

April 18, 2007

Mr. Bill Hunter, Chairman
Royalty Review Panel
1100, 715 - 5th Avenue SW
Calgary, Alberta T2P 2X6

Mr. Hunter & Members of the Panel:

On behalf of the Council of Northern Sunrise County, I would like to thank the Royalty Review Panel for the opportunity to present our views on the review of Alberta's Royalty & Tax Regime.

Northern Sunrise County is located in the heart of the Peace Oilsands. There are approximately 202 oil and gas companies operating in our County. The Peace Oilsands' initial development began some 25 years ago with the development of the Shell in situ Plant. Presently the Shell plant produces 12,000 barrels per day and has made application to Alberta Energy and Utilities Board and to Alberta Environment for the planned expansion of the plant to 100,000 barrels per day. In the last 5 years, due to new technology, the Peace Oilsands have experienced rapid growth.

We have attached a boundary of the County Map we are 21,573 sq. kms in size, also attached is a map showing the activity in the Peace Oilsands within our County.

In the Panel's review, the effects on municipalities due to resource development needs to be addressed.

We believe funds should be returned to the municipalities in the way of "economic rent" as recommended in the Minister's Council on Municipal Sustainability, Final Report to the Minister of Municipal Affairs and Housing, March, 2007. ([*Tab 1 Attached is a copy of the Final Report*](#)) This would fund direct costs imposed on municipalities as a result of resource development.

As an example Northern Sunrise County in 2006 completed a new 32 km all weather public road at a cost of \$7.7 million dollars to service the Peace Oilsands development, with Provincial assistance under the Resource Road Program of \$3 million, and private company contributions of over \$500,000. We now need funds to pave this and other public roads which are the only public access into strategic locations related to the Peace Oilsands development; but due to vehicle count requirements of Alberta Infrastructure and Transportation, are not eligible for assistance.

.../2

Also Provincial support is required to provide funding to meet the Northern needs for increased air transportation, and maximize airport facilities. Rail/Air/Road development must take priority in the Province's commitment to ensure the Peace Oilsands and the communities that it serves can be more competitive in the market place.

Northern Sunrise County would like to see the Province be more proactive in addressing the overall impression that Alberta does not meet environmental standards.

We are keenly aware of the socio-economic impacts of Peace Oilsands growth including the effect on the population in the region, and we will take this opportunity to address them. Of interest RCMP statistics have shown an increase in their requests for response, and will be adding 8 Constables to their previous staff compliment of 9 Constables in the next year. Clearly, law enforcement is an issue as well when the industrial activity increases.

In 2006, Northern Sunrise County, Municipal District of Smoky River No. 130, the Municipal District of Big Lakes, and Smoky River Regional Economic Development organized a Forum on June 20th 2006 to identify these socio-economic impacts. ([Tab 2 Attached is the Workshop Results](#)) Over 90 representatives were present, and broke out into five workshops to identify the following issues as critical to address Health, Social Services, Infrastructure, Housing and Employment in training.

The next step is to formalize the Peace Oilsands Synergy Group with provincial support to work with all Stakeholders: Industry, Government and Communities, to address the priorities from the Peace Oilsands Synergy Group Forum held in June 2006.

As well in 2006, the Northern Alberta Development Council (NADC) released their "Shadow Populations in Northern Alberta" report, noting that Peace Country Health reported the highest provincial rate of emergency department use for injuries; more than twice the provincial rate and reported the second highest provincial rate of suicides here. The report ([Tab 3 attached](#)) brought forward the following recommendations.

Key Finding 1) Alberta Municipal Affairs & Housing must authorize the inclusion of a shadow population in a municipal census. Though there are guidelines available as a matter of practice, these guidelines are not referenced in the *Municipal Government Act* nor are they noted in any of the Department's associated regulations.

- Key Finding 2) As per the guidelines of Alberta Municipal Affairs, a shadow population would be considered for authorization if the enumeration resulted in 10% or more of the permanent population.
- Key Finding 3) Ten of the 21 rural municipalities within the boundaries of the Northern Alberta Development Council met this requirement under both quantification procedures presented in this research project.
- Key Finding 4) The top three shadow population to permanent population ratios identified during peak season are located in the Municipal District of Greenview at 117.8 %, the Municipal District of Opportunity at 58.7%, and Northern Sunrise County at 44.6%.
- Key Finding 5) A total shadow population of 30,014 (peak season) was identified in the NADC region, reflecting 10.2% of the total 2005 population of the Northern Alberta Development Council (295,278).

The question that will remain with us is: What are the long term impacts of the shadow population?

The Royalty Review Panel needs to consider whether it is from new revenue that is created as a result of this review; or a reallocation of existing Provincial revenue, that funds need to be allocated to municipalities which are directly impacted by resource development.

It has been my pleasure to speak with you today and we thank you for this opportunity.

Agnes Knudsen
Reeve