

Oil and Gas Industry Recovery Task Force Terms of Reference

Purpose

The oil and gas industry has played a pivotal role in the growth and development of Newfoundland and Labrador's economy. According to a 2019 study prepared by the provincial Department of Finance, from 2010 to 2017, total (direct, indirect and induced) economic benefits related to the offshore petroleum industry in Newfoundland and Labrador accounted for nearly 30 per cent of GDP, 13 per cent of labour compensation, and 10 per cent of employment.

The Oil and Gas Industry Development Council (Council) was established in 2016 and brought together key stakeholders to work collaboratively on developing a vision for the oil and gas sector. On February 19, 2018, the province released *The Way Forward – on oil and gas*, entitled "Advance 2030: A Plan for Growth in the Newfoundland and Labrador Oil and Gas Industry" (Advance 2030) which aims to position the province globally as a preferred location for oil and gas development. The Council has played a key role in developing and implementing Advance 2030.

The recent global collapse of oil prices coupled with the COVID-19 pandemic has dealt a powerful blow to the Newfoundland and Labrador oil and gas sector, with the impacts being felt throughout the industry, from large multinational operators to small suppliers. Thousands of people have faced job losses as operators and contractors reduce costs in response. Moreover, due to low prices and trade uncertainty, oil producers around the world are reducing their investments and scaling back their production activities which will have serious impacts on the province's economic recovery. The downturn in the industry caused by foreign overproduction and a dramatic drop in demand due to the global pandemic, could see an estimated loss of \$61 billion to the provincial GDP between now and 2038.

In May 2020, the Premier of Newfoundland and Labrador committed the province to net zero emissions by 2050. Newfoundland and Labrador offshore oil is one of the least carbon intensive extractive crudes in the world and emits significantly less greenhouse gas emissions than other oil-producing jurisdictions. As economies begin to reopen and global demand for petroleum products returns, we need to ensure that Newfoundland and Labrador remains a global energy leader, demonstrating that this demand can be met in a socially and environmentally sustainable manner. Provincial offshore oil and gas sector stakeholders must act now to implement the necessary actions to sustain the offshore industry in the short-term; reposition the industry for recovery for the long term; and support the transition to renewables and the commitment to net zero emissions.

On September 25, 2020 the Government of Canada announced a \$320 million contribution to the province to support the Newfoundland and Labrador oil and gas sector. The funding will be utilized to fund measures and initiatives that support the creation or maintenance or direct and indirect employment and generate environmental benefits or co-benefits.

As such, the Council established an Oil and Gas Industry Recovery Task Force (Task Force) to recommend actions to drive the economic recovery of the Newfoundland and Labrador oil and gas sector and provide input on the development of principles and priorities to guide the utilization of the oil and gas funding. Given the urgency of the situation, the Task Force will be expected to deliver a final report to the Council within 90 days; however, it may issue interim reports or individual recommendations on pressing issues prior to the release of the final report.

Mandate

The mandate of the Task Force is to develop recommendations to Council for immediate actions led by government and/or industry that will sustain the offshore industry in the short-term and drive the recovery of the Newfoundland and Labrador oil and gas sector over the long term.

The Task Force will also develop recommendations to the Council and the province related to the \$320 million in federal funding on 1) the eligibility parameters for the provincial delivery of the funding program; and, 2) prioritization criteria for eligible proposals.

Objectives

The objectives of the Task Force include:

- Recommendations for key immediate actions required by government and/or industry to help stabilize and grow the Newfoundland and Labrador oil and gas sector;
- Identification of timelines and key accountabilities for recommended actions;
- Collaboration with key government and industry stakeholders to identify the necessary actions to drive the recovery of the Newfoundland and Labrador oil and gas sector; and,
- Recommendations for eligibility parameters and prioritization criteria for provincial delivery of oil and gas sector support funding.

Membership

Task Force membership, including the number of members, will be determined by the Minister of Industry Energy and Technology, in consultation with Council. It will be co-chaired by two current Council members:

1. Bill Fanning, President and Canada Country Manager, Kvaerner; and
2. Karen Winsor, Board Chair, Noia.

The remaining members will be made of up representatives from both government and industry with a diverse mix of skills and experience that can contribute to positioning the Newfoundland and Labrador oil and gas industry for recovery. The Task Force will consult with and solicit input from targeted stakeholders as required.

Administrative support for the Council will be provided by the Department of Industry, Energy and Technology with support from the Office of Public Engagement.

Timelines

Given the urgency of the situation, the Task Force will be required to work quickly and diligently to develop recommendations for immediate implementation. Once established, the Task Force will:

- Submit recommendations for eligibility parameters and prioritization criteria for provincial delivery of oil and gas sector support funding within 30 days.
- Submit its recommendations for immediate actions to Council within 90 days.

Deliverables

The Task Force will produce:

- Recommendations for eligibility parameters and prioritization criteria for provincial delivery of oil and gas sector support funding. The recommendations will focus on the creation of direct and indirect employment, the generation of environmental benefits, and maximize the value for all Newfoundlanders and Labradorians.
- A final report to be submitted to Council which details recommended actions, timelines, and associated accountability for implementation. The final report will include immediate actions required, as well as an accountability framework to foster effective implementation of recommendations by appropriate government and/or industry stakeholders.