

# Socio-Economic Impacts of Offshore Oil and Gas Activity off Labrador

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- **Who is CAPP**
- **Who is ESRF**
- **Labrador oil and gas potential**
- **Report context, work plan, recommendations**
- **Conclusion**

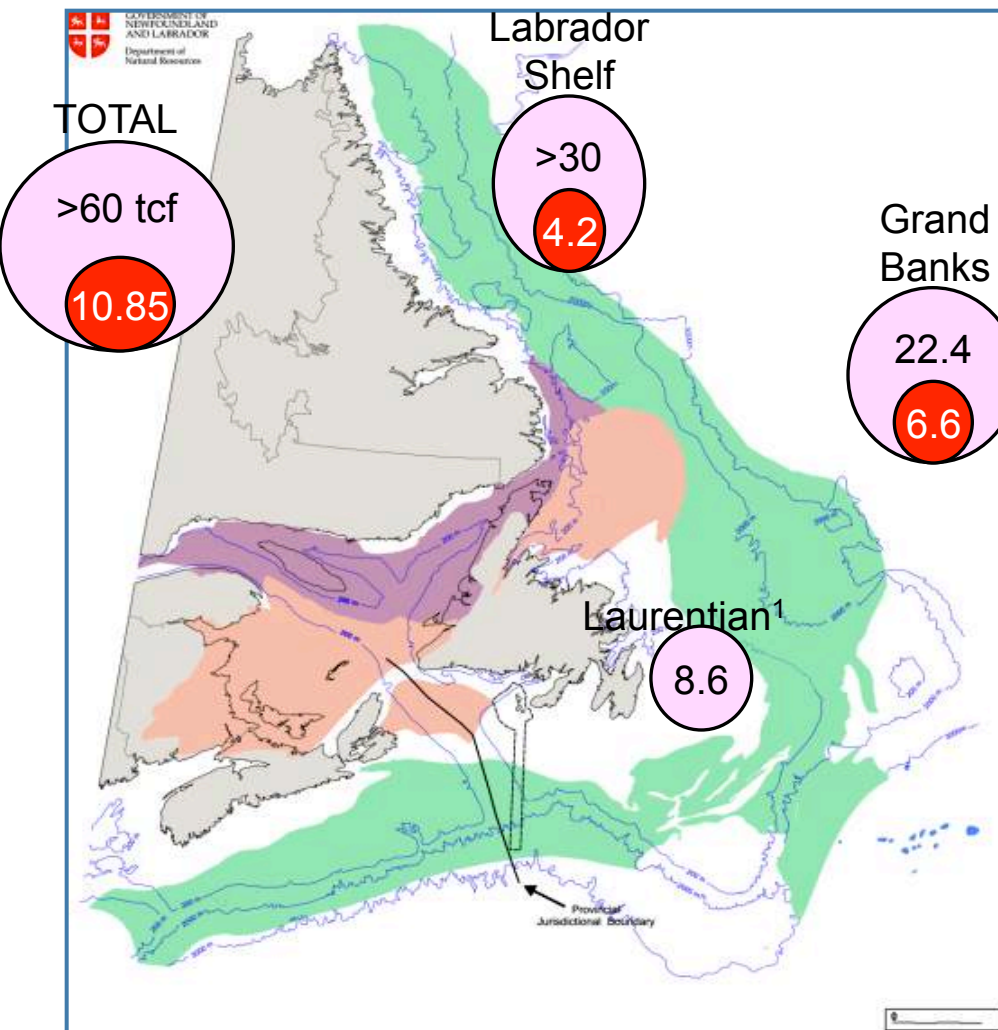
- **We are the voice of Canada's Upstream Oil and Gas Industry**
    - To enhance the economic sustainability of the Canadian upstream petroleum industry in a safe and environmentally and socially responsible manner
  - **100 producer member companies**
    - Explore for, develop and produce natural gas, natural gas liquids, crude oil, synthetic crude oil, bitumen and elemental sulphur throughout Canada
  - **CAPP members produce more than 90 per cent of Canada's natural gas and crude oil**
  - **150 associate members provide a wide range of services that support the upstream crude oil and natural gas industry**
  - **Offices in St. John's, Ottawa, and Calgary**
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# Who is ESRF



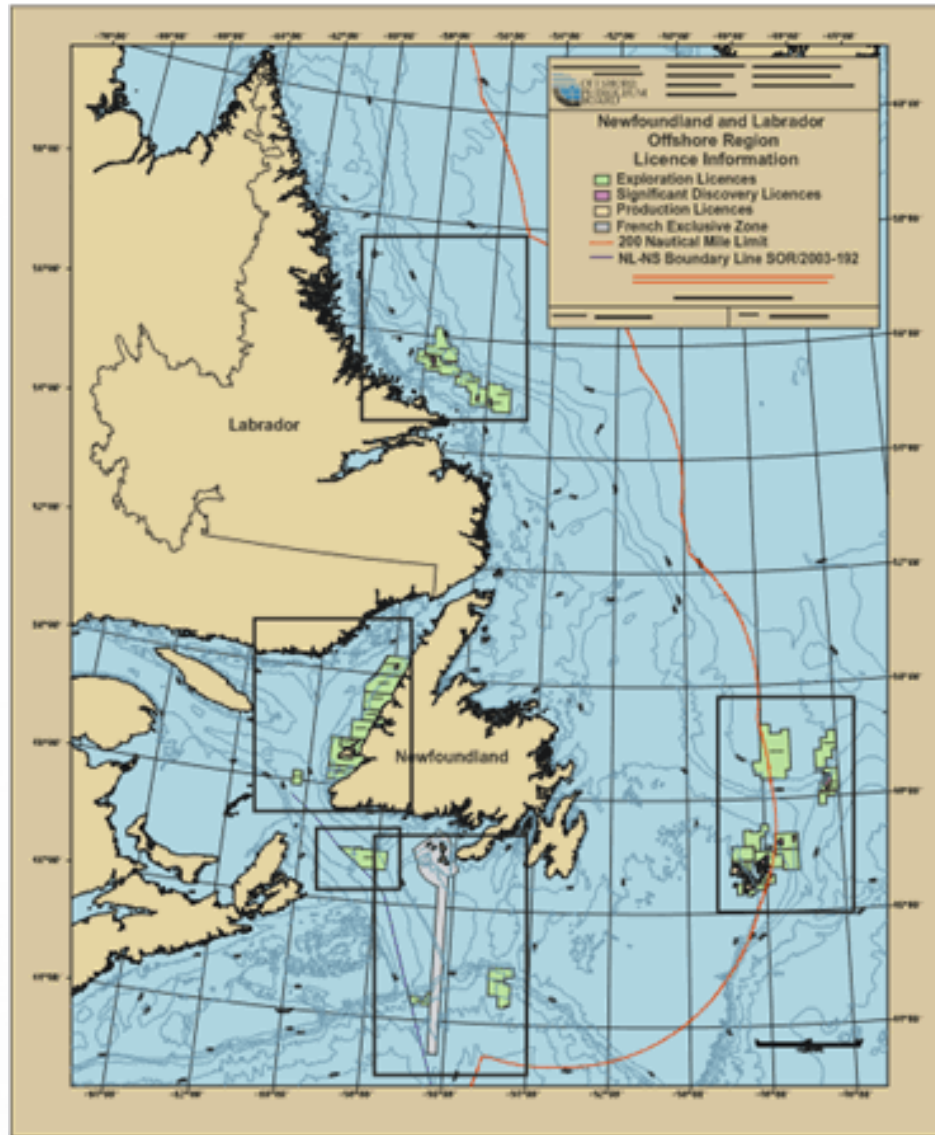
- **The Environmental Studies Research Funds (ESRF) is a research program which sponsors environmental and social studies.**
- **It is designed to assist in the decision-making process related to oil and gas exploration and development on Canada's frontier lands.**
- **Program was initiated in 1983 and receives its legislative mandate through the Canada Petroleum Resources Act (CPRA).**
- **The funding for the ESRF is provided through levies on frontier lands paid by oil and gas licence holders.**
- **The ESRF is directed by a joint government/industry/public Management Board and is administered by a secretariat within Natural Resources Canada.**

# Offshore NL – Future Potential for Natural Gas Development




- **Newfoundland and Labrador contains 10.85 tcf of natural gas (reserves and resources) and 478 million barrels of natural gas liquids**
- **The Government of Newfoundland and Labrador estimates the province's offshore natural gas potential at over 60 tcf**
- **Challenges associated with producing gas include:**
  - Harsh offshore environment
  - Distance from consumers
  - Lack of infrastructure to transport gas

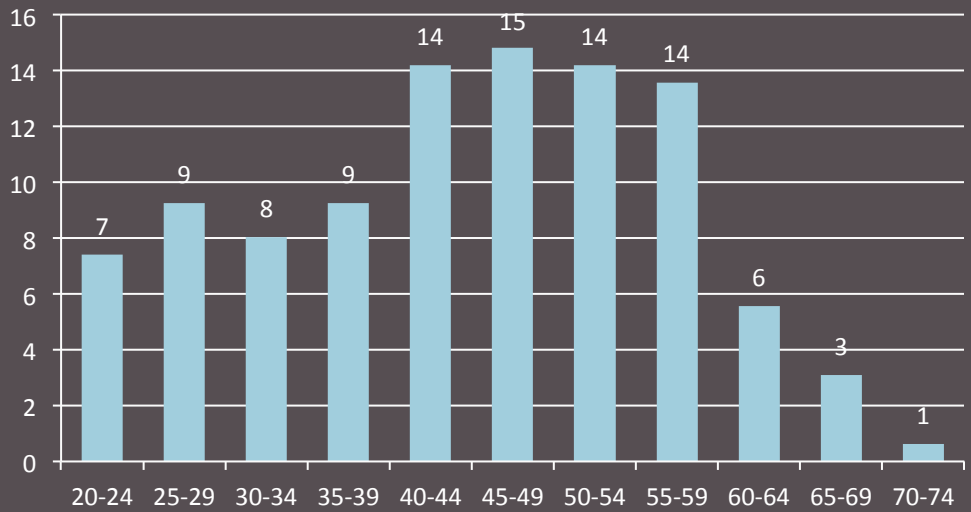
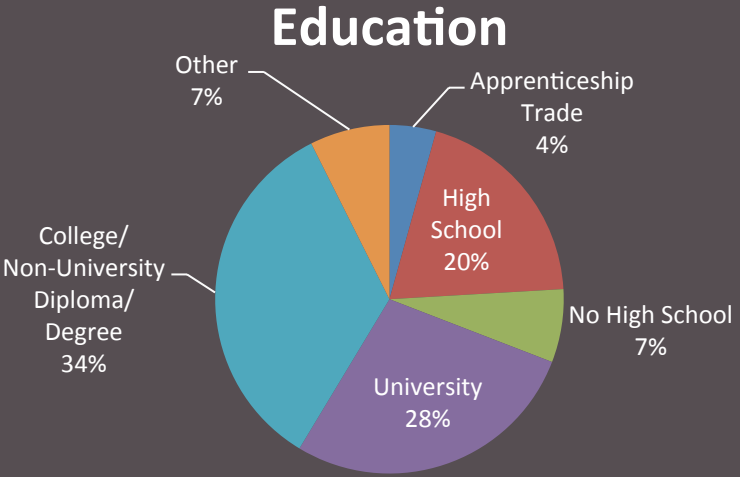
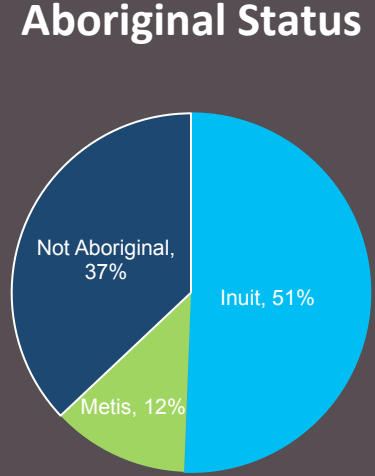
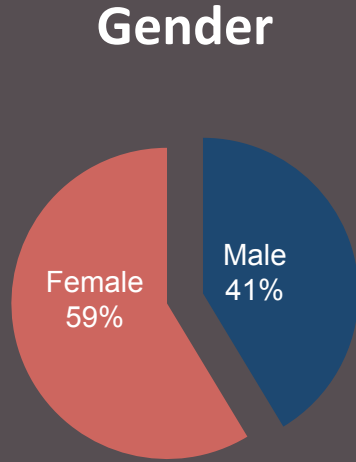
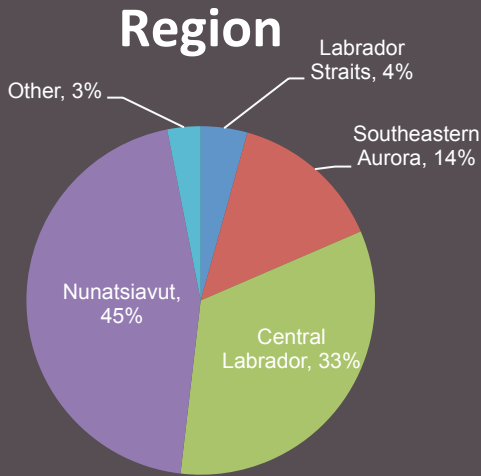
# Map of Labrador licences



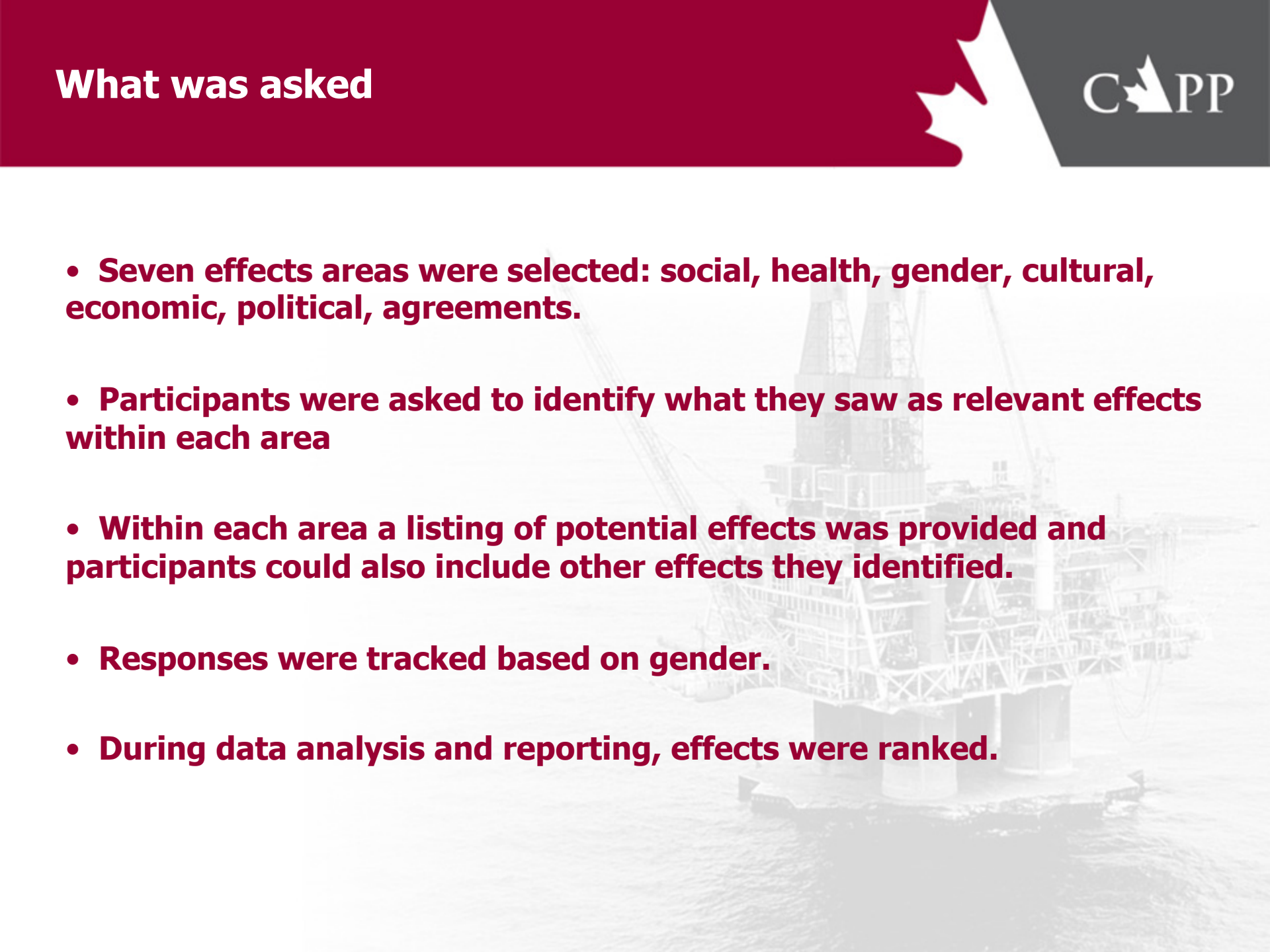
- **C-NLOPB offshore land sales in 2008 demonstrated a renewed interest in offshore oil and gas exploration along the Labrador coast.**
  - **ESRF Management Board felt an updated evaluation of potential socio-economic effects of exploration and development activities was warranted.**
  - **Competitive bidding process – Sikumiut Environmental Mgmt. Ltd. (SEML) was hired**
  - **SEML was formed in 2002 and is registered as an Inuit Business with the Nunatsiavut Government and is considered as an Aboriginal Business under Federal Government criteria.**
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- A large offshore oil rig is visible in the background, partially obscured by the text. The rig is a complex structure of metal and pipes, situated on a dark sea under a light sky.

- **A technical scenarios report on potential exploration and development activities to provide a sense of what could happen.**
  - **A literature review to research most recent social and economic studies relevant to Labrador.**
  - **A community consultation program developed.**
  - **Survey Questionnaires completed by 162 individuals; focus groups and key informant interviews completed by another 98 individuals. Input from community leaders and general public from northern, central and southern Labrador.**
  - **Identified issues for future policy development.**
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- A large, complex offshore oil rig is visible in the background, partially obscured by a semi-transparent white overlay. The rig is situated in the middle of the ocean, with its various structures and cranes clearly visible against the sky and water.

# Participant overview



# What was asked

- **Seven effects areas were selected: social, health, gender, cultural, economic, political, agreements.**
  - **Participants were asked to identify what they saw as relevant effects within each area**
  - **Within each area a listing of potential effects was provided and participants could also include other effects they identified.**
  - **Responses were tracked based on gender.**
  - **During data analysis and reporting, effects were ranked.**
- 
- A large, complex offshore oil rig is visible in the background, partially obscured by a light grey overlay. The rig is situated on the ocean surface, with its intricate metal structure and various platforms clearly visible.

# Survey outcomes



• **Following are the top ranked effects for each selected potential effect area:**

- **Social: Increased Income**
- **Health: Increased self esteem**
- **Gender: Fair and equal access to jobs**
- **Cultural: Effect on the fishery**
- **Economic: Employment**
- **Political: Need for community involvement in monitoring the effects of development on people and communities**
- **Agreements: Education and training opportunities**



# Future policy development recommendations



- **As part of the consultation process, a number of issues were raised that could require policy development. These are interpreted from responses and, in cases of specific recommendations, came directly from participants, not the consultants conducting the study:**
- **Sustainable Development: Sustainable development is a must with environmental protection and long term planning beyond resource depletion as hallmarks.**
- **Meaningful Engagement: Labradorians want to be collaborative partners. Mechanisms they identified to achieve this include establishing a Combined Councils of Coastal Labrador; having Labrador/Nunatsiavut Government representation on the C-NLOPB; and through participation on Regional Economic Development Boards.**

- **Communication**: Labradorians want clear, constant, transparent and in person communications via community visits and public meetings to engage local people.
- **Benefits Agreements, Capacity Building and Adjacency**: Inuit believe an IBA with the Nunatsiavut Government should be part of any development, given they are closest to the resource; other people believe there ought to be Benefits Agreements to provide full and fair access to benefits such as training, jobs and business opportunities.
- **Gender Equity and Intentional Engagement with Women**: Policy will need to direct intentional gender equity initiatives that are formalized and monitored.

- **Business Development**: business people want assurance that business, supply and service that can happen in Labrador will happen in Labrador. Capacity development so local business can participate in procurement will be important.
- **Infrastructure**: Development will place a strain on existing community and public service infrastructure; development is seen as an opportunity to increase infrastructure capacity.
- **Heritage Funds/Endowments**: The practice of social return on investment is generally a positive experience for companies, people and communities.

- **Worksite Environments**: Should development require a site that is not part of an existing community, the workforce should be “Fly In Fly Out” . Where possible certain positions should be staffed within communities in satellite offices.
- **Engagement with Unions and Avoidance of Protectionism**: As large scale developments are often subject to collective agreements with unions, people expressed concern that union protectionism may interfere with access to jobs. Participants encouraged dialogue and problem solving with the unions to avoid this.
- **Mitigation Fund**: Many participants indicated that a Mitigation Fund should be established prior to development to deal with adverse events, and that there must be capacity to provide spill response within the geographic area.

- **Report available on ESRF website:**

**<http://www.esrfunds.org/pdf/189.pdf>**

- **Engage with those already consulted to get their view on the policy recommendations and next steps.**
- **Begin to address policy recommendations.**