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FORT MCMURRAY WILDFIRE: \$3.6B IN DAMAGE, SAYS INSURANCE BUREAU OF CANADA

The Insurance Bureau of Canada says insured damage caused by the wildfires in Fort McMurray, Alta., totalled \$3.58 billion, making it the most expensive disaster for insurers in the country's history. The fires in May forced the evacuation of almost 90,000 residents from the Regional Municipality of Wood Buffalo and destroyed about 2,400 homes and other buildings. People have since been allowed back into the community, but it took nearly two months before a state of emergency could be lifted. The bureau said the estimate will be the first based on data collected by Catastrophe Indices and Quantification Inc., a company that compiles insured loss amounts based on surveys with insurers. The costliest insured disaster in Canadian history was the Quebec ice storm of 1998, which forced insurers to pay out \$1.9 billion in constant 2014 dollars, according to a 2015 IBC annual report. The Alberta floods of 2013 were the second costliest, resulting in \$1.8 billion in insured damage. As

for the region's biggest economic driver, analysts say lost oilsands production from the Fort McMurray wildfires could top 30 million barrels and cost the industry upwards of \$1.4 billion. Some of the largest oilsands producers in the province were forced to shut down or curtail operations due to the May wildfire. Damage to oilsands projects was minimal but analysts say restarting operations took longer than expected.

JUST HOW MANY JOBS HAVE BEEN CUT IN THE OILPATCH?

Estimates of job losses vary widely. Here's a look at the numbers

The pain of the oil price crash in Alberta has mostly been expressed through job losses, with the idea being that if we can put a number on it, we can get a sense of just how bad the downturn has been. "We want to know about the drop in employment, because it tells us how many people are going through a particularly tough time in their life," said Trevor Tombe, an economist with the University of Calgary. "If it's just a drop in profit or shares fall, it's a different kind of pain, it's much more broadly and evenly spread, but job losses are

a concentrated type of cost that's felt by individual families, so it's an important number to know." With that in mind, let's try to figure it out. The number of job losses connected to the oil price downturn can be tricky to pin down. Statistics Canada offers two numbers, one from the Survey of Employment, Payroll and Hours (SEPH), which suggests that from December 2014 until April 2016, 3,853 jobs were lost in Alberta in oil and gas extraction and a further 29,196 in jobs that support energy and mining extraction. The other number, from the Labour Force Survey, indicates that 43,000 jobs have been lost in mining, forestry, fishing, quarrying, and oil and gas over that same period. Of course, that includes six industries, not just oil and gas, but employment in mining, forestry, and fishing have largely been stable in recent months. Then there is the Canadian Association of Petroleum Producers, which estimates that 44,000 jobs were lost since the downturn began. On the other hand, Enform, which is a group funded by industry, pegged the number at 28,145 in direct job losses last year across the country.

The Survey of Employment, Payroll

and Hours is the closest thing to a hard count. It pulls its numbers from payroll reports submitted to the Canada Revenue Agency. But it can be confusing when it comes to inter-provincial employees (fly-in-fly-out workers), since it records the location where the job was cut, not the location where the employee lives. That's different from the Labour Force Survey, which is based on a telephone survey, but measures people who are out of work in the province where they live, not the province where they worked. The LFS would also capture contractors, who may not officially be on the payroll reports submitted to the Canada Revenue Agency. Another figure to look at is the number of people collecting employment insurance. In December 2014, 31,220 Albertans were collecting benefits. In April 2016, the most recent month data was available, there were 67,900, a difference of around 35,000. Some of those people collecting EI would have run out of benefits, or found work, or moved to another province. While no number is perfect, Tombe said he would tend to rely on the figure from the Labour Force Survey — 43,000 jobs cut between December 2014



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and May 2016. "This is the relevant measure in most people's minds," said Tombe. "And relevant for policy-makers. It also includes contractors and other self-employed people that SEPH does not." One thing is clear, it's the wide variety of support jobs that have been cut, not the actual operations jobs. This is not a particular surprise, since actual production hasn't fallen, but future growth has fallen off a cliff. Another way to track job cuts is through the annual reporting of energy companies, each of which is required

to disclose the number of employees at year-end. While companies like Suncor and Cenovus shed jobs in 2015, it was a relatively small percentage of full-time staff. The well service companies took huge hits, with Ensign Energy Services cutting nearly half its Canadian staff and Trican Well Services ending the year with only one-third of the employees it began 2015 with. Precision Drilling cut nearly 4,000 jobs. Another number banded about has been the number of indirect jobs that have been lost. The Canadian Association

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of Petroleum Producers and Enform both use a multiplier of 2.5, meaning for every direct job that's been cut, 2.5 indirect jobs have been lost. That would put the overall losses at 110,000, more than twice the number of total jobs lost in Alberta in the past 17 months. Tombe thinks that indirect numbers don't add up. "Conceptually this idea of indirect jobs makes very little sense. If you take all the employment in each of the sectors, combine it with the indirect jobs associated with that sector, you'll end up with twice as many jobs that exist in all of Canada." To sum up, the best guess is that 43,000 Albertans lost their jobs in oil and gas since the downturn began in late 2014. Some moved for work, some went home, some found other work, and all are hoping that the job cuts are in the rear-view mirror.

PETRONAS DECISION IS A WATERSHED MOMENT

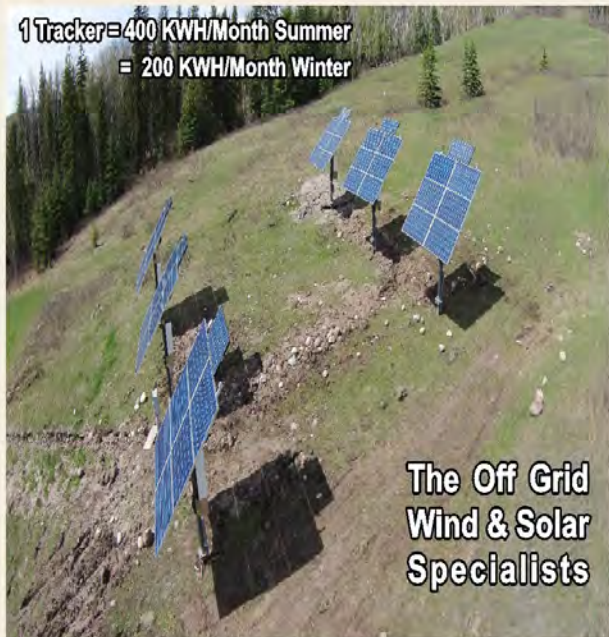
John Rustad, B.C.'s minister of aboriginal relations and reconciliation, recently belittled all opposition to the Petronas Pacific Northwest LNG proposal at the mouth of the Skeena River as "professional protesters". Was he referring to 135 Canadian and international fish experts and aquatic scientists who have called on the federal government to reject the project because of the risks it poses to a billion juvenile salmon and Canada's second-largest salmon run? Perhaps the minister had the Canadian Environmental Assessment Agency itself in mind? The agency has described the liquefied fracked gas project's greenhouse gas emissions

as "high in magnitude, continuous, irreversible and global in extent." Or maybe he was referring to the 11,000 British Columbians who, in the space of nine short days, emailed Prime Minister Justin Trudeau, imploring him to reject the project as a threat to salmon, our climate and our economy? If built, the Petronas plant would be one of the largest greenhouse gas emitters in all of Canada, releasing the equivalent of 5.3 billion tonnes of carbon dioxide over 20 years, from fracking, transporting, liquefying and burning methane. Studies have shown that the emissions from extracting and burning fracked gas, whether here or in Asia, are as bad or worse than those from coal. The Petronas plant alone would make it impossible for B.C. to meet its greenhouse gas reduction targets for 2050. It would also undermine Canada's international climate change commitments, and continue the destabilization of the very climate on which our continued health, security and prosperity depend. As Premier Christy Clark recently pointed out, climate change is the underlying cause behind this spring's heat wave, wildfires and home evacuations. Yet the province's LNG agenda will only add fuel to the fire. Albert Einstein famously described insanity as doing the same thing over and over again and expecting a different result. That is our provincial government's approach — the insanity of talking climate leadership while continuing to promote an outdated fossil fuel economy. To defend our communities and our children from the harsh droughts, wildfires and

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food insecurity predicted by climate scientists, we need leadership that supports and grows the clean energy solutions that are known and already being successfully implemented in other jurisdictions around the world. As LNG prices continue to tumble, there is more and more evidence that we can transition away from fossil fuels in as little as 10 years: solar and wind are outperforming fossil fuels in the energy market, and clean green energy and technology create seven to eight times as many jobs as fossil fuels for the same

investment. Not only can we dare to dream of a future with a livable climate, prosperous economy, and good meaningful jobs for all — we can make it reality. Trudeau is facing his watershed moment: whether or not to approve the Petronas proposal. It is his first big climate test. If he is truly committed to limiting global warming to 1.5 to 2 degrees he cannot approve this project. It's that simple. Will Trudeau stand with science, defend our salmon, and reject the Petronas proposal? Or will he trample over serious First

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Nations objections and opposition, and send liquefied fracked gas tankers through the Great Bear Rainforest? Trudeau's government was elected on promises to defend our environment and take action on climate. The stakes are too high to waver at this crucial time in our history. It's time to say no to Petronas, and yes to wild salmon, healthy rivers and marine ecosystems. It's time to say no to increased wildfires and drought, and yes to green jobs and a livable climate for all

Canadians and future generations. Characterizing genuine concern about our future by scientists and everyday British Columbians as "professional protest," as Rustad has done, perpetuates a divisive politics that hinders effective climate action. Our climate doesn't distinguish between "us" and "them." We are in this boat together; if we don't come together to tackle this crisis, we will all be caught up in the whirlwind.

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SASKATCHEWAN A HOT MARKET AS OILPATCH RECOVERS

Investor interest in Saskatchewan partly due to politics but mostly about economics

A string of deals in the oilpatch suggests some investors are bullish on Saskatchewan and bearish on Alberta. Several different companies have purchased assets in Saskatchewan recently as both Penn West and Husky sold off properties in the province. The sale prices were higher than analysts expected. The acquisitions are encouraging for drillers and other members of the oilfield service sector that work in the oilfields of Saskatchewan.

"Some of those transactions are very positive for us, as we are doing business with the companies that are acquiring a larger position there," said Shane Walper, founder and CEO of Predator Drilling. One such firm is Teine Energy, which recently bought oil assets from Penn West for \$975 million. Predator Drilling is based in Red Deer, Alta., but these days it's finding work elsewhere in the country. Lately, it has had rigs operating in Saskatchewan and Ontario and it will soon be deploying in Manitoba and B.C.

"None are scheduled to be going out in Alberta. That tells some of the story," said Walper. He suggests investor confidence is not as strong in Alberta, except for the oilsands where active players are looking at growing production. Saskatchewan has not been immune to the oil downturn

and subsequent layoffs over the past two years, but investments are picking up. Husky recently opened a new thermal plant in the province, while Raging River Exploration announced it would invest \$175 million this year in Saskatchewan and \$3 billion over the next decade in drilling and oil recovery.

Saskatchewan Premier Brad Wall travelled to Calgary in June to lure investment back from Alberta, just like his energy minister Bill Boyd did the year before. Analysts suggest the interest in Saskatchewan is partly politics and mostly economics. Investors are shying away from natural gas and heavy oil properties, in favour of light oil because of current commodity prices. "Certainly the assets in southeast Saskatchewan are often more attractive because the predominant production down there is light oil, and light oil is usually the most attractive commodity for purchase right now," said Alan Tambosso, president of the Sayer Energy Advisors, which specializes in oilpatch mergers and acquisitions. One particular regulatory change in Alberta is discouraging investors. The Alberta Energy Regulator decided last month to tighten up the rules for buying oil and gas assets by changing a regulation so the value of a company's producing wells must be twice that of the cost of abandoning and reclaiming the wells at the end of their life. It's a controversial decision as the AER, lenders and companies wrestle with issues related to the province's abandoned well problem. "The ongoing regulatory changes in Alberta are making it

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difficult for people to understand the marketplace," said Tambosso. While some investors suggest there is uncertainty in Alberta as policies and regulations are reviewed and changed, Saskatchewan is regarded as stable. Its regulatory process is straightforward, royalties are low, and the government is predictable, according to several analysts and company executives. There are reasons to invest in Saskatchewan, said Drew Ross with Scotia Waterous, but the recent deals are more of a coincidence, rather than

a long-term trend. He suggests oil assets rarely come on the market and the fields in Saskatchewan are not as natural gas prone as the ones in Alberta. "Saskatchewan is largely an oil province," said Ross. "Those plays are economic in lower oil price environments. There is interest by buyers to acquire in that area." The recent deals are the result of a recovery of oil prices to around \$50 US, about double the value from January. Some companies are looking to take advantage by acquiring assets, while others

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are purging properties to pay off debt or prioritize their projects. "I think it is more coincidence than circumstance," said Ross about the recent deals in Saskatchewan. "The market has really bought into a turnaround. The good companies — their stocks are at 52-week highs." Some deals are still taking place in Alberta, such as Encana's recent sale of predominantly natural gas assets in Northwestern Alberta to Birchcliff Energy in a deal worth \$625 million. What analysts can agree upon is that more acquisitions are expected.

"Stay tuned, there's more to come," said Ross. "It's hot across the board."

CLEAN POWER PROJECTS FROM THREE AMIGOS AGREEMENT

A commitment to increase non-emitting, clean power generation being made at this week's Three Amigos summit in Ottawa is expected to boost Canadian electricity exports as well as the export of clean power expertise. The leaders of Canada, the United States and Mexico will commit to work toward generating at least half of their electricity from clean

power sources by 2025, American and Canadian officials confirm. That total is to include renewable energy, nuclear power, carbon capture and storage and cutting energy waste through increased efficiency. Canada has over 80 per cent clean electricity generation by this measure, so it could be in a position to boost its power exports to the United States by billions of dollars, said Sergio Marchi, president and CEO of the Canadian Electricity Association. "We have been running a (power trade) surplus of about \$3 billion annually," Marchi said. "I think we can double and triple that." According to the

White House, North America's non-emitting power generation score as a whole is about 37 per cent. The U.S. percentage is 32 per cent and Mexico is at about 25 per cent.

Mexico's power system is operated by an arm of the government, said Sean Emmond, regional manager in Mexico City for Export Development Canada. It set an ambitious goal in 2014 to take clean power generation from 17 per cent to 35 per cent by 2024 and has been welcoming foreign firms that can help out, including Canadians.

"Although renewable is a big



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