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Well it is that time of year again. We should see a white Christmas here in Southern Alberta but with temperatures hovering slightly above the freezing mark it will probably just be a “barely”. Winter work looks decent for the seismic sector. Certainly reports out on the street suggest far fewer programs have fallen off the table than in many years past. As we track crews on a monthly basis, the trend numbers suggest almost an identical number to last winter. This is pretty much as expected likely, setting up some programs

This time of year brings many prognosticators to the forefront. On the Big Rig Drilling front the CAODC suggests a year similar to last year numberwise while PSAC is showing a more optimistic forecast with at least a 10 % increase in numbers over last year. The other financial organizations and Associations are remaining cautious, forecasting numbers in and around the numbers from this past year. I read somewhere that about 80 % of such prognostications are wrong including everything from stock markets, economics, through to sports teams. In fact – and this will come as a surprise – the article indicated the most accurate prognosticator was actually the weatherman! How can that be you ask? Well they claim they are very accurate a day or two out but beyond that they agree that a monkey has about the same chance of guessing right. However since the public wants it, they provide it with things like “probability of participation is so much”. Or you may notice that the temperature being predicted farther into the future just pretty much follows the normal average. Of course you can always identify a Canadian as we all love to talk about the weather. The Weather Network channel was launched in Canada in 1988. The US cable TV version only started in 2007.

In any case I will use this edition of my column to reflect on some things from the year past and some expected in the coming year. Please catch my blogs on either our CAGC Facebook Group site or our LinkedIn Group site. And with that here`s wishing everyone a Prosperous New Year.

Alberta continues to exist in a bit of an economic bubble and not the type of bubble that existed in the USA prior to the collapse of the housing bubble. On the contrary housing prices in Alberta remain relatively stable. Other areas in Canada have seen much higher appreciation in values over the past few years. The bubble I refer to reflects that despite the global economic worries, the Euro debt crisis, the American slowdown and their high unemployment numbers, Alberta continues to plod along at a reasonable economic pace.

Roger Gibbons, in his Canada West Foundation Blog, writes the following: *In 2012, Canadians from across the country will also have to come to grips with growing regional imbalances within the national economy, and how these play out through the frameworks of fiscal federalism and in a period of growing financial constraints for all governments –federal, provincial and municipal. On balance, western Canadians are doing very well, but how do we reconcile regional prosperity here with more disadvantaged regions of the country? How do we ensure that regional economic strength is encouraged as a national asset, and not seen as a target?*

We saw a bit of that when we were talking about reducing carbon emissions and how that could be balanced in an equitable manner from region to region. Politicians always need someone to blame and if it isn`t the Federal Government then we tend to see regional political divides here in Canada. The Feds publically pulled out of Kyoto recently. Other

than the local Canadian media fanfare, the one of two Fossil Awards by the ENGO's, and the obligatory finger wagging by the likes of the Chinese, we saw very little Provincial or Public reaction here in Canada. The issue and result for Canada had moved into the expected and inevitable.

The *Economist* magazine has been pushing carbon taxes as a solution to the "off oil" movement for the past couple of years. BC's carbon tax is now up around \$25 a tonne (scheduled for \$30 in July 2012) and basically increases the cost of gasoline and diesel in the Province. They face some tough times ahead with the HST being voted out by a slim margin this past summer (implementation next year) and likely having to return \$1.6 billion to the Feds. Christy Clark, the current Premier and Leader of the BC Liberals is facing a tough uphill slog against the NDP in the polls. The BC election isn't scheduled until May 2013 so they have some time. However for most of the world carbon taxes have quietly abated given economic realities at home. The one exception thus far is Australia who recently passed coalition legislation to bring in a carbon tax of about \$25 a tonne in July 2012.

The International Energy Agency warned in October that as the world increasingly relies on coal to meet growing energy demand, it is headed for a "dire future" where high energy prices drag on economic growth and global temperatures rise dangerously, unless significant innovations are made to lower the cost of clean energy and carbon-capture technology.

I will end with some brief observations about the upcoming Alberta Provincial election. Alison Redford was recently victorious in her bid for the Alberta PC leadership and thus was elected Premier of the Province. She certainly came in fast and furious making changes to all Cabinet positions and to many of the Deputy Ministers signaling a big change from the Ed Stelmach government. She also quickly put through the .05 drinking and driving law. No one says anything about it publically but one has to wonder if it will hurt her at the ballot box – sort of the backlash from the redneck conservative type. Redford has reinjected money into areas such as education thus moving the government and its policies more towards the center. Over three fiscal years that included the recession, the government incurred \$10-billion in deficits – small by Canadian standards, large by Alberta's. Not until 2013-2014 does Alberta plan to be in the black. Alberta's health budget takes up 43.6 per cent of program spending. The arithmetic is simple. If the biggest part of a province's budget – now 43.6 per cent – is rising by 27 per cent over five years – something else has to give, provided a government doesn't wish to raise taxes. The election has been called for some time in March through May of 2012. Redford has the benefit of being in power now plus folks usually vote with their wallets. If local economics are OK they don't usually change governments. However the recent developments certainly open the door up a bit for Danielle Smith and the Wildrose Party. It will be an interesting Spring.

From the Thursday Files

I never make the mistake of arguing with people for whose opinions I have no respect.

- Edward Gibbon