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Policy Begins Today*

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In this edition of The Beacon, a special Energy Section:

- Part One: K.I.S.S. the Newfoundland Offshore: The Rules of Oil & Gas
- Part Two: Should an energy-rich and politically powerful west want Senate reform? A lesson in political geometry
- Part Three: AIMS' LNG paper proves prophetic

Plus: Fiscal imbalance and Atlantica meets the Privy Council Office

- Part Four: Fiscal Imbalance: AIMS' work proves ahead of its time.
- Part Five: Cross Border Roundtable: AIMS presents Atlantica to prestigious gathering.
- Part Six: Internship opportunities at AIMS

Part One: K.I.S.S. the Newfoundland Offshore: The Rules of Oil and Gas

Three projects up and one in the works, things appear to be going well for the Newfoundland offshore petroleum industry.

But in this commentary, AIMS Fellow Peter Fenwick points out it could be so much better, if the provincial government would only play by the KISS rule, in this case 'Keep It Stable and Straightforward'.

Hibernia, Terra Nova, and White Rose. The three oil projects offshore Newfoundland pumping thousands of barrels of oil a day and millions of dollars into the provincial economy. But these fields were found decades ago and nothing since. Hebron Ben Nevis waits in the wings, it could be the next project on-line, but its trials are an example of why the Newfoundland offshore industry isn't all that it can be.

In this commentary, Fenwick says the provincial government needs to bring stability to its regulatory regime or risk losing future developments. He writes:

"The failure of the oil industry to find new fields in Newfoundland is primarily the result of capricious and unstable government development policies that discourage oil companies from investing. Until the offshore regulations become fair and predictable, Newfoundland's offshore is likely to stay as undeveloped as it is."

To read the complete commentary, [click here](#).

Part Two: Should an energy-rich and politically powerful west want Senate reform? A lesson in political geometry

In his fortnightly column, AIMS President Brian Lee Crowley uses a little geometry to prove that constitutional change is the kiss of death. And he asks "Why take on something as politically unpopular and uncertain of success as constitutional reform when a reformed Senate would make your own life hell if you are in government in Ottawa?"

He writes that although talk of Senate Reform began in the West, it was another time, another era, a very different economic picture.

"But ironically, a Senate reform putting all the provinces on an equal footing would today give extra power, not to the New West, but the Old East, the declining power base of the Liberal Party. In a EEE Senate, for example, equalization-receiving provinces would hold a strong majority, making serious reform even less likely and creating a new power base arguing for transfers from an increasingly wealthy west. That is the opposite of why Alberta became Senate reform's great champion."

To read the complete column, [click here](#).

Part Three: AIMS' LNG paper proves prophetic.

The headlines were splashed across newspapers, "Bear Head delayed". The tone almost incredulous, construction on one of the three proposed LNG terminals in Atlantic Canada was coming to a halt, for now. The reason; Anadarko is holding back on its Bear Head, NS, project until it can confirm a supply of LNG.

It came as a shock to many in the region, but anyone who read AIMS' paper "Casting a cold eye on LNG" knew all three projects for Atlantic Canada are not a sure thing. As author Angela Tu-Weissenberger wrote, supply is an issue:

"A second critical factor driving the economics of an LNG project is the contractual arrangements regarding supply. The LNG market in North America is in its infancy, and long-term supply contracts might be required at first to make a North American terminal project feasible."

To read the complete paper, [click here](#).

Supply isn't the only issue facing the proposed LNG terminals in Atlantic Canada. There's the regulatory regime and regional cooperation. This article in Atlantic Business, drew on Tu-Weissenberger's paper and a little history to make the point.

To read the complete article, [click here](#).

Part Four: Fiscal Imbalance: AIMS' work proves ahead of its time.

From House of Commons Committees to Senate hearings, from commentaries to research papers, AIMS was talking about fiscal imbalance before it became the hot topic at the first ministers' table. In recent weeks, articles have appeared in newspapers across the country indicating political and economic analysts are just now catching up on a topic AIMS helped bring to the national agenda.

Articles refer to various AIMS materials, including a presentation by AIMS to the Commons Standing Committee on Finance. To read *The Old Shell Game, or The Mystery of the Missing Fiscal Imbalance*, [click here](#).

Equalization has become an equally 'interesting' topic on the national stage these days and again national commentators are turning to AIMS to gain insight. Neil Reynolds, National Affairs columnist for the Report on Business section of The Globe and Mail, used AIMS' depth of research to examine Canada's equalization program. Reynolds echoes AIMS' position that equalization actually does more harm than good, and he suggests it's time to cut up the credit cards.

To read Neil Reynolds' column, [click here](#).

Part Five: Cross Border Roundtable: AIMS presents Atlantica to prestigious gathering.

Across Canada, the federal government called together policy analysts, businesspeople, community leaders, academics to discuss cross border regions. It was a follow up to the interim report released in November by the Policy Research Initiative of the Privy Council Office.

The report, titled *The Emergence of Cross-Border Regions*, explains, "The Canada-US Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) opened a new era in Canada-US relations, not only in the area of economic relations but, more generally, in the ways the two countries interact. The economic consequences have been extensive, and largely positive, but another manifestation of this new relationship has been the growing extent of links of various kinds between the two countries – especially between adjacent and nearby areas along the border." To read the complete report, [click here](#).

After the regional meetings, the PRI in cooperation with the Canada – America Border Trade Alliance invited a select group to Ottawa to provide more feedback on these cross border regions. AIMS president Brian Lee Crowley was one of five people invited to speak to the Cross Border Roundtable.

To read the presentations to this prestigious gathering, [click here](#).

Part Six: Internship Opportunities at AIMS

It could be one of the most challenging summers of your life. The Atlantic Institute for

Market Studies is looking for summer interns.

Internships are intended to introduce bright and innovative final-year graduate or doctoral students to the policy making process, involve them in the important questions and issues of the day, and give them a chance to make a tangible and worthwhile contribution to the work of the Institute.

To learn more, [click here](#).

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