



Canada's Largest Offshore
Industry Association

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Noia Submission to the National Advisory Panel on Marine Protected Area Standards

Introduction

The Newfoundland and Labrador Oil & Gas Industries Association (Noia) was founded in 1977 to represent the supply and service sector of the offshore oil and gas industry. Today Noia represents approximately 600-member organizations worldwide who are involved in, or benefit from, the oil and gas industry.

On May 8, 2018, Noia CEO Charlene Johnson was pleased to have the opportunity to present to members of the National Advisory Panel on Marine Protected Area Standards. The presentation, as well as the question and answer session that followed, was engaging and informative. The information below follows the presentation and is provided to the Panel for their consideration as part of the process to provide recommendations to the Minister of Fisheries, Oceans, and the Canadian Coast Guard on categories and associated standards for federal Marine Protected Areas (MPAs).

Economic Impact of Oil & Gas

The economic impact of the oil and gas industry has been substantial for both Newfoundland and Labrador and Canada. On average, the gross domestic product (GDP) of Newfoundland and Labrador was \$10 billion per year higher due to Newfoundland and Labrador's offshore oil and gas industry during the period of 2006 to 2014. At peak, the industry generated over 35 per cent of the province's GDP, with household income approximately \$1.5 billion higher per year and unemployment two percentage points lower. The province has received over \$20 billion in royalties to date and a \$120 billion contribution to revenue. On a national perspective, the industry supports over 10,000 jobs, \$755 million in labour income, and \$561.5 in consumer spending in provinces outside of Newfoundland and Labrador.

The benefits accrued to Newfoundland and Labrador and Canada are derived from development in one basin, the Jeanne d'Arc. With that said, the prospectivity of the Newfoundland and Labrador offshore is unmatched with over 600 leads and prospects. Such prospectivity offers significant potential. Recently, Noia engaged an economist to undertake a study of offshore potential using a model of 650,000 barrels of oil per day production. This is a public target of the Government of Newfoundland and Labrador as indicated in the Advance 2030 document.

The preliminary information provided by David Campbell, former Chief Economist for the Government of New Brunswick, indicates that over \$100 billion in royalties and taxes can potentially be accrued to Newfoundland and Labrador by 2045, along with significant increases in jobs, wages, capital expenditures, and consumer spending. For example, capital expenditure between



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2018 and 2033 in Newfoundland and Labrador was modeled to be \$37 billion, which represents \$2.3 billion annually on average during that period. Further for the province, the study suggests that in 2033, full-time equivalent jobs (industry direct, indirect, and induced) will rise to 56,000 up from 23,509. Labour income will increase from just under two billion dollars to \$4.6 billion, with consumer spending more than doubling from \$1.5 billion to \$3.5 billion.

Throughout the rest of Canada, the potential exists for extensive economic benefits including \$3.3 billion in tax revenues in one year and increased consumer spending driven by 2.3 jobs created in Canada for every one direct job in Newfoundland and Labrador. Labour income will be \$1.6 billion and consumer spending in the rest of Canada will be worth \$1.2 billion in 2033.

The potential of our ocean economy is both staggering and inspiring and the preceding information is important context when considering recommendations for marine area designations in the offshore.

Environmental Sustainability

As outlined on May 8, 2018, Noia is a strong advocate for the oil and gas industry and also strongly supports sustainable development, including the protection of marine habitat. Noia firmly believes the offshore oil and gas industry is compatible with marine conservation. This has been demonstrated over the past 20-plus years of activity that has been monitored by the Department of Fisheries and Oceans and the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) through stringent regulations and mitigation practices. There are no demonstrated signs of harmful effects to fish as a result of offshore oil and gas activities and the industry is committed to ensuring this remains so into the future.

Oil and gas industry efforts to help protect marine habitat have included surveys of corals and other sensitive species and action has been taken to avoid such habitat, including the moving of planned anchors to avoid coral. All operators conduct Environmental Effects Monitoring and have indicated they will incorporate guidelines on cold water corals developed in Norway and the United Kingdom. Further, Suncor Energy conducted the first long-term study related to the environmental effects of offshore development and drilling. A 10-year study of the Terra Nova offshore project demonstrated that biological effects were limited. The study also provided evidence of decreases in sediment contamination and recovery for benthos upon the reduction of drilling.

Through continued efforts of collaboration between industries - including the One Ocean partnership - information sharing about conservation will continue. Fisheries Liaison Officers work with both the oil and gas industry and the fishing industry and is a true example of how both industries can coexist and work together. Further opportunities for collaboration exist and Noia will continue to work to bring all partners of the ocean economy together in the interest of sustainable development.



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Northeast Newfoundland Slope Opportunity

The Northeast Newfoundland Slope was designated a marine refuge area by DFO in December 2017. In a letter dated July 12, 2018, Minister Dominic LeBlanc indicated that "...there are no prohibitions on offshore oil and gas activities in the Northeast Newfoundland Slope marine refuge fishery closure." Noia was pleased to receive this information from the minister regarding oil and gas activity in the area.

As well, Noia was encouraged that on July 3, 2018 the C-NLOPB indicated a Call for Nominations (Parcels) will be announced in late 2019 and a subsequent Call for Bids will be issued in early 2020. In a statement that day, the C-NLOPB acknowledged that one of these areas announced as the Call for Nominations (Parcels) encompasses some of the Northeast Newfoundland Slope. The Minister of Natural Resources Canada supported the process in a letter and news release, stating his desire for offshore resources to be developed in a sustainable manner.

It is the view of Noia that future offshore oil and gas activity in this area will be undertaken with responsible development in mind, as has historically been the case. The stringent regulations, mitigation processes, and monitoring in place, as well as the environmental consciousness of operators, will ensure this continues.

Conclusion

Noia is supportive of the international obligations of Canada and the leadership role the country has undertaken on the world stage. From decades of experience, our members know that offshore activity and marine conservation are compatible and the objectives of all involved in the ocean economy can coexist.

Noia strongly believes that all decisions regarding offshore activity must consider environmental, economic, and social impacts and must be undertaken in a collaborative manner. Historically, this approach has proven successful. Environmentally-sustainable development based upon evidence and a scientific approach must occur; this will ensure the long-term viability of marine habitats and our ocean industries.

Stringent regulations and mitigation measures are in place and must continue to be so for all participants in the ocean economy. There are areas with significant biological and ecological marine habitat that are not prospective oil and gas areas and that can help Canada reach its International Union for the Conservation of Nature obligations and targets. By taking such an approach as outlined above, along with supporting an oil and gas industry which produces a light, sweet crude oil that is 30% below the worldwide average of carbon emissions at extraction, we are ensuring the viability of our oceans and our economy.



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Sincerely,

A handwritten signature in blue ink that reads 'Charlene Johnson'. The signature is written in a cursive, flowing style. It is positioned over a white rectangular area that appears to be a scan of a signature strip.

Charlene Johnson
CEO
Newfoundland and Labrador Oil & Gas Industries Association