



A tale of two royalty reviews

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"It was the best of times, it was the worst of times," is the famous opening line of *A Tale of Two Cities*.

The Charles Dickens novel is set in London and Paris during the French revolution.

The moral of his tale is Dickens believed in resurrection and transformation, both on a personal and societal level.

Although the story devotes endless pages to depicting atrocities by both the aristocracy and angry peasants, it ultimately conveys the belief the end of this cruelty would allow a new and better society to appear.

Dickens also assumed that if resurrection was possible, then sacrifice was necessary to achieve happiness.

Alberta too has come through the best of times and is now emerging from one of the worst of times in its young history.

Perhaps Albertans are now wiser and more appreciative that the oilpatch accounts for half the province's economy and the standard of living most expect to enjoy.

The boom happened. Money, adventure and success lured thousands here. The first royalty review, *Our Fair Share*, in September 2007 recommended an increase of oil and gas royalties.

The government obliged.

Then the global recession hit and the province quickly fell out of favour with international investors. Unfortunately, according to the Fraser Institute's Global Petroleum Survey (2009), Alberta ranked 92 out of 143 oil and gas basins worldwide. These decision-makers rated Alberta as the least fiscally-attractive region in North America and the 11th worst in the world.

Investment flowed from areas with high royalty fees and taxes, skilled worker shortages and costly regulatory regimes and moved to regions creating better rates of returns for shareholders and institutional investors. Albertans were forced to tighten their belts and experienced their fair share of bankruptcies, foreclosures, lost savings and unemployment.

That was then and this is now. In mid-March, Energy Minister Ron Liepert announced the results of the second review, *Energizing Investment: A Framework to Improve Alberta's Natural Gas and Conventional Oil Competitiveness*.

"We must take the necessary steps to position Alberta as one of the most competitive North American destinations for energy investment," Liepert said.



The Calgary Chamber of Commerce applauds. Business places economic competitiveness as its top priority.

Tax and regulatory burdens, lagging employee productivity and the potential for national and international trade and investment are key to re-attracting the global money markets.

Companies also want government to encourage R&D into new technologies and ensure the regulatory system does not inhibit each practical application.

Albertans have a renewed understanding of how much we depend on energy.

- The industry creates jobs and prosperity for the whole community -- from the driller to the dry cleaner.
- A forward-focused, stable fiscal and regulatory regime, attractive to investors and capital, influences the success of every other sector and citizen.
- One in seven Albertans is directly or indirectly employed by the oilpatch.
- Each dollar invested in the exploration and production of oil and gas creates three dollars of value.
- During the next 25 years, energy development could produce \$2.5 trillion in economic activity.

The competitiveness framework should prove the notion sacrifice was necessary to achieve happiness.

Dickens is right. The transformation of a society does emerge from the worst of times. Here's to the best of times again.

Only this time we promise to show more wisdom, respect and intelligence.