As I approach the final few months of my elected executive position as Director of Member Services, it is time to reflect on the tenure of that two year position and perhaps a little posturing on an equivalent future time window.

Within the last two years, and frankly, for three to four years before my term, the CSEG has continued to grow in scope and size. The membership is now larger than ever with over 2200 registrants. The Outreach committee is doing an incredible job of reaching the student faculties of our Universities and enrolling new members. The Universities, too, are enjoying record enrollment in the Geophysics programs, an enrollment number capped only by the resources of the Universities themselves.

Just as our industry has enjoyed sustained growth over a record economic oil and gas positive cycle, the CSEG has seen successful growth with all its endeavors including the joint CSEG / CSPG conventions, the DoodleTrain, the RECORDER, and the aforementioned membership.

This has allowed the CSEG to move forward with some exciting new initiatives such as the Foundation, talked about for a couple of years now, but recently funded with seed money to kick-start the program. The Foundation and its board of directors will be responsible for existing and new initiatives in education and research, eventually funding their own way as a charitable organization.

The volunteer members of this association drive the success forward and one can never offer enough kudos for the unselfish commitment and countless hours effected to make the CSEG a cornerstone affiliation that we can be proud of.

However, our success has always been conspicuously tied to the success of the industries that employ us. These companies support the CSEG through corporate memberships, active participation in our conventions, support for training initiatives, and support for the time commitment needed by hundreds of volunteers they employ, and on and on.

Sustained growth of our industry is therefore directly proportional to the success of the CSEG. As a member, long serving volunteer, and now an executive of the CSEG, I have seen the CSEG struggle with initiatives in the inevitable economic downturns of the oil and gas industry.

We, all members, should therefore concern ourselves when government policy continually implements tax grabs on the successful Canadian Oil and Gas industry and the financial impact that will have on those industries and their funding initiatives.

I speak, of course, about the Alberta Royalty Review, which at the time of writing this article has yet to be announced as government policy, but by the time it is published, most certainly will be. Ed Stelmach staunchly supports at least some tax grab.

This comes at a time when our industry is still coming to terms with the new Federal tax changes to Energy and Royalty Trusts, It comes at a time when the Canadian dollar is at a three decade high against the US dollar which devalues our oil and gas exports in a market that is geographically challenged to begin with. It comes at a time when natural gas prices, at about $5, are far too low for active exploration.

The Alberta government already enjoys the largest surplus revenues of any province, at 7.3 billion as an ’06-’07 forecast, a surplus that is partially shared with the have-not provinces through equalization payments of the Federal Transfer Payments. The economy grew by 7% in 2006, the best since 1993, employment growth is the best in 25 years, and the unemployment rate is the lowest in 30 years.

The Alberta government is budgeting surplus revenues through 2010 at the status quo. The projected budget shows diminishing surpluses, but the operating expenses are increasing and capital projects are increasing as they should. And, of course, the budget projections are using very cautionary fiscal year assumptions when it comes to the price of oil, gas, bitumen, and even the exchange rate at $0.86 - $0.87 cents.

I always have to ask myself, “Will government manage our money better than industry (our employers) will manage our money?” Historically, the question is laughable. Industry and individuals fill the coffers of these governments that more often than not squander those returns. The Heritage Fund, at $16 billion 10 years ago, is today, $16 billion.

So, why mess with industry and the prosperity we have been enjoying? Why increase the net royalty rate to 33% from 25% on oilsands projects that are already cost inhibitive? It’s interesting that at least one member of the review panel, Judith Dwarkin, has broken ranks to denounce the recommended changes as “overly aggressive” on natural gas while wearing a different hat for her employer, Ross Smith Energy Group.

So where will the next two years take our industry and the CSEG? As there are already signs of economic slowdown, the Royalty changes are sure to expedite that. Industry will survive and the CSEG will survive as it has with so many economic cycles before. There will be more struggle and more economic hardship for some, but our members will once again come through to support the initiatives of the CSEG through volunteerism, membership, and participation because they recognize the importance of affiliation, education, and the mandate of the CSEG. Initiatives will slow, but they will survive. It’s just frustrating that the slowdown is preventable by the very government that we elect. *R*

Mike Clement
Director, Member Services