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Dear Ms. Johnson,

Thank you for your correspondence of January 22, 2021 and for giving me the opportunity to detail our Party's support for our oil and gas industry, the businesses that operate in this sector and the workers who rely on it, both directly and indirectly.

A PC Government will work with Noia to drive growth in the oil and gas sector. Oil and gas will supply much of the world's energy needs until well beyond 2040. Proven developed supply from onstream fields can meet about half of this demand, leaving a huge amount of oil and gas yet to be found and developed to satisfy global demand. Our province has staggering resource potential, and the economics of our large fields, together with their low carbon emissions at point of extraction and relatively low carbon intensity as fuels, puts them in the advantaged category for exploration and development.

The Newfoundland and Labrador offshore oil and gas industry is capable of sustaining jobs, economic activity and revenue streams for decades to come. Recently, the industry has struggled, not only because of low oil prices and the economic downturn associated with the pandemic, but also because of obstructive federal policies and attitudes, and acquiescence on the part of the province in the face of Ottawa's unsettling behaviour. Unlike countries such as Norway that strongly support their offshore oil and gas sector even while advancing environmentally sustainable policies, Canada under the Trudeau Liberals has treated our offshore oil and gas industry as one it would prefer to see wither and die. The irony is that they have taken this stance against one of the world's greenest oil and gas industries in the name of environmental protection while at the same time they have invested mightily in a western Canadian oil pipeline, Ontario auto manufacturing and Quebec airplane manufacturing, all of which rely on fossil fuels. For an entire exploration season, they rejected Noia's reasonable demands for exploration incentives similar to Norway's; and not surprisingly, this led to extremely low interest in the offshore parcels we put up for bid last year, in contrast to the significant interest in the parcels Norway offered.

The attitude and behaviour of the Government of Canada toward the Newfoundland and Labrador oil and gas industry is appalling, and the meek compliance of the current Government of Newfoundland and Labrador has been all the more appalling, because it is supposed to be fighting for the very workers and employers that are suffering from Ottawa's stubbornness. Newfoundland and Labrador's offshore oil and gas industry needs a provincial government that will champion the industry and the enormous benefits it is capable of generating – a champion that will make our case in opinion centres across the country and elsewhere, until the Government of Canada is shamed into changing its indefensible, duplicitous stance. Newfoundland and Labrador is the last province that should tolerate its job-creating resource industries being throttled by the national government when we are so desperately in need of sustainable industrial activity to fuel a resurgence of growth. We have everything we need in this province to thrive, except national and provincial governments with the wisdom and determination to let that growth happen. That must change.

A PC Government will be steadfast in supporting our oil and gas industry and will work diligently with industry stakeholders to ensure our offshore resources are developed to the maximum benefit of the Newfoundlanders and Labradorians. We will fight for our energy industry – and the jobs that go with it – so we can make our province strong. Our offshore industry warrants dramatic support to preserve jobs and create new jobs – support of the magnitude delivered by PC Governments to ensure the development of Hibernia that launched our oil and gas industry. Support for Hibernia was opposed by some of the very parties opposing the continuation of the industry Hibernia spawned. We fought successfully to get Hibernia going three decades ago, and we will fight successfully again. Any who would obstruct our progress need to be moved out of the way.

Let me address the specific questions you raise.

***The Atlantic Accord enshrines in legislation the tenets of “principal beneficiary” and “full and fair opportunity” for Newfoundland and Labrador companies. How would your government ensure these principles are upheld and not infringed upon by other legislation?***

A PC Government will ensure the Atlantic Accord and its principal beneficiary commitments are honoured, not diluted. We will stand up for the Atlantic Accord at every opportunity. We will use the Atlantic Accord as a tool to negotiate support for the industry from Ottawa.

A PC Government will stand up for the Atlantic Accord. We will negotiate hard to ensure our province is the principal beneficiary of our oil and gas resources, and our businesses and our workers are given the full and fair opportunity they deserve. Newfoundlanders and Labradorians must be the principal beneficiaries of our resources. Anything less is unacceptable.

***How will your government ensure that local content plays a prominent role in the future of the offshore industry? What measures will you take to make sure the supply and service sector has the skills and abilities to participate in the offshore industry?***

A PC Government will take a "life of field" perspective with respect to all oil and gas development, identifying and maximizing local benefits from the outset. This perspective will ensure there are local economic benefits and local jobs at every stage of the process, from land tenure to exploration, to production, to decommissioning.

Supply and service companies in our province employ local workers and benefit our communities. We will ensure that it is local companies that supply and service our offshore industry to the fullest extent possible. We will work with the federal government and the C-NLOPB to modify the call-for-bid process to ensure that when proponents submit their bids, consideration will be given to supporting the local supply and service industry.

**Will your government support Noia in its advocacy efforts to persuade the federal government to implement these incentives for the offshore oil and gas industry? What action will you take to convince the Government of Canada to implement such incentives?**

Yes.

On September 20, 2020, I launched the PC Action Plan: Jobs and Growth for Our Offshore I invite you to view it online at:

<https://www.pcnl.ca/sites/default/files/PC%20ACTION%20PLAN%20-%20Jobs%20and%20Growth%20for%20Our%20Offshore.pdf>

I am committed to working with the federal government to implement a Petroleum Incentive Program, similar to the former program. This program would give cost reduction incentives to companies, based on the cost of their exploration drilling programs.

I will also advocate for the reinstatement of the Atlantic Investment Tax Credit of 10%-15%. This would encourage the development of our offshore resources, including the Bay du Nord project. I believe these two specific programs will provide much-needed support for the oil and gas industry in our province. I will be a strong advocate for our province's industry and will hold Ottawa accountable for support.

**In the absence of the federal government implementing these incentives, would a provincial government led by you implement tax incentives or other initiatives to encourage new offshore exploration and development projects? If so, how would these programs be structured?**

If Ottawa does not come to the table to support our oil and gas industry, I will work with all of the stakeholders to provide whatever support is possible. Our oil and gas industry is too important to this province to not provide support to drive exploration and development.

I believe key stakeholders like Noia are in the best position to help a PC Government design a program that can properly support this industry while generating maximum economic benefits in Newfoundland and Labrador.

**What action would your government take to support the current offshore projects and ensure remaining oil resources are developed for the benefit of the province and industry?**

A PC Government would ensure the industry has incentives to stimulate exploration, development and production, and to preserve offshore activity, while ensuring that Newfoundlanders and Labradorians are the beneficiaries of jobs in the industry and our industry can compete with other, international, offshore locations for investment.

The first priority of a PC Government will be to secure jobs for those in our province by:

1. Urgently working with Suncor and their partners to secure the future for the Terra Nova FPSO within the province. Such a future should see Newfoundlanders and Labradorians working on the required maintenance and refit. A significant portion of the Terra Nova FPSO was built in this province and the bulk of the current planned refit should take place in this province. The goals of a PC Government in this regard will be two-fold: to do as much work on the FPSO in this province as possible, and to get the FPSO back in service, producing oil, so that Newfoundlanders and Labradorians can benefit from this resource.

2. Urgently working with Husky Energy and their partners with the goal of resuming construction on the West White Rose project. This would include working with Husky Energy to identify ways to ensure the viability of the West White Rose project, which could include advocating to that the federal government make a responsible equity investment or provide other incentives. The goal of a PC Government will be to get Newfoundlanders and Labradorians back to work on the project as soon as possible.

While I reference the West White Rose and Terra Nova FPSO, I will work to assist all of our offshore projects to overcome the challenges brought on by low oil prices, the pandemic and the economic consequences. I will provide real support – support that can make a reach difference, and get Newfoundlanders and Labradorians back to work. I will not sit by and watch our industry vanish.

Our Blue Book states: A PC Government will demand federal action to facilitate work on West White Rose, Terra Nova and Bay du Nord, and new exploration. We will champion the case for dramatic support for our offshore industry, now and in the future, not just in Ottawa but in opinion centres around Canada. Failure is not an option. And where support from Trudeau is not forthcoming, we will demonstrate confidence in the offshore by making needed provincial equity investments ourselves.

**What mechanisms would your government employ to ensure the Newfoundland and Labrador offshore oil and gas industry is achieving its full potential of resource development and returning maximum life-of-field benefits to the people of Newfoundland and Labrador?**

As previously noted, a PC Government will take a "life of field" perspective with respect to all oil and gas development, identifying and maximizing local benefits from the outset. This perspective will ensure there are local economic benefits and local jobs at every stage of the process, from land tenure to exploration, to production, to decommissioning.

We would look to key stakeholders, like Noia, for guidance as we make changes to ensure that maximum benefits can be obtained by Newfoundlanders and Labradorians.

**To ensure a cohesive approach, how would you coordinate the various functions of the agencies responsible for the offshore oil and gas industry in Newfoundland and Labrador?**

In order to ensure a cohesive approach, we must first fully identify the issues, discrepancies, and delays that are created by having multiple agencies involved. I believe key stakeholders like Noia and CAPP will be essential in helping us identify the problems and solutions.

Following this, I will submit an action plan and proposal to the federal government. As the offshore industry in this province is managed jointly, they must come to the table and help us streamline the process and reduce red tape for the industry.

I believe we can make meeting regulatory requirements easier for our industry players. We can ensure a safe and environmentally responsive offshore arena while reducing the timelines from exploration to development to production.

**What measures would your government implement to provide a globally competitive regulatory regime and ensure the timely approval and sanctioning of future offshore exploration and/or development projects?**

As I noted in the previous answer, I believe we can make it easier for our proponents to meet the regulatory requirements and reduce the timeline from exploration to development to production. I will work with the industry, the C-NLOPB, and the federal government to streamline the regulatory process, making it easier for proponents to advance projects. I believe we can work together to lobby Ottawa to make the necessary changes.

**While carbon emissions from the Newfoundland and Labrador offshore oil and gas industry are already leading the global offshore industry, how will your government support the industry to develop innovative solutions which further lower emissions and help the province achieve its net zero carbon emissions objective?**

Newfoundland and Labrador's offshore oil is a light sweet crude and, as such, has low carbon emissions at point of extraction and relatively low carbon intensity as fuels, putting them in the advantaged category for exploration and development. Additionally, our industry partners have committed to reaching net zero emissions. A PC Government will promote our petroleum products as a greener alternative to oil produced elsewhere in the global community.

The offshore industry is already dramatically reducing its GHG emissions, and we can help Canada and the world meet climate change goals by working with the industry to further reduce GHG emissions and help the province meet its emissions targets. A PC Government will work with the oil sector to power offshore rigs with hydroelectricity or wind power where feasible. To help the supply and service industry lower their emissions, a PC Government will work with stakeholders to make clean hydro power available to supply vessels and other ships in port, which now keep their diesel engines running to maintain power.

With a long-term view, a PC Government will make natural gas development a priority by investing in a joint feasibility study, funded by the province and industry. We know natural gas has an even lower carbon footprint than our low-emission oil, and would create more local jobs.

**Will you commit to maintaining the offshore seismic survey program currently undertaken by the Government of Newfoundland and Labrador through the Oil & Gas Corporation?**

Yes. A PC Government will maintain the offshore seismic survey program. This program is essential to attracting new exploration dollars into our provincial economy.

**Would your government undertake a review of this process to consider other criteria such as specific commitments for work to take place in Newfoundland and Labrador, timelines for project development, diversity and inclusion, commitment to lower greenhouse gases, and employing environmental and safety best practices?**

Yes, a PC Government will undertake a review to consider other criteria such as specific commitments for work to take place in Newfoundland and Labrador, timelines for project development, diversity and inclusion, commitment to lower greenhouse gases, and employing environmental and safety best practices. The most progressive proponents ought to be recognized for their approaches.

A PC Government will ensure that the land tenure system is designed to achieve maximum benefits for Newfoundlanders and Labradorians. We will consult with industry stakeholders to ensure the land tenure system meets the needs of our province and will include timelines for project development, diversity and inclusion, commitment to lower greenhouse gases, and employing environmental and safety best practices.

We will champion the principles that we will apply on public infrastructure projects, where we will: require a local benefits policy when public funds are spent on infrastructure, to ensure Newfoundlanders and Labradorians receive maximum benefits and jobs, including underrepresented groups such as women, Indigenous persons and apprentices; require a percentage of new hires on publicly funded projects to be apprentices; and use our leverage to ensure underrepresented groups such as women get a percentage of work on public infrastructure projects.

A PC Government will also expand supply chains that support all economic development so Newfoundlanders and Labradorians are the principal beneficiaries of all our province's resources. In the offshore oil sector, for example, supply chain companies provide offshore supply boats and helicopters, health and safety equipment and training, engineering solutions and fabricators, food services and taxi services.

Thank you once again for giving me the opportunity to detail my thoughts on the oil and gas industry. This industry is vital to our province. I fully support our offshore oil and gas industry.

Sincerely,

Ches Crosbie  
Leader  
Progressive Conservative Party of Newfoundland and Labrador