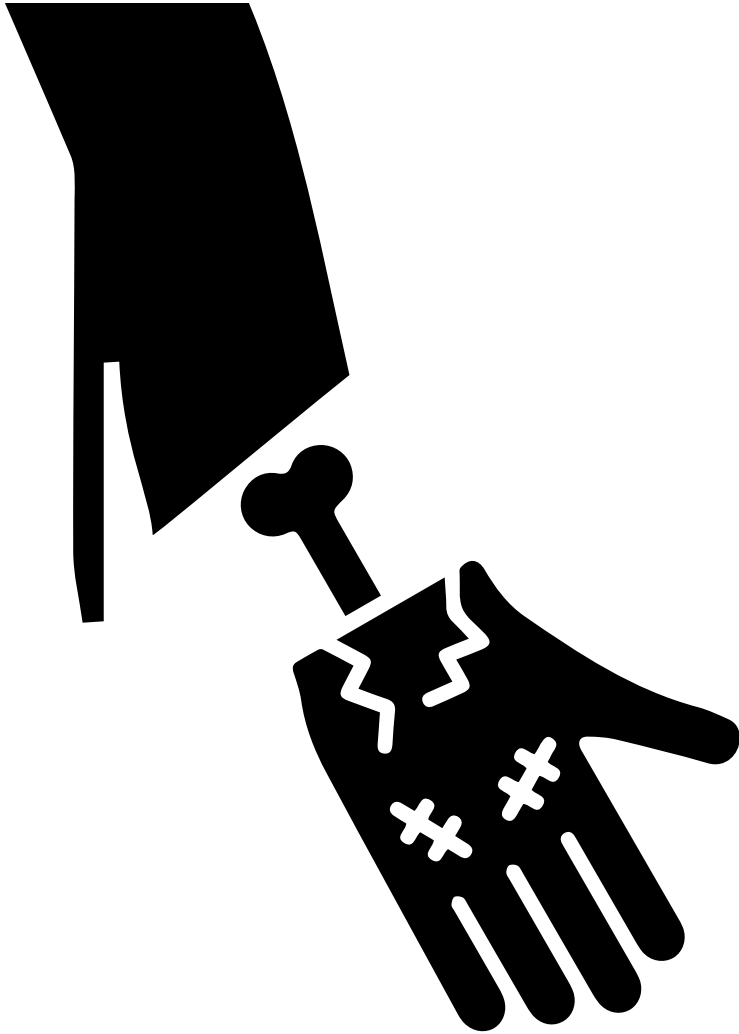


# Leverages Regulatory Loopholes



Zombies seem to show up when least expected and take advantage of difficult situations. Similarly, zombie companies are not responsible for creating the regulatory loopholes that do exist, but if they can take advantage, why wouldn't they? The AER has enabled zombie companies to ignore property tax obligations by not considering unpaid taxes when assessing a company's level of risk in not meeting its liability management obligations. Even though Directive 067 allows the AER to do just that, the regulator seems content to simply allow zombies to roam free.

The Government of Alberta has made recent policy changes to address the unpaid oil and gas situation, but none of these changes impacted zombie companies. In 2020, the *Municipal Government Act* was amended to give municipalities special lien powers on oil and gas properties. While this was a positive development, it only helps in collecting taxes from companies that are insolvent and no longer operating; it does not help with zombies. The RMA's 2024 member survey on unpaid oil and gas taxes showed that only 10% of RMA members have been able to utilize the special lien powers.

If zombie companies had the opportunity to take advantage of difficult situations, why wouldn't they?

In 2023, the Government of Alberta took further action by issuing a Ministerial Order requiring the AER to prevent any companies with tax arrears in excess of \$20,000 from acquiring or transferring licences. While this also helped a little, it missed the mark on snagging zombies. Because the Ministerial Order is focused on licence acquisitions and transfers, it impacts growing companies much more than zombies, which are typically not interested in expanding, as long as they are making profits in the short term with their existing assets. Clearly, the changes made recently include loopholes that zombie companies have been allowed to slink through. Until the AER gets tough on zombies, this will continue.

[For more info, read the zombie company summary.](#)