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## **New Report: Misplaced Generosity** **Alberta government set to forego \$55 billion in royalties over next three years**

EDMONTON – A new report from the U of A’s Parkland Institute says that despite a provincial deficit, the Alberta government will forego some \$55 billion in potential revenue over the next three years as a result of overly generous royalty cuts and the government’s failure to meet even the modest targets set by previous administrations.

The report, an update to *Misplaced Generosity: Extraordinary profits in Alberta’s oil and gas industry*, published in 2010, looks at the most recent data on profits in the oil and gas industry versus government share, and determines that despite tremendous growth in the industry the share of profits going to Albertans continues to shrink.

“We’ve gone from capturing close to 40% in 1979 to only 10% in 2009 and 13% in 2010,” says report author David Campanella, public policy research manager for Parkland Institute. “That is all money that has gone directly from serving the public interest to serving the bottom lines of huge oil and gas corporations.”

Peter Lougheed set a target of capturing 35% of the revenue from oil and gas production, which his government met or exceeded every year from 1977 to 1981. Ralph Klein lowered those targets significantly, and in most years failed to meet even those lower targets. Ed Stelmach eliminated the targets entirely. If Lougheed’s 35% target had prevailed, and been met, Alberta would have collected an extra \$195 billion in revenue between 1971 and 2010. Even by just capturing 25% of tar sands revenues, we would have received an extra \$33 billion since 2000.

The current provincial budget seeks to capture only between 9% and 12% of oil and gas revenues. Working instead to reach Lougheed’s target of 35% for conventional oil and gas, and 25% in the tar sands would yield an extra \$55 billion in revenues over the next three years.

“By properly managing oil and gas revenues in Albertans’ interests, we could easily pay off our current deficit and begin to build a sizable fund that could generate enough revenue to support budgets for generations to come,” says Campanella.

The Parkland Institute is a non-partisan public policy research institute in the Faculty of Arts at the University of Alberta. *Misplaced Generosity: Update 2012* is available on the Parkland web site at [parklandinstitute.ca](http://parklandinstitute.ca) or in hard copy from the Parkland Institute at 780-492-8558.

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