aseptic language of cost-benefit analysis into persuasive plain English (for wonks, a longer and more technical version of *Cool It* is forthcoming from Cambridge University Press).

Consider the case of a persistent cause of more than 1.2 million deaths, 50 million injuries and a half-trillion dollars in damages worldwide every year. Then ponder that a simple policy change could eliminate nearly all of this harm. The cause: automobile accidents. The remedy: Lower the speed limit to five miles per hour. But of course no nation would ever do this, because it would make us so much poorer. The benefits of auto use outweigh the risks, such that we don't even consider a modest

reduction in speed limits, which studies show would significantly reduce auto-accident casualties. Instead, we invest in safer highways, air bags, seat belts and other means to reduce the human cost of driving.

The use of fossil fuels presents the same tradeoff. As Lomborg states, "the benefits from moderately using fossil fuels vastly outweigh the costs." If anything, Lomborg understates this point. The tradeoff for arguably increasing the average global temperature by 0.6 degrees in the 20th century has been nearly a doubling in life expectancy, a huge decline in infant mortality, and the steadily increasing spread of middle-class prosperity across the planet's population. Does anyone outside the tiny ranks of environmental extremists really wish we had not made this progress, which depended vitally on cheap energy? Acknowledging this calculus is environmentally incorrect, but it is the silent ground upon which practical policymakers will build policy. There simply is no near-term, large-scale alternative to fossil fuels. Deal with it.

Some climate skeptics will criticize Lomborg for conceding too much about the certainty of our knowledge of human-caused climate change. But he is doing an important service in changing the dynamics of the debate. And if it turns out that some or all of the warming we experience is the result of natural factors, then Lomborg's adaptation strategy will be all the more important. By the end of Cool It, Lomborg has neatly turned the tables on the emotional rhetoric of the alarmists: "I hope that in 40 years we will not have to tell our kids that we went for a long series of essentially unsuccessful command-and-control Kyotos that had little or no effect on the climate, but left them poorer and less able to deal with problems of the future."

Lomborg thinks we should aim at modest reductions in greenhouse-gas emissions, invest heavily in energy research, and devote resources to adapting to changing conditions. Eventually, policymakers throughout the world are going to come around to Lomborg's point of view (indeed they already are, if the tenor of the recent APEC meeting in Australia is any indication), though they will do so kicking and screaming and with multiple genuflections toward the alarmist totems. Al Gore and other true believers won't ever be persuaded, but one day, perhaps not long from now, they are going to wake up to discover that the world has passed them by. - Steven F. Hayward is the F.K. Weyerhaeuser Fellow at the American Enterprise Institute.

Finance (including Pensions/Insurance)

Curb runaway spending; Province threatened by return to deficit budgeting

The Calgary Herald

Sun 28 Oct 2007

Page: A14

Section: The Editorial Page

Source: Calgary Herald

The Alberta government's problem is that it is growing expenditures faster than revenues. All the more reason to review royalties, then? Perhaps, but even full implementation of the royalty review panel's plan wouldn't be enough to fund this government's spending habits.

Chairman Bill Hunter suggested there was another \$2 billion in resource revenues out there for the provincial government to have: Trouble is, for the last few years, government spending has been increasing by more than \$2.5 billion a year.

Or, as the Canadian Taxpayers Federation soberly put it in its pre-budget submission to the government this week, "Over-spending has eaten away at budget sustainability, and has driven up reliance on non-renewable resource revenues."

So, even if the industry doesn't respond to Premier Ed Stelmach's promised royalty hikes by scaling back operations, and does yield the proposed extra \$2 billion, Alberta's finances would still be getting worse every year.

Sacrilegious though it may seem to utter these words in debt-free Alberta, unless something changes, the CTF can hardly go wrong with its predictions of a return to deficit budgeting in this province. Indeed, but for the spending cuts that led to the creation of the Sustainability Fund in 2003, it would have happened five years ago.

The CTF is by no means the first to sound the alarm.

In February 2006, Paul Boothe, now a deputy minister in the federal finance ministry but then a University of Alberta economics professor, gave the government two to five years.

Also last year, a worried Canada West Foundation called for the province to save a portion of resource revenues, rather than spending them.

All make the same basic assertion: Government spending has increased far faster than needed to match population growth and inflation, fuelled by unprecedented growth in resource royalties.

But royalties are a spectacularly undependable source upon which to rely for base funding. In the last five years, they have been as much as \$14.6 billion, and as little as \$7 billion. It is only program spending that relentlessly climbs the graph.

Boothe, in particular, reasoned resource royalties were likely to fall in the long run, as increasing reliance on oilsands, rather than higher-paying conventional sources, would impact government revenues. So far, they're holding, thanks largely to oil prices that have risen 50 per cent since he made his predictions, and thereby somewhat offset the impact of falling natural gas prices.

However, the numbers are disturbing, as is the government's exposure to uncertainty.

Five years ago, Alberta's government budgeted to spend \$18.6 billion. This year, it's almost \$33 billion.

That's an annual compounded growth in spending of roughly 12 per cent -- far more than what should be necessary to keep up with a combined population growth and inflation rate that in the last five years has not exceeded 7.1 per cent, and has been as low as three per cent.

Not surprisingly, no provincial government now spends more per capita than Alberta -- a massive \$9,526, \$1,200 more even than entitlement-crazy B.C.

The government does it because it can.

Over five years, resource revenues have averaged \$10 billion. Spending them is apparently perceived as the quickest solution, if not necessarily the most enduring, for whatever is the crisis of the moment. But now that the province is locked into a pattern of high spending, it is extremely vulnerable to the wild swings that typify an income source that is now equivalent to a third of its expenditures.

There are ways to deal with this, and the CTF proposes several, among them:

- n A one-year spending freeze;

- n A legislated spending cap so that annual program spending starting in 2009-10 cannot increase by more than the combined growth rates of Alberta's population and inflation;

- n An end to "quarterly Christmases," in which unbudgeted revenues are used for unbudgeted spending.

None of them is new. What would be new is a government that, understanding the problem -- as we believe it does -- had the intestinal fortitude to act upon its understanding.

Of that, we have seen no sign. There is only this desperate attempt to stave off the inevitable for a year or two by taking more from oil industry investors while hoping, like Dickens's Mr. Micawber, that something will turn up.

How many more credible warnings does this government need?

Or, does it -- and the Albertans whose votes it depends upon -- take instruction only from the cudgels of the market?

Time to start feeding the Heritage Fund, Mr. Stelmach

The Globe and Mail

Sat 27 Oct 2007

Page: B2

Section: Report On Business Column

Byline: Derek DeCloet

Taking the money was the easy part. What will you do with it now, Ed Stelmach?

Alberta's Premier wants an extra \$1.4-billion from oil and gas producers, and the response from downtown Calgary was Pavlovian - it's shocking, it's awful, it's a banana republic and Stelmach is our tin-pot dictator. Their overblown cries of poverty and injustice aren't working. But there's one point on which the oil patch has it dead right.

If Mr. Stelmach expects more dough from the province's top industry, shouldn't he least show he won't fritter it away? Which is something the Alberta Tories are rather skilled at, by the way: The misers and slashers who dominated the Klein cabinet in the early 1990s have given way to a softer, gentler brand of conservative. A band of profligates, in other words.

Don't take my word for it. Do the math. Alberta's latest budget, the first under Mr. Stelmach, promises nearly \$33-billion in spending, excluding interest on the province's tiny remaining debt. That's slightly less than \$9,500 per resident, using the latest population estimates from Statscan. Ontario - yes, that would be Liberal Ontario, run by the promise-breaking, tax-raising, freshly re-elected spendthrift, Dalton McGuinty - spends roughly \$6,400 per person. Even if you add the debt interest, which is sizable, the figure rises to only \$7,100. Who's the fiscal conservative here, anyway?

Not every Albertan likes to be reminded of this kind of thing, least of all by effete snobs in the Toronto media. Dan Bryson, a Calgary reader who works for an energy drilling company, wrote: "What is your province doing with its surplus and 'heritage fund'?" Nice shot. But then, Ontario doesn't have the good fortune to be located on a giant blob of rotting prehistoric life that has conveniently turned itself into hydrocarbons. So let's turn the question around: What's Alberta doing with its Heritage Fund?

The answer is, not much, and if Mr. Stelmach has plans to make it better, he's keeping them a secret. The Premier didn't mention the fund once in his TV address to the province on Wednesday evening. Perhaps it's a touchy subject for the Tories, since they created the fund in 1976 as a place to sock away energy revenue and are responsible for what's happened to it - or, rather, what hasn't.

In the fund's first 11 years, the Alberta government pumped about \$12-billion into it, and if they had just left it alone it would today be one of the largest pools of capital in Canada. Twelve billion dollars in 1987, earning reasonable returns of, say 6½ per cent a year, would by now be \$42-billion - and that's without injecting another nickel.

With a little bit of saving along the way, it could easily be \$60-billion or more. Maybe a lot more. "We in Alberta ought to be embarrassed that the Heritage Fund is not \$100-billion," says Allan Warrack, a professor emeritus at the University of Alberta's business school and a member of the Tory cabinet that started the fund.

Instead, it's \$16.3-billion. The rest was spent. Even the Klein government, once it had turned deficits into monster surpluses, didn't bother to put the savings back in the Heritage Savings Trust Fund; it was more fun to send \$400 in Ralphbucks to each voter. Only in the past two fiscal years has the provincial treasury put fresh money in (\$3-billion). Alaska's Permanent Fund, which started at the same time, has nearly \$40-billion (U.S.) - and it has paid \$14-billion in dividends to state residents, Prof. Warrack says.

That's part of what's bothering the oil patch about the Mr. Stelmach's royalty play. It's fine to want more - no one should deny Albertans a fair price for selling their resources to the world. But for what purpose? To invest for tomorrow, or to buy votes today?

There's only one correct answer to that. Mr. Stelmach can read the numbers. He knows that conventional oil production in Alberta has dropped 43 per cent since 1995; that production of natural gas - by far the largest contributor of royalties - has been stagnant for a decade; and that it's becoming harder to find major new deposits of either commodity. The oil sands will help fill the gap, but they're only to be found in one northern spot. Alberta needs to prepare for the day when the energy business, in some parts of the province, begins a permanent decline.

That day isn't so far off. A big fat Heritage Fund might help ease the transition. Mr. Stelmach could do worse than to make sure it receives every dollar of the new royalties.

ddecloet@globeandmail.com

No taxpayer windfall or more spending with royalty raise; Extra \$1.4B to go to savings, infrastructure

The Edmonton Journal

Sat 27 Oct 2007

Page: A3

Section: News

Byline: Archie McLean

Dateline: CALGARY

Source: The Edmonton Journal

CALGARY - Alberta is set for another massive government surplus this year. So what will to do with an additional \$1.4 billion from royalties by 2010?

Premier Ed Stelmach said Friday the money will be spent in the same way all surpluses are currently spent -- one-third to savings and two-thirds to capital expenditures and maintenance.

"We know we're behind on the infrastructure side," Stelmach said in a radio interview. "I don't want the next generation to reach deep into their pockets to pay for the maintenance that we should be doing today."

That means no money directly to Albertans, no big announcements of hospitals or schools or anything else.

Stelmach introduced the surplus plan last spring. It came in response to critics who complained the Tories spent their surplus cash without foresight, lurching from one big expenditure to the next.

But although critics have said the premier's plan is better than nothing, some have suggested different ways to handle the money.

The Edmonton Chamber of Commerce wants the royalty cash to go communities, primarily in northern Alberta, which bear the infrastructure burden of resource extraction. They also want tax decreases and support for the development of green energy tech-

nology.

The Alberta Liberals have called for 35 per cent of all non-renewable resource royalties to go directly into the Heritage Savings Trust Fund, another 40 per cent into endowment funds and the rest into infrastructure.

Leader Kevin Taft said their plan would see Alberta's savings grow like those of Norway and Alaska, which have created massive oil and gas funds.

"These places are banking their wealth -- Alberta is spending it as fast as it comes out of the ground," Taft said.

"I have no confidence in the Tory plans -- they seem to make them up, they seem to change them."

The NDP want to put \$2 billion from increased royalties into a green energy fund they say would make Alberta a global environmental leader.

NDP Leader Brian Masson said that even under Stelmach's new plan, royalties may decrease by 2010 because of declining conventional oil and natural gas production.

They may go higher, too. Estimates used by both the review panel and government assume \$56 US per barrel of oil in 2010. With the price of oil surging Friday to a record high \$92 US per barrel, the government may find itself with even more than \$1.4 billion.

Stelmach said Friday such variability means the government can't start writing cheques yet.

"These are all assumptions based on a certain price and production," he said. "So it's not so simple as just saying this is how much money is going to come."

amclean@thejournal.canwest.com

Income trusts one year later

National Post

Sat 27 Oct 2007

Page: FP2

Section: Financial Post

Byline: Barry Critchley

Column: Off The Record

Source: Financial Post

For investors, the hope is that Halloween 2007 will be more enjoyable than Halloween 2006.

One year back, Jim Flaherty, the federal finance minister, dropped a bombshell when he unveiled the tax fairness plan, the central part of which was the taxation of income trusts, a very popular income-oriented security owned by millions of Canadians.

Despite the election promise of Stephen Harper to "preserve income trusts by not imposing any new taxes on them" the government changed its mind, in part because of what Flaherty said were "economic distortions" flowing from the decision of large Canadian companies to convert to an income trust. If "left unchecked, these corporate decisions would result in billions of dollars in less revenue for the federal government to invest in the priorities of Canadians, including more personal income tax relief," he said. "The current situation is not right and is not fair," added Flaherty.

But Flaherty's attempt to make things right and fair generated a series of unintended consequences. For instance, there was a sharp and sustained reduction in the value of income trusts (a first-day effect of about \$35-billion), and the new rules meant that Canadian pension funds and private equity buyers were placed in a better position tax-wise to buy the trusts compared with individual Canadians. With cheap Canadian assets on sale and with the rules favouring certain parties, the foreigners piled in, so much so that Ottawa recently appointed a committee to look at whether guidelines are needed on the takeover of Canadian companies by foreign state-owned enterprises -- a so-called national security test.

And because of the buying by foreigners, the government will end up with less tax receipts than otherwise.

Indeed, the so-called tax leakage was supposed to be one of the reasons Flaherty pulled the plug on income trusts, a business arrangement that had been around for more than a decade and which had grown to a \$200-billion business.

But the trust sector disputed the tax-leakage figures bandied about by the federal Finance Department. The Canadian Association of Income Trust Investors, a group organized by Brent Fullard, a former investment banker, noted Ottawa's analysis completely ignored the tax received from those retail investors who hold income trusts in their registered retirement accounts. CAITI relied on a 2005 study by HDR|HLB Decision Economics Inc., a firm of consulting economists, which concluded "the net tax leakage associated with income trusts activities is expected to be \$71-million, or 0.2% of total projected 2004 federal corporate taxes."

The finance department did itself no favours when in releasing its analysis 18 pages were blacked out.

Indeed, many believe the nation would have been better served had Ottawa announced a plan to integrate the personal and corporate tax regimes, something that has happened in other countries, instead of putting the slow death roll to income trusts.

bcritchley@nationalpost.com

Was it a trick or a treat?

National Post

Sat 27 Oct 2007

Page: FP3

Section: Financial Post

Byline: Carrie Tait

Source: Financial Post

It has been a year, less four days, since Finance Minister Jim Flaherty read income trusts their death sentence, giving them just four years to live. While it has largely been assumed this once-safe sector is now a hazardous wasteland, income trusts actually provided good returns for investors over the past year, and could continue to do so.

Reports of their demise have been greatly exaggerated. There have been more distribution increases than decreases, for example. And while many have complained the sector is now little more than bait for a foreign-buyer feeding frenzy, research by Deloitte shows that domestic buyers were involved in precisely half of all takeover deals since October, 2006. More trusts made asset acquisitions than were acquired. Few would have guessed this past year would go so well.

THE "MASSACRE"

On Oct. 31, 2006, the Conservative government shocked Main Street investors and Bay Street professionals with an announcement that put an end to Canada's home-grown income trust bonanza. Mr. Flaherty said income trusts had an unfair tax advantage over their corporate cousins, and that Ottawa was foregoing billions of dollars in lost tax revenue. He would have no more of it, and rolled out what he dubbed the "Tax Fairness Plan for Canadians" and critics called the "Halloween Massacre."

The Tories said they planned to tax income trusts at a level comparable to corporations beginning in 2011. Existing trusts would enjoy a four-year tax holiday, but any company that converted after the announcement would be taxed immediately. Real estate investment trusts were largely exempt.

The announcement spurred a cacophony of protest wails as the trust market shed \$19-billion in market capitalization in the first day of trading alone. Further carnage followed.

Many trust investors were retirees who had fallen in love with the steady stream of income the trusts provided and were heavily invested. The vast majority felt betrayed by a government that broke an election promise to leave trusts alone.

THE FOLLOWING YEAR

Most of Bay Street has since adjusted, with income trusts analysts, bankers and lawyers reinventing themselves, and many trying to make a killing turning the trusts back into corporations. Some investors - including the pros -- are still moaning, but despite their complaints, people are making money investing in trusts.

Business trusts' total return since Oct. 2006 -- a time frame which includes the pain induced by Ottawa's decision to tax trusts beginning in 2011 -- is positive. Total return since the end of Nov. 2006, when the market bottomed out, is even more attractive.

"The declines post-Oct. 31 did create some very exceptional values in certain, select names," said Petro Panarites, an income trust analyst at CIBC World Markets. "And if you were an investor who invested in those names at the bottom, you would have done very well."

The CIBC World Markets Business Trust Index posted gains in eight of the 11 months between November 2006 and September 2007. In the same time frame last year, there were only five positive months.

This index posted a total return of 20.1% in the period between Jan. 1, 2007 and Sept. 30, 2007. Between Nov. 30, 2006 and Sept. 30, 2007, total return is 23.5%. If you go back to Oct. 31, 2006, which includes the significant drop in November, CIBC's business trust index is still solidly in positive territory, with a total return of 9.3%.

Income trust investors were also given reason to celebrate in the form of a slew of distribution increases. Mr. Panarites' tally shows that there were 78 distribution increases since Oct. 31, 2006. Further, there were 27 more special distributions to unitholders. By contrast, there were 52 distribution cuts or suspensions.

It is an uglier picture in the oil and gas royalty trust sector, where distribution cuts outpaced hikes 10 to 1. But the ratio has more to do with the high Canadian dollar, sagging natural gas prices and less drilling activity than the tax decision.

MERGERS

Critics of the trust tax howl every time a trust is taken out, arguing it would not have happened if not for Mr. Flaherty. But the criticisms rarely come from unitholders, who get an instant windfall return when one of their holdings is bought.

"The premiums have been juicy," said Mr. Panarites. "There were some very attractive values within the space."

E.D. Smith Income Fund as an example was bought by an American strategic buyer, Tree-house Foods Inc., which paid a 54% premium. Sentinel Capital Partners, a U.S.-based private equity shop, coughed up a 49% premium to buy Spinrite Income Fund, a troubled trust, regardless of tax policy.

Since last Halloween, 46 income trusts have been bought out, according to the CIBC report published on Oct. 3. Bidding wars took place in five of these deals, and two deals were done only after the bidders revised their offers.

Scott Foster, senior manager, mergers and acquisitions at Deloitte, counts 40 acquisitions since Mr. Flaherty's announcement, of which 50% have gone to Canadian buyers.

OUTLOOK

While there is little salvation for retail investors who liquidated their trust portfolios shortly after Mr. Flaherty's announcement, many investors who made wise decisions came out of the income trust meltdown a little richer. And there is room for more.

"We could easily see 10%-15% trust sector returns with the current setup," Mr. Panarites said in a report earlier this month. If interest rates remain at current levels as he expects, trusts should continue to dole out a premium pay out over government bonds.

Further, the end of income trusts does not have to mean the end of similar revenue streams. There has been an increase in the number of corporations issuing preferred shares as an alternative to income trusts, Mr. Foster notes.

Some institutional investors are plotting how they will influence existing trusts to remain as high-yield investments come 2011.

"I concentrate my holdings into the names I already own, increasing the size of the position so that when the time comes for discussion for the future direction of the company, the management will be very interested in our input," said Sandy McIntyre, a fund manager at Sentry Select Capital Corp.

"Hopefully we can affect the transition into a high-yield equity investment that gives us a sufficient dividend to make our net after tax income come out flat, or only mildly affected."

ctait@nationalpost.com

Health & Wellness

Civil rights groups oppose move

The Calgary Herald

Mon 29 Oct 2007

Page: A1 / FRONT

Section: News
Byline: Michelle Lang
Source: Calgary Herald
Series: State of Mind

Saturday: The state of Calgary's mental health system.

Sunday: Alberta's high suicide rate.

Today: Ordering patients to take their treatment.

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To Harcharan Singh Hehar, they were shadows, ghost-like presences wandering his modest home in northeast Calgary.

The one-time taxi driver, who lived with his extended family, believed most of his relatives were dead, that only he and his mother-in-law were alive.

A form of bipolar disorder had clouded his mind with delusions and hallucinations.

Yet Hehar disliked taking medication to control his mental illness; he often pretended to take his prescription without actually doing so.

"He was very good at masking whether he was taking his meds or not," says Markham Silver, Hehar's lawyer.

Hehar longed to join his family in the afterlife and, on the afternoon of Oct. 18, 2004, he resolved to do exactly that.

According to court documents, the then 46-year-old held a large kitchen knife to his chest. When his elderly mother-in-law tried to stop him, Hehar decided it would be best to end her suffering from arthritis and old age before killing himself.

He stabbed Mohinder Kaur Hans 56 times with the kitchen knife.

"In my head, I did not think that I was doing anything wrong," Hehar later told a psychiatrist, according to a statement of facts in his case.

"I released her suffering."

He was later found not criminally responsible for his mother-in-law's death.

This fall, the Alberta government is introducing new rules that will make it easier to commit mentally ill patients like Hehar to hospital -- and force them to take their drugs when they are living at home.

"Under the current system, no one can do anything until they've crashed," says Alberta Health Minister Dave Hancock.

"That process creates a lot of damage for the individuals and communities."

In November, MLAs will vote to amend the province's Mental Health Act and permit community treatment orders in Alberta. The controversial directives require psychiatric patients to take their medication or face detention in a psychiatric institution.

But the legislation is opening a divisive debate, with civil liberties groups arguing the law threatens Albertans' most fundamental rights.

"People's basic freedoms are at stake," says Noa Mendelsohn Aviv of the Canadian Civil Liberties Association.

"It's a noble thing to want to help people, but we have to require (lawmakers) to exercise the appropriate caution, just as we do in the criminal justice system."

Many families and advocates for the mentally ill, on the other hand, believe the legislation introduces critical treatment tools. The proposed law could help prevent tragedies like the Hehar case, according to the Schizophrenia Society of Alberta.

Even in cases where the patient poses no danger to others, supporters say the orders provide early intervention for those who won't comply with their treatment, preventing relapses that can cause brain damage.

"This would allow (professionals) to step in at an early stage to prevent that deterioration and damage," says Hancock.

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Calgarian Pat Balkenstein has fought countless battles to admit her daughter to hospital.

Her daughter, who first began exhibiting signs of schizophrenia eight years ago, has often refused to seek help -- even when she was desperately sick, haunted by dark visions of voices and imaginary spirits.

On the worst days, Balkenstein called police and paramedics for help. Many times, they were powerless to intervene.

"Unless she's dangerous or threatening, you can't get EMS out," says Balkenstein.

"The hardest thing as a parent are the measures you have to take to get them into hospital."

Today Balkenstein's daughter, now 25, is stable and regularly takes her drugs, although she still denies her schizophrenia diagnosis.

Experts say some mentally-ill patients lose insight into their disease, refusing treatment because they don't believe they are sick. Others hate the side-effects from their medication, such as severe weight gain. And, in some cases, people with psychiatric conditions stop taking their drugs when they feel better.

All this makes compliance with prescribed treatments a difficult issue facing the mentally ill.

Bill 31 is an attempt to tackle these problems by making it easier to commit patients to hospital and ensure they continue taking their treatment when they leave.

Currently, patients can only be hospitalized against their will if they pose a risk to themselves or others. Bill 31 proposes committing people who are likely to deteriorate.

The legislation also introduces community treatment orders. The directives, issued by physicians, ensure patients remain on their treatment plan when they're not in hospital.

A health professional, like a psychiatrist, will supervise the order, which may require the patient to take their prescribed drugs or attend sessions at a mental health clinic. If they don't comply, they face arrest and hospitalization.

The orders are aimed at a small percentage of mental health patients, probably about 50 to 60 Albertans at any given time.

For parents like Balkenstein, the proposed legislation is welcome news.

"It can help people get quicker action, quicker response," she says. "Right now, you can't get help until they've hit rock bottom."

But the new legislation has few fans in the civil rights community. They say forcing people into treatment bumps up against the Charter of Rights and Freedoms and they vehemently oppose the move to broaden criteria for committal.

The Canadian Civil Liberties Association, for example, questions the wording of the legislation, which allows the detention of Albertans who have mental health problems and are likely to suffer substantial physical deterioration.

By that standard, a person with insomnia who suffers from cancer could be committed to a psychiatric hospital, they argue.

"The lawmakers have not been careful enough in figuring out who they can lock up, who they can deprive of their basic freedoms," says Mendelsohn Aviv of the Canadian Civil Liberties Association.

Laurie Arney, a 53-year-old Calgarian who suffers from mental illness, also has concerns with the proposed changes. Rather than forcing treatment on people, she believes patients and psychiatrists should discuss medication options while the patient is well so there's a plan in place if their condition deteriorates.

"When it's forced on you, it's hard to start the healing process," she says.

Alberta's health minister and other supporters of the legislation insist the proposed changes contain adequate safeguards. They argue the bill contains a strict set of criteria setting out who can be detained or ordered to take their treatment.

"There's enough balance in the act to deal with the human rights questions," says Hancock, a lawyer by training. "You interfere with a person's individual liberty reluctantly."

The minister notes the legislation comes out of a fatality inquiry where a judge recommended physicians be given more powers to treat uncooperative psychiatric patients.

The inquiry examined the deaths of RCMP Cpl. Jim Galloway and Martin Ostopovich, a 41-year old man with schizophrenia, who failed to consistently take his medication.

In February of 2004 -- after a lengthy standoff with police in Spruce Grove, Alta. -- Ostopovich fatally shot Galloway, 55, as the officer attempted to stop him from fleeing the scene. RCMP officers then shot and killed Ostopovich.

"These changes would have allowed authorities to step in, saving two lives," says Tony Abbott, the Tory MLA who sponsored Bill 31.

"We don't want to trample on rights here, but at the same time we want to protect the public and the people who need help."

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Today, Harcharan Singh Hehar is detained in Alberta Hospital Edmonton, a psychiatric facility where he now receives the medication he once refused.

But could forced treatment -- either in hospital or at home -- have helped Hehar and prevented his mother-in-law's tragic death?

His defence lawyer, Markham Silver, doesn't think so.

Silver doubts Hehar would have complied with a community treatment order. And he says Hehar's family had tried to check him into a local hospital, but they were turned away.

"Part of the problem was merely resources. There were no beds available," says Silver. "This was truly a patient who fell between the cracks."

The Schizophrenia Society of Alberta, however, says the changes might have helped Hehar because the proposal allows forced hospitalization of patients who are deteriorating, but don't yet pose a danger to anyone.

"With the proposed criteria for involuntary admission, the family's efforts wouldn't have been in vain and this tragedy may have been avoided," says Giri Puligandla, executive director of the society's Edmonton chapter.

But Puligandla and other supporters of the legislation agree there must be enough resources, including hospital beds and psychiatrists, to support the upcoming changes.

"It's not a panacea for a variety of problems with the mental health system," says Austin Mardon, an Edmonton mental health advocate who suffers from schizophrenia.

It's not yet clear whether new funding will accompany the legislation.

Alberta's health minister said he recognizes the changes will require more money. Hancock said he will ask the treasury board for additional cash and encourage regional health authorities to allocate resources to this area.

"We've committed that community treatment orders aren't a stand-alone tool," says Hancock.

Resources may not be the only hurdle facing the proposed changes.

While civil libertarians argue the criteria for community treatment orders go too far, mental health groups argue exactly the opposite.

The Schizophrenia Society of Alberta says the eligibility criteria are too restrictive. Bill 31 says the orders may only be issued for patients who have been detained in hospital for at least 60 days, or on at least three separate occasions, during the past two years.

Martin Ostopovich would not have qualified for one of the orders because he was only hospitalized once for 14 days.

"We strongly believe that the eligibility criteria . . . are far too strict to be useful," Puligandla told a committee hearing on the legislation in early October.

The Standing Committee on Community Services is recommending several amendments to the legislation, including changes to make the criteria less restrictive -- a move NDP MLA Raj Pannu opposes.

"We need to be as careful as we possibly can that the rights of the patient aren't violated unless absolutely necessary," he says.

But some mental health groups argue psychiatric patients have a right to be well. And they say the orders allow the mentally ill to receive therapy in their own home when they would otherwise be committed to a facility.

Silver agrees. No one will ever know if the changes could have helped Hehar, but he believes the legislation could help others.

"Government is saying, 'Why should they be in a facility, if they can function in a community with the proper treatment?' " says Silver.

"It allows a person a degree of dignity."

mlang@theherald.canwest.com

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How Community Treatment Orders Work:

- A variety of professionals -- psychiatrists, physicians, psychologists, psychiatric nurses -- can supervise community treatment orders.
- The orders will mandate various treatments, such as requiring patients to take prescribed medication, attend a mental health clinic or keep regular appointments with a health professional such as a psychiatrist.
- When patients refuse to comply, a psychiatrist may issue an order allowing a peace officer to apprehend the person and bring them into hospital.
- The orders are only expected to impact a small percentage of mental health patients, probably about 50 to 60 Albertans at any given time.
- Several other provinces, including Saskatchewan, already allow community treatment orders. The Schizophrenia Society of Saskatchewan estimates there are about 150 orders in the province at any given time, including renewals.

Sources: Alberta Health, Standing Committee on Community Services, Schizophrenia Society of Saskatchewan

Shining a light; Covering up suicide only makes the problem worse, say experts

The Calgary Herald

Sun 28 Oct 2007

Page: B1 / FRONT

Section: City & Observer

Byline: Michelle Magnan

Source: Calgary Herald

Series: State of Mind

Rob Little sometimes wished he were dead. He never attempted suicide, nor did he want to. But as a third-generation farmer near Fairview, an hour north of Grande Prairie, Little worked long hours on the family farm. He felt stressed and struggled to do things most people take for granted, such as eating, sleeping and relaxing.

Little did not realize it, but he was wrestling with a depression that had dogged him for years.

Finally, just over 10 years ago, he went to his family doctor.

"I didn't go there thinking I was depressed," says the 54-year-old. "I just thought I wasn't feeling good."

His doctor recognized the symptoms and diagnosed Little with clinical depression. He encouraged the farmer to not only take medication to improve his mental health, but to make some big life changes.

Little, a married father of three boys, started medication and changed the way he farmed. He decreased the amount of acres on his farm and focused more on his livestock, which made the work more manageable.

At the age of 49, Little left farming for good. He began a new career as an oil landman and gave control of the farm to his middle son, Andy.

Andy was up to the task. He had already received his agriculture diploma in livestock management from Fairview College and was a

4-H leader and a bull-rider. He loved their land and livestock.

Things were looking good for Little and his family.

And then, in February 2003, just three months into his new job, Little faced something unexpected and devastating: Andy killed himself.

Unfortunately, suicide isn't rare in Alberta -- more than 400 Albertans kill themselves every year. In a booming province full of jobs and opportunities, authorities are perplexed as to why so many Albertans are taking their own lives.

No one, it seems, has the answers, but the uncertainty haunts families that, like Little's, are left behind to grieve for their loved ones.

Looking back, Little says depression pushed Andy to suicide. The young man wasn't sleeping or eating well, he was always working and he seemed nervous.

Little missed the signs.

The irony of the situation does not escape him.

"It was really hard for me to take, having gone through a depression and not seeing Andy's," he says.

But on the surface, and to others who knew him, Andy was a happy 23-year-old who was living the farming dream.

"He was a very jovial, outgoing person. Of all the people you would pick, it wouldn't be Andy."

Pictures of other Albertans who have died by suicide adorn a blue and white banner that hangs at The Support Network in Edmonton.

They look like everyday people -- friends, parents, neighbours.

Suicide does not target a certain economic class, age group, or gender, and it permeates communities throughout Alberta.

Every year for almost a decade now, more Albertans have died at their own hands than in motor vehicle collisions.

According to the Pembina Institute think-tank, Alberta's suicide rate has averaged 122 per cent of the national average for more than 40 years. In 2004, Alberta's suicide rate was 14 per 100,000 people, the second highest among the provinces, behind Quebec. The national rate was 11.3 per 100,000.

Why is our suicide rate so high?

"That's been the great question everybody's been trying to figure out," says Diane Yackel, executive director of the Calgary-based Centre for Suicide Prevention.

NATIONAL COMPARISON

Alberta's suicide rate ranks second highest among the provinces. Here is the breakdown of suicide rates per 100,000 population in 2004, according to Statistics Canada:

Canada 11.3

Quebec 15.3

Alberta 14.0

New Brunswick 11.8

Manitoba 11.3

Saskatchewan 11.2

British Columbia 11.1

Newfoundland and Labrador 10.2

Nova Scotia 9.6

Ontario 8.2

Prince Edward Island 5.8

SUICIDE WITHIN ALBERTA

Here is the breakdown of 2003 suicide rates per 100,000 population by regional health authority, according to the Chief Medical Examiner of Alberta:

Aspen (Cold Lake to Hinton) 25.1

Peace (North West) 21.2

East Central (Lloydminster) 19.8

David Thompson (Red Deer) 17.0

Palliser (Medicine Hat) 13.8

Capital (Edmonton) 13.7

Chinook (Lethbridge) 13.5

Calgary 11.5

Northern Lights (Far North) 11.4

Boomers line up for hip, knee surgery; More and more younger patients seeking joint repairs

The Edmonton Journal

Sun 28 Oct 2007

Page: A2

Section: News

Byline: Darah Hansen

Dateline: VANCOUVER

Source: CanWest News Service

VANCOUVER - It wasn't his intention, but Dale Saip has become something of a trendsetter. Two years ago, at age 46, Saip underwent surgery on his left hip to treat crippling osteoarthritis -- a degenerative disease caused by the breakdown and loss of the cushioning cartilage in the joint.

In Saip's case, the arthritis was likely the result of an old sports injury, but the condition could just as easily have developed as a result of obesity, genetics, a car accident or a work-related injury.

If Saip seems young for hip surgery, he's actually part of a growing trend. More and more, young patients across Canada are seeking surgical repairs to damaged and worn-out hip and knee joints, surgeries that were, not so long ago, considered the domain of seniors.

But going under the knife should be the last option for a patient suffering from osteoarthritis. Physiotherapy, massage therapy, modifications of exercise routines, or even less invasive procedures -- such as ligament and cartilage surgeries -- should all be explored first.

"You do try to avoid that," said Dr. Paul Sabiston, a North Vancouver orthopedic surgeon who specializes in knees, "because once you've had a (joint) replacement, there's no going back."

Still, the Canadian Institute for Health Information reports an 84-per-cent increase in total hip or knee replacements, from an estimated 31,500 in 1994-95 to more than 58,000 in 2004-05. The increase is faster than the rate at which the population is aging.

While Canadians 65 years and older continue to comprise two-thirds of all replacement surgeries, the fastest rate of increase has been among patients age 45 to 54.

Excess weight plays a major role, statistics show. In 2004-05, according to the report, nine of 10 knee replacement patients were overweight or obese, as were nearly eight of 10 hip replacement patients.

But health-care professionals are also seeing a dramatic rise in the number of patients who, like Saip, have spent much of their lives involved in sports.

"It's a combination of either extreme of the activity spectrum," said Marie Westby, a Vancouver physiotherapist specializing in arthritis care. At one extreme, there are the effects of a sedentary lifestyle, including poor muscle tone.

"At the other end of the spectrum, it's too much -- maybe high-impact sports, sports injuries, because you're at a very high or elite level, or over-training, or improper training."

Saip, director of team services for the Vancouver Giants junior hockey club, has made a career of abusing his body through sports, from hockey and horseback riding to university football.

By the time he was in his early 30s, Saip began to feel the effects of his athletics. His left hip, where he had developed osteoarthritis, was particularly bad. By the time he reached his 40s, he felt about 20 years older.

"I used to dread game days," said the father of three young children. "I'd put in a game ... and by the end of the night, I could barely get up and down the stairs."

Saip tried many treatments, but nothing worked. At 46, he opted for hip-resurfacing surgery -- a slightly less invasive procedure than total hip replacement that involves surgeons coating the head of the femur and hip socket with a protective titanium layer.

Saip is by no means unique. Sabiston is seeing more baby boomers, age 41 to 61, with a similar history.

"They are more active than their parents were," Sabiston said, adding, "it's also a more demanding population. They don't want to be waiting around forever. They want to be fixed now."

With Canada's baby boom bulge now moving into their senior years, combined with an increasing obesity rate, there's little doubt that joint-replacement surgeries will become even more common in the coming years.

Adding to the pressure, surgical patients now in their 40s and 50s will likely be going under the knife again in the next 10 to 15 years to correct or replace failing artificial joints.

Doctors like Sabiston says Canada needs to get ready for the coming "tidal wave" of orthopedic patients. "The number of knee replacements is going to double in the next few years," he said. "We have to get prepared and plan for the future."

British Columbia and other provinces are already on their way, encouraging a healthier, more active population, and taking steps to reduce the number of sports-related and other injuries that could later develop into osteoarthritis.

Westby is fully in favour of an active lifestyle, which is far healthier than inactivity. But, she adds, "the key is to avoid injuries or doing inappropriate activities for your body type or your skill level."

"A lot of it is common sense," she said.

Two years after his surgery, Saip said he's regained as much mobility "as a big, ex-football, heavy guy can have."

Working out at the gym, horsing around with his kids, and even lacing up again with an old-timers hockey league are among his regular fitness activities. Life is good, he said, although he admits to being a little more cautious than before.

"I don't play 'hitting' hockey anymore, and I am not about to go taking up skiing or anything."

Long wait times drive Canadians overseas for medical treatment; B.C. dentist books a passage to India for his hip operation

The Edmonton Journal

Sun 28 Oct 2007

Page: A2

Section: News

Byline: Doug Ward

Dateline: VANCOUVER

Source: CanWest News Service

VANCOUVER - Jeff Dolinsky, a dentist in Golden, B.C., travelled to India in the spring -- and he didn't go to sightsee, meditate or contort his body in front of a yoga master. Dolinsky's goal was more prosaic -- hip surgery.

When Dolinsky went under the knife in a hospital in Chennai (formerly Madras), he felt reasonably confident he had made the right decision.

After all, six other residents from the Rocky Mountain town of Golden also had undergone successful hip surgery in the same hospital with the same physician during the previous three years.

The patients from Golden are among the small but slowly growing number of Canadians flying to foreign countries for treatment -- a for-profit phenomenon known as medical tourism.

Frustration over the long list of 875,000 Canadians waiting for surgery and other procedures is what is driving people to "outsource" their treatment overseas.

Dolinsky, 48, had spent many months in severe pain from osteoarthritis. He sought treatment and was told that hip resurfacing -- a less invasive alternative to hip replacement surgery -- was his best option. He also was told he might have to wait a year if he wanted the procedure done in B.C.

A long, pain-ridden wait would have forced Dolinsky to scale back his dental practice and temporarily give up downhill skiing and mountaineering, the sports that drew him originally to the Golden area.

But instead of waiting, Dolinsky flew to India. The hospital picked him up and ushered him into what it called its "platinum ward," which was more like a posh hotel, with its marble floors, big-screen satellite TV and laptop computer with WiFi.

"And from the time I woke up from surgery until now, I haven't had to take more than a couple of painkillers," recalled Dolinsky recently.

There are about 15 medical tourism companies based in Canada. Their clients are seeking elective surgeries for such things as joint replacement (knee/hip), cardiac surgery, dental surgery, cosmetic surgery, cancer and transplant surgery.

These firms arrange treatment in Latin America, Europe and Asia, where countries such as India and Thailand are vigorously promoting medical tourism. Critics have said it's morally wrong for these developing countries to foster a private health care sector for wealthy westerners when the majority of their own citizens have poor access to health care.

But these attacks haven't stopped the governments of many Third World countries from trying to attract wealthy western patients.

Many of the Canadian medical tourism companies are based in B.C., including Surgical Tourism Canada, which brokers surgeries for Canadians in affiliated high-tech private health facilities in India, Mexico, the United States and Abu Dhabi.

Yasmeen Sayeed, chief executive officer of Surgical Tourism Canada, said her client list has steadily increased since she opened shop in July 2005.

But Sayeed acknowledged that medical tourism is far less of a big deal in Canada than it is in the U.S., where 500,000 Americans went overseas for treatment in 2005.

The reason for the difference is cost. Americans are used to paying for medical care, said Sayeed. Canadians aren't because of their country's universal publicly funded health care. Medical care overseas for Canadians means money out of their pocket, she added.

But for millions of Americans who are either uninsured or underinsured, purchasing medical care overseas can be cheaper than buying it at home.

Another obstacle in Canada, added Sayeed, is the refusal so far of provincial governments to reimburse people who get treated abroad.

CanWest News Service

BEGIN OPTIONAL TRIM

While medical tourism in Canada is on the increase, the number of people going abroad for care appears to be insignificant.

Sayeed's Surgical Tourism Canada is one of the largest medical tourism firms in the country, but it has only sent about 100 people abroad since its inception in July 2005.

END OPTIONAL TRIM

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Leigh Turner, a McGill University biomedical ethics professor, recently wrote that little is known about how many Canadian do go abroad but that the number is probably relatively modest.

Also modest is the number of Canadians heading to the United States to avoid long waiting lists. There was a flurry of media reports a few years ago about Canadians heading south for private care, but a

2002 study by health-care researchers at the University of B.C. found surprisingly few Canadians travelled to the U.S.

The report, entitled "Phantoms In The Snow," said Canadian travel tourism to the U.S. was "more myth than reality" and that the numbers involved "appear to be handfuls rather than hordes."

There seemed to be a jump in recent years in the number of Canadians, mostly ethnic Chinese or South Asians, going to Asia for organ transplants.

Ken Donahue, a spokesman for the B.C. Transplant Society, said 136 British Columbians have received transplants overseas since 1990.

But Dr. David Landsberg, medical director of transplantation at Vancouver's St. Paul's Hospital, said the number of Canadians seeking organs overseas is on the wane because many countries have recently placed restrictions on the practice.

"I haven't had any patients who have gone away and come back in the last six months."

END OPTIONAL TRIM

BEGIN OPTIONAL END

Dr. Brian Day, head of the Canadian Medical Association, is a big fan of a reverse form of medical tourism -- he wants the tourists coming here.

Day believes Canada could make millions of dollars off mostly American medical tourists, then plow the money back into the Canadian health system.

But a prerequisite to tapping into the global medical tourism market, which he estimates at \$40 billion, is the elimination of waiting lists in Canadian hospitals.

Day said, "we are losing all of that potential trade and the only reason we are losing it is because we have wait lists."

He believes B.C. could attract many medical tourists from Asia. Day said he visited an orthopedic hospital in Cuba that generates \$20 million in revenue annually treating medical tourists.

But Day's opponents in the debate over the future of Canadian medicine are less enamoured with the prospect of medical tourism in Canada.

Dr. Michael Rachlis, who has written extensively about the Canadian health-care system and is a sharp critic of private medicine in this country, said: "Do we really want the administrators in our system spending their time luring Americans? Or do we want them to fix the problems faced by Canadians?"

Rachlis said the money available from medical tourism would only amount to tens of millions of dollars -- minuscule compared to the \$150 billion spent on health care annually in Canada.

"It's just a complete diversion."

dwardpng.canwest.com

Mentally ill left out in cold; Patients struggle to fight demons in Canada's largest city without a psychiatric hospital

The Calgary Herald

Sat 27 Oct 2007

Page: A5

Section: News

Byline: Michelle Lang

Source: Calgary Herald

Series: State of Mind

Today: The state of Calgary's mental health system.

Tomorrow: Alberta's high suicide rate.

Monday: Ordering patients to take their treatment.

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Chelsea Hoeber laid her head on a bag of clothes.

The 33-year-old was in the throes of a manic state, her mind reeling with thoughts and images. When she spoke, a jumble of words poured from her mouth.

Hoeber had been acting so strangely in recent days, she wasn't welcome at the house where she was living.

Now she was settling in for the night at the Calgary Drop In Centre, her red winter coat serving as a blanket, her bag serving as a pillow.

Earlier that day, Hoeber had sought help from a team of crisis workers, who sent her to Peter Lougheed Hospital for treatment.

But when she arrived at the emergency room, medical staff wouldn't admit her to a bed.

"I was begging and pleading, 'Help me, help me,' " she says. "He said, 'We'll help you, but you don't need to be in hospital.' "

She left Peter Lougheed with no place to go and no money to get there.

Strangers gave her enough change for a C-Train ride downtown and she made her way to the homeless shelter for the night.

It isn't clear why Hoeber was turned away from hospital that day one year ago.

Maybe staff didn't realize the seriousness of her manic state. Perhaps, she says, Calgary's shortage of hospital beds played a role.

"I'm not the only one," says Hoeber. "There's a lot of people who need help. There's just no room."

Indeed, whether it's finding a hospital bed, appropriate housing or a case manager, local mental health organizations say Calgarians who suffer from psychiatric illnesses increasingly struggle to get the services they need.

The city is the largest centre in Canada without a dedicated psychiatric hospital. And critics say government has put too few resources into affordable housing, leaving an estimated 300 mentally-ill clients to sleep at the Calgary Drop In Centre every night.

"We have been using the streets and prisons as the asylums of the 21st century," says Michael Kirby, a retired Liberal senator, who wrote a national report on mental health.

"The problem is absolutely not unique to Calgary."

Calgary's psychiatric system -- with its flaws and its success stories -- is about to be thrust into the spotlight.

During the next year, Alberta Auditor General Fred Dunn will conduct a check up of mental health care in Alberta, including Calgary's psychiatric services, before issuing two reports in 2008.

The local system will also come under scrutiny as the newly formed Canadian Mental Health Commission establishes its head office in this city. As part of its mandate, the commission will probe mental health practices in Calgary and around the country, said Kirby, who is the organization's chair.

Mental health groups say the investigations will show the city's explosive population growth has strained psychiatric services.

"The system is just inadequate," says Fay Herrick, manager of programs and services at the Schizophrenia Society of Alberta.

"The (hospital) beds are always full If they're lucky enough to get into hospital, given the housing situation in Calgary, where do they live when they come out?"

Calgary Health Region officials acknowledge there are pressures on the local system, particularly on space-strapped hospitals. But they also argue the city has strong community-based mental health services.

"In some instances we have very comprehensive and well-placed services," says Cathy Pryce, executive director of mental health and addictions for CHR.

"We also know there are some areas we need to grow."

After spending the night at the drop in centre, Chelsea Hoeber headed to her doctor's office.

Although staff at Peter Lougheed Centre had turned her away, Hoeber believed she needed to go to hospital. Her physician agreed and had her committed to a psychiatric bed.

Hoeber was so sick, she spent a month at Rockyview Hospital.

A woman of few words whose brown hair hangs to her waist, she had been battling depression for years. As a child, she had also suffered a brain tumour that left her partially paralysed on her left side.

Now, physicians were reconsidering Hoeber's earlier diagnosis of depression. They suspected she was suffering from bipolar disorder, a disease that takes its victims on an emotional roller-coaster ride of manic highs and devastating lows.

Doctors wanted longer-term care for Hoeber. But without a mental hospital in Calgary, physicians transferred her to Centennial Centre in Ponoka.

Its location, north of Red Deer, left her with few visitors. Her best friend, Bill, came to see her once a month at most.

"I missed my friends," she says. "Who wouldn't miss their friends and family when they couldn't see them?"

Indeed, some mental health groups say the fact that Calgary doesn't have a mental hospital poses immense challenges.

When patients require long-term care they are sent to Ponoka or Claresholm, which advocates say removes people from their families and support systems.

This can make it all the more difficult for patients to reintegrate into their communities when they return home.

"There should be a long-term facility and there should be some rehab facilities in Calgary. But there aren't," says Herrick of the Schizophrenia Society.

Others, like the Canadian Mental Health Association, support the Calgary model, noting governments have been moving towards deinstitutionalization for decades.

Judy Martin, executive director for the association's Calgary chapter, says that without a psychiatric hospital, health officials have developed better care for the mentally ill in the community.

"Rather than housing people in a large institution, we prefer people have services and supports in their local community," she said.

Kirby agrees Calgary's situation has been more of an asset than a liability.

"It really meant the city was forced to deal earlier than most places with the important need of community-based services," said Kirby.

Nevertheless, there are times when patients like Hoeber become so ill, they require hospitalization.

And some experts, such as Calgary psychiatrist Dr. Kent Sargeant, say local hospital resources are stretched to the limit.

"At times, we are at more than 100 per cent capacity," says Sargeant, who practices at Rockyview.

"No machine, no human organization can operate at that level."

The city's three hospitals have 260 psychiatric beds. That's only about 60 more spaces than local hospitals had 15 years ago -- well before Calgary's population boom.

Edmonton's hospitals, by contrast, house 232 psychiatric beds. A 410-bed psychiatric hospital is also located in Alberta's capital, which is smaller than Calgary. But health officials insist the facility isn't simply an extra resource for Edmonton, noting a quarter of its beds serve patients from around the province.

In any case, critics say Calgary does not have enough psychiatric beds and the result is that patients sometimes wait longer than they should for care. Organizations such as the Canadian Mental Health Association say it can be a struggle just to get patients into a bed.

Hospital crowding is another issue.

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At Rockyview, Sargeant says staff frequently rely on common areas when the regular beds are full, placing patients overnight in rooms normally reserved for therapy and other programs.

Calgary Health Region officials concede the city needs more mental health beds.

In the short term, the health body will add more psychiatric beds through an expansion at Peter Lougheed and, by 2011, the planned south Calgary hospital should add another 50 mental health beds.

"It's a day-to-day challenge to manage the bed situation," says CHR's Pryce.

"Some days it works just fine and some days there are capacity issues for sure."

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This spring, following a six-month stay in Ponoka, Chelsea Hoeber was discharged from hospital.

Over the course of her treatment, psychiatrists determined she was indeed suffering from bipolar disorder. They placed her on a new drug regime.

When she returned to Calgary, she faced her next challenge: housing.

Hoeber, 34, was placed in an "approved" home, a CHR-sanctioned house that provides room and board to the mentally ill.

Problem was, the home was located on Calgary's northwestern edge in a community so new it's still under construction. The area has spotty transit services.

Hoeber, who doesn't drive, felt isolated. She found it difficult to visit her friends and attend her support groups.

"You're depressed and in hospital, then you're put in another situation where you could be depressed again," says Hoeber, who questions why CHR would choose an approved home at the edge of the city.

The city's tight rental market and sky-high real estate prices have made housing one of the biggest obstacles facing patients like Hoeber.

CHR has about 40 so-called approved homes for mentally-ill Calgarians.

Organizations like Community Living Alternatives for the Mentally Disabled Association and Canadian Mental Health Association also provide some supported housing locally.

But CHR and most mental health organizations acknowledge there's not enough housing for their clients.

There are long waiting lists for most mental health housing programs. Many times, families will keep their mentally ill relatives living at home for long periods.

Jacquie McDonald, a 55-year-old client of Calgary's mental health system, has been on a waiting list for affordable housing since January. In the meantime, she's had little choice but to live with her former common-law husband.

"It's very expensive," says McDonald. "Not too many people can afford to get into an apartment -- regular people, never mind low-income people."

In some cases, mental health patients end up on the streets. Calgary's affordable housing situation is so dire local hospitals sometimes have to discharge psychiatric patients with no place to go.

"We try and work to find any alternative other than discharging to the drop in centre," says the CHR's Pryce.

"It breaks our heart when it happens."

Last week, the Calgary Committee to End Homelessness announced a pilot project to create supported housing for 50 chronically homeless people with psychiatric issues and addictions problems. Calgary Drop In Centre officials hope this will help their clientele, about one-third of whom suffer from mental illness.

But housing is only one issue facing Calgary's community-based mental health system.

Organizations such as the Canadian Mental Health Association say not enough resources have been invested in local community-based services to serve the city's booming population.

"If you're going to close institutions and then transfer services into the community then you have to give resources to the community and that hasn't happened as much as it should," says Martin of the Canadian Mental Health Association.

Strong community-based mental health systems, for example, should include assertive community treatment teams, according to the 2006 Senate report on Canada's mental health services.

The teams are comprised of medical staff such as psychiatrists, nurses and social workers who care for patients in the community, helping with everything from medication to housing.

Calgary has only one assertive community treatment team. CHR officials concede about 10 teams would be ideal for a city this size and the health body is currently attempting to expand the number of teams.

There's easier access to some other services. Health region representatives say a local mobile crisis unit has had good response times. The unit is a team of professionals who travel to respond to a psychiatric emergency.

And both CHR as well as local mental health organizations run dozens of community-based services for the mentally ill, from support groups to crisis lines.

"There are some very good services, but the capacity could be enhanced," says Martin.

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On a recent Friday, Chelsea Hoeber is selling raffle tickets at a northeast Calgary mall, raising money for the Schizophrenia Society.

These days, Hoeber, now 34, spends her afternoons volunteering or going for coffee with her support group.

Her mental illness is under control, managed by new medication, and she's considering applying for a job at a local bingo hall, where she has worked fundraisers before.

"It's not a fancy job or a high-paying job, but it's a job," says Hoeber.

Her life is back on track.

But Hoeber worries that one day she may need hospital services again and hopes the health system will be there to help her.

So does Michael Kirby.

The former senator wants mental health services around the country to provide adequate services to patients, including proper housing, assertive community treatment teams and other community resources.

In his new role as the head of Calgary-based Canadian Mental Health Commission, Kirby will examine mental health systems across Canada, reporting back on so-called best practices and treatment standards.

The commission will also work on a campaign to reduce stigma around mental illness, which some mental health groups believe has contributed to inadequate resources for psychiatric care.

Alberta's auditor general, meanwhile, will launch his probe of the province's mental health services next year.

Dunn is scheduled to first examine Alberta Health's systems before looking at services in Calgary and other regions.

"We'll want to find out what we learnt from (Alberta Health)," says Dunn. "From that we'll narrow down the subject matter as to how the regions are delivering on the expectations of the department."

For his part, Alberta Health Minister Dave Hancock concedes mental health hasn't had the same profile as some other areas of medical care.

He believes the commission will push the mental health agenda forward.

"We need to ensure the most vulnerable in our community get the care they need," says Hancock.

Mental health advocates are also optimistic about Dunn's investigation, as well as the new commission. They hope their work will finally spur change for diseases that have long been maligned and ignored.

"Right now, the system is not set up for a successful outcome for a person who has a severe, chronic disorder of the brain," says Herrick of the Schizophrenia Society.

"I am hopeful there will be changes in the near future."

mlang@theherald.canwest.com

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Mental health beds for Calgary and Edmonton patients

- Calgary hospitals: 260 psychiatric beds

- Edmonton hospitals: 232 psychiatric beds

- Alberta Hospital Edmonton: 410-bed psychiatric hospital, of which 110 beds are dedicated to provincewide forensic program.

- Centennial Centre in Ponoka: 140 adult psychiatry beds, about 15 of which are occupied by Calgary patients.

- Claresholm Centre for Mental Health and Addictions: 100-bed facility, with 80 spaces dedicated to psychiatric care and 20 dedicated to "concurrent" disorders such as addictions and mental illness.

Source: Calgary Health Region, Capital Health

Additional Services

The 2006 Senate report into mental illness found the following three services, in addition to housing, are at the core of a community-based mental health system:

- Assertive Community Treatment teams: Provide continuous treatment, rehabilitation and support to the mentally ill in the community.
- Crisis Intervention units: Mobile crisis response services that provide support round the clock.
- Intensive Case Management: "Enables people to meet their treatment, support and recovery objectives, maintain positive change and live as independently as possible in the community."

Source: Out of the Shadows at Last, 2006 Senate report.

Chronically ill lobby for national drug plan; Health coalition holds hearings in Edmonton Monday

The Edmonton Journal

Sat 27 Oct 2007

Page: A5

Section: News

Byline: Jodie Sinnema

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Early retirement doesn't look so rosy to George Rozon, when it means the end of his employee drug insurance plan that pays thousands of dollars on his medication bills.

Rozon's plan has been paying the \$7,500 annual cost for his diabetes and heart medication, as well as covering drug costs for his wife.

Moving to Nova Scotia to be closer to family is also a concern. Alberta covers his \$2,000 monthly bill for anti-rejection drugs needed after a kidney transplant in 2001. He doesn't know if he will qualify for such coverage in the Maritimes.

"It puts a dim view on retirement when you're spending so much money just to keep yourself alive," said Rozon, 54, who will be speaking at a public hearing on Monday about the need for a national drug plan that makes public drug coverage consistent across Canada.

"I grew up in an era when you dreamed of retirement and travel," he said. "Now, that doesn't exist. It's frightening."

The Canadian Health Coalition is travelling across the country collecting personal stories like Rozon's in a bid to push the federal government to come up with a national pharmaceutical strategy.

In 2004, provincial health ministers set up a task force to come up with such a strategy. But Michael McBane, executive director of the non-governmental Canadian Health Coalition, said little has been

done since the task force released a progress report in June 2006 calling for more input to fix the "patchwork of public and private drug plans" that reduces access to affordable drugs.

"There are millions of Canadians whose health is jeopardized because they have inadequate or no drug insurance whatsoever," McBane said as he kicked off his 13-city campaign.

A 2002 study estimated two per cent of Canadians have no private or public drug plans to help with costs, he said. "Unless we're able to put a human face on the issue, it doesn't sink in. It's not real. It doesn't have impact."

Rozon has worked in a corrugated cardboard factory for 25 years. He can't return to work and will be retiring formally in May. But he believes he'll have to pick up another job if he wants to travel with his wife, since he'll spend his pension on medication.

"If you go anywhere in Canada, you would find someone in my position," Rozon said.

LOST MOMENTUM

McBane said provincial governments are becoming increasingly sympathetic to having a national drug plan, since provinces are on the hook for drug bills, which have risen 77 per cent since 1994. But he said the federal Conservatives have lost the momentum that began when the Liberals set up the task force.

The government could save 50 per cent of drug costs if one drug purchaser with bulk purchasing power negotiated better prices, McBane said. He said New Zealand bargained such a deal on drugs for cholesterol, blood pressure, ulcers and depression.

"The power of the idea of strengthening national purchasing is so overwhelming that I think we're heading in that direction," he said. "It's a matter of time."

"Pharmacare isn't going to come from the top, it's going to come from citizens mobilizing and organizing and pressuring politicians at the community level. That's what this campaign is all about."

Jack Goldberg, chairman of the board of Friends of Medicare which is sponsoring Monday's hearings in Edmonton, said the coalition doesn't aim to see every drug covered by a federal plan, just the essential ones.

The issue often comes up when people with rare diseases require expensive drugs. Goldberg said a national strategy needs a procedure to evaluate such claims, as well as a rapid way for people to appeal government decisions.

He said governments need to better determine which drugs to cover without influence from drug companies.

The public hearings start at 1 p.m. Monday at the Stanley Milner Library's Edmonton Room.

jsinnema@thejournal.canwest.com

Nursing shortages push up wait times; 80 beds kept closed; elective surgery put off

The Edmonton Journal

Sat 27 Oct 2007

Page: B1 / FRONT

Section: Cityplus

Byline: Jodie Sinnema

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Emergency waits are up and more surgeries are being cancelled as Capital Health struggles to reopen 80 beds closed because of nursing shortages.

People who have been admitted in emergency departments now wait about 12 hours for a hospital bed, up from the eight- to 10- hour wait last spring. Between 15 to 20 of the 270 elective surgeries planned each day are being cancelled because of bed

closures and staff shortages. Typically, two to three cancellations occur each day.

A BAD SIGN

"It's not a crisis and it's not the worse we'll see, but it's not a good sign," said Steve Buick, spokesman for Capital Health, explaining that 50 to 100 surgeries can be cancelled each day during mid-winter when complications from the flu send patients to hospital with heart problems or pneumonia.

Yet even though the health region has reopened 20 of the 100 beds which remained closed even after staff returned from summer holidays, the problems are worse than normal.

"We are getting beds reopened, but not nearly as fast as we had hoped," Buick said. About two new nurses are needed for every bed, but the supply of locally trained nurses has run dry. "We are finding a brake being applied to our growth for the first time in several years."

The region hopes to open all 80 beds by Christmas -- two months later than initially planned -- and also wants to fulfil its goal to open 120 new beds by April.

The 200 international nurses hired from the United Kingdom haven't arrived, though Capital Health expects some to trickle in over the next few weeks. The 400 new Canadian nurses hired since April haven't been able to keep up with demand.

GOING TO GET WORSE

"It's already a problem and it's going to become a serious problem if we don't get local supplies fixed," Buick said. But training the next wave of Alberta nurses will be a struggle, since the University of Alberta is short 12 professors in its nursing faculty.

"I'm very concerned," said nursing dean Joanne Profetto-McGrath. "We try to be competitive, but there are so many other opportunities."

The average salary for a faculty lecturer is \$83,000.

Nurses with graduate degrees can head into management or research positions outside academia.

Or they can work at hospital bedsides and make upwards of \$100,000 by working overtime to bulk up the \$85,000 salary of an experienced nurse.

Starting April 2008, the wage for a nurse with nine years experience will rise to \$90,000.

Profetto-McGrath said the shortage of professors hasn't made class sizes balloon, since 100 sessional teachers with bachelor and masters degrees help out. But 50 instead of the 60 tenure-track professors needed are supervising 305 graduate students.

All those vacant masters and PhD-level positions need to be filled, and 15 new full-time recruits need to be hired, if the government approves the 65 new undergraduate nursing seats requested by the university to help with the countrywide shortfall of nurses. Currently, the university has 435 undergraduate students working towards a nursing degree.

The Canadian Nurses Association estimates Canada will be short 78,000 nurses by 2011 and 113,000 by 2016 because there won't be enough new graduates to fill spots left empty by retirees.

Grant MacEwan College, which just started offering a four-year bachelor of science in nursing degree, has a full slate of 33 full-time staff to teach nursing, but will need to hire 20 more before 2011 when it graduates its first class.

"We know our needs will be great," said Sharon Bookhalter, dean of the health and community sciences faculty at the college. Already this September, the program had to turn away 200 qualified applicants because its 149 seats were filled.

jsinnema@thejournal.canwest.com

Infrastructure & Transportation

School bus crashes prompt provincial safety reviews

The Calgary Herald

Sun 28 Oct 2007

Page: B5

Section: City & Observer

Byline: Sarah McGinnis, and Trish Audette

Source: Calgary Herald; Edmonton Journal

Eight days after a Calgary girl was killed in a school bus crash -- and in the wake of two more yellow bus collisions near Edmonton this week -- Alberta Education Minister Ron Liepert says it's time to examine school bus safety in this province.

On Friday, a 64-year-old substitute bus driver was charged with failing to proceed safely at a stop sign after his school bus collided with a semi-trailer on a highway outside of Edmonton.

Three days earlier, 21 students escaped injury when another school bus crashed into a truck near Legal, north of Edmonton.

The collisions come as two south Calgary private schools are coping with the death of nine-year-old Kathelynn Occena who was killed when the school bus she was riding in rammed into a parked gravel truck on Crowchild Trail Oct. 18.

"Clearly, one (school bus crash) is an accident. Two is too many and three is unacceptable," Liepert said Friday while attending a charter schools conference in Calgary.

Liepert said he's willing to meet with Infrastructure and Transportation Minister Luke Ouellette as well as Solicitor General Fred Lindsay to discuss any commonalities between the recent collisions and brainstorm ways to improve school bus safety.

"I think we need to take a real look at this. I don't want it to get to the point where parents start to say: 'Is it safe to put my kids on a school bus?' Goodness, that's not the situation, but you get to the point where you start to have doubt in your mind," said Liepert.

Alberta Transportation is already investigating these latest bus crashes, said spokesman Jerry Bellikka, adding the department has not yet received final reports from any of the recent accidents.

"The bottom line is it's not an easy job to be a school bus driver, but safety is pretty important," said Bellikka.

"That cargo you're carrying is pretty precious. . . . Accidents are very rare. These three that we've had are not the norm," he said.

Six students were taken to hospital in Camrose on Friday morning after Alberta's latest school bus crash two kilometres east of Ohaton, said Camrose RCMP Const. Brent Robinson.

The bus was turning onto Highway 13 from Range Road 191, and stopped at the stop sign. The driver did not see the truck that had just pulled onto the highway, and moved into the intersection, said Robinson.

The truck driver hit his brakes, but could not avoid smashing into the back of the 48-seat school bus carrying six teenagers headed to junior and senior high schools in Camrose.

It was dark, cloudy and windy, but there were no visibility issues at the time of the accident, said Robinson.

He described the substitute driver as being shaken up after the accident.

All six students who were on the bus were taken to hospital in Camrose -- two of the students were taken in ambulances, the rest in other vehicles. Robinson said the most serious injury was a young woman who had a cut to the head.

Diane Hutchinson, communications director for Battle River School Division, later said the girl also suffered a broken collarbone.

Otherwise, she said, the students suffered minor injuries overall.

"All of them, bus driver and kids alike, are shaken up," she said. "It was a very traumatic experience." The teens are from areas all over Camrose County.

The bus driver, from Camrose, was charged under a traffic law and faces a fine of \$172.

smcginnis@theherald.canwest.com

'Running us ragged'; CN staffer attributes side-swiping and ensuing derailment to worker fatigue

The Edmonton Sun

Sun 28 Oct 2007

Page: 3

Section: News

Byline: BY DANIEL MACISAAC AND VICTORIA CARNAGHAN, SUN MEDIA

Worker fatigue may have played a part in a collision between two Canadian National freight trains outside Edson early yesterday.

The accident occurred around 5 a.m. when a westbound train carrying 125 cars side-swiped a smaller eastbound train before the eastbound train had cleared the main track and moved onto a siding near Peers, 150 km west of Edmonton.

Two locomotives and 31 cars from the larger train and five of 71 cars from the shorter one derailed.

"CN's so short of manpower, they're just running us ragged," said a CN employee, speaking to Sun Media on condition of anonymity. "There's going to be more (accidents) like this one."

John Wolfe, who lives close to the accident site, said the sound of the trains slamming together woke him up, but he still recognized it at once.

"My wife thought it was thunder, but it lasted longer," said the farmer. "I was half-awake but when I heard it, I was 99% sure it was a derailment."

Wolfe went down to examine the crash and take photographs.

But CN spokesman Kelli Svendsen said no one was injured in the crash and that no dangerous goods were spilled. Although the two locomotives from the westbound train ended up on their sides, she would not explain how the two crew members escaped injury.

"I can't go into details, but they weren't injured," she said.

Svendsen said the derailed cars included a tank car containing drilling fluid, but that it remained upright and unbreached.

CN crews worked through the day to clear the main line, linking Edmonton and Jasper.

Svendsen said CN was looking into the accident, too, but would not speculate on its cause.

Speaking from Gatineau, Que., Transportation Safety Board manager Dan Holbrook said a local TSB investigator was also on site.

Anthony Franko hopes it does find a cause. A local representative for the United Transportation Union, Franko agreed while it was too early to pinpoint the cause of the derailment, fatigue makes sense - since possibly the signal indicating that the smaller train hadn't cleared the main line was missed.

Franko said there is a need to examine CN's policy that keeps people on call with very little notice. "On paper, it can look very predictable, but in real life these trains are staggered," he said. "It's a matter of trying to predict the unpredictable - and you might be going to bed at 1 a.m. and getting a call at 3 (o'clock) to come in for a 10-hour shift."

Yesterday's crash follows the announcement Friday by the Safety Board that it was a defective rail that cause a CN train to come off the tracks near Lake Wabamun two years ago and spill nearly 800,000 litres of oil and chemicals.

Trains derail near Edson; No injuries as freight cars sideswiped

Edmonton Journal

Sunday, October 28, 2007

Page: A16

Section: Cityplus

Byline: Journal Staff

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - As many as 36 train cars were knocked off their tracks early Saturday morning in a derailment 170 kilometres west of Edmonton.

A westbound freight train sideswiped an eastbound freight train as they passed on a siding, or passing track, about 32 kilometres east of Edson. The main rail line, which runs roughly parallel to Highway 16, was closed all day.

CN Rail spokeswoman Kelli Svendsen said CN expected the railway to be open by today.

About 350 passengers on Via rail trains had their trips interrupted.

Svendsen said the impact derailed 31 cars on the westbound line and another five on the eastbound. Edson RCMP officers were called to the scene -- an isolated area south of Peers near Range Road 151 and eight kilometres west of Highway 32 -- at about 4:45 a.m. There were no injuries.

Most of the derailed westbound cars were empty or contained potash. A tanker containing drilling fluid, which contains diesel, was derailed, but

didn't leak, Svendsen said. The eastbound cars carried lumber products.

A small amount of diesel spilled from the westbound train's locomotive, which also derailed. CN teams set out absorbing pads to capture what Svendsen called "very, very little" spilled fuel.

One VIA train was scheduled to leave Edmonton Saturday morning, and another to arrive in Edmonton Saturday evening. Via Rail passengers headed west to Vancouver were taken in buses from Edmonton to Jasper where they picked up the train again.

Those headed toward Toronto were shuttled from Jasper to Edmonton.

Third school bus crash in eight days alarms gov't; Teens 'shaken' but no critical injuries Friday in Camrose-area collision between bus, semi

The Edmonton Journal

Sat 27 Oct 2007

Page: B5

Section: Alberta

Byline: Trish Audette

Dateline: EDMONTON

Source: The Edmonton Journal with files from the Calgary Herald

EDMONTON - A 64-year-old substitute bus driver was charged Friday with failing to proceed safely at a stop sign after his bus collided with a semi-trailer truck on Highway 13.

"We were very, very fortunate that the semi truck wasn't up to highway speed," Camrose RCMP Const. Brent Robinson said of the 8 a.m. crash near Ohaton.

The truck hit the back of the 48-seat school bus carrying six teenagers to junior and senior high schools in Camrose.

The six were taken to hospital in Camrose. The most serious injury was a girl who had a cut on her head and a broken collarbone.

Diane Hutchinson, communications director for Battle River school division, said everyone on the bus was "shaken up. It was a very traumatic experience."

The teens are from areas all over Camrose County.

The bus driver, from Camrose, was charged under traffic law and faces a fine of \$172.

Alberta Transportation is also investigating.

"There have been three incidents in the last eight days that are concerning," said spokesman Jerry Bellikka, adding the ministry has not yet received final reports from the RCMP about the fatal school bus accident in Calgary last week or a less serious accident in Morinville Tuesday that saw 21 high school students walk away uninjured.

"The bottom line is it's not an easy job to be a school bus driver, but safety is pretty important," Bellikka said. "That cargo you're carrying is pretty precious. Accidents are very rare. These three that we've had are not the norm."

Bellikka said there were 72 school bus collisions recorded last year, one of which was fatal.

Alberta Education Minister Ron Liepert said Friday it might be time to explore school bus safety issues in Alberta.

"Clearly, one (school bus crash) is an accident. Two is too many and three is unacceptable," Liepert said while attending a conference in Calgary.

He said he's willing to meet with Infrastructure and Transportation Minister Luke Ouellette as well as Solicitor General Fred Lindsay to discuss any commonalities between the recent collisions and brainstorm ways to improve school bus safety.

"I think we need to take a real look at this. I don't want it to get to the point where parents start to say, 'Is it safe to put my kids on a school bus?' " Liepert said. "Goodness, that's not the situation, but you get to the point where you start to have doubt in your mind."

taudette@thejournal.canwest.com

International, Intergovernmental & Aboriginal Affairs

'High-risk' military projects over budget, behind schedule; \$7.3B In Total

National Post

Mon 29 Oct 2007

Page: A5

Section: Canada

Byline: David Pugliese

Dateline: OTTAWA

Source: CanWest News Service

OTTAWA - Twelve military equipment projects totalling \$7.3-billion are considered "high-risk" and have gone over budget and are at least two years behind schedule, according to a Defence Department review.

It is unknown which equipment programs have run into difficulty as the department has declined to release such details. So far, \$600 million has been spent on the programs in question.

Other equipment projects could also face cost overruns but the department would not provide further details.

The analysis of capital equipment projects was conducted to identify higher risk programs that warrant an audit, according to the study by the Defence Department's Chief of Review Services. It was produced in April and recently released.

"For the 12 higher-risk projects, project cost (or forecast) increased by nine per cent on average and was behind schedule by 2.2 years," noted the analysis.

It added that those projects had not changed in regards to the numbers or type of equipment or capability eventually to be delivered.

The report also determined that non-competitive contracts could cost taxpayers extra but it did not get into details about how much. "Sole-source acquisition can result in higher costs to the Crown, especially with amendments to the contract," it pointed out. "Projects with competitively tendered contracts were considered lower risk."

The analysis recommended the Chief of Review Services conduct audits into five higher-risk projects. Because the department has limited auditing services available, it recommended that assistant deputy ministers conduct examinations into another six equipment programs.

The report notes that 64% of 25 higher-risk projects have fallen behind in their schedules. That 25 figure includes the 12 already identified to be in the most difficulty.

Such slippage is a strong indicator of the potential for delayed acquisition of the equipment or a capability as well as an increase in a project management costs, according to the review.

The Defence Department recently put the document up on its Web site but censored details about which projects have run into trouble as well as specifics about costs.

Defence Department officials declined to be interviewed about the review.

But in an e-mail to CanWest News Service, the department cited a provision under the Access to Information law that allows it to censor the report. It says that the names of the equipment programs and other related details constitute advice to the department or to the defence minister and thus cannot be seen by the public.

In its e-mail response, the department noted that criteria for identifying projects for review could include the presence of high-risk transactions, cost or schedule changes, the initial risk assessment of the project, the overall value and a project's history of meeting its set timetables.

The projects examined were those already underway in May 2006. The review examined 162 capital equipment projects totalling a little more than \$51 billion.

The review did not look at the \$24 billion in new equipment projects announced by the Conservative government between June 2006 and July of this year. Those new projects include the purchase of heavy lift helicopters, the acquisition of C-17 and C-130J transport planes as well as new fleets of tanks, army trucks, and supply ships. The Harper government also announced the construction of Arctic patrol ships, the establishment of a new training centre in the North, and the modernization of the navy's frigates.

Deliveries of C-17 aircraft have started but most of the other programs are still in their early stages, with the equipment to be delivered over the next decade.

Alan Williams, the Defence department's former assistant deputy minister for materiel, said the projects examined by the review could include equipment purchases, upgrades to existing equipment or in-service support contracts for various systems.

Williams said he found it significant the review raised the question about sole-sourcing of military contracts. "In contrast to what the government has been saying, they're acknowledging that you spend more money on sole-source contracts," said Mr. Williams, author of *Reinventing Canadian Defence Procurement*. "Without competition you can waste taxpayers' dollars."

The Harper government has come under fire in the last year in the Commons for what critics say are a series of noncompetitive contracts awarded to defence firms. MPs with the NDP, Liberals and Bloc Quebecois have all warned that directing contracts to particular firms without competition costs taxpayers money and limits the involvement of domestic firms.

The government has responded numerous times that the procurement process is fair, open and transparent. The equipment is needed quickly by the military, it contends.

Passports still slow

The Edmonton Sun

Mon 29 Oct 2007

Page: 26

Section: News

Byline: BY CP

Dateline: OTTAWA

Passport Canada is reporting continued long delays in processing mailed-in passport applications, despite a streamlined renewal process and hundreds of new employees.

And there is concern those delays will only get longer as the busy winter travel season approaches.

Officials blame a glut of new applicants for the delays, as demand for the documents continues to grow dramatically.

It now takes a minimum of six weeks to get a passport through the mail - two weeks longer than the agency's benchmark of four weeks.

And that doesn't include the time it takes to get applications and documents through Canada Post.

Passport Canada spokesman Fabien Lengelle says many more people have applied for passports in the past six months than applied within the same period last year.

Ottawa to take hit on Alberta policy

The Globe and Mail

Sat 27 Oct 2007

Page: B7

Section: Report On Business: Canadian

Byline: Steven Chase

Dateline: OTTAWA

OTTAWA -- Ottawa will take an annual hit of about \$420-million from the Alberta government's decision to raise petroleum royalties, a leading economist says.

Toronto-Dominion Bank chief economist Don Drummond estimates Ottawa will lose about \$280-million in annual corporate income tax revenue as a result of the move.

Companies paying federal corporate income tax can take deductions to account for royalties paid, so any increase in Alberta's royalty receipts will reduce Ottawa's tax take.

Mr. Drummond also predicts that the move will require Ottawa to dole out \$140-million extra in equalization payments to other provinces to ensure they're not left behind with Alberta's increased wealth.

"They will have to equalize up to a higher fiscal standard," he said.

The issue of provinces increasing their royalty take at the expense of the federal budget is nothing new, with a spat in mid-1970s between then-Alberta premier Peter Lougheed and prime minister Pierre Trudeau resulting in Ottawa implementing in 1976 the "resource allowance" scheme that imposed a ceiling on the amount of royalties that were tax-deductible. The system - criticized for creating distortion for investment decisions - remained in place until 2002, when it was phased out over a five-year period and disappeared on Jan. 1, 2007.

The next prairie powerhouse; For the first time since 1984, Saskatchewan had net in-migration

National Post

Sat 27 Oct 2007

Page: A22

Section: Editorial

Byline: Lyle Dunkley And Ezra Levant

Source: Special to the National Post

Saskatchewan looks set to end 16 years of NDP rule on Nov. 7, with the free-market Saskatchewan Party ahead in the polls. Combine Saskatchewan's move to the right with Alberta's dramatic hike in oil and gas royalties this week, and the once-unthinkable is now happening: Saskatchewan is the next economic powerhouse of the prairies.

The trend has been visible for a little while; housing prices, a good barometer of economic activity, jumped 50% this year in Saskatoon, and almost as much in Regina. By comparison, new home prices in Calgary actually declined by 1% last month, and that was before the oil boom in Alberta was officially euthanized.

It may seem hard to believe, but for a long time Saskatchewan used to be the more prosperous of the two provinces. Alberta and Saskatchewan joined Canada on the same day in 1905, and for a generation, Saskatchewan had a bigger population and bigger economy. The Depression hit both provinces hard, but it wasn't until Saskatchewan elected North America's first socialist government in 1944 that Alberta started to move ahead. Since then, the CCF/NDP has won 12 of Saskatchewan's 16 elections, while its Western neighbour slowly settled into Conservative rule. The result: Saskatchewan's population remains at just under a million people, essentially unchanged from 1931. During the same period, Alberta grew from 730,000 to 3.3 million people. And Alberta's GDP is nearly five times larger than Saskatchewan's.

There will be no Newfoundland-style exodus from Alberta; even under the new tax regime, things are still good. But it's not just the tax hike that has rattled the economy; it's the brazen threat that the

government of Alberta will unilaterally break its contracts with the big oilsands producers. Governments of any stripe can raise taxes; but violating the rule of law and dashing the sanctity of contracts is a whole different species of government interventionism. It would make Tommy Douglas proud.

Already strange things are happening. Crescent Point Energy Trust announced that it was considering diverting \$150-million in spending from Alberta to Saskatchewan next year. Some Saskatchewan-born oil patch workers, having made their fortune in Alberta, are returning home for sentimental reasons and the lower cost of living. This year for the first time since 1984, Saskatchewan had net in-migration from other provinces.

A few thousand people and a few hundred million dollars are one thing. But what about the tens of billions of dollars locked into Alberta's oilsands?

The oilsands are the hardest-hit by the province's tax hike -- and the premier hasn't revealed what he will do if the companies go to court to uphold their contracts. "The government will take other measures to ensure a level playing field," said Ed Stelmach, a not-so-veiled threat.

Alberta's oilsands can't be moved. But what about oil sands and oil shale in Saskatchewan? The same geological formation that lies under Fort McMurray stretches across the border, into Saskatchewan's Clearwater River Valley. It was explored to some degree in the 1970s, but not developed for economic and political reasons. But new technology has made once-uneconomic oil sands profitable -- and oil at US\$90 a barrel helps, too. Combine that with a new, property-rights-respecting Saskatchewan Party and hundreds of experienced oilmen returning home from Alberta, and you've got an interesting possibility. A company called Oilsands Quest is back out there already, drilling exploratory wells.

They were betting on new technology and high oil prices. It's unlikely they ever thought their best promoter would be a socialist from Alberta named Ed Stelmach.

ezra@westernstandard.ca - Lyle Dunkley is chairman of Rider Resources. Ezra Levant is publisher of Western Standard online.

Municipal Affairs & Housing

Premier set to unveil homeless plan

The Edmonton Sun

Mon 29 Oct 2007

Page: 2

Section: News

Byline: BY DAVE DORMER, SUN MEDIA

Dateline: CALGARY

Premier Ed Stelmach is expected to announce a major strategy to deal with the growing problem of homelessness in the province during the eighth annual Calgary Homeless Foundation dinner tonight at the Telus Convention Centre.

Stelmach hinted an announcement was coming while meeting with reporters at the Conservative party's policy convention yesterday at the Radisson Hotel.

"I recognize homelessness is a pressing issue in Calgary and Alberta and my government is determined to deal with it," Stelmach said.

"Tomorrow I will be at a fundraiser for the Calgary Homeless Foundation making a significant announcement about my government's strategy to deal with homelessness in Alberta."

Calling any announcement on the issue a good one, CHF president and CEO Wayne Stewart said he's hoping Stelmach will focus on long-term sustainability.

"We'd like to see some kind of long-term plan for housing and the issue that affects those with no home and funding. Those are the two things," he said.

Stewart said his group has been working on a 10-year plan to eliminate homelessness in Calgary and expects to release its preliminary findings in January.

"We've announced some initiatives with provincial support already," he said. "Anything that supports our 10-year plan would be very positive."

Residents fight supersizing; When builders ignore the zoning bylaw, inspectors can only react to complaints

The Edmonton Journal

Mon 29 Oct 2007

Page: A12 / FRONT

Section: Cityplus

Byline: Gordon Kent

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Upset community leaders say oversized homes are springing up in older Edmonton neighbourhoods because the city doesn't properly enforce its zoning bylaw.

They complain that overworked planning staff lack the time to adequately examine infill housing applications, and the department has just one person who inspects projects to ensure they're built as laid out in the plans -- and that visit only happens if there's a complaint.

"Once a permit is issued, there's zero natural enforcement built into their system," says Rob McDonald, chairman of the Strathcona Centre Community League planning committee.

New housing in most of central Edmonton is controlled by a policy known as the mature neighbourhood overlay, intended to maintain the scale, character and pedestrian-friendly streetscape of older areas.

Last month, the city went so far as to impose a stop-work order on construction of a house at 9812 93rd Ave., saying it's too tall and has a basement protruding too far out of the ground.

An application has been submitted for a new development permit that would leave the house, which towers over surrounding properties, as it has been built.

If that's rejected, owner Manuela Iselin can request a variance from the zoning regulations at a hearing before the subdivision and development appeal board.

Iselin says she's only aware of the basement error and doesn't know how it happened, but feels her plans were thoroughly scrutinized by the city.

"We were always intending to build a conforming structure, and as far as I knew we were going through all the steps to do that. We are at this point, as far as I know, wanting to correct the mistake and talking to the city about what exactly that implies."

However, McDonald says neighbours had to make a lot of noise before city officials acted, and some concerns weren't addressed at all.

"It's a culture of denial."

Diane Millar, planning chairwoman for the Queen Alexandra Community League, says she has seen about a half-dozen semi-detached homes in the area that appear to have height, drainage or other zoning problems.

She says she has trouble getting busy city employees to deal with them.

"I fault planning and their enforcement for letting people get away with breaking the rules ... It's a joke," Millar says.

"It's strictly community-monitored... It would be so much better if they had staff to go out and make sure a building is being built as per its permit."

Coun. Ben Henderson says he has heard repeatedly about variances being accepted after non-conforming structures are up, and feels the city is "lax" in finding better ways to deal with such situations.

"We do have to be much more vigilant in this area or else we make a mockery of the rules we have set up," Henderson says.

"I think it's odd, in general, that the only bylaws in the city that aren't complaint-driven are the people who go around giving us parking tickets. It puts neighbours in a very bad position if they have to complain."

Permitting and licensing director Jeff Price confirms his department has one person doing site inspections, saying under the current policy, which is being re-evaluated, he can only react to complaints.

Without that red flag, nobody visits homes, garages, sheds, fences and other new structures to ensure what's built matches the plan approved on the development permit, Price says. He adds that safety officers do ensure such work as framing, wiring and plumbing meets the building code.

"We don't do the roving patrol," he says. "We don't peer over someone's fence to make sure the garage is actually put one metre into the side yard."

"The resource bill to do that sort of thing would be quite high. You could potentially be accused of being a Big Brother operation."

Decisions about whether measurements and heights comply with the zoning are often judgment calls, Price says.

Senior development officer Paul Kozak estimates that in an average year, the inspector attends 60 or 70 complaints about redevelopments, along with other tasks.

Approximately 40 per cent of these locations require some sort of changes. With the time required to contact the landowner and other people, review paperwork and possibly co-ordinate with staff in other departments, cases can take weeks or months to resolve, he says.

"We do what city council wants us to do with the resources we get," he says.

"We could certainly do with more help, because looking at what's occurring in the city there's always demand on one's time. How far we go in addressing those issues, that's not really for me to say."

McDonald is now taking the unusual step of preparing a report to Municipal Affairs Minister Ray Danyluk, asking him to compel Edmonton to better enforce its zoning bylaws by ensuring plans for infill homes meet zoning requirements and that someone checks the property afterwards.

While he doesn't know how the province will react, he expects at least 10 community leagues in mature areas will support his request.

"If you don't have enforcement, you don't have a law ... when they hear the name enforcement officer, (people) expect to see a guy in a car and writing tickets, but they're dead wrong."

gkent@thejournal.canwest.com

Seniors & Community Supports

ROOM FOR GROWTH IN HOME CARE

National Post

Mon 29 Oct 2007

Page: FP1

Section: Financial Post

Byline: Grant Surridge

Source: Financial Post

Doris Morley leans back in her favourite chair and reflects on what she likes most about her live-in caregiver, Joan.

Surrounded by pictures of family in the living room of her suburban Toronto home, it looks like the former dietician momentarily forgets the question as she enjoys the late-afternoon sun. Suddenly she clasps her hands together and almost shouts, "Her cheer."

Ms. Morley is a client of Home Instead, a franchise run by Sharon Galway that employs Joan as one of 60 "caregivers." She lives with the widowed Ms. Morley, who is in her early eighties, and helps with things like bathing and dressing, but also provides companionship, and peace of mind for Ms. Morley's grown children.

Home Instead is one of a growing number of small businesses across the country that are serving an ageing population that has money to spend on personalized, in-home care.

"Deep down we all knew ... people would want to stay in their communities as close to their homes as possible," says Ms. Galway, a 30-year veteran of the health-care industry.

According to Statistics Canada, 13% of Canadians are classified as seniors, and that number is expected to double within 25 years. The 85-plus age group is the fastest growing portion of the population.

Ms. Galway's previous job as an elderly abuse counsellor for the Ontario government made her realize the public health-care system is woefully ill-equipped to handle a rapidly ageing population.

She saw young parents buckling under the pressure of caring for elderly relatives, while they were raising children, and both usually going to work.

Former investment banker John DeHart knows this experience firsthand. He and Ken Sim started Nurse Next Door in Vancouver in 2001 after encountering difficulty finding care for sick relatives. But unlike many other home care providers, Nurse Next Door also provides full medical care to its clientele.

"We found an industry that lacked professionalism, it lacked standards, it lacked customer service, and it really lacked a brand," says Mr. DeHart. "But at the same time it was such a valuable and needed service."

When Mr. Sim's wife was confined to bed rest during her pregnancy, the first caregiver he hired had no criminal record check or medical screening, while the second had not met in person with company that hired him.

Their goal is to build the first national home-care brand in Canada that offers the same level of care found in a hospital or nursing home. NND has four franchises in B.C., and plans to expand in Ottawa and Toronto.

As with Home Instead, which has 20 franchises operating across Canada, their goal is to keep seniors in their homes as long as possible at the most affordable price. It is possible to get their service for as low as \$50 a week, for simple tasks like getting groceries, says Mr. DeHart.

In Canada the price of nursing home care ranges from \$4,000 to \$12,000 a month, he says. Full-time care 24 hours a day, seven days a week with Nurse Next Door costs between \$5,000 to \$7,000 a month. Ms. Galway says the average cost of Home Instead service is about \$1,000 a week; she charges \$18 an hour, with the minimum level of care being three hours per visit.

One of the biggest issues facing this nascent industry is a lack of regulation. Ms. Galway says her caregivers undergo a rigorous screening process, and her franchise is a member of the Ontario Homecare Association, which acts as an advocacy group for the industry.

The Canadian Council on Health Services Accreditation, which sets standards for hospitals and nursing homes across the country, began offering similar accreditation to homecare providers in 1996. Whether or not private homecare providers pay for accreditation is up to them, says CCHSA spokeswoman Liane Craig, although she says it would make a business more attractive to potential clients.

Since there is no regulatory body overseeing the industry, NND simply imposes standards on itself. The company uses multiple interviews, reference checks and medical testing, as well as requiring basic first-aid and CPR licences for its caregivers. It also employs nurses, certified care aids and certified companions for more involved medical care.

Another coast-to-coast ho-Those in the industry say the biggest initial challenge is sheer exhaustion. Mr. DeHart says he slept with his phone for the first year he was in business. NND has since designed a central dispatch unit that schedules appointments for franchises. In fact, Mr. De-Hart says the company is now shifting to training and development organization.

He says the best caregivers are in 50-plus age range, usually women whose children have left home and want to work in the community.

Those working in the industry talk openly about how they feel their work also provides a service to the community. They say that while there is money to be made, those looking solely to turn a quick buck are likely better served by other ventures.

Ms. Galway says one of the most rewarding things about her job is the people. Some of her oldest clients, the ones she calls her "nifty nineties" include a woman who marched with Martin Luther King, the architect who designed Toronto's first subway stations and a retired judge.

What surprises her most is how people still expect the government will take care of them in their old age. She said she is pushing the envelope to convince people that in the future, they will have to pay for quality homecare, and suggests society should start thinking seriously about services like senior daycare.

"It's really frightening that people who built this country think that, after all their hard work the resources will be there," Ms. Galway says.

Solicitor General & Public Security

Study links gambling and suicide; Problem bettors at greater risk of self-harm

National Post

Mon 29 Oct 2007

Page: A1

Section: News

Byline: Tom Blackwell

Source: National Post

Pathological gamblers are almost four times more likely than the average Canadian to try to kill themselves, concludes a new study that adds to the growing health-related controversy around the government-run casino industry.

Anti-gambling and safety advocates have long warned that problem gambling can lead to suicide, with some limited research to back up their concerns. The study just published by the Canadian Journal of Psychiatry is based on a nationwide survey of 36,000 Canadians, and found a strong connection between compulsive betting and self-harm.

Although the research cannot prove a cause-and-effect relationship, it raises significant public health concerns, said the paper spearheaded by Stephen Newman, a psychiatry professor at the University of Alberta.

"Over the past decade, the gambling industry has expanded dramatically in Canada," notes the study.

"Many observers are concerned about the societal, family and personal problems following in the wake of this unprecedented growth.

"This study demonstrates that there is an association between gambling, when taken to excess, and self-harm," the study says.

The research comes after the same journal published a study a month earlier that found emergency-room visits for gambling-related psychiatric problems in Quebec jumped by 50% in the late 1990s as the gaming boom took off.

Government-run casinos, lotteries and other gambling products pulled in net revenue last year of \$13.3-billion -- up from \$2.7-billion in 1992 -- while 69% of households reported at least one gambling activity, Statistics Canada says.

Experts estimate that as many as 4% of adult Canadians have a gambling problem. Some authorities have begun tracking suicides where gambling appeared to have been a factor, but evidence of the scope of the problem is still sketchy. The Canada Safety Council has estimated that more than 200 Canadians a year take their own lives because of gambling habits.

A class-action suit against the Atlantic Lottery Corp. was launched this year by Keith and Catherine Piercey, whose daughter, Susan, killed herself in 2003 after a spate of rampant VLT gambling that led to theft and heavy debt.

"The more people are becoming exposed to gambling, the more people are developing problems," said Sol Boxenbaum of Viva Consulting, a Montreal-based counsellor. "Because they don't know how to deal with the problem, out of desperation and hopelessness they attempt suicide."

Dr. Newman and colleagues analyzed results of the 2002 Canadian Community Health Survey, a survey of 36,000 adults by Statistics Canada that included questions around gambling and suicide.

After filtering out other possible factors, such as depression and alcoholism, the researchers concluded that pathological gamblers were 3.4 times more likely than the norm to attempt suicide.

Such research is akin to the body of evidence that scientists began accumulating about 50 years ago on the dangers of smoking, said Brian Yealland, spokesman for the advocacy group Gambling Watch.

"Everybody wanted to run around and deny [tobacco's links to cancer] and finally the science weighed in too heavily," he said. "That's always been my feeling with this, that as we get credible research showing what the effects are, it causes us some fairly high levels of alarm."

A spokeswoman for one provincial gaming company, however, said her organization recognizes the downside of the pastime and puts great emphasis on preventing gambling troubles. The Alberta Lottery and Gaming Commission, which both regulates the industry and runs many gaming facilities in the province, is even opening up kiosks at its casinos to highlight the risks of excessive gambling, the commission's Marilyn Carlyle-Helms said.

The agency hands over \$84-million a year to the Alberta Drug and Alcohol Commission's gambling program, has a self-exclusion program for addicted customers, includes education messages on its video machines and recently sponsored Responsible Gambling Awareness Week.

"Government takes the issue of problem gambling very seriously. We're doing a tremendous amount on many fronts," she said. "At the end of the day, we want people to be able to keep gambling fun."

Bomb scare closes part of downtown

The Edmonton Sun

Mon 29 Oct 2007

Page: 6

Section: News

A package left outside the City-TV studio in the historic Hudson's Bay building was suspicious enough for cops to close down part of downtown yesterday.

A package was found on the sidewalk at 10212 Jasper Ave. by a security guard at 12:15 p.m. He called police.

A two-block radius was cordoned off by police for most of the afternoon until bomb unit technicians used a water cannon on it and declared everything safe around 3:30 p.m.

Everything was pretty calm inside the building, which includes the temporary location of the Art Gallery of Alberta.

"As far as I'm concerned, everything was fine," said Mary Anne MacKenzie, who works for the gallery and was in the building at the time.

"Everyone was OK. Everyone remained calm and they weren't panicky or any major problems," she said.

No one was allowed in or out of the building, but as a precaution, MacKenzie said, everyone moved to the west side of the building to be as far from the package as possible.

Traffic was reopened shortly before 4 p.m.

CityTV was not commenting on the incident until they learn more from police.

This isn't the first time the station has gone through a bomb incident.

In 1999, a letter bomb was sent to the then-A Channel station disguised as a videotape. It exploded when the package was opened.

Raymond Neal Best later pleaded guilty to the incident, as well as sending bombs to the Edmonton and Calgary police chiefs, and was sentenced to 12 years in prison.

Meth fears a bust; No boom in labs in city, but cops now deal with toxic soup dumped at rural sites

The Edmonton Sun

Sat 27 Oct 2007

Page: 4

Section: News

Byline: BY NICKI THOMAS, SUN MEDIA

The crystal methamphetamine crisis that cops feared would overtake the city never fully materialized, says a city cop.

"Meth hasn't grown to the state we were scared it might," said Staff Sgt. Darcy Strang of the Edmonton Police Service drug section.

Strang credited education and awareness programs for a decline in meth use - and production - in the city.

"The meth labs that were in Edmonton aren't in Edmonton any more," he said.

A few years ago, there were several busts in the city, including a discovery in 2002 of a meth lab in the west end that was capable of pumping out nearly \$1 million in drugs per day.

These days, the EPS mostly gets reports of small "mom and pop" labs, said Strang.

"The chance of getting caught is much greater inside the city," he explained, adding that dumpsites, where the toxic refuse of meth labs are abandoned, are extremely rare within city limits.

Because of this, meth labs - and the waste they produce - usually turn up in rural areas.

"It's important to realize that for every unit of the drug made, five to seven units of toxic waste are also produced," said Cpl. Rick Goldstein of the RCMP 'K' division chemical diversion program.

"This byproduct is then dumped directly on the land in rural settings. From there, toxins can leach into the ground and contaminate water supplies," he said.

Meth labs utilize "a myriad of different chemicals," said Goldstein, including solvents and corrosive acids.

"They pose a huge health risk," he said. "They can be potentially fatal."

Because of the toxicity of these chemicals, the soil at dump sites has to be remediated - something that can be very expensive, depending on the extent of the contamination.

"It's similar to the soil remediation process at an old gas station where the tanks are removed in addition to all of the surrounding soil until normal pH levels are obtained," said Goldstein.

"Replacement soil is then trucked in and can cost tens of thousands of dollars for the entire process," he said.

"Unlike other Canadian jurisdictions, Alberta Environment does have an emergency fund in place to assist land owners with the burden of these costs," said Sgt. Ian Sanderson with 'K' division's drug awareness service.

"However, taxpayers subsequently become unwitting victims to these clandestine lab operations."

In response to recommendations made by the province's meth task force - developed by former premier Ralph Klein in 2005 - the RCMP, Alberta Agriculture and Rural Crime Watch have teamed up to produce an information brochure on how to spot and report a dump site.

"We now have a thousand more eyes to assist the RCMP in the identification and reporting of crystal methamphetamine sites," said Bernie Yakimyshyn of the Farmers' Advocate Office with Alberta Agriculture.

"The bottom line is that our rural areas are safer," he said.

Sustainable Resource Development

Fortress gates closed; Province says ski hill did not follow lease agreements

The Calgary Sun

Sat 27 Oct 2007

Page: 2

Section: News

Byline: BY SHAWN LOGAN, SUN MEDIA

The gates of Fortress Mountain Resort will stay closed indefinitely after the province yesterday stepped in to cancel five leases held by the ski hill's operator.

Eilish Lemieux, a spokeswoman for Alberta Sustainable Resource Development, said the province reached the end of its rope with the Banff Rail Co. Inc., which owned the resort, after two years of ordering it to comply with the lease agreement, and having to close down the access road because it was deemed unsafe.

"We don't do this lightly -- we gave them two years to meet our requirements but now it's done," she said.

"The road and the bridge are unsafe and we can't have public safety threatened."

The hill, located in Kananaskis country about 100 km southwest of Calgary, was shuttered in 2004 due to a decline in visitors, soaring insurance premiums and operating costs that had gone through the roof and was subsequently taken over by the Banff Rail Co.

Lemieux said there has been little contact with the resort's owners over the last two years and in addition to not repairing the dilapidated access road, the company has not paid taxes or its security deposit.

Zrinko Amerl, the owner of Banff Rail Co., said major repairs on the facility had been completed, adding the company plans to fight the closure.

A lawyer for Amerl appeared in Canmore provincial court Wednesday, where he is facing two charges of unauthorized use of a credit card on an unrelated matter. The matter was put over for a month.

The province sent a notice of non-compliance to the company in May but received no response, despite Fortress pledging on its website to re-open to the public by Oct. 31.

Lemieux said it's too early to decide what the province will do with the site, which is public land leased to private operators, but she said there is no chance it will ever be turned over to the Banff Rail Co.

"Right now it's unsafe but it's a bit early to determine what we will do," she said, adding the road will remain closed indefinitely.

Tourism, Parks, Recreation & Culture

Alberta Gallery receives another \$10-million

The Globe and Mail

Mon 29 Oct 2007

Page: R3

Section: The Globe Review

Dateline: Edmonton

Source: CP

Edmonton -- Ottawa is painting the Alberta Art Gallery green with an extra \$10-million for its new building.

Building Canada chipped in the extra dough for the \$88-million project Saturday - funding that is on top of the \$10-million Ottawa has already given to the gallery through Western Economic Diversification Canada.

The renovations and expansions to the gallery in 2005 were slated to cost \$55-million but the price tag soon soared to \$88-million. The new 7,800 square metre building will have between 2,300 and 2,800 square metres of exhibit space and will double the gallery's programming and classroom space.

\$10M for art gallery

The Edmonton Sun

Sun 28 Oct 2007

Page: 25

Section: News

Byline: BY KEVIN CRUSH, SUN MEDIA

Ottawa is painting the Alberta Art Gallery green with an extra \$10 million.

Building Canada chipped in the extra dough for the \$88-million project yesterday - funding that is on top of the \$10 million Ottawa has already given to the gallery through Western Economic Diversification Canada.

"After the project got off the ground, it was clear we needed some more money to see the Alberta Art Gallery completed, and that was, of course, because of the increasing cost pressures on building," said Edmonton-Spruce Grove MP and Minister of Western Economic Diversification Rona Ambrose.

The renovations and expansions to the gallery in 2005 were slated to cost \$55 million but the price tag soon soared to \$88 million. Rising costs have been a problem for governments, said Ambrose.

"This is a major challenge for the province and for the Government of Canada when we do projects in Alberta and we will continue to see that."

As costs increased, it did leave the gallery's board of directors a little worried.

"Absolutely, but we made a decision we were not going to modify the vision or cut back or make it any less than an iconic piece of architecture.

"We were going to build that building or we weren't going to build at all. Today is proof we are going to build it," said board chair Allan Scott, who was all smiles at yesterday's announcement.

So far, the gallery has received \$20 million from Ottawa, \$27 million from the province, \$21 million from the City of Edmonton, and almost \$13 million from corporate donations.

Scott said a major public campaign will be launched to raise the remaining \$7 million.

Getting the project finished was needed to help raise the quality of life, said Edmonton-Castle Downs MLA Thomas Lukaszuk.

"If you only focus on the economic issues, on oil and revenue and we forget about the quality of life this is going to be a big factory and not a city. This is what makes it a city."

The extra cash from Ottawa will help the project become a reality, said Alberta associate minister of capital planning, Edmonton-Mill Creek MLA Gene Zwozdesky.

"This really sends a big signal that this project is going to go ahead faster and help attract the final tranche of money to come from the private sector."

The new 7,800-square-metre building will have between 2,300 and 2,800 square metres of exhibit space and will double the gallery's programming and classroom space.

Celebration of Italian-Canadian life unveiled; Column tells a story for future generations about the pioneers who brought a slice of Italy to Alberta

The Edmonton Journal

Sun 28 Oct 2007

Page: A14 / FRONT

Section: Cityplus

Byline: Florence Loyie

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON - Carlo Amodio spent many sleepless nights during the last two years as he co-ordinated the building of a monument to honour the work and lives of Italian immigrants in Alberta in the last 100 years.

"When we got the 7,000-pound granite column in our yard, we were really, really concerned on just how we were going to lift it and move it. But we got some great help from the Italian community. It was just phenomenal cooperation," said Amodio, president of the National Congress of Italian-Canadians, Edmonton District.

From the craftsmen who shaped the column of Quebec granite, to those families in Alberta's Italian community who donated artifacts to be bronzed and attached at its base, the monument is a testament to the pride, passion and culture of Italian people, Amodio said.

"If this granite could speak, it would say: 'It is our pride to share,' " Amodio said at Saturday's unveiling.

The three-metre-tall monument, which stands on the northwest corner of the Alberta legislature grounds, was designed by Edmonton artist Giuseppe Albi, whose work was selected out of 21 entries in a national competition.

"May this monument be a perpetual symbol for those who came to this land, and for those will come in the future and contribute to the prosperity of the province of Alberta and the Italian community," said Amodio, who immigrated to Canada in the 1960s and has been active in his community for the last 30 years.

"I look at this monument today and I must compliment the beauty of its design and the quality of craftsmanship of all those who helped to build it," he said.

"For the last two years, there have been a number of people who have followed all the aspects of this project, and I can say without hesitation that we are full of pride for this accomplishment."

Albi said he wanted to design a multimedia piece with the help of Alberta's Italian community.

"Italians have always talked with their hearts, with their minds," Albi said,

explaining the inspiration behind his design. "They always put their hearts and souls into everything they do so I really wanted somehow, some way to bring this forward."

He chose a granite column because in Italy, columns with carvings have been used to tell stories of events in time.

At the suggestion of his wife, Albi asked the Italian community for artifacts representing their culture and some of the occupations of their ancestors when they arrived in Alberta.

These he had bronzed and attached around the column's base. Some of the artifacts include a soccer ball, a pick axe, a bottle of wine, a wood planer, a shoemaker's tools, a merchant's scoop and a violin.

Gabriele Sardo, Italy's ambassador to Canada, was among the invited dignitaries.

Sardo said a monument is a reminder, not for those who are already here, "but for those who will come next. I would like future generations passing by this monument to see the memories that have been passed on."

floyie@thejournal.canwest.com

Jewel of the North; Northlands will really sparkle following \$146M upgrade

The Edmonton Sun

Sat 27 Oct 2007

Page: 2

Section: News

Byline: BY BROOKES MERRITT, SUN MEDIA

Bonni Clark is loathe to discuss why the Northlands Sportex was ever painted such a disgusting colour, but eager to talk about its pending demise.

Along with neighbouring administration building hovel, the Sportex will be demolished next fall, making way for a \$146-million upgrade that will cement Northlands' image as the biggest and most posh event centre west of Toronto.

"Let's not get into why the Sportex was ever painted that colour. The point is that it's going to be gone," Clark - a Northlands spokesman - quipped yesterday, while unveiling the Northlands transformation plan, dubbed Project Evolution.09.

"In its place will be an upscale facility with four new halls, modern decor and enough glass to soak in all the sunlight. The lap of luxury."

Like City Hall, the Winspear Centre and new East hall at the Shaw Conference Centre, the 48,500 square-metre Northlands upgrade will incorporate a massive wall of solid windows. The entire project is to be complete by fall 2009.

Sounds impossible given the construction crunch these days, but Northlands inked the contact years ago with Clark Builders.

"It's about proper planning. We've got great partnerships with the owners and designers and we'll be done on time," said Clark CEO Andy Clark.

Construction has already started: a 7,400 square-metre trade centre will open southeast of the AgriCom in time for next summer's Capital Ex.

The second phase, which does away with the Sportex and administration eyesores, begins fall 2008 and wraps up a year later.

"By then we'll have over 500,000 square-feet of new trade show space," said Northlands president Ken Knowles.

"The Sportex is 23 years old and it's time for a new look. When this is complete you won't even recognize it."

Knowles said Northlands already operates at capacity for top events like Farm Fair International and the Canadian Finals Rodeo.

"Space is scarce. Having more will also increase opportunities to compete for big shows we couldn't attract before," he said.

"We're growing along with the city.

"Right now we're bursting at the seams to host 2,500 events for four million visitors each year. Traffic into the airport is rising and they're expanding there too. It's time for Northlands to take the leap forward."

In total the new development will add 20,944 new square metres to existing AgriCom space, for a total of 48,500 square-metres of integrated area, to be used for indoor events such as trade shows, balls and catered functions.

Over the next year, the expansion project is estimated to pump \$420 million directly into Alberta's economy.

The province has funded the project to the tune of \$50-million.

***Miscellaneous Government**

Stelmach says party is ready for election, others not sure; Tory organizers have work to do; NDP expects we'll be at the polls before Christmas

The Edmonton Journal

Mon 29 Oct 2007

Page: A15

Section: Cityplus

Byline: Jason Fekete

Dateline: CALGARY
Source: Calgary Herald

CALGARY - Alberta Progressive Conservatives wrapped up an election preparedness conference Sunday in Calgary with Premier Ed Stelmach insisting the party is ready to go to the polls if necessary.

But campaign organizers said they've still got a lot of work to do.

In a closed-door election overview session with members, party officials said they haven't yet crafted a campaign message -- a critical component they said was missing during the 2004 provincial vote.

It was during that election -- dubbed "Kleinfeld: the campaign about nothing" -- that the Tories got more than 200,000 fewer votes than in the previous election.

A Tory strategist who is part of the election-planning process and was in Sunday's meeting said the party

hasn't yet decided on a campaign message.

"It's coming together but it will take time," added the senior organizer, who asked not to be identified.

"I don't know what mechanism the leader could pull to get everything ready (for a fall election.)"

The party needs to secure candidates in about 30 of 83 ridings. Nomination meetings are scheduled into late

November.

"We're preparing," Stelmach told reporters Sunday.

"Always (you) have to be prepared earlier for an election.

"Somebody said maybe now is the time in terms of a popular decision on royalties. This isn't about political expediency. We've got a few more things to announce."

Stelmach has refused to rule out a fall election campaign, but said he would first like to fulfil his commitments on a few issues, including solving the teacher pension liability issue, implementing a new crime-reduction strategy and completing a 20-year capital plan.

NDP leader Brian Mason said Sunday he is convinced Stelmach will call an election within a week.

"I think the government is clearly in the track to launch an election," Mason said.

"Stelmach said in his television address (last Wednesday) they would be rolling out further announcements in the days and weeks ahead.

"Why do a rollout in October and November if you're planning an election in March?"

Mason thinks Stelmach wants to avoid scrutiny on his new royalty framework and on the auditor general's report that found the province was not collecting billions in royalties.

Liberal Leader Kevin Taft said he has heard rumours about both fall and spring elections. He doesn't think the royalty scheme will work in Stelmach's favour, no matter when it is called.

"If I were Ed Stelmach I would be very nervous about running on this royalty scheme because he could find that things go off the rails very quickly," Taft said.

Stelmach will have been premier for a year in December, and needs to go to the polls sooner or later on his leadership, Taft said.

Stelmach said he sees no need to seek a mandate from Albertans before implementing a royalty policy that affects the entire province.

"The royalty framework affects all of Canada and we're not going to go to Canadians for the vote," the premier said. "The decision has been made. It's over, done with."

As the government battles growing criticism on the policy, poll data suggests the Tories are facing their lowest levels of public support since Stelmach took office -- but are still comfortably ahead of the Liberals.

Stelmach, however, said he doesn't pay attention to poll numbers.

"If I would have paid attention to polls, I wouldn't be standing before you," he added, referring to repeated surveys that suggested he was a longshot to win the Tory leadership.

With files from Mike Sadava, Edmonton Journal

jfekete@theherald.canwest.com

Tories sending mixed election signals; Stelmach says they're ready; insider disagrees

The Calgary Herald

Mon 29 Oct 2007

Page: A1 / FRONT

Section: News

Byline: Jason Fekete

Source: Calgary Herald; with files from the Edmonton Journal

Alberta Tories wrapped up an election preparedness conference Sunday in Calgary with Premier Ed Stelmach insisting the party is ready to go, despite campaign organizers saying they've got a lot of work to do.

Party officials said in a closed-door, election overview session with members that they haven't yet crafted a campaign message -- a critical component they said was missing during the 2004 provincial vote.

It was during that election -- dubbed "Kleinfeld," the campaign about nothing -- that more than 200,000 fewer Tories voted compared with the previous election.

A Tory strategist, who is part of the election-planning process and was in Sunday's meeting, said they currently "don't have a message" developed for the campaign but are getting there.

"It's coming together, but it will take time," said the senior organizer, who asked not to be identified. "I don't know what mechanism the leader could pull to get everything ready (for a fall election)."

The party needs to secure candidates in about 30 of Alberta's 83 ridings, with Tory nomination meetings scheduled until late November.

Over the next few weeks, the Conservatives will select candidates for key ridings of Calgary-Varsity (now held by the Liberals) and Calgary-Buffalo -- a former Liberal seat being vacated by retiring Tory MLA Harvey Cenaiko.

"We're preparing. Always have to be prepared earlier for an election," Stelmach told reporters Sunday.

"Somebody said maybe now is the time in terms of a popular decision on royalties. This isn't about political expediency," he added. "We've got a few more things to announce."

Stelmach has refused to rule out a fall election campaign, but said he would first like to fulfil his commitments on a few issues, including solving the teacher pension liability issue, implementing a new crime-reduction strategy and completing a 20-year capital plan.

The premier also noted he'll be making "a major announcement" tonight in Calgary on the city's homelessness initiative.

Other issues aside, some political analysts have argued that public opinion on the government's new royalty policy is the make-or-break component of whether Albertans head to the polls before Christmas.

The royalty situation has NDP Leader Brian Mason convinced Stelmach will call a vote within a week.

"I think the government is clearly in the track to launch an election," Mason said Sunday. "Stelmach said in his television address they would be rolling out further announcements in the days and weeks ahead. Why do a rollout in October and November if you're planning an election in March?"

He thinks that Stelmach wants to avoid scrutiny on his new royalty framework and on the auditor general's report that found the province was not collecting the billions in royalties that were due to it.

Add the fact that there will likely not be a federal election this fall, and Mason is convinced it will be called to the extent that he is rushing out his MLA newsletter to constituents, which can't be done during an election campaign.

Expert criticism is mounting that the government's new royalty framework won't deliver a fair share of energy development to Albertans, the owners of the resources.

The new strategy is expected to deliver an additional \$1.4 billion in energy royalties in 2010 -- 20 per cent more than currently projected -- but it falls nearly half a billion dollars short of what was recommended by a government-appointed expert panel.

Pressed Sunday whether he should seek a mandate from Albertans before implementing a policy that affects the entire province, Stelmach said there's no need.

"The royalty framework affects all of Canada and we're not going to go to Canadians for the vote," the premier said. "The decision has been made. It's over, done with."

But one of the expert panel members told the Herald a few days ago the new plan is "a blatant deceit" to Albertans, and that it's based on politics, not economics.

And world-renowned energy economist Pedro van Meurs, who's worked extensively with the provincial government in recent years, said the new royalty framework is "highly detrimental to Alberta" and won't collect a fair share of oilsands revenues.

"This is in my view a complete giveaway," van Meurs said Sunday in an e-mail message from overseas.

As the government battles growing criticism on the policy, poll data suggests the Tories are facing their lowest levels of public support since Stelmach took office -- but are still comfortably ahead of the Liberals.

Stelmach, however, suggested Sunday he doesn't pay attention to poll numbers.

"If I would have paid attention to polls, I wouldn't be standing before you," he added, referring to repeated surveys that suggested he was a long-shot to win the Tory leadership.

There is, however, some support in Stelmach's caucus to go to an election right now.

Rural Tory MLA Doug Griffiths said he's anxious to go to the polls and expects a critical issue to voters will be the new royalty policy.

"I'm ready to go. When you're ready to start a race and the motor is revving, you want to get started," Griffiths said. "I don't know if it's the best time or the best strategy."

jfekete@theherald.canwest.com

Stelmach keeps fall election opportunity open

The Edmonton Sun

Sun 28 Oct 2007

Page: 7

Section: News

Byline: BY DAVE DORMER, SUN MEDIA

Dateline: CALGARY

Just two days after unveiling Alberta's new energy royalty regime, Premier Ed Stelmach yesterday stopped short of completely ruling out a fall election.

While addressing delegates at the Tories' annual policy conference at the Radisson Hotel, Stelmach once again defended the increased royalty take pegged to funnel an additional \$1.4 billion into provincial coffers by 2010.

"We made the right decision, this is the balance," he said.

"Obviously there are always two sides to any decision you make, but I'm very confident we made the right decision and this is what's going to take us into the next century as the framework."

And as the price of oil and gas goes up, so will the province's take, said Stelmach.

"We just can't carve up the existing pie - we have to grow the size of the pie to create new jobs and new opportunities," he said.

"As future generations look back on this decision, I'm confident they'll see we were fair and reasonable, not greedy and short-sighted."

Stelmach, afterwards, sought to quell speculation that Albertans will take a fall trip to the polls, although he didn't completely take an upcoming election out of the cards.

"We'll pick the date of the election but we have a lot of work to do," he said.

"All I can say is I've got a lot of work to do before we call an election and there's a number of commitments that I made and promises I'm going to deliver."

Two priorities Stelmach said he wants to accomplish before asking voters for another mandate are to find a solution to the teacher pension liability issue, as well as completion of a 20-year capital plan.

Newest political party rolls out

The Edmonton Journal

Sun 28 Oct 2007

Page: A16

Section: Cityplus

Byline: Andrea Sands

Dateline: EDMONTON

Source: The Edmonton Journal; With files from Mike Sadava

Edmonton - Members of Alberta's Newest Political Party Shied Away From Supporting Some Controversial Policies Saturday for Fear It Could Cost Them Votes in the Next Provincial Election.

About 100 members of the Wildrose Party of Alberta spent the day in the Palace Banquet Hall, at 3223 Parsons Rd., hammering out what the party will stand for in its bid to become a right-wing alternative to Alberta's Conservative government.

If it formed the government, the party would abolish Alberta health-care premiums, opt out of the Canada Pension Plan in favour of a lower-cost Alberta plan and work to increase Alberta's political clout with Ottawa.

It would recognize traditional families as a "cornerstone of civilization" and end taxpayer-funded abortions except when the mother's life is in jeopardy or in cases of incest or rape.

Party members also voiced firm opposition to Premier Ed Stelmach's new royalty regime.

The Wildrose party's position is that all existing Alberta royalty agreements on oil and gas should be left alone. If those agreements are not appropriate, changes should be made when new agreements are negotiated.

Party members decided to drop a few of the more contentious policies proposed, such as increasing provincial control over immigration based on demographics and creating a legal residents' registry to ensure that only Albertans get government services such as health care, education, child care and financial assistance.

They also decided against attempting to ban same-sex marriage, a move one man said would be "just a big target" for Wildrose party opponents.

Further policy proposals will be voted on at a later date.

Party president Rob James, who spent years working for the Tories as a constituency official and then as southern campaign chairman, said a handful of people dissatisfied with the Progressive Conservatives got together this spring to create the Wildrose party.

Now with about 400 members, the party spent the weekend electing its executive and debating policy.

"The PC Party has continued to move to the political left and has moved so far to the political left that they no longer represent those of us they left behind," James said in an interview.

He and Link Byfield, another Wildrose party founder, said the Wildrose Party will give right-wing voters a place to park their support. The Alliance Party of Alberta has not been able to fill that void, they said.

"There has to be a politically viable option right of the Tories," Byfield said.

The Wildrose party has gathered about 4,000 of the 6,000 signatures it needs to be officially recognized as an Alberta political party, Byfield said.

However, Alliance Party Leader Paul Hinman said the formation of yet another small-c conservative party is bad news for people who call themselves true conservatives.

"It's to the Tories' advantage to have two parties to split the vote," Hinman said.

Alliance got nine per cent of the vote in 2004, just one per cent shy of the New Democrats, and had a breakthrough by winning a seat in the legislature, Hinman said.

He is still optimistic the Tories can eventually be defeated from the right.

asands@thejournal.canwest.com

Conservatives feed election fire at conference; Premier won't rule out campaign before Christmas

The Calgary Herald

Sun 28 Oct 2007

Page: A4

Section: News

Byline: Jason Fekete and Jamie Komarnicki

Source: Calgary Herald

Premier Ed Stelmach refused Saturday to rule out a fall election, days after releasing a contentious royalty policy and as hundreds of Alberta Progressive Conservatives gathered in Calgary for a policy conference focused on campaign preparedness.

Election speculation is heating up at the same time a new poll reveals the provincial Tories are at their lowest level of public support since Stelmach took office last December.

On Saturday, two days after unveiling a royalty strategy that could be a springboard or roadblock to a fall campaign, Stelmach said he's got a number of priorities to complete before he calls an election.

But when pressed by reporters on the issue, the premier wouldn't rule out hitting the hustings sometime before Christmas.

"We'll pick the date of the election," Stelmach told reporters following a speech to a raucous crowd of more than 300 provincial Tories.

"What you want me to do is say it's not in November, (and) we don't hold elections during Christmas. All I say is I've got a lot of work to do before we call an election."

The premier said he wants to fulfill his commitments on solving the teacher pension liability issue, a new crime-reduction strategy and completing a 20-year capital plan before seeking a mandate from Albertans.

Political analysts believe public reaction to the new royalty framework will dictate whether Stelmach pulls the plug and heads into a campaign.

And a new poll conducted largely before Thursday's royalty announcement shows support for the Tories has dipped to its lowest levels since Stelmach captured the party reins.

A Leger Marketing telephone poll of 725 Albertans found 37 per cent of respondents support Stelmach's Progressive Conservatives, compared to 14 per cent for Kevin Taft's Liberals.

Brian Mason's NDP and George Read's Green Party are the choice of six per cent of Albertans, while four per cent support Paul Hinman's Alberta Alliance, according to the poll conducted Oct. 17-26.

Eighteen per cent of those surveyed were undecided, while another 13 per cent wouldn't vote or refused to respond. The poll has a margin of error of plus or minus 3.6 percentage points, 19 times out of 20

Backing for the Alberta Tories has dropped precipitously from 50 per cent in January and 45 per cent just last month.

"The drop in support is due to the uncertainty of the report from the royalty review," said Leger pollster Marc Tremblay. "People didn't quite know where (Stelmach) would go with it."

But just as noticeable as the Tories' slip has been the Liberals' inability to make substantial gains, he said.

Grit support was at 14 per cent in January, then spiked to 20 per cent in June (when the Tories were at 39 per cent), but dipped back down to 15 per cent in September and 14 per cent in the October poll.

"The Liberals have not capitalized on the opportunity," Tremblay said. "They didn't pick up support -- it went to the undecided."

He noted the results likely don't reflect public opinion in the aftermath of the government's royalty announcement on Thursday.

The new strategy is expected to generate an additional \$1.4 billion in royalties in 2010 -- 20 per cent more than currently projected -- but it would collect nearly \$500 million less than what was recommended by the government-appointed royalty review panel.

As Alberta Tories gathered Saturday to discuss election policies, the buzz around the conference floor centred around the new royalty plan and when Stelmach may call a vote.

"I think it takes a lot of courage to do what he did with the royalty review and I think people are recognizing that," said Calgary-Mackay delegate Marnie Marr.

"I think the premier spelled it out exactly the way it is and exactly the way the people of Alberta wanted," said Clyde Elford, adding that he's confident of positive results for the party if it were to head into an election on the heels of the royalty announcement.

The three-day conference at the Radisson Airport Hotel will wrap up today with a campaign overview and election readiness session.

Delegates are covering a range of platform issues, including building the next-generation economy, greening the province's growth and cracking down on crime.

What to do with the \$1.4-billion boost to provincial coffers once the new royalty rates kick in is also on the table.

One of the ideas up for discussion included putting at least one-third of resource royalties into the Heritage Fund annually.

"We know the (royalty) money is going to be there. Now, do you sock it away or do you contribute to social programs right away and allow Albertans to share in the windfall?" asked Calgary-Nose Hill delegate Don Seel.

"We know we have to get it right and we don't have a second chance to get it right."

jfekete@theherald.canwest.com

jkomarnicki@theherald.canwest.com

Removing veil no big deal; Edmonton Muslims indifferent over proposed federal voting legislation

The Edmonton Sun

Sun 28 Oct 2007

Page: 12

Section: News

Byline: BY KEVIN CRUSH, SUN MEDIA

Proposed new rules forcing veiled Muslim women to show their faces before voting federally is being met with indifference by Edmonton Muslims.

"I don't think it really places undue burden on members of the Muslim community and I would be really surprised people would still have the concern after we have made the accommodation that you can do it in front of another lady," said Liberal MLA for Edmonton-McClung and Muslim Mo Elsalhy.

On Friday, Canada's Conservative government introduced legislation that would see everyone have to prove their identity before voting. That would include veiled Muslim women whose practices forbid them to reveal their faces in front of men. Part of the new legislation would allow veiled women to be able to show their faces in private to female election staff.

The issue became a hot button during federal byelections in Quebec in September.

Jamil Hak, a member of Edmonton's Al-Ameen Islamic Centre, said he had no problem with the proposed legislation and doesn't consider it to be much of an issue. Veils are an old custom and he doesn't believe it should be continued anyway, he said.

"This is a modern country - a little scarf on the head is OK but I don't believe in this veil business."

Hak said his wife wears a scarf but not a veil.

Even in predominantly Muslim countries, Elsalhy said removing veils for identification is not an issue.

"If you look at all over the world and look at places that are, by most definitions, bastions of religious conservatism, places with strict adherence to Islamic code, they only allow veiled women to vote after their identity has been confirmed."

He noted Iran forces veiled women to show their faces to female electoral workers before they can vote.

The veil is a custom and is not in the Islamic code, said Elsalhy.

Wildrose Party stands for 'traditional conservative values'

The Edmonton Journal

Sat 27 Oct 2007

Page: B14

Section: Cityplus

Byline: Keith Gerein

Dateline: EDMONTON

Source: The Edmonton Journal

EDMONTON -- A group of Alberta conservatives dissatisfied with the provincial Tories is gathering in Edmonton this weekend to build a new political party that will take aim at Premier Ed Stelmach's regime.

At its first general meeting, the new Wildrose Party of Alberta will ask members to decide on a strategy for the next provincial election and develop a policy base on issues ranging from immigration and federalism to photo radar and abortion.

"Thank you for coming out and helping to establish a political alternative in this province.

"Lord knows we need it after (Thursday)," party president Rob James told delegates Friday night.

James was referring to Stelmach's controversial announcement that the government plans to boost royalty rates paid by the oil and gas industry. That move -- which he believes will scare off investment -- is just one example of poor decision-making that is prompting Albertans to increasingly turn away from the Progressive Conservative Party, he said.

"I tell people that I didn't leave the PC party, but that the PC party left me because they are drifting further and further away from traditional conservative values," James told the crowd gathered at Palace Banquet Hall in south Edmonton.

The Wildrose party, officially formed in June at a Red Deer meeting, currently has more than 400 members, about 80 of whom were in attendance Friday night.

One goal of this weekend's conference is to get the party on its feet in time to make a splash during the next provincial election, James said.

As part of this, members will vote today on a new policy platform.

Proposals on the table include:

- Have voters decide whether to raise taxes and MLAs' pay;
- Introduce private health-care options;
- Ban photo-radar;

- Assert the right to deny any government service, including health care and education, if a person is not included on a new "Legal Resident's Registry";
- Demand Ottawa give protection to unborn children, and end taxpayer funding of abortions;
- Amend the Marriage Act to deny marriage licences to same-sex couples;
- Allow lawsuits against environmental groups that make malicious or misleading statements;
- Assert provincial control of immigration.

kgerein@thejournal.canwest.com

Alberta Tories talk policy

The Calgary Sun

Sat 27 Oct 2007

Page: 22

Section: News

Byline: BY KATIE SCHNEIDER, SUN MEDIA

More than 400 card-carrying Tories gathered in Calgary yesterday for the party's annual policy conference, held right on the heels of Premier Ed Stelmach announcing an increased energy royalty take.

The private event, held at the Radisson Hotel at 2120 16 Ave. N.E., gives members an opportunity to meet candidly to discuss and debate issues they feel are the most important to Albertans, said Progressive Conservative Association of Alberta president Marg Mrazek.

Mrazek could not reveal specific items up for discussion, saying members set the conference's agenda and drive the roundtable discussions.

"They have their own ideas and want to debate them," Mrazek said.

"They want to be able to have their input and share."

PCAA executive director Jim Campbell said the roundtable discussions during the weekend-long conference motivate members, MLAs and party leaders about policy themes and ideas.

"It's a good way to energize the members," Campbell said.

Stelmach and Tory MLAs from across the province will be in attendance.

Royalty fallout looms over Tory convention; Party members insist they're ready to fight election

The Calgary Herald

Sat 27 Oct 2007

Page: A4

Section: News

Byline: Jamie Komarnicki, with files from Jason Fekete
Source: Calgary Herald

Tory party faithful gathered in Calgary Friday for a pre-election policy convention, insisting they're ready to battle it out at the polls over the government's controversial royalty strategy.

Premier Ed Stelmach's position created a buzz as hundreds of Conservatives from around the province descended on the city for the convention that is widely expected to be their last before a provincial election.

Despite harsh criticism from both energy and non-industry camps, Tories seemed eager to throw their support behind their leader's "balanced" point of view.

"If there was an election tomorrow I'd be more than happy to go on it," said party member Vaughn Jessom from Fort McMurray, who called this weekend's policy convention the most important one in the past two decades.

"I'm sure there will be people on the extremes that will have some criticisms, but I think overall he did well," said Calgary Shaw riding association president Paul Breeze.

"I think the party could go to an election with the results the premier announced," he said, adding that's not likely to happen before this spring.

Stelmach rolled out a royalty strategy in Calgary Thursday, more than a month after an expert panel reported Albertans haven't received their fair share from energy development for "quite some time."

The premier insisted he struck a fair balance with the plan, which fell nearly \$500 million short of the panel's recommendations. Opposition parties have said they welcome the chance to fight an election over the government's royalty strategy. Stelmach won the party's leadership last fall but has yet to face a general election. Meanwhile, the royalty review has struck a chord with a wide swath of Albertans.

Tories are likely to closely watch Stelmach's performance this weekend as the party's possible election strategies are hashed out, said Bruce Foster, chair of policy studies at Mount Royal College.

But the convention will allow Stelmach not only to showcase his leadership to the party, but to distance his style from his predecessor, Ralph Klein, said Foster.

"The membership is going to be a little skittish, they're wondering about this guy, what's he going to be able to do? can we win an election?" said Foster.

"He's going to have to show that despite the lack of dynamism, good-old boy-behaviour on his part -- which he doesn't have and Klein did -- he's going to have to show he's thoughtful, he can lead the province.'

Still, the conference is likely to be swept up in the royalty review, Foster predicted.

The convention, which runs Friday through Sunday at the Radisson Airport Hotel, is open only to card-carrying Tory party members.

"Delegates look at this as sort of the last policy conference before we head into an election," said Stelmach. "I'm not going to say that's right or wrong, but it is an important policy conference from that point of view."

Still, the party's provincial president said the event is more about debating issues and listening to new ideas.

Unlike annual general meetings, resolutions won't be put forward at the conference, said Marg Mrazek.

"I think it will really identify issues that are important to members," Mrazek said Friday before the conference began.

About 450 delegates from 83 constituencies around the province are expected to attend the event.

Calgary Fort riding association president Bob Gray said the royalty review is just one on a checklist of items he hopes to cover at the conference.

jkomarnicki@theherald.canwest.com

Columnists

Graham Thomson, The Edmonton Journal

Tories line up behind besieged rookie premier; Being under attack by both Big Oil and the NDP may yet work out in Stelmach's favour

The Edmonton Journal

Mon 29 Oct 2007

Page: A18

Section: Opinion

Byline: Graham Thomson

Column: Graham Thomson

Dateline: CALGARY

Source: The Edmonton Journal

CALGARY - Reporters were only allowed a brief look inside the Conservatives' closed-door policy conference on the weekend, but it was like peeking into an alternate dimension.

In Toryland there is no grumbling about Premier Ed Stelmach's new energy royalty regime, no accusations he is shortchanging Albertans, no complaints he is crippling the energy industry.

It might not be the happiest place on earth, but it's certainly the happiest place Stelmach has visited since the royalty debate exploded six weeks ago. In Toryland they give Stelmach standing ovations that last so long you wonder why they bothered to put chairs in the room.

A skeptic might wonder if party members at Stelmach's speech on Saturday night were trying a little too hard to impress the journalists and TV cameras that were allowed inside the room, just long enough

to listen to the speech and watch the reaction from the cheering crowd of 450, before being hustled back outside.

But a skeptic could also spend two days skulking around the hallways outside the meeting rooms and not hear a discouraging word about the rookie premier.

Party members seem to genuinely like their leader and appear willing to follow him even if he is taking them into uncharted waters where they are under attack, not just from the opposition parties, but from their longtime ally, the energy industry.

That has more than a few party members anxious, but they don't seem particularly glum about it.

Call it nervous anticipation or perhaps optimistic fatalism. They agree Stelmach had to do something about royalties with oil approaching \$100 a barrel, and they're willing to weather the storm with him, even if they realize after 36 years in power they might be heading towards their toughest election fight yet.

Nobody seems to know what to expect. One party strategist gave me his opinion on the various scenarios facing Tories, even though he didn't want to say how he thinks it will actually play out.

In one scenario, many Albertans think Stelmach didn't go far enough in his new regime and Tories get hammered by voters who will support the Liberals or New Democrats.

In another, Albertans think Stelmach went too far and undermined the energy industry. In that case, traditional Tory supporters will have three options.

They could swallow their anger and continue to vote Tory.

They could take their anger to the ballot box and vote for either the rump Alliance Party or the fringe Wildrose Party.

It would be a protest vote, but in some ridings it might be enough to split the right-wing vote and allow Liberals to win some extra seats.

Or, angry Tories could take out their anger on the TV remote control while they stay home on election night and avoid the ballot box altogether.

"Disgruntled Conservatives stay home like nobody else," said the party strategist, who pointed to the disastrous drop in the Tory vote that allowed the Liberals to win the June byelection in Calgary-Elbow and helped the Liberals pick up seats in the 2004 provincial election.

The other scenario is the one Stelmach is counting on -- that a majority of Albertans will think he must have done something right if he's being attacked by both the NDP and Big Oil.

Despite the pressure on him the past few days, Stelmach seemed to be having a good time on the weekend, no doubt seeing the conference as a haven in a storm.

In his Saturday night speech he poked fun at himself. "Change is never easy," he said with a laugh. "I found that out."

He's also finding out it's not easy to put the royalty review panel's report behind him.

On Saturday, Pedro van Meurs, an international expert on royalties who advised the panel, issued a written statement sharply critical of Stelmach's new royalty plan for the oilsands that doesn't go as far as the panel recommendations.

"I believe that the proposed terms are highly detrimental to Alberta," said van Meurs. "They provide for only a minimal increase in revenues, compared to what was already a very modest proposal by the panel. The new terms will not give Albertans a fair share of the oilsands revenues."

Van Meurs went on to attack the government's murky proposal to negotiate a new deal with Suncor and Syncrude that would somehow have the companies walk away from lucrative crown agreements signed years ago.

"The division that will most likely be responsible for this (oilsands div.) is the same one that needlessly gave away billions of dollars under the Crown Agreements in the first place," said van Meurs.

Skeptics will wonder if, in order to get Suncor and Syncrude to agree to the new royalty regime, the government will end up replacing the lucrative crown agreement with another sweetheart deal that will cost Albertans money.

An optimist would say the two oilsands companies might want to voluntarily do what's best for the province.

That optimist, though, would most likely be living in the alternate dimension of Toryland, not Alberta.

gthomson@thejournal.canwest.com

Royalty plan politically slick; Stelmach's compromise clears the middle road for his Conservatives

The Edmonton Journal

Sat 27 Oct 2007

Page: A19

Section: News

Byline: Graham Thomson

Column: Graham Thomson

Dateline: CALGARY

Source: The Edmonton Journal

CALGARY - Considering the attacks Premier Ed Stelmach has endured from all sides over his new royalty regime, he certainly didn't dodge a bullet this week.

However, he just might have caught it in his teeth.

Even though you can argue Stelmach got the economics wrong, you can make an equally strong argument he got the politics right. And when it comes to winning elections, politics trumps economics.

Stelmach has manoeuvred himself into a position where he's being clobbered by both sides in the debate: by the energy industry which says he has gone too far and by opposition politicians who say he didn't go far enough.

That's not a bad place to be.

There is a symmetry to the attacks. For every comment from Liberal Leader Kevin Taft that Stelmach is a puppet of Big Oil there is a blustery quote from an energy executive complaining the royalties are unfair.

One could very well offset the other, giving Stelmach's position a natural counterbalance. It's difficult for him to be seen straying too far to one side as long as his critics are pushing at him from both directions. Even though Stelmach bristles at the suggestion his regime is a "compromise," Albertans might be grateful to him for finding what they view as a middle ground.

That's not how some pundits see this working out, though. They think that by whipping up anger on both sides of the debate Stelmach has damaged his credibility and weakened the Conservatives' re-election hopes.

That argument presumes Albertans will flock to the opposition parties in the next election expected to come within six months, or, if Stelmach's approval ratings go up, perhaps within six weeks.

Those who think Stelmach buckled under pressure from Big Oil can throw their support behind the Liberals or New Democrats. Taft and NDP leader Brian Mason are making convincing arguments Stelmach has left billions of dollars on the table by not raising royalties by the 20 per cent recommended by the government's own royalty review panel. They're also justifiably critical of the government's lack of accountability in how it failed to collect "our fair share" over past years.

The problem for the 20-per-cent argument is that it quickly gets bogged down in a counter-argument from the Conservatives who claim they are indeed raising royalties by 20 per cent, even though their 20 per cent is different from the panel's 20 per cent.

The panel's 20-per-cent hike would start in 2008; the government's won't take effect until 2010. Not only that, the panel's hike would have been worth almost \$1.9 billion while the government's is worth around \$1.4 billion.

Stelmach's argument is that even though he isn't collecting as much money right away, he is raising royalties prudently, taking into account reasonable concerns expressed by the energy industry.

Stelmach's royalty regime will fall far short of the panel's recommendations, but his position is an easy one to articulate and Albertans might not worry too much as long as they think they're getting a 20-per-cent hike.

But what about people who think Stelmach has gone too far? Where do they toss their vote? Do they go to the rump Alberta Alliance, which has only one MLA? Do they go with the fledgling Wildrose Party that's holding its inaugural convention this weekend?

The problem for the disgruntled right-wingers is that they have no credible place to send their vote. Stelmach, therefore, needn't lose sleep about bleeding support on the right.

And as long as energy companies keep complaining he's treating them too harshly, he can more readily ward off attacks from the left.

There is still time for things to go wrong for the Conservatives. The new royalty regime won't kick in until 2009, which could mean 14 months of continued bickering over details. If you're sick of royalties now, you'll be ready to throw yourself under the wheels of an oilsands truck by January 2009.

The new royalty regime is also vague on details in some key areas.

Take the murky issue of how the government will convince Suncor and Syncrude to give up their preferred status in the oilsands and sign on to the new royalty regime. There's rumbling from sources the government will buy the companies' co-operation through a sweetheart deal behind closed doors that won't be open to public scrutiny.

Anything of that kind will seriously undermine Stelmach's assurance he is running an open and accountable government -- just as the opposition parties have been claiming for months.

On Thursday, for example, the government refused to give Liberal leader Taft a technical briefing on the new royalty plan or even time to sit in a secure room to read over an advance copy of the royalty document. Stelmach might like to portray himself as a new kind of leader, but in some respects he is continuing the petty closed-door politics of the Alberta Conservatives.

It's pretty much all closed doors at the Conservatives' policy conference this weekend in Calgary. Reporters aren't being allowed to listen to party members' discussions, which will focus on preparations for the next election.

"Delegates look at this as sort of the last policy conference before we head into an election," Stelmach said. "I'm not going to say that's right or wrong, but it is an important conference from that point of view."

It will also be a chance for Stelmach to gauge his party's response to his royalty regime and whether it will make an effective campaign platform.

He can't do much about the opposition attacks that will only get louder the closer we get to an election.

Stelmach should be hoping Big Oil continues to complain he's being unfair.

If Big Oil suddenly grows silent, if it realizes Stelmach's regime isn't that bad after all, he's in trouble.

He will indeed look like he's a sell-out.

In that case, even though he caught a bullet in his teeth on Thursday he could end up choking on it during an election campaign.

gthomson@thejournal.canwest.com

Don Braid, Calgary Herald**Stelmach renews stodgy Tories**

The Calgary Herald

Sun 28 Oct 2007

Page: A4

Section: News

Byline: Don Braid

Column: Don Braid

Source: Calgary Herald

At Tory party policy conferences you often find property-rights fanatics, oldsters with ear trumpets and a few odd young souls who look like they were born in their suits.

With those dismal memories in mind, the policy meeting Ed Stelmach's party is holding in Calgary is a shock.

A healthy crowd of almost 450 looks like typical Alberta -- young and older, rural and urban, and quite a few women, including some excellent nominated candidates.

In the midst of the boiling royalty debate, with election talk building, this premier's party is far from dead. It might even be ready to fight a surprising grassroots campaign.

The party is starting to respond to Stelmach CPR. The premier has blown some life into it just by listening to members with respect. That hasn't happened for many years.

It was also fascinating to watch all the former Jim Dinning backers moving around comfortably.

These people were treated like Liberal spies at the big Tory party convention in Edmonton last spring. Now they're welcome back, if only because the premier needs them to win Calgary ridings.

An election this fall is still possible, although unlikely. The premier certainly didn't rule it out when he was asked.

The party's polling results over the royalty issue, I'm told, won't be in until next week.

But Stelmach is feeling perky, despite heavy criticism from royalty panel members.

The Tories hope the whole issue will fade within a week or so, allowing Stelmach to move on to other issues. "By the time there's an election," one participant said, "community safety might look like a much bigger issue than royalties."

You'll notice that the big oil companies have mostly fallen silent. That's because they know they'll be fine under the new regime.

As FirstEnergy Capital points out, the big players benefit from economies of scale, meaning they can overcome higher costs because they have so much oil and gas to sell.

The biggest danger to Stelmach and his party is the uproar among small oil and gas producers.

After running numbers since Thursday, many of them figure they're virtually out of business. FirstEnergy's judgment -- "Big Oil Wins, Little Oil Loses" -- could be lethal to the Tories.

Energy Minister Mel Knight was all over the convention hotel Saturday, talking to dozens of delegates, trying to explain and calm fears.

When I asked him about the worries of small players, Knight said:

"Depending on asset portfolios, there might be some companies who find there isn't any opportunity to expand and grow their business under this regime.

"But we left a line in there that indicates we would not want to see any unintended consequences with respect to this whole issue. That's not what we'd do with any industry in Alberta.

"We haven't done this thing to slam the door and say 'go away.' There are opportunities, if people find little pieces of this thing put people in jeopardy, to bring it forward and talk to us about it."

Producers might take some comfort in that promise. As for the Tory delegates, they were delighted to find Knight and other ministers treating them as equals.

Most remarkably of all, a columnist could shop around all afternoon and not hear a single negative word about Ed Stelmach.

dbraid@shaw.ca

Les Brost, Calgary Herald

Discomfort in the heartland

The Calgary Herald

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Section: The Editorial Page

Byline: Les Brost

Column: Les Brost

Source: For The Calgary Herald

Love affairs never end easily. The longer the romance, the more pain that comes when the relationship dies. When they do end, it is usually because a tipping point has been reached, at which the pain associated with the relationship exceeds the pleasure.

Political love affairs are no different. Political dynasties can endure for generations, and then collapse under the weight of accumulated mistakes. The political romance affair dies in the voting booth when the tipping point is reached.

We may be at that point in Alberta politics. There is a deep discomfort in the heartland of the Progressive Conservative Party -- rural Alberta. There are two topics swirling about the coffee shops and other gathering places that could be setting the stage for political divorce.

What are rural Albertans talking about? The main subjects of discussion are the GRR -- the Great Royalty Row -- and Bill 46. The GRR has caught the attention of all Albertans, but the intense discussion around Bill 46 so far has been to date mainly a rural phenomenon.

What is Bill 46 and why is it the centre of such animated discussion? Bill 46 will create the Alberta Utilities Commission to oversee utilities in the province. The commission's mandate will include granting approvals for the construction of transmission lines.

Embedded in Bill 46 are provisions to restrict public participation in the decision-making process, restrict landowners' rights to hire outside legal counsel, and allow for "Star Chamber" decisions without public notice or hearings.

This powerful legislation was bound to cause political pushback. The linchpin of rural Alberta's political culture is a deep respect for property rights and a mistrust of powerful corporate interests. Many rural Albertans think that Bill 46 spotlights the extent to which this rural-based government takes them for granted.

Let there be no misunderstanding: Bill 46 is very important legislation for all Albertans. Its importance stems not so much for what it does, but for how it does it.

No one argues the importance of far-sighted planning regarding energy supply. Most Albertans understand that you can't have an omelette without breaking eggs. Transmitting energy necessary for Albertans requires transmission lines, and those transmission lines are going to cross someone's property and affect some people's interests.

However, Bill 46 raises some hard questions requiring straight answers. Who gains from limiting discussion on the need for the development? How will the government hear the voices of those affected by the development? Who will speak for them? How will the rights of property owners be protected?

There is another issue that needs to be addressed. Surely, the most important role of any government is to safeguard the rights of its citizens. The recent activities of the EUB have made Albertans very aware of how the agencies of government can intrude on the most basic of human rights -- the right to dissent. Why are the undemocratic provisions of the proposed legislation necessary?

It is the fundamental premise behind the legislation that is most offensive. This government is trying to shield utility companies from Albertans seeking to protect their individual and community interests.

How does the government respond to this criticism? Energy Minister Mel Knight tries to reassure Albertans. "An open and transparent regulatory process is essential to ensure that the concerns of Albertans directly affected by development are directly taken into account," says Knight.

If Knight really meant what he said, why would he introduce a murky law that closes the doors on openness and transparency? Why is he proposing legislation that would sacrifice the public interest to protect corporate interests?

Bill 46 is a law that should concern every Albertan, rural or urban, old-timer or newbie, who believes in property rights and the democratic process.

If this were proposed federal legislation, the feds would be denounced in every corner of the province, and Tory MLAs would be leading the attack. Instead, they are ramming this bill through the legislature.

That's a bit puzzling, for the warning signs are there. Passing Bill 46 might be the political mistake of a generation for the Alberta Tories, for the present deep unhappiness could trigger a political divorce. Rural Alberta may have finally reached the tipping point

Les Brost is a recovering rancher and proud Old Prairie Dog with deep roots in Southern Alberta.

He can be reached at www.lesbrost.com

Rick Bell, Calgary Sun

What's in store in Wild Rose Country? The numbers are crunching and it looks like the premier could make life less 'taxing' come springtime

The Calgary Sun

Sun 28 Oct 2007

Page: 5

Section: News

Byline: BY RICK BELL, CALGARY SUN

Column: Page Five

Ed didn't forget.

It's back to the future and the premier and his people crunch numbers hoping to deliver a tax break to Albertans this coming spring.

"I'm a conservative so I like to see taxes continue to go down," says Premier Ed, in an exclusive interview with the Sun. "If you ever want to give every Albertan a raise, it's on the tax side. Everybody sees the benefit. It doesn't matter whether you're a teacher, doctor or somebody driving a school bus."

Steady Eddie says he's real interested in two types of tax relief. A reduction in Alberta's 10% flat tax rate and some help for families through the tax system.

Back in July, in an interview with this page, the premier voiced support for the federal \$100 monthly payment for kids under six.

"You know what. With personal income tax the flat rate is comparable as a province but as a province compared to other large jurisdictions we have a lot of work to do," says Ed, in town this weekend for a Tory gabfest.

"And remember, I talked about young families and there are more pressures on young families."

In fact, people at the premier's table for former British PM Tony Blair's luncheon in Calgary on Friday asked Ed to keep in mind the high costs for families at a time when the province is encouraging people to move here and help fill the labour shortage.

"We're presently looking at all the options. Whatever instrument we will use, we still haven't decided. But once you reduce it's got to be long-term. It's not just reduce and then increase again. It's got to be long-term and sustainable.

"We're rolling out the final numbers on our commitment to safe and secure communities and on some of the changes we made in health and also in education, especially in post-secondary. And I believe in a couple months we'll get a good read on the new royalty framework."

It is then Ed calls this page's attention to an action the province will take that wasn't even considered by the royalty review panel. The government will bring in a new policy on shallow gas, where the mineral rights to gas above zones being developed go back to the government and are then available for resale. Ed expects "a big, big increase of the pie for Albertans" from this move.

"So we're getting the numbers and then we'll know how much room we have. The dollar could go up higher and it's chewing away at the bottom. For every penny it goes up we lose \$123 million."

But he also mentions low natural gas prices could rebound which, of course, means more money for the public purse.

In case you were wondering, and you were, there is NO plan for more cheques, NO Eddie Money. For those of you who just unhitched the U-Haul after the long drive from Timmins, a few months before former premier Ralph Klein was ousted from office by his own party he cut \$400 cheques for every man, woman and child in the province. Ain't happening again.

"My goal is to do something on a much more permanent basis," says the premier.

Premier Ed is also looking at plans, including a possible tax on bitumen leaving Alberta, to discourage so much raw bitumen heading out of the province and going stateside, giving Texans jobs.

"There will be a part B," he says, referring to "tolling on present pipelines taking bitumen outside the province."

"There are options but we have to further examine it. There are trade issues. We want to do it right."

As for catching up on construction and fixing stuff that's crumbling, the premier talked with Lloyd Snelgrove, president of the province's Treasury Board, and there are \$56 billion worth of requests.

One Alberta-born wag gets it right when he says this province is a funny place. There's a whole lot of heated jaw movements about small government, but the residents of Wild Rose Country sure like the spending, the taste of champagne on a beer budget.

There are the ring roads to be finished, bridges, the rebuilding of existing bricks, mortar and pavement after neglect in previous budgets, expansion of parts of Hwy. 2. And let us not fail to mention a favourite of mine.

"We still have to do some work to do on schools," says Ed. Good. Soon, we hope.

Yes, with new royalties public and an election in the spring, the premier is on the sunny side of the middle of the road.

There are people angry he didn't take enough from the oilpatch. But most of these folks never vote Tory. And there are those angry he did too much. But their choice is no choice, to vote for one of two parties who want to take more. Then again, they can pout at home into eternity.

Big Oil's big ugly predictions fall flat as Ed finds kindred spirit in Blair

The Calgary Sun

Sat 27 Oct 2007

Page: 5

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Byline: BY RICK BELL

Column: Page Five

He didn't use the words "I'm not going to blink."

That's the trademark of his former boss and that tough talk addressed protesters in the street who had slim to no chance of success in this one-party province, the Sleepy Hollow of politics.

But Steady Eddie says he will stand firm in the face of a far more powerful force, those with billions upon billions at hand and accustomed to getting what they want, in a battle over royalties expected to be far from over.

"The decision has been made. We're not moving off the decision -- period," says the premier.

"This is a balance. As the premier of the province of Alberta, you have to make a decision. I made that decision. We analyzed all the evidence. We are living in a period of historic change."

Even former British prime minister Tony Blair tells Ed to hang in there. Blair was in Calgary yesterday to speak at a \$400-a-plate luncheon, the convention centre hall filled with many of the city's well-heeled and well-connected.

Blair's government doubled the North Sea oil tax two years ago at a time of raising prices and rising profits, and went through the same grief Ed is now encountering.

"We spent a few minutes talking about it and he did mention it was one of the most difficult periods of time in his leadership because of the polarization: Not enough, too much, we're going to go, pretty well the same kind of public debate we've experienced. He did say it was one of the toughest decisions he made," says the premier.

And what was Blair's advice?

"Stay the course," says Steady Eddie.

Yes, in the United Kingdom at the time of the tax hike, the oil business -- who would have thunk it -- reacted with quotations such as this one: "At a single stroke, the treasury has rewritten the industry's future. It will severely undermine business confidence." Sound familiar?

Of course, life went on.

And as for business confidence yesterday, the predictions of apocalypse now, the coming of the Big Ugly, just didn't happen.

The sky was still high above. Yesterday wasn't Black Friday. It wasn't even Whiter Shade of Pale Friday, though the truth was plain to see.

The energy sector in Toronto closed a hair higher at the closing bell. Higher? Yes indeed. Oil is in the stratosphere of \$90-plus a barrel.

Petro-Canada announces it's going ahead with front-end engineering and design work for \$15 billion worth of oilsands projects.

Connacher Oil and Gas speaks of generating a "respectable, attractive and competitive rate of return."

There is no mad march of the money men to far-off places like Angola.

By the way, a note to investors: Beware of countries with a machete on their flag.

Premier Ed could read the numbers just like the rest of us on a day one Bay Street deep-thinker calls "a relief rally."

"I didn't see much of a decline. In fact, I thought everything held its own," says Ed. It does. Perhaps the deep pockets are holding fire.

You wouldn't think there would be a problem.

The new royalty regime doesn't kick in until 2009.

It raises more cash than the current system the province now admits should have been changed years ago -- a projected \$1.4 billion in additional dough in 2010.

But that figure is less than the almost \$1.9 billion in 2010 recommended by the royalty review panel.

"It's not really picking a fight with anybody," says Ed.

But it is the biggest change since the days of former premier Peter Lougheed.

While we're talking about the \$1.4 billion, you will now find out how the dollars will be spent. It's going to building stuff and fixing stuff.

"The policy is very clear. One-third goes to savings, the rest goes to capital and the maintenance of capital," says the premier.

"I don't want to see the next generation reach deeper into their pocket to repair and maintain the tremendous number of projects we're building. We'll have to set some money aside for that."

After the Blair lunch, Steady Eddie is in fine spirits and jokes about the reception he receives from the many movers and shakers of corporate Calgary.

"No one threw buns at me," chuckles the premier.

The assembled even applaud.

"I was pleasantly surprised," he smiles, and then adds, "but it wasn't a standing ovation."