



# **Offshore Oil & Gas: Is Newfoundland and Labrador Getting Its “Fair Share”?**

Ted Howell

President and CEO

November 15, 2006

- Newfoundland Ocean Industries Association
- founded 1977
- information hub of East Coast Canada's oil and gas industry
- 469 members in NL and around the world

- members
  - provide products and services for the petroleum sector
  - local, national and global companies
  - 70% local
  - 70% SMEs
- associate members
  - petroleum companies
  - trade associations
  - educational institutions
  - government bodies and agencies

**To promote development of East Coast  
Canada's hydrocarbon resources  
and  
to facilitate our membership's  
participation in oil and gas industries.**

- To inform and educate
- To stimulate discussion and debate
- To promote development of our local oil and gas industry

*“...the right of  
Newfoundland and Labrador  
to be the **principal beneficiary** of the  
oil and gas resources  
off its shores.”*

- How is “fair share” defined?
- To date?
- Current projects over life of fields?
- Current and future projects over life of resource with evolution and maturation of industry?
- Requires active management of industry

- Direct revenues to government
- Business activity
- Employment



- Direct revenues to government
  - royalties
  - corporate income taxes
  - equity earnings??

### Contributing to

- Government services and programs
- Infrastructure investments
- Debt reduction
- Tax reduction

- Business activity
  - investment
  - employment
  - profits
  - capital accumulation (for more investment)
  - corporate income taxes

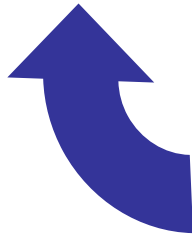
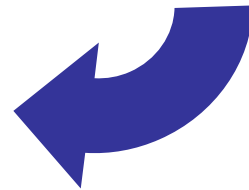
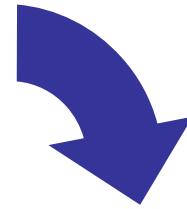
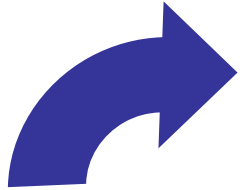
- Employment
  - taxable and disposable income
  - consumption
  - savings and investment
  - confidence
  
  - personal income taxes
  - consumption taxes

- 16% of NL GDP from oil production in 2006
- 4.6% GDP growth in 2006 and 2007

“... impressive GDP numbers mask weakness in the domestic economy, which continues to suffer from a declining population, high unemployment and weak consumer spending.”

- Local work → increased project cost???
- ***Trade-off*** or ***investment*** by government?
- Investment 
  - business activity and employment
  - growth and sustainable development of supply and service sector

- ***Balanced approach*** over long term
  - business activity and employment
  - direct revenues to government
- ***Full cycle industry***



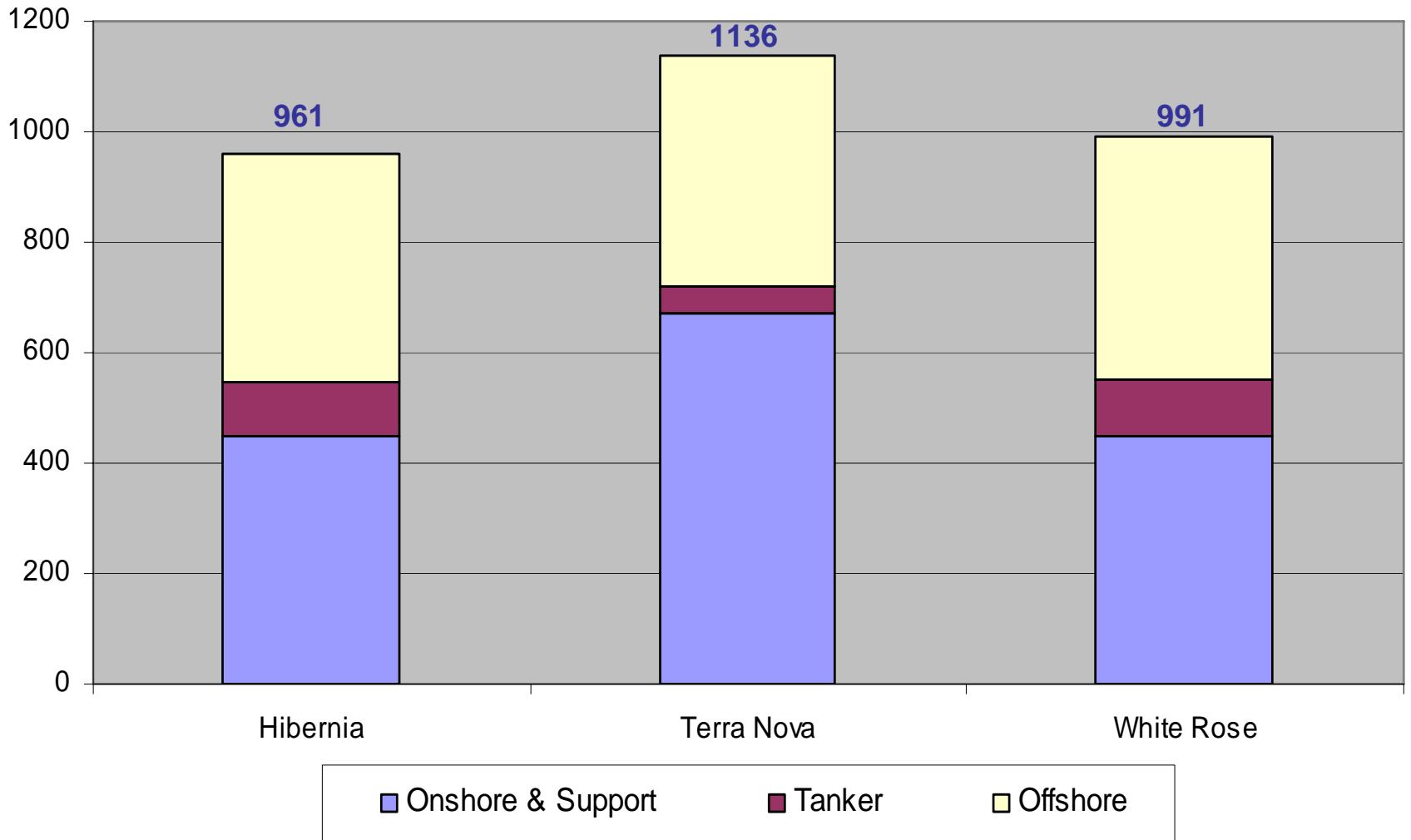
- Thousands of jobs and billions in contract spending during exploration and development
- Thousands of jobs and billions of operational expenditures during production
- Billions in royalties and taxes to government
- **Resource potential to support many more developments in the future**

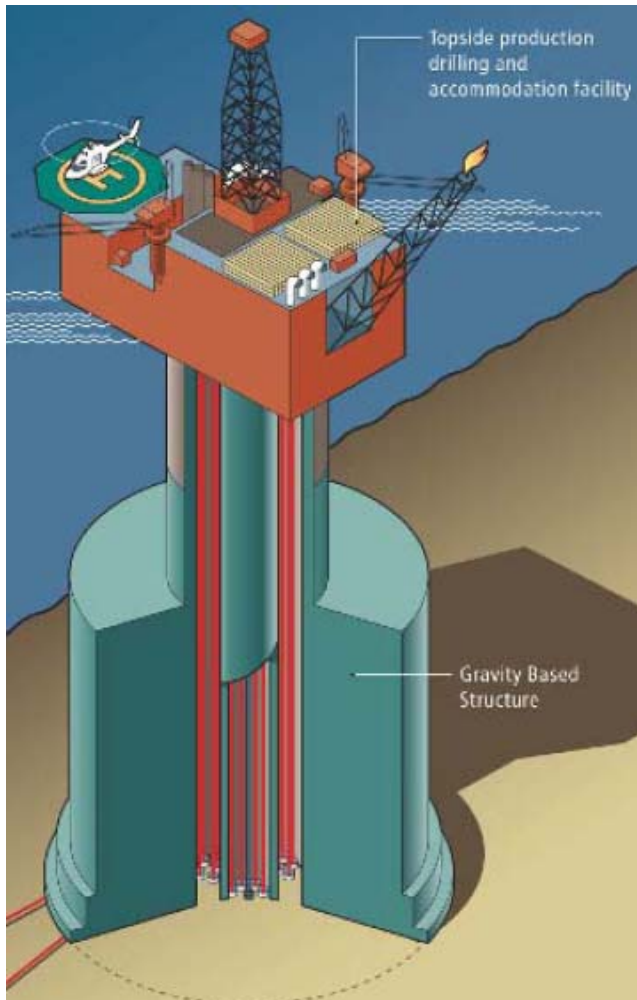


Bull Arm – 1996



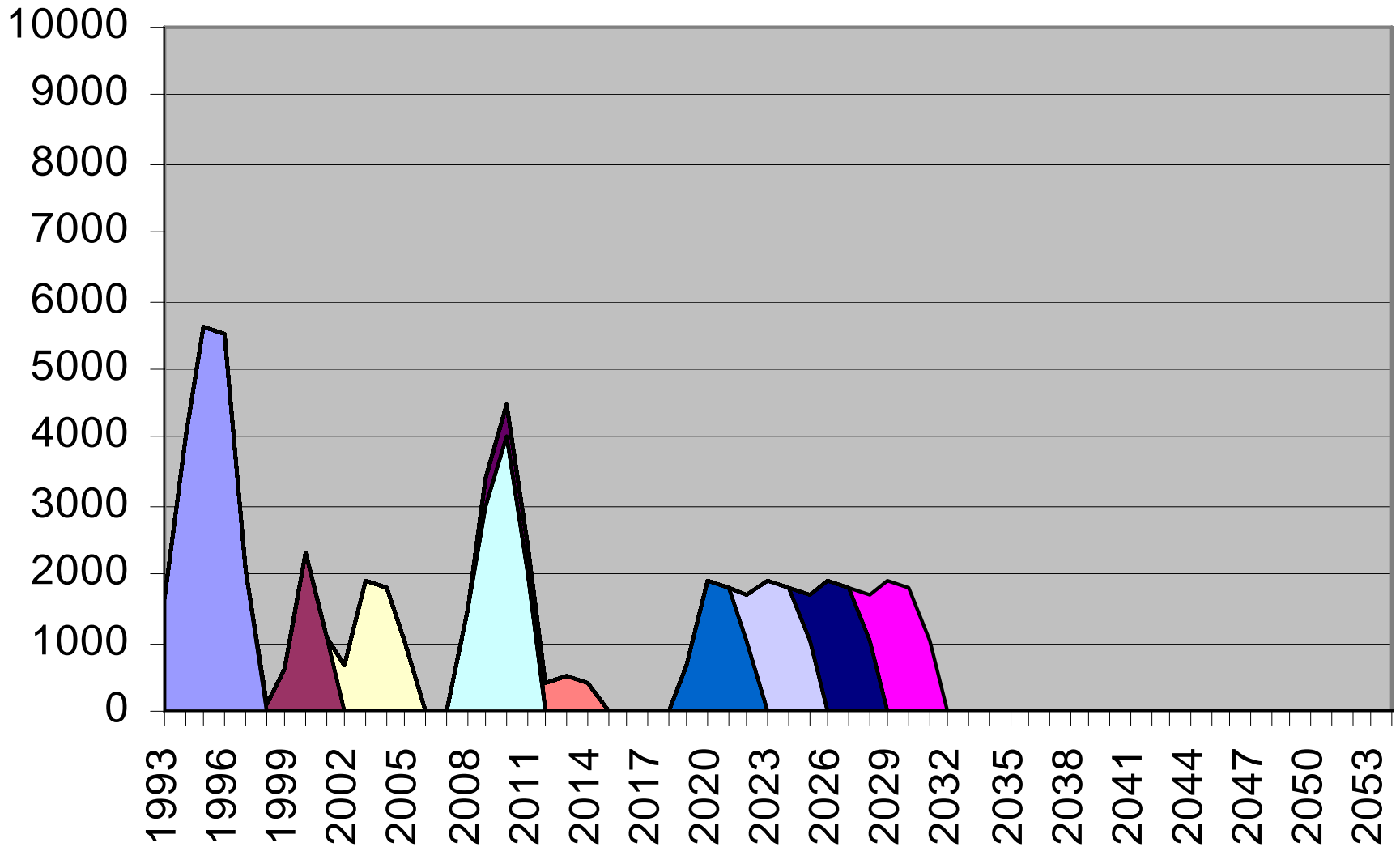
Marystown – 2005



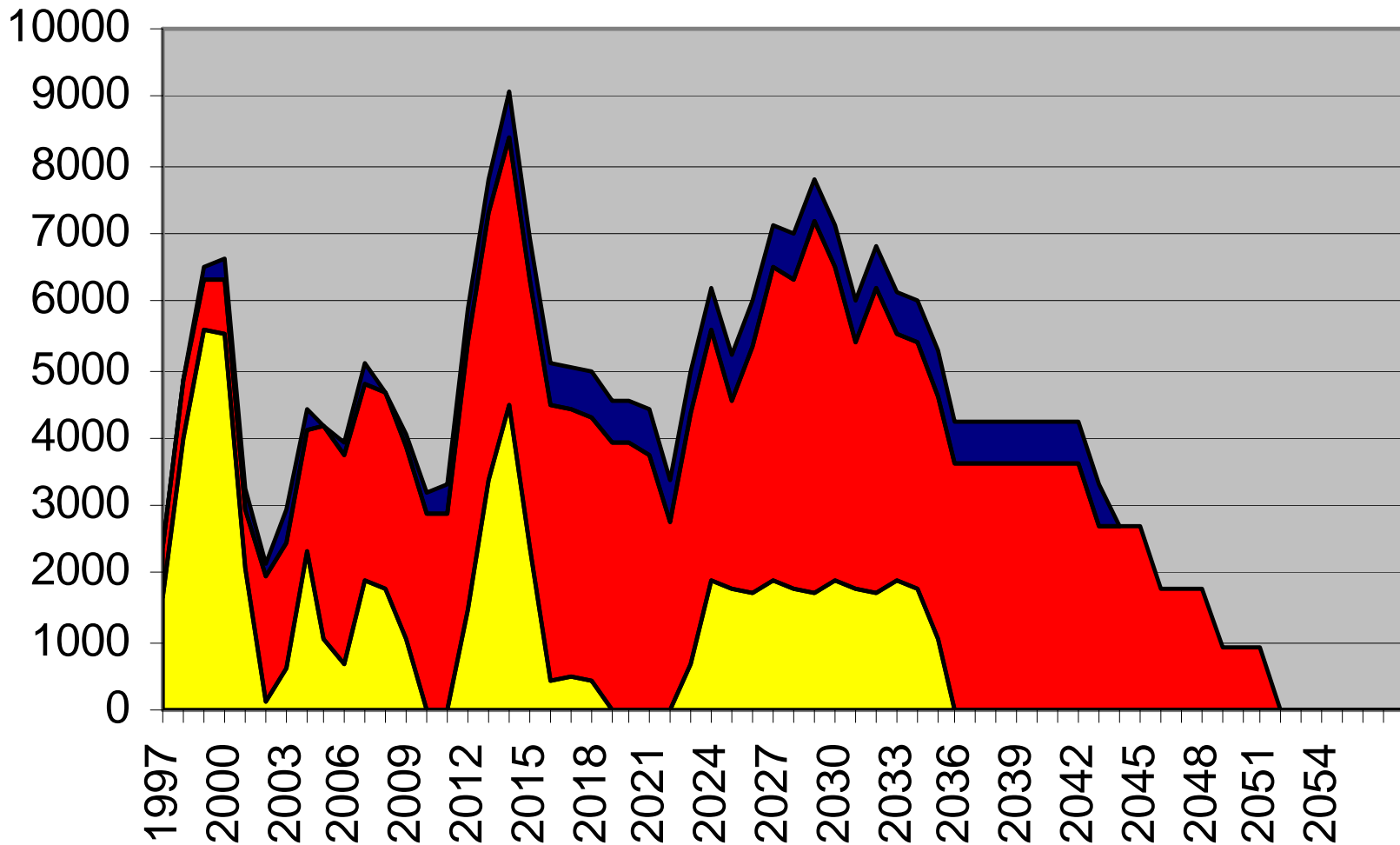


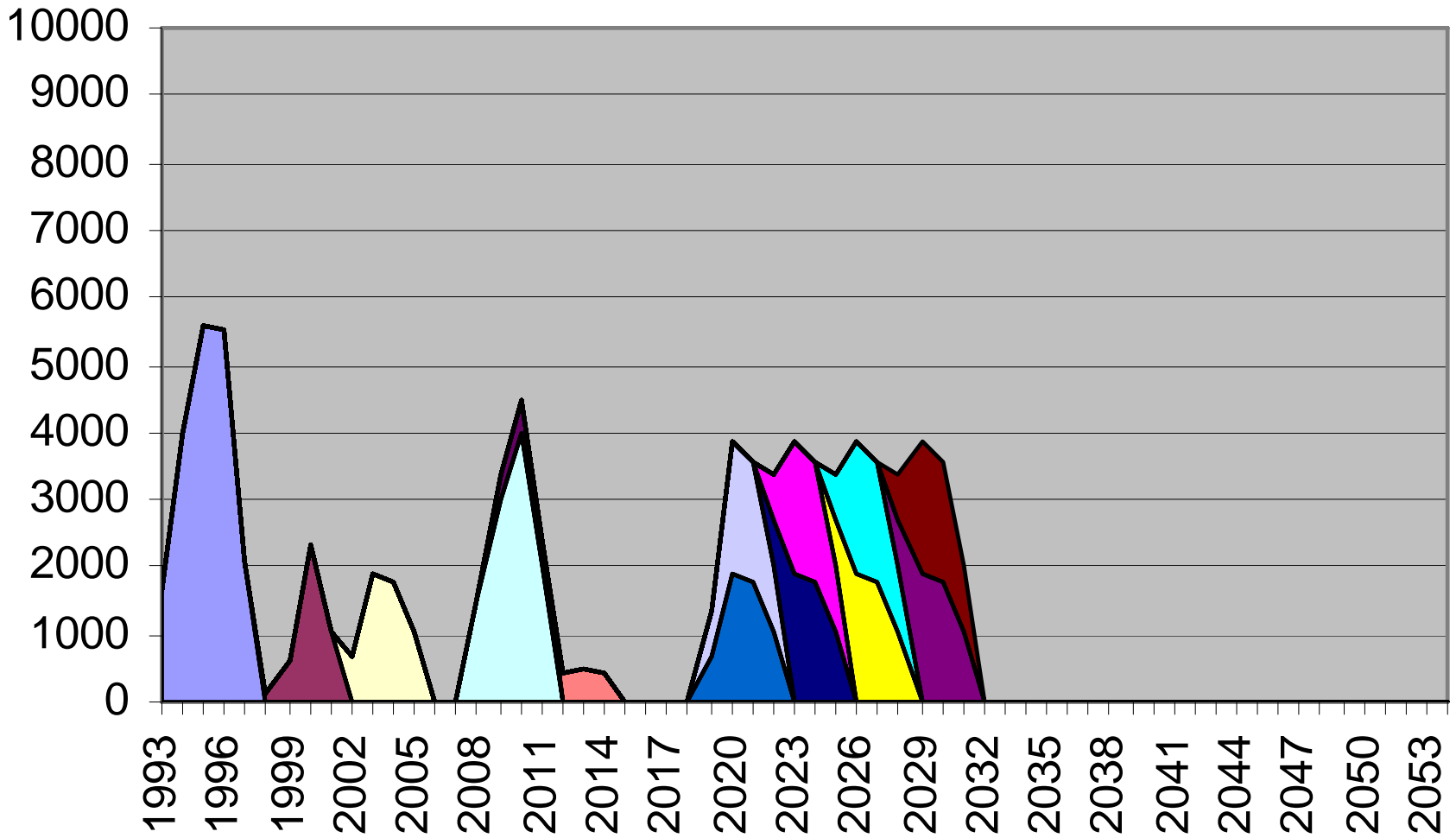
## *Importance*

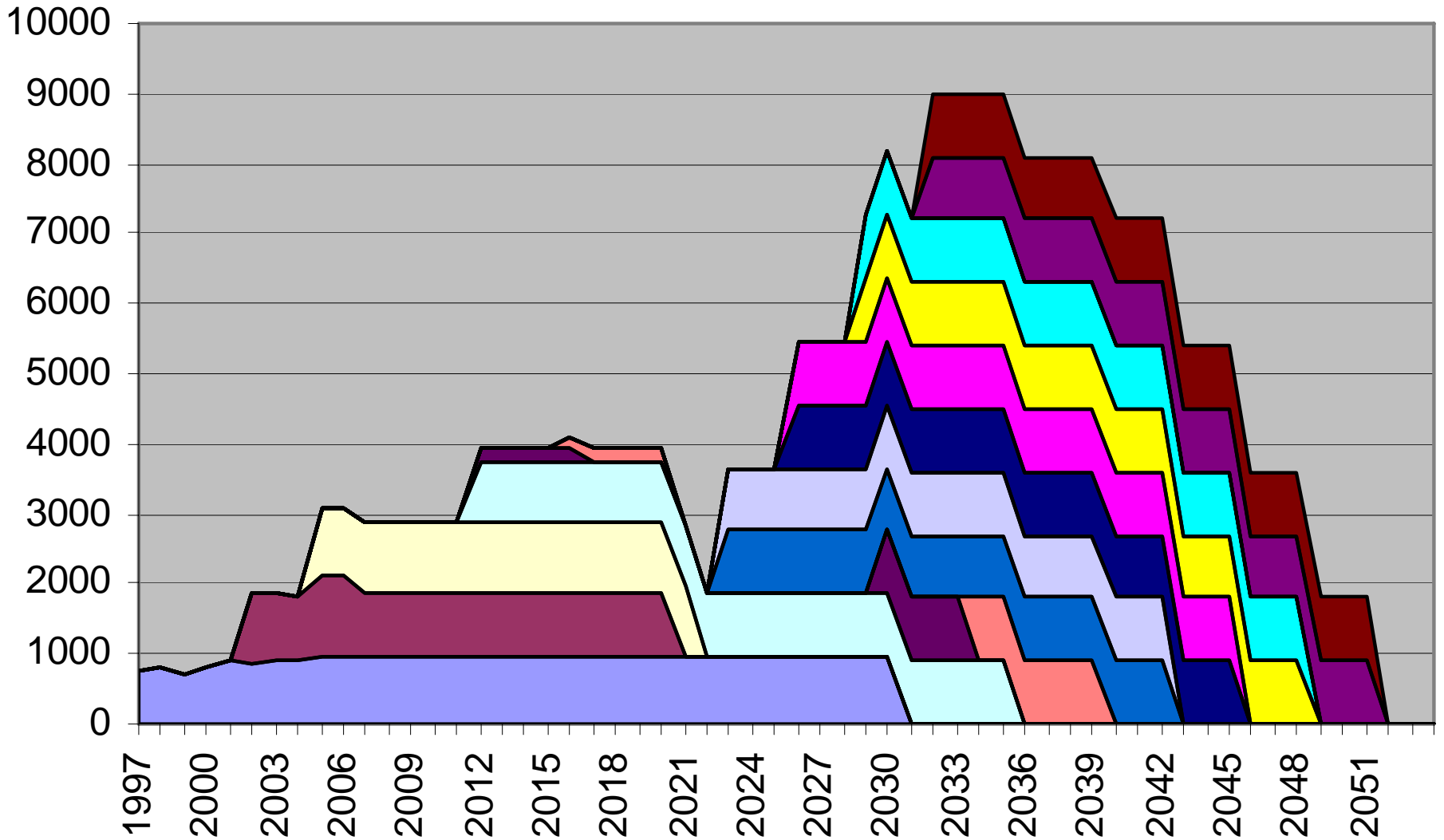
- development phase jobs and expenditures
- operations phase jobs and expenditures
- royalties and taxes
  
- bridge** to future exploration and development
- maintain industry momentum



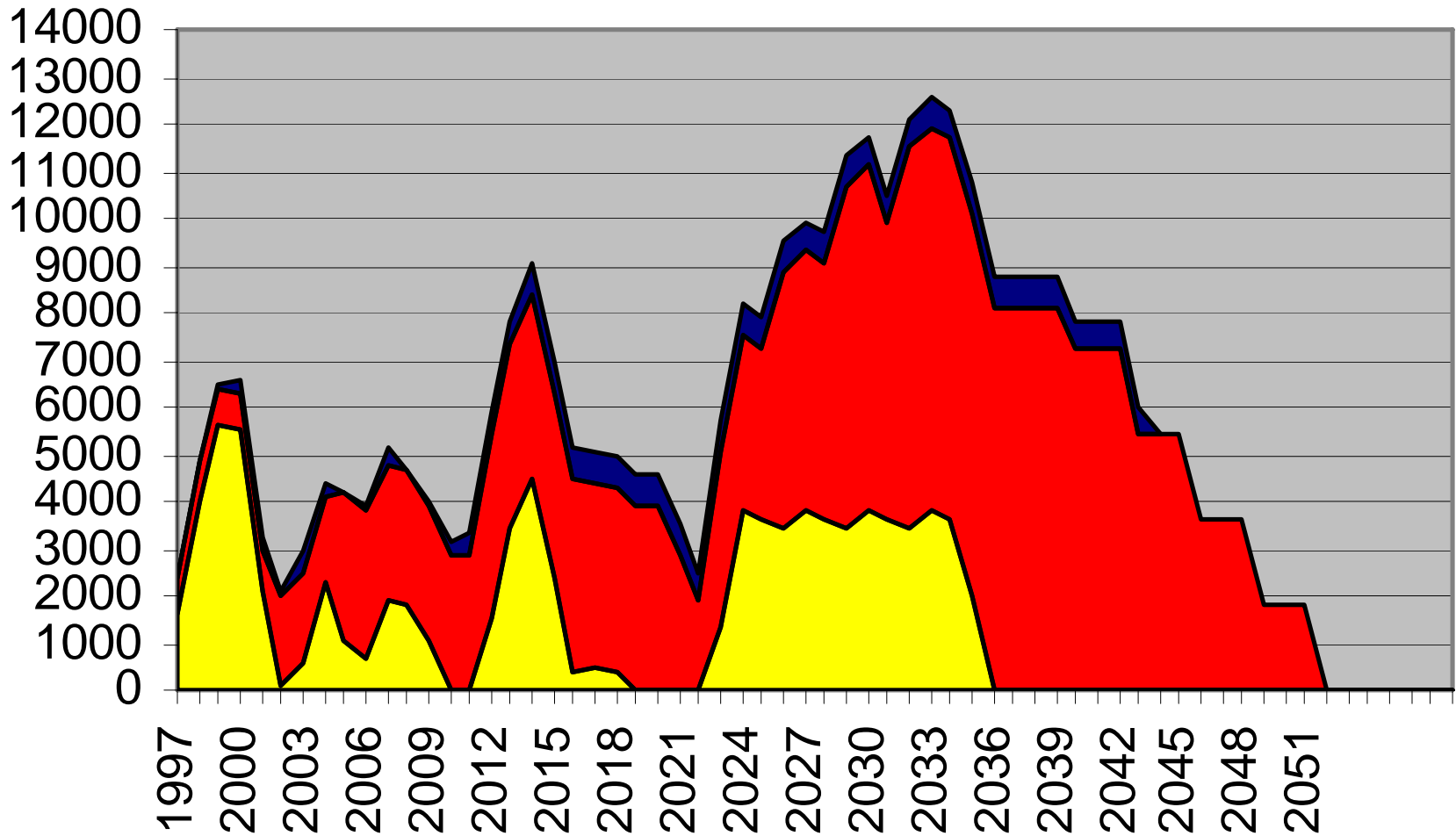












full range of economic benefits

vs.

investment attraction

- Long-term plan
  - incremental
  - sustainable
- Re-start Hebron negotiations
- Stable fiscal and regulatory regimes
- Exploration attraction strategies
  - online data (government investment)
  - aggressive and targeted marketing
  - more players



**Thank you**

This presentation and more at

[noianet.com](http://noianet.com)