Noia Submission to the Standing Senate Committee on Energy, the Environment and Natural Resources
Re: Division 5 of Part 4 of Bill C-86
November 28, 2018
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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 of Newfoundland and Labrador.

Noia is pleased to have the opportunity to submit comments to the Standing Senate Committee on Energy, the Environment and Natural Resources on the matter of Division 5 of Part 4 of Bill C-86, A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures.

Newfoundland and Labrador Offshore
The offshore oil and gas industry is one of tremendous importance to Newfoundland and Labrador. To quantify that importance Noia recently engaged Mr. David Campbell of Jupia Consultants to undertake a study on the value of the industry. Mr. Campbell is a former chief economist for the Government of New Brunswick.

Mr. Campbell’s study showed that at the peak of the industry in 2007, $9.5 billion of Newfoundland and Labrador’s Gross Domestic Product was derived from the oil and gas industry. The GDP contribution was within that contribution level for seven years. The industry currently contributes more to the provincial economy than the three next contributing industries combined.

In 2017, the oil and gas industry generated 23,500 full-time equivalent jobs in the province (including direct, indirect, and induced jobs). This resulted in approximately $2 billion in labour income – which is 15 per cent of the provincial total – and $1.45 billion in consumer spending. The industry generated $973 million in capital expenditure, $920 million in royalty payments, and over $1.4 billion in total tax and royalty revenue.

The study also demonstrated significant economic impacts for Canadians. For every direct job in Newfoundland and Labrador in the oil and gas industry, 1.8 jobs are created in Canada. $755 million in labour income, $561.5 million in consumer spending and $680 million in tax revenue was generated in the rest of Canada in 2017 as a result of the offshore oil and gas industry.

The study forecasts royalty and tax revenue to Newfoundland and Labrador to exceed $100 billion by 2045, with 56,000 jobs created in 2033. Labour income is modelled to more than double to $4.6
billion, as is consumer spending to $3.5 billion. In 2033, the oil and gas sector has the potential to
generate more revenue for the province than the entire economy currently does.

Similarly, for Canada, the future impacts are significant. By 2033, every direct job in Newfoundland
and Labrador’s oil and gas industry is expected to create 2.3 jobs in Canada. Forecasted impacts
include $1.6 billion in labour income, $1.2 billion in consumer spending, and $3.3 billion in tax revenue,
all in the rest of Canada.

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As noted above, the offshore oil and gas industry has a significant socioeconomic impact on
Newfoundland and Labrador and Canada. This impact cannot be understated and must be considered
in the context of any discussion regarding carbon pricing for the province. Noia also recognizes the
objectives of the Government of Canada, as well as the Government of Newfoundland and Labrador,
to meet international targets for greenhouse gas reductions and the importance of the environment
to all citizens.

Noia supports the efforts of the Provincial Government in developing a hybrid carbon pricing
approach that meets the objectives of international agreements and greenhouse gas emission
reductions while also ensuring a stable and competitive economy driven by natural resources sectors.
Specifically, Noia supports provisions of the provincial plan which recognize the importance of the
offshore oil and gas industry and encourage offshore exploration. Exemptions for offshore
exploration in the form of active Mobile Offshore Drilling Units (MODUs) and fuels used for offshore
petroleum exploration are important as exploration is a critical component of the industry and helps
encourage further exploration, leads to discoveries, provides employment, and creates opportunities
within the service and supply sector. Exemptions for new entrants into the industry is also important
to maintain international competitiveness and foster an offshore oil and gas industry which is in the
early stages of development. Further, a performance-based system which establishes baselines for
greenhouse gas reduction targets is also a competitive approach to carbon pricing.

Noia understands it is intended for the Canada-Newfoundland and Labrador Offshore Petroleum
Board (C-NLOPB) to implement regulations of the Management of Greenhouse Gas Act. Noia expresses
its confidence in the C-NLOPB to do so based upon its history as a regulator for the industry.

Exploration activities have a history of over two decades in the offshore of Newfoundland and
Labrador with stringent federal regulations and mitigation practices in place. Further, the role of the
C-NLOPB as life-cycle regulator has been effective due to the extensive experience and knowledge
accumulated over two decades of involvement with the offshore. It is important to note that
environmental safety is a core function of the C-NLOPB, which is also a founding member of the
International Offshore Petroleum Environmental Regulators (IOPER), a collaborative group of
national regulators whose focus is to drive improvements to environmental performance in the
global offshore petroleum and exploration industry. During 2016-17, the focus of IOPER was on
environment performance indicators, regulating oil spill preparedness and response, as well as public consultation and decision making.

**Conclusion**
The International Energy Agency (IEA) and the U.S. Energy Information Administration have both indicated that the demand for oil will grow for decades to come. The oil offshore Newfoundland and Labrador is a light, sweet crude that is 30 per cent below the global average of greenhouse gas emissions at extraction. As the global demand for oil increases, supplying this demand with an oil that has less greenhouse gas emissions than most other producing areas helps to solve a global demand problem in a manner that has less impact on the environment.

Noia supports an ocean economy where all the ocean industries work together for the socioeconomic benefit of the nation and where activity is undertaken in an environmentally conscious manner. The various industries involved in the ocean economy can co-exist and they can do so in a manner that takes into consideration protection of all ocean resources. This has occurred for decades offshore Newfoundland and Labrador and will certainly continue in the best interest of all Canadians.

The potential of our ocean economy is both staggering and inspiring and we must strive to provide opportunities and support environmental stewardship that is based upon scientific evidence.

Again, Noia appreciates the opportunity to provide comments to the Standing Senate Committee on Energy, the Environment and Natural Resources on the matter of Division 5 of Part 4 of Bill C-86.

Sincerely,

Charlene Johnson  
CEO  
Noia