

Weak Canadian position at Copenhagen just one symptom of flawed business model in energy sector

EDMONTON—Canada’s inability to play a leadership role at international climate change negotiations is just one of many negative consequences of an energy sector that is dominated by large for-profit corporations, and we need to begin exploring alternate business models for the industry. This is a key message of a new discussion paper released today by Alberta’s Parkland Institute in conjunction with the Canadian Centre for Policy Alternatives.

Public Interest or Private Gain: Reforming Canada’s Oil and Gas Industry points out that a business model based on maximizing profit and share value results in an industry that creates significant environmental, social, economic, and political problems for Canada.

“Whether funding climate change deniers and their accompanying lobbying and public relations campaigns, or resisting increases to the chronically low royalties they pay, the industry is not serving the best interests of Canadians,” says report co-author David Thompson. “Canada should have a discussion of alternate models that would focus the industry on contributing to the public interest rather than just the private gains of shareholders. That is the purpose of this paper, to begin that discussion.”

The paper notes that there are no legal or financial barriers to converting the industry to a public-interest mandate. Canada’s constitution and trade agreements would allow it and there are precedents for public ownership in the energy sector, under both Alberta and Federal governments, and among foreign investors. As with any corporate acquisition, the up-front price would be covered by future profits. The firms acquired would then be given a new public interest mandate, which would enable them to stop undermining conservation, environmental, fiscal, employment and energy security goals.

“Although a majority of Canadians would favour outright public ownership, that is not the only alternative we are considering,” says the report’s other co-author Keith Newman. “We also consider other public-interest, private ownership models like charity-run social enterprises, co-operatives, and the Community Interest Companies that are being developed in the UK.”

The discussion paper goes on to outline several issues that would need to be resolved, such as entitlement to rent, stakeholder involvement and governance, and preparing for the transformation.

-30-

Public Interest or Private Gain: Reforming Canada’s Oil and Gas Industry is available on the Parkland Institute web site: <http://www.ualberta.ca/parkland>

For more information:

Ricardo Acuña, Parkland Institute Executive Director: (780) 492-8558 or (780) 951-7180, racuna@ualberta.ca
Kerri-Anne Finn, CCPA Communications Officer, (613) 563-1341 ext 306, kerri@policyalternatives.ca