



## Progressive Conservative Party of Newfoundland and Labrador

PO Box 8551 • St. Johns, NL • A1B 3P2  
Email: [info@pcparty.ca](mailto:info@pcparty.ca)

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May 9, 2019

Ms. Charlene Johnson, CEO  
Noia  
Email: [cjohnson@noia.ca](mailto:cjohnson@noia.ca)

Dear Ms. Johnson:

Thank you for your letter of April 24, 2019 requesting information on how our party will support the offshore oil and gas industry should we form the next government. Our responses are provided below, beneath the respective questions. Thank you in advance for sharing these responses with Noia members and posting them to your website.

### **The Atlantic Accord**

**[YOUR QUESTION] As our industry continues to grow and become more globally attractive, how will your government ensure the legislative rights such as “full and fair opportunity” and “principal beneficiary” within the Atlantic Accord are upheld?**

[MY RESPONSE]

The real Atlantic Accord of 1985 is the most important piece of legislation affecting Newfoundland and Labrador since the Terms of Union with Canada. It enshrines hard won rights over the offshore resources we brought into Confederation. The Atlantic Accord established the Canada-Newfoundland and Labrador Offshore Petroleum Board and allows the province to collect taxes and royalties from offshore projects as if the resources were land-based properties of the province. The Atlantic Accord recognizes Newfoundland and Labrador’s right to be the principal beneficiary of offshore oil and gas resources, and control the pace and mode of development.

The Atlantic Accord is in peril. New Federal powers under Bill C-69 will result in more costly and time-consuming regulations that threaten our resource economy. Investors may respond by moving their money to friendlier countries. We can’t move our

resources. Bill C-69 also diminishes the principles of joint management set out in the Atlantic Accord by transferring key management decisions to federal agencies and the federal cabinet. A mistaken and grudging federal interpretation of “the principal beneficiary” provision in the Atlantic Accord denies Newfoundland and Labrador its full entitlement to benefits from our Offshore Oil and Gas resource. Ocean industries are the bedrock of our economy today and our hope for the future. Unlike the Ball Liberals who submitted to the unilateral federal policies that threaten our ocean economy, we will not surrender to any federal government of any political stripe.

We will fight for our rights. We will stand up for the Atlantic Accord by opposing federal Bill C-69, federal Bill C-55 and Canadian Environmental Assessment Act, 2012 provisions that threaten to impede development of the Newfoundland and Labrador offshore.

**[YOUR QUESTION] What specific actions will your government undertake to support the supply and service sector and ensure their “full and fair opportunity” to participate in the sector?**

[MY RESPONSE]

I believe Newfoundlanders and Labradorians should be the beneficiaries of all of our province’s renewable and non-renewable resources. It is our goal to develop and expand a supply chain that supports all natural resource development so Newfoundlanders and Labradorians are indeed the principal beneficiaries.

We will negotiate benefits agreements that target maximum sustainable supply, service, and maintenance industries with employment opportunities where we have the potential to capitalize on our competitive advantages, and indeed to “create” competitive advantages. The agreements will include commitments related to employment, contracting and procurement, gender equity and diversity, and prescribe work to be done in the province related to engineering, construction and fabrication.

We will work with the oil and gas industry to pave the way for the next stage in the oil and gas frontier. Newfoundland and Labrador has potentially 100 billion barrels of oil equivalents unexploited offshore – equal to Norway’s remaining resources. We will work to advance development of our vast natural gas reserves.

Offshore Newfoundland and Labrador contains immense reserves of natural gas, a clean, green and potentially valuable resource. We will, in consultation with industry and labour, initiate a review of the development options, economic benefits, execution risks and economic rewards with a view to monetizing this stranded asset. Natural gas brought to shore holds the prospect for job creation and the increased availability of affordable and abundant electricity, a potential export and a key enabler for the knowledge economy. Natural gas can be a significant contributor to the next phase of offshore development; we intend to have a full understanding of the possibilities.

Keeping in line with ensuring our province is the principal beneficiary of our offshore resources, we will modify the land tenure award system to consider not only the highest bidder but also the provincial benefits. This will become an integral part of all future bids, starting in the fall of 2019.

The Bull Arm Fabrication Site is a world class facility, which we will retain as a Crown asset and ensure it is maintained in a state of readiness for usage by the private sector. We will promote Bull Arm as a facility for construction, fabrication, topside development, and maintenance of offshore platforms and drill rigs. We will engage Trades NL in future projects on the Bull Arm site, through a Special Project Order (SPO).

We will bring together partners from industry, government and post-secondary education into multiple Partnerships for Jobs. These partnerships will identify potential for growth in sectors of the economy where the province has industry leaders, strength in skill development, technology, research, supply chains, and strong links to markets. The partnerships will advise government on appropriate policies and how to use the tools of government to help build new capacity in these sectors. The ultimate goal of each partnership will be to find ways to increase the size and scope of these industries and increase participation by local companies in supplying goods and services. Partnerships for jobs will be created in the offshore oil and gas industry and other industries that have potential for growth.

### **Life-of-Field Benefits**

**[YOUR QUESTION] How will your party ensure benefits agreements include life-of-field requirements and how will such stipulations be enforced during all phases of a project to ensure significant value is received for all of Newfoundland and Labrador?**

[MY RESPONSE]

In keeping with the spirit of the Atlantic Accord that Newfoundland and Labrador is to be the principal beneficiary of our resource development, we will use the Atlantic Accord as the guiding principle for negotiations with the oil industry surrounding benefits agreements. This means Newfoundlanders and Labradorians should be the beneficiaries of jobs, especially but not only in construction, and Newfoundland and Labrador companies should be the beneficiaries of construction, supply, service, and maintenance contracts.

### **Internationally Competitive Regulatory Regime**

**[YOUR QUESTION] To reach its tremendous potential, how will your party ensure globally competitive legislative and regulatory processes for the Newfoundland and Labrador offshore oil and gas industry?**

**[MY RESPONSE]**

Bill C-69 will give the right for decisions on whether any project proceeds to the Minister of Environment Canada based on what is in Canada's interest. This neuters Newfoundland and Labrador's right to control the pace and mode of development granted to Newfoundland and Labrador's Minister of Natural Resources under the Atlantic Accord. A project can be killed before going to the new Impact Assessment process. Newfoundland and Labrador will have no say in the matter, no matter what the Atlantic Accord says. Projects that get past Ottawa's initial veto will face new hurdles. Interest groups with no direct stake in the offshore but a determination to shut it down will be given a process to kill or stonewall local development, turning what is now a robust but predictable process into a very complex, never-ending process. The next offshore development after Bay du Nord will be subject, not to an internationally robust and competitive process, but to an excessively delayed 6- to 10-year process that's out of Newfoundland and Labrador's hands and far in excess of the most environmentally sensitive and robust assessment regimes in the world.

Newfoundland and Labrador has potentially 100 billion barrels of oil equivalents unexploited offshore – equal to Norway's remaining resources. Under CEEA and Bill C-69, the value of that oil and gas may be left in the ground. That volume of oil and gas would sustain hundreds of billions in royalties and taxes, and thousands of jobs. The CNLOPB is the most experienced offshore regulator in Canada and well respected by its peers in the international regulators forum. Diluting its mandate will endanger personnel, the environment and the province's economy. The Government of Canada must make the Newfoundland and Labrador offshore oil and gas sector exempt from Bill C-69. C-69 would take away the Atlantic Accord right for Newfoundland and Labrador to decide on the pace and mode of the development of our offshore resources. The Government of Canada must get out of the way and let us develop our resources. We must not be silent in the face of efforts to usurp our rights and damn the future of an offshore industry that promises hundreds of billions in royalties and thousands of jobs. The Atlantic Accord recognizes our right to be the principal beneficiary of our own resources, and control the pace and mode of development, just like every other province. We will not let any Liberal steal that away.

Newfoundland and Labrador has a vital interest in opposing federal measures, such as Bill C-69, that slow down offshore development by reducing the powers of the CNLOPB. Our right to joint management of the pace of development of our offshore natural resources is enshrined in the Atlantic Accord federal and provincial mirror legislation. To defend our rights, we must be aggressive. The Atlantic Accord legislation has a

section which declares that it takes precedence over other federal legislation. It is time to enforce our legal rights.

We will make a reference to the Newfoundland and Labrador Court of Appeal to seek an opinion on the legality of Bill C-69 in view of the Atlantic Accord, its enacting legislation and its history of application over the past three and a half decades. We will not be afraid to defend our offshore.

Read more about our policies in our Blue Book at <https://crosbie2019.ca/blue-book/>.

Yours sincerely,

A handwritten signature in blue ink that reads "Ches Crosbie". The signature is written in a cursive, flowing style.

Ches Crosbie  
Leader of the PC Party of Newfoundland and Labrador