



Backgrounder

Albertans' Perceptions of Oil Sands Development Poll

Part 1: Economic Issues

The Pembina Institute commissioned Probe Research Inc., a professional research and survey organization based in Winnipeg, Manitoba, to conduct a study among Alberta adults. The purpose of the study was to gauge public attitudes towards the environmental and economic impacts of oil sands development in Alberta and to ascertain Albertans' understanding and expectations regarding the roles and responsibilities of the public and private sectors involved in oil sands development.

Survey results were collected using a state-of-the-art Computer Assisted Telephone Interviewing (CATI) system and data analysis was conducted using SPSS 11. Random digit dialing was also employed to ensure that all Alberta adults would have an equal opportunity to participate in the survey. The survey instrument was designed by Probe Research Inc. in close consultation with the Pembina Institute.

The study was conducted via telephone interviews between April 7 and 13, 2006 among a random and representative sampling of 500 adults from across the province of Alberta. With a sample of 500, one can say with 95 percent certainty that the results are within plus or minus 4.4 percentage points of what they would have been if all qualifying Albertans had been interviewed.

The portion of the survey discussed here focuses on Albertans' perspectives of the economic benefits derived from oil sands development. Part 2, which focuses on environmental issues related to oil sands development, will be released next week.

Upon release of Part 2, a full copy of the survey report, along with the questionnaire and detailed demographic data tables, will be available on the Pembina Institute's oil sands website at www.oilsandswatch.org.

Question 1: Oil sands development

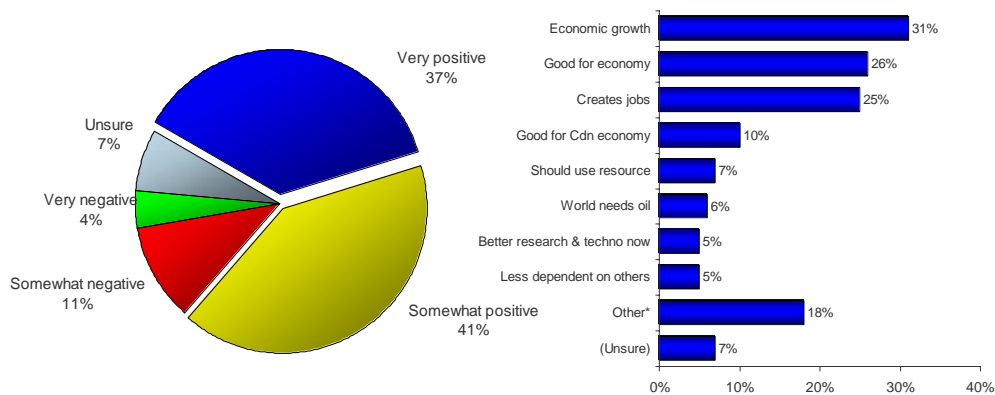
A large majority of Albertans expressed a generally positive view of oil sands development. The three most common reasons for expressing this support are economic growth, being good for the economy and creating jobs.

Probe Research Inc. Statement:

“Regardless of the extent to which you are aware of oil sands development issues in Alberta, would you say that you generally hold positive or negative views about the development of Alberta’s oil sands?” (n=500)

“And why do you hold these positive views?” (n=389)

Probe Research Inc. Results:



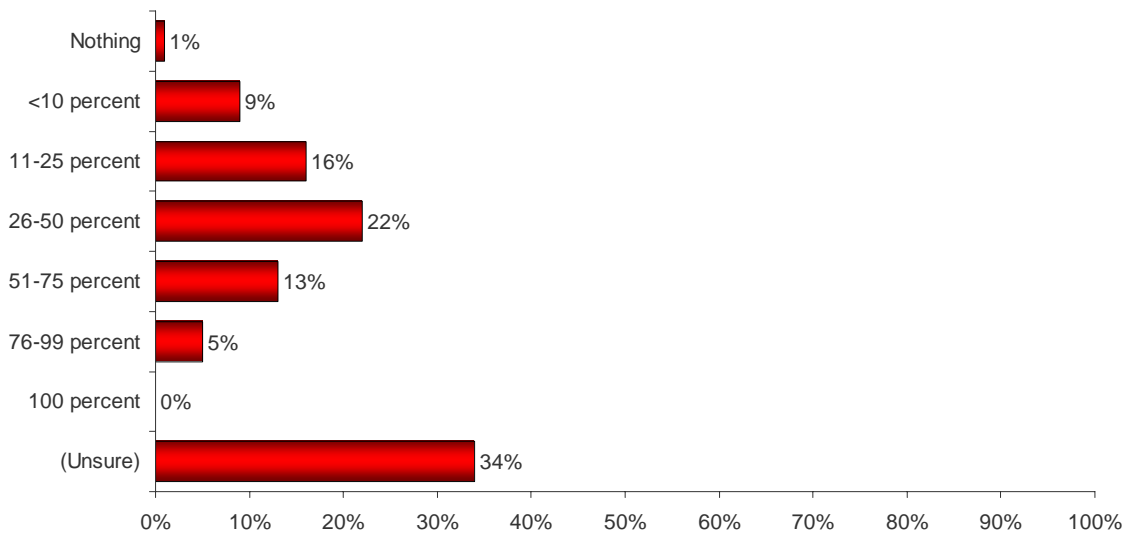
Question 2: Revenue from oil sands royalties

90% of Albertans either overestimated or did not know how much oil sands royalties proportionally contributed to provincial coffers.

Probe Research Inc. Statement:

“Thinking about all of the royalties that the government of Alberta receives from the extraction of oil and gas in the province, approximately what percentage of these royalties do you think comes from the oil sands?” (n=500)

Probe Research Inc. Results:



On average, Albertans overestimated oil sands revenues, believing that 40 percent of the royalties from oil and gas development came from the oil sands.

Oil Sands Fact

Oil sands royalties represented only 9% of Government oil and gas royalties in 2004-05, although the oil sands made up approximately one quarter of total oil and gas production during that time.

Source: Alberta Department of Energy, 2004-05 Annual Report

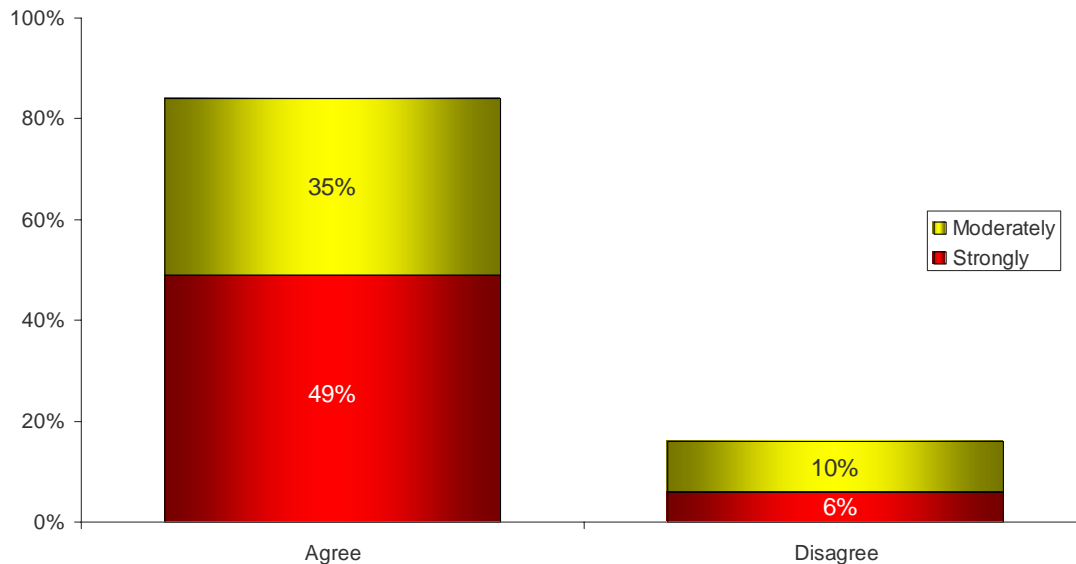
Question 3: Public review of royalty rates

The vast majority (84%) of Albertans support the need for a public review of oil sands royalty rates to ensure that Albertans are getting maximum benefits.

Probe Research Inc. Statement:

“The Government of Alberta should conduct a public review of oil sands royalties to ensure Albertans are getting the maximum possible benefit.” (n=500)

Probe Research Inc. Results:



Eighty-four percent of Albertans agree (49% “strongly” and 35% “moderately”) that the government needs to conduct a public review of royalties currently paid by oil sands companies to ensure that Albertans are receiving the maximum possible benefit. Only around two-in-ten felt that a public review was not necessary (16%, including 6% “strongly” and 10% “moderately” disagree).

Oil Sands Fact

The government of Alberta has said that it has conducted a review of royalty rates, but it refuses to make the results of that review available to the public.

Source: Calgary Herald, “Alberta Won’t Release its Review of Royalties: Critics say taxpayers shortchanged”, March 17, 2006

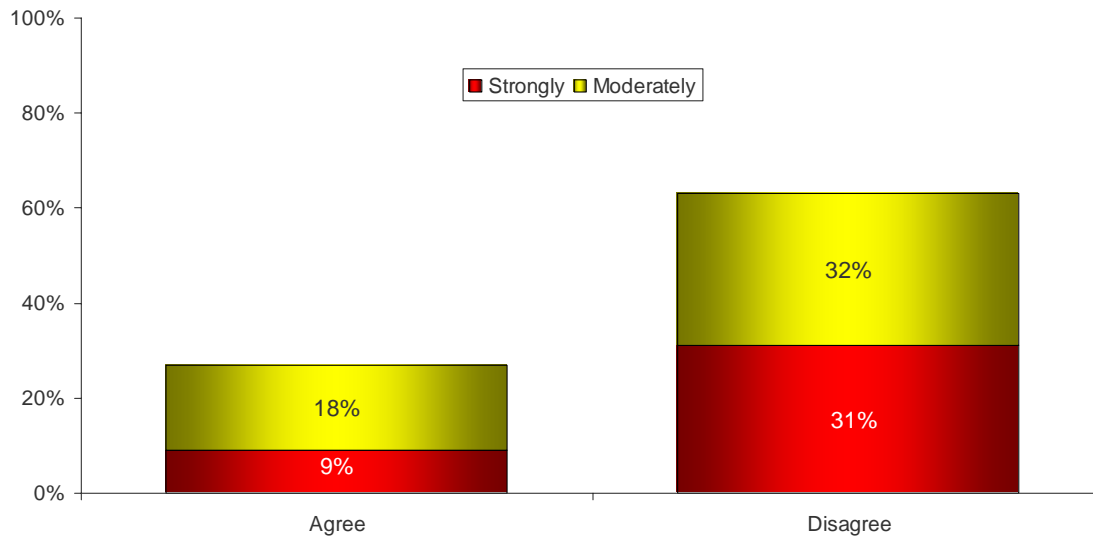
Question 4: Revenue from development of the oil sands

A majority (63%) of Albertans felt that the people of this province are not receiving maximum revenue from oil sands development.

Probe Research Inc. Statement:

“The people of Alberta are receiving maximum revenue from oil sands development.”
(n=500)

Probe Research Inc. Results:



Indeed, 63 percent disagreed (31% “strongly” and 32% “moderately” disagree) with the statement *“The people of Alberta are receiving maximum revenue from oil sand development.”* Around three-in-ten (27%, including 9% who “strongly” and 18% “moderately” agree) felt they were getting their entitlement from this resource development.

Oil Sands Fact

The generic royalty regime that is applicable to oil sands allows companies to pay only 1% royalty until all project costs have been recovered including a return on investment. Only at that time does the royalty rate increase to 25%.

Source: Alberta Ministry of Energy, <http://www.energy.gov.ab.ca/157.asp>.

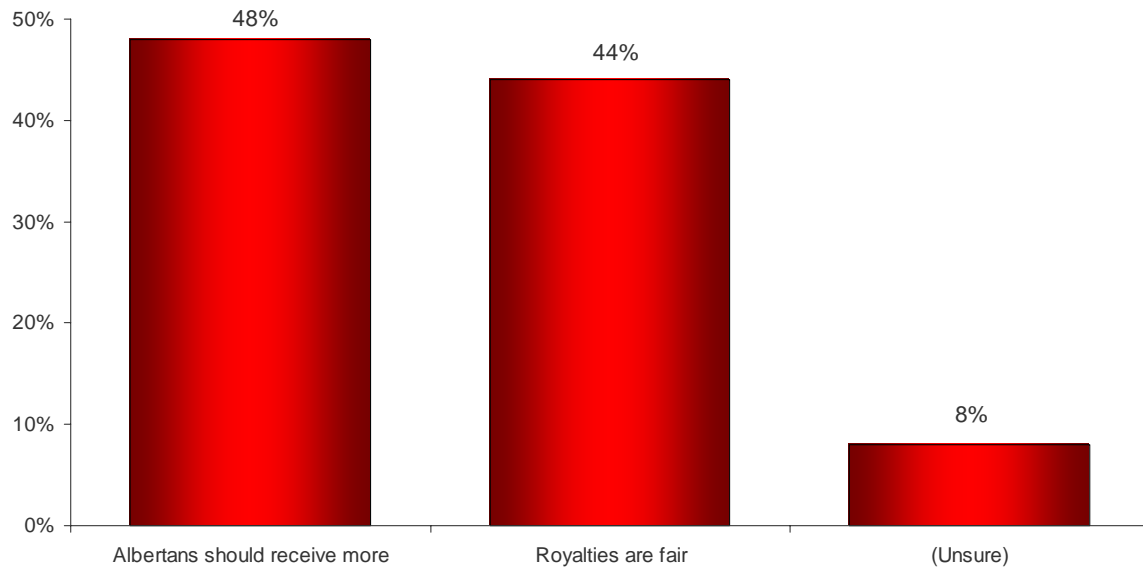
Question 5: Are royalty rates fair?

Almost half (48%) of all Albertans believe that the current oil sands royalty regime is not fair, and that Albertans should be receiving a greater proportion of this natural wealth as royalties. Slightly fewer Albertans believe the current royalty regime is fair.

Probe Research Inc. Statement:

*“Currently, companies that set up new oil sands projects pay a 1% royalty on revenues from oil production to Albertans until they have paid off the costs for setting up the new projects. After companies have paid off their projects, they pay a 25% royalty on revenues to Albertans. Which of these two points of view is closest to your own?”
(n=500)*

Probe Research Inc. Results:



Oil Sands Fact

Alberta Liberal Energy critic Hugh MacDonald produced documents leaked to the Alberta Liberal Opposition showing that despite record prices for oil and gas, Albertans are now receiving a lower percentage of royalty revenue.

Source: Liberal Party news release, “Albertans Ripped Off on Royalty Rates?” March 7, 2006.

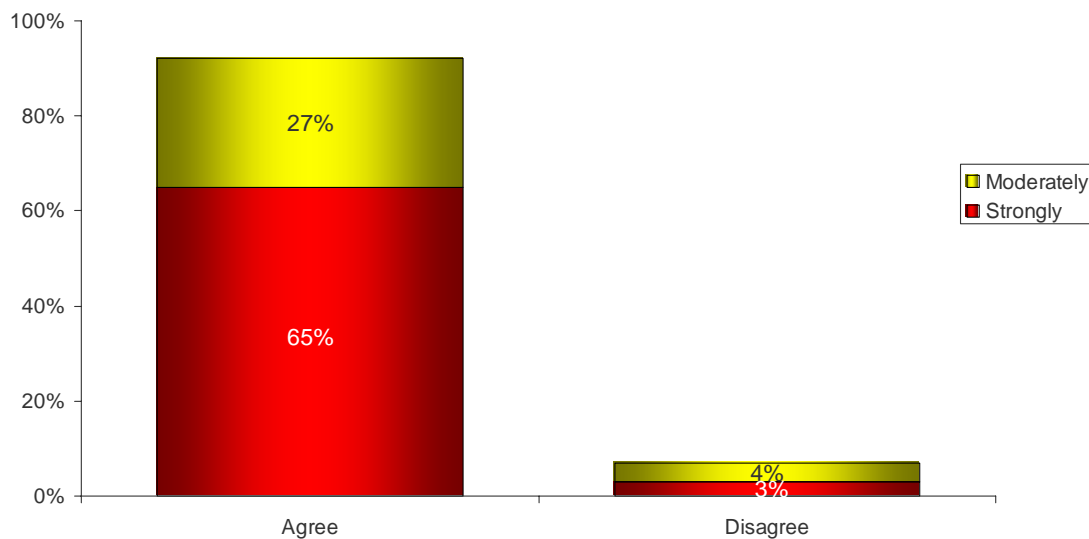
Question 6: Investments in renewable energy

There is overwhelming support for investing a proportion of oil sands revenues in renewable energy. 92% of Albertans (65% “strongly” and 27% “moderately”) support government investments in renewable energy.

Probe Research Inc. Statement:

“The Government of Alberta should use a portion of oil sands revenues to fund the development of renewable energy such as wind or solar power.” (n=500)

Probe Research Inc. Results:



Oil Sands Fact

Numerous jurisdictions, including Alaska and Norway, place a portion of oil and gas revenues into long-term dedicated funds. These funds can be used to provide economic stability during times of fluctuating fuel prices, to finance dividend cheques to citizens, as a store of wealth for future generations, or to finance a transition to sustainable energy sources.

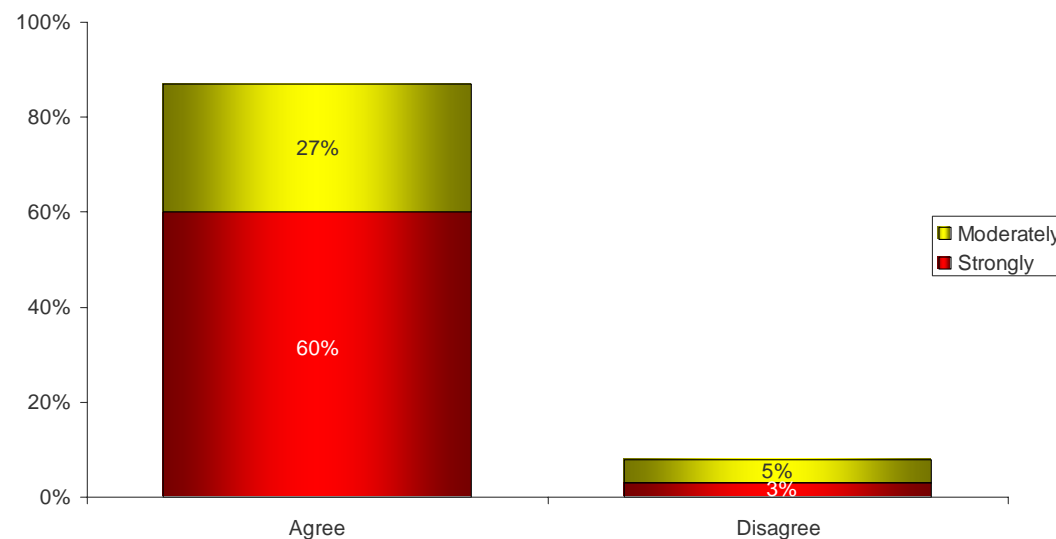
Question 7: Companies can afford to do more to protect the environment

An overwhelming majority of Albertans (87%) felt that oil sands companies can afford to do more to protect the environment.

Probe Research Inc. Statement:

“Oil sands companies can afford to be doing more to protect the environment”

Probe Research Inc. Results:



Oil Sands Fact

Oil and gas companies operating in Canada are one of the least taxed sectors in Canada and are reaping record profits. The federal government allows companies to write off all capital cost investments before any federal income tax is paid. A study commissioned by the Canadian Association of Petroleum Producers predicts federal tax revenue to be halved by 2008 partly due to this generous tax break for oil sands developments.

Source: Canadian Upstream Oil and Gas Industry Financial Performance, Outlook 2005-2008. A Study prepared for the Canadian Association of Petroleum Producers by ARC Financial Corporation.

About the Pembina Institute

The Pembina Institute creates sustainable energy solutions through research, education, advocacy and consulting. It promotes environmental, social and economic sustainability in the public interest by developing practical solutions for communities, individuals, governments and businesses. The Pembina Institute provides policy research leadership and education on climate change, energy issues, green economics, energy efficiency and conservation, renewable energy and environmental governance. More information about the Pembina Institute is available at www.pembina.org.