



Premier promises help for junior and mid-cap companies

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As junior energy companies struggle with plummeting commodity prices and difficulties accessing credit, Premier Ed Stelmach offered some hint of relief last week at a major speech at the Calgary Chamber of Commerce.

"I know many of you are concerned about the challenges facing the energy industry," said Premier Ed Stelmach. "And I share those concerns."

The government will create an incentive program that will provide short-term, targeted assistance for junior and mid-cap companies. Energy Minister Mel Knight was tasked to consult with industry and develop the program before the provincial budget is released.

"We were pleased to see initiatives to improve the competitiveness and sustainability of the energy sector, especially the 'junior' oil and gas companies and small explorers and producers who have been faced by a series of challenges in the last few months," said Geoff Pradella, Vice-President of Public & Government Affairs with the Calgary Chamber of Commerce. "In a recent meeting with Deputy Premier Ron Stevens, we stressed how important fiscal policy, including royalties and taxation, is to investment decisions and industry growth."

Throughout the royalty review in 2007, the Chamber cautioned the provincial government that any changes would undermine investor confidence and risk capital flight.

Land sales, a leading indicator of confidence, have declined in the past year in Alberta, while more than doubling in B.C. and quadrupling in Saskatchewan.

New figures from CAPP indicate oilsands investment in Alberta this year will fall significantly from last year because of deferred projects (\$14 billion is projected in 2009, down from over \$20 billion in 2008).

"The government should closely monitor economic trends, petroleum markets and prices, and the health of the petroleum sector at large, with a view to adjusting royalty rates quickly, and in response to evidence of further risks to Alberta's wealth creation and prosperity," commented Pradella.

Last week Energy Minister Mel Knight announced a new study to compare Alberta's competitiveness for oil & gas investment with competing jurisdictions in Canada and other U.S. states. Topics will include royalties, taxes, regulation and other issues, and will be completed by September.

"This review is both prudent and timely, and we hope that the government will act with the same confidence that the Premier expressed during his address to the Chamber last week, especially in areas where Alberta is not currently as competitive as it could be," said Pradella.

The Premier's speech also outlined a three year plan to address the current economic slowdown. The plan commits the government to spend wisely, access emergency savings, continue to build infrastructure and develop Alberta's reputation abroad.