

## **CLOSING REMARKS**

### **Doug House**

*Professor, Sociology, Memorial University of Newfoundland, St John's, NF*

I am speaking from a personal view — reflecting on the last two days — from the point of view of one of the people who was involved in organizing the conference.

I can't help but reflect back to one year ago when I visited here and attended the Coastal Communities Network annual conference and the issue of oil and gas development came up. After the conference was over I went to dinner with colleagues who said we should organize a conference to look at these issues in as dispassionate and objective and scientific way as possible — as a way of allowing people to think about these issues and to get factual information about the issues. Unlike most of us the conference was being organized.

### ***The Purpose of the Workshop***

It is useful to remind ourselves about what we set out to do. The purpose of our workshop, as John Pierce stated at the beginning, was to provide a factual basis, to the extent that we could, for considering whether or not to lift the moratorium, without taking a position as a group here today; and also if so, how best to develop the oil and gas industry, if we are going to develop it, in this province. In addition, I think it is true to say that we hoped that we would have a civilized open, respectful and congenial debate about these issues.

### ***Have we been successful?***

The second question I would ask is: Have we been successful? I think that we have been; a lot of people are better informed. For example, I heard an oil man say "I really was interested to learn all about the First Nations people on the coast here" and I heard somebody who was in fisheries say "I didn't know all of this about the oil industry before and it has been really interesting and helpful for me".

So in the sense that we have got a lot of information out there for people to learn about and reflect on, I would say this has been successful. I also think it has been successful in terms of the manner in which all of us have conducted ourselves over the last few days. We have made new friends, and we have developed new respect, and a lot of us 'white' people have developed a new respect for First Nations people and the eloquent way in which they express their feelings and ideas about development in the region.

### ***What we have learned?***

We have learned a lot. We know there is significant oil and gas potential out there. We know there is a difference between oil and gas. We know a lot about the ways in which on the east coast of Canada we have attempted to deal with issues such as, How do you deal with the interaction between oil and gas and fisheries and other resources? There has been a lot of learning going on. Probably there was not enough in terms of community perspective - in terms of people who have been impacted by the industry presenting — and that would be a nice thing to do if we were going to have a follow up meeting.

There is, of course, no consensus at this point about lifting the moratorium and we did not expect that there would be. I think though, to the credit of everyone here, that it has been a respectful discussion from both points of view about this. There has been quite a lot of consensus about in Bob Hill's words "It is going to be one of the most important decisions to be made on this coast" and I think that is really true. I also think there has been a lot of consensus that if there is development, then we need to go about it in a very particular and very careful way. There needs to be some kind of Pacific Accord and there needs to be federal, provincial and also First Nations representation in the development of whatever Accord there might be. There has also been agreement that environmental stewardship is of crucial importance and that safety is of crucial importance, if this industry is to be developed on this coast. And I think we have learned that the industry itself is now more committed to these values than was the case in the past.

However, from a community point of view, we always have to recognize that there are different and vested interests — that the industry's interests and our interests in the communities are not always the same — and we have to respect that on each side. We have also had a lot of consensus, very importantly, about public consultation — that there has to be what I call authentic public consultation in this process. That is crucial. This is not just, as someone put it yesterday, fly in, wave a paper in front of people, fly out and claim there has been consultation. That is not authentic public consultation — there has to be participation in the process that leads up to the decisions that are made.

We have also learned that there can potentially be significant local benefits to the people in the regions if the development goes ahead, including First Nations people. We have learned that these are possible, but they are not automatic and they will not happen unless we make it happen — we being the people in the communities and regions themselves. We cannot take it for granted.

We have learned that there are not only direct benefits but there are also indirect benefits in terms of revenues that government can redistribute to help improve infrastructure and to help invest, in other resource industries even, in the regions. We have to try to think of creative ways in which benefits from this industry, if it does develop, can accrue to people in the regions. There may even be a way in which there is some empowerment made possible for people in these coastal communities, both First Nations and non- First Nations.

I think we have also learned that there will be costs; that negative impacts can be minimized but they cannot be eliminated altogether. We have to recognize that and we have to decide what is the kind of risk that we are willing to take in developing this industry, if we do proceed to develop it. It is clearly better to do that than to stick our heads in the sand and pretend that it is not going to have any negative consequences.

We have also learned that there are lessons to be learned from the Atlantic and other jurisdictions that can be helpful in this region, if this industry is developed here; for example, about how to provide for good relations between the fishing industry and the oil industry. We in Atlantic Canada have a lot of experience now that you can build on in that regard — experience about regulatory regimes, about the involvement of local communities. At the same time we also learned that every jurisdiction nevertheless is unique and we cannot just take the model from one place and apply it to another, including British Columbia, and that it needs a tailor made approach to your needs and only you can determine what those are. Or as Robie MacDonald put it on the ecosystem side, every ecosystem has its own unique characteristics. That is true also for every socio-economic system. So we have to keep that in mind, if we do proceed.

### ***Moving forward***

We also learned that the mid-1980s review process on the west coast does provide a sound beginning — that there was a process that was gone through and we are not talking about starting from ground zero here. Rather there is a sound starting point for managing the resource.

I would also say that since this is a new resource industry, at least in the offshore (we already have onshore gas in British Columbia), there is an opportunity here, if you do proceed with development, to avoid making some of the terrible mistakes that were made with other resource industries on the coast. It is even possible to be optimistic here and think in terms of developing this resource in such a way that we can learn from it and do a better job in the future than some of the other resource industries in the region.

## **THINK TANK DISCUSSIONS**

### **Craig Orr**

***Executive Director, Watershed Watch Salmon Society  
Facilitator, Group 1.***

Our group decided that we have to really discuss what it is that British Columbia wants, and what is achievable. Is it employment, for example? The participants from Atlantic Canada offered advice but were very clear that they were trying to avoid advocacy positions. We agreed that although we can draw examples from other jurisdictions it has to be a British Columbia decision, and it has to be a national issue as well. We also need to know what Canada

wants. In addition, we agreed that we have to take the best from what we have learned and apply it - and look at the mistakes as well.

In our general discussion, we addressed the issue of whether the coastal communities are structured to respond and whether things are in place to help them make decisions. We also discussed the First Nations position issues and agreed that we must solve the land claims position — aboriginal rights and titles. With reference to consultations, we agreed that we want involvement not just consultation. By using the examples of Georges Bank and - and Newfoundland we discussed the need to come to political decisions to resolve the issues associated with the development of the oil and gas industry.

We created a list of what we need to move forward; for example, information on environmental impacts that affect everybody, economic benefits, and the current political level.. Again we went back to examples of land claims being a national issue. From the Newfoundland participants we learned about Voisey's Bay (nickel mine) where a four party agreement was reached on environmental assessment. They had a memorandum of agreement between the federal, provincial and two First Nations governments, signed and implemented, on how they were going to move forward on these types of issues. This example demonstrated that it was not possible to get all the land claims settled first but there was an agreement on how things should move forward in terms of the review process. And again we noted the importance of looking at the impacts on the community at large first — the opportunities and environmental risks for everybody - before we start talking about the impacts on land claims. We need to know the specifics first before we can move the dialogue ahead.

We discussed the lessons we learned in the workshop from the Newfoundland participants; trying to dictate the terms, having the industry balk at those terms, having the industry go away for a year, and then coming back and Newfoundland saying that they had done their homework, had completed an assessment on what it should get out of the deal, and finally then the industry coming back a year later and agreeing to those terms.

The point was made that we did not have the industry participation that we really wanted here at this workshop; for example, from Chevron, the leaseholders. This was not for the lack of trying. We did discuss ownership and noted that Chevron has about 85% of the leases here, but we made the clarification that the acreage is actually owned by Shell and farmed out to Chevron. We also had some discussion about what happens after the industry has gone and the concerns that the oil and gas industry could be the cause of a 'boom or bust' situation. This is important when we are talking about building a sustainable industry, *if* we were to go ahead with development. We also discussed the need to control the pace of development and here we pointed out the fact that industry is industry — they are business and big business — and they have an exploration budget with political and geographical concerns. We also noted that they have to weigh all those concerns and that for them British Columbia is not the centre of the world; in fact, there are many sites in the world where people are looking at exploring and developing oil and gas resources.

We had further discussions about the need for home grown opportunities and to avoid parachuting people in.

The meat of our discussion was to identify the stages that we feel that we are in right now, or that we will be getting into, *if* we decide to go ahead with offshore oil and gas exploration and depending on how we proceed.

#### STAGES

1. We need to consider the issues Aboriginal rights and title, environmental considerations, socio-economic aspirations, opportunities, and impacts (community, regional). MCRI needs to recognize these needs.
2. Is it worth reviewing the moratorium? Consider the differences between oil and gas; consider regional differences. Think in a cost/benefit sense, and in a political sense. Consider lifting the moratorium in some regions, keeping it in others.
3. Make a decision on whether to allow for exploration, with the reasonable expectation of going into

production
<p><b><i>THOSE INVOLVED</i></b></p> <p>Who are the legitimate interests?</p> <p>Who are the the decision-makers?</p> <p>How do we kickstart this?</p> <p>Do we have another panel?</p> <p>An agreement like Voisey's Bay?</p>
<p><b><i>WE NEED TO IDENTIFY</i></b></p> <ul style="list-style-type: none"> <li>• the resources and support;</li> <li>• who are the stakeholders? <ul style="list-style-type: none"> <li>• what is the process?</li> </ul> </li> <li>• how to action these three steps;</li> <li>• what does the committee need to know? <ul style="list-style-type: none"> <li>• what is the new information?</li> </ul> </li> <li>• what information is not available now?</li> </ul>

***First Stage***

We are in the moratorium right now — we know this. We decided however that it is very critical at this time to consider the issues — and this is what we have been doing during this workshop.

We originally had land claims in here — the need to consider aboriginal land claims — but Charlie Bellis pointed out that we are really specifically talking about rights and title and those issues need to be discussed. This is not to say that they need to be decided — but rather we need to make sure they are discussed — and we also need to discuss the environmental considerations. We spent a lot of time on the wordsmithing of the socio-economic aspirations section. Originally we just had impacts there but then we decided that that did not cover everything and so we decided on the words 'aspirations, opportunities and impacts'. We did however recognize that there is a subset of these as well based on community level, regional level and others. We also recognized that after the good talk on the MCRI (Major Collaborative Research Initiative) yesterday that not only does MCRI need to recognize these needs, but we also need to recognize the MCRI process and make sure that these things are linked, as we have these discussions in Stage 1.

***Second Stage***

The next stage that we recognized that we would be going into after this addresses the question: Is it worth reviewing the moratorium, after these preliminary discussions are held? A very important point that was raised, and it was raised by First Nations and others, is that we need to consider the differences in between oil compared with gas exploration — that there are differences in terms of risk benefits, cost, and environmental considerations, as well as delivery. We recognized that there are substantial differences and that point was driven home, especially by Ralph Gorby's talk on the Sable Island Energy Project. We also had discussions about the possibility of lifting the moratorium in certain regions and have it maintained in other regions.

Again we addressed the need to consider the regional differences — in both a cost benefit sense and in the political sense. We also noted that there needs to be a political will — we had a federal Member of Parliament at the table who assisted us in moving that that discussion along.

### ***Final Stage***

The final stage that we see down the road - and we are not saying these are the stages we have to go into, rather they are potential stages - is to make a decision on whether to allow for exploration with a reasonable expectation of going into production. All of these stages have to consider how they are going to be actioned in terms of those that are involved. We need to define and discuss again who the legitimate interests and decision makers are and we need to kick start all of this. Perhaps we have kickstarted it at this workshop. Is there another panel that we need to be looking at? Do we need to look at this memorandum of agreement such as the one in Voisey's Bay? What can we apply from the lessons we have learned from the Atlantic?

Finally, we noted that it is very crucial to identify the resources and support processes. We asked the questions: Who are the stakeholders and the players? What is the process? How do we action these three stages based on all of these considerations? What does the committee need to know? What is new information — and what information is not available?

There was some discussion re: NF and Hecate Strait not being comparable. The main points were these three phases.

### **Doug House**

***Professor, Sociology, Memorial University of Newfoundland, St John's, NF  
Facilitator, Group 2***

What happened in our group is that we had a number of different positions and differences in terms of people's familiarity and knowledge about the oil and gas industry and impacts. Therefore, part of the challenge was to allow for a discussion that would recognize this and at the same time be fruitful. There was a seeking of direction at the beginning — we started out asking some questions that were very specific and then the questions became more general as we went along.

In terms of the original issue here, what we decided was that you cannot really deal with one specific issue without knowing a lot more about the project. For example, for threatened salmon stocks being a specific ecological issue, you need to know a lot more the whole ecosystem of the British Columbia coast and take that larger ecosystem kind of approach — with respect to whether it be salmon stocks or whales, crab or seabirds. The issue then is that we need to understand how unique this ecosystem is — is it something that has special characteristics that we need to take into account when developing the kind of approach that we are going to use? And is it so unique that in the long run we might decide we do not even want to take the risk of having any development here?

The assumption beyond that was, assuming that we are going to proceed, then we have to be very careful and look at every aspect of going ahead (Strat Canning was very helpful here with information from the Atlantic coast). We discussed a number of issues:

***Do we need to develop oil for the sake of the British Columbia economy?***

One of the agonists noted that there are a lot of benefits quite apart from the world oil situation that the British Columbia economy can enjoy from oil and gas development in terms of revenues and in terms of offsetting the need to import oil. They noted that we could use the revenues from oil to invest in projects such as improving social services to people in all regions of the province and developing alternative industries.

***What are the regional impacts with respect to social and economic development and the cultural implications of that?***

We asked Wade Locke a question: As an economist, is it in fact possible to build in to your approach to oil and gas development, means by which you can ensure that there are benefits to people in local communities, including First Nations people? His answer was *yes*, it is possible. You can do it but you always have to gear it to the particular project, and the particular play that you are talking about. However, in principle there is nothing to prevent a regulatory agency from building in certain kinds of requirements; for example, in terms of: employment, something like a regional development fund; or education and training for local people in the industry. This can be done, but when you do it you have to take into account that there may be some trade-offs. For example, the cost of production may be higher because you are building in these kinds of requirements. Therefore, you may have to accept less in terms of overall government revenues and royalties and taxes and so on, thinking in the short term, in order to allow these to be put into place over the long term. The feeling around the table was *yes* we recognize that. Fortunately the labour costs as a percentage of the total costs for most of these projects is low and you can make these kinds of arrangements if the decision is made that that is what you should do.

***The issue of trust***

We discussed this most important issue extensively. The notion that we have seen in coastal British Columbia over the last few years, with serious difficulties in other resource sectors — in the fisheries sector, in the forestry sector — is that there is a feeling of distrust among a lot of people, both First Nations people and others. The questions that arise are: Can we really trust our own governments provincially and federally? Can we trust the industry? And if we are going to have a new kind of resource development, it is going to be different?

We talked about trust from the perspective of what happened in Atlantic Canada. Susan Sherk who worked for Mobil for a number of years in the early stages, argued convincingly that you cannot build trust overnight — you cannot just build up trust, or repair the distrust that has been developed, and replace it with a strong feeling of trust between the people in local communities, provincial government and federal government people overnight. However, you can begin to work towards building that trust. Clearly, it can be done but it takes time. It also requires a certain continuity of personnel. You have to have people that become knowledgeable and that keep working on this over a long period of time and gradually develop those kind of relationships. In Newfoundland and Labrador, the big change occurred in terms of the initial kinds of fears that people had and in the end what actually happened was that we developed a better understanding of the industry and what the real issues were as opposed to things that people were worried about that never really happened.

***The issues of jobs and opportunities***

In terms of the number of jobs and also the business opportunities related to the development of the industry we noted that the way in which you word the requirements for the industry can have an important effect. For example, in the case of the United Kingdom if you say that local firms have to have the first opportunity, that has a different kind of a meaning than simply saying there has to be equal opportunity in terms of price and delivery and so on. It has a bit more powerful message to it for the industry. Therefore, we should think very carefully in terms of crafting any kind of preference guidelines — to get the message that you really want to convey to industry in that respect.

With regard to jobs, Susan Sherk pointed out that oil companies ideally want to hire local people, despite the assumption that people sometimes make which is that industry wants to bring in all its workers from outside. In fact, this is actually the opposite of what industry wants to do. What industry ideally prefers to do is to hire people locally — generally it is more cost effective, more convenient, and more expeditious for them to do that. Thus, as long as they can find qualified people locally that is what they would ideally like to do. One of the questions that arises from this then is: How do you make sure that it is possible to find qualified people locally? That brings up the

whole issue of education and training for the industry, which we really did not have time to address, but it is an implication of that question.

### ***The importance of treating each project differently***

We agreed that each project should be treated very differently. For example, Hibernia is very different from the Sable Island Energy Project, and both of these projects are different from whatever projects *might* be developed here. We noted that you have to tailor your approach to your needs and to the particular project.

### ***The importance of monitoring***

A number of the participants in our group had looked at some of the Newfoundland material in the briefing book and were critical of the monitoring procedures. I noted that in fact we did not do that good a job with the monitoring aspects initially, but that we are getting better at it. Susan Sherk pointed out that based on her experience with the industry, there are three main ways of monitoring: one is through the offshore regulatory board which does its own monitoring and has a mandate to do it; second, you can build it into your environmental impact statement as a requirement for the proponent of any particular project; and third, for the company itself — it is to its own advantage to do a good job of monitoring, although it does depend on the company and some companies are better than others. She noted that you have to get to know the nature of the corporate personality of the companies that you are dealing with, and I would go further than that and suggest that you could think in terms of selecting companies partly on the basis of the type of companies they are. You could then select companies to be operating that have the kind of corporate personality that you feel you can work with.

### ***Whether or not to lift the moratorium?***

The point was made that the lifting of the moratorium itself does not in any way necessarily mean that there is going to be an oil and gas industry developing in this province. It certainly does not mean it is something that is going to happen overnight. Further, it may well be that there would be a gas industry but not an oil industry. So in a sense, the lifting of the moratorium would be a start to a public consultation process that must then continue. It is not a move to immediately start developing the resource. This is a key point that has come out over the last two days. The essential message is that public consultation needs to be ongoing and needs to be given the highest kind of priority.

Finally, you need to have a good understanding of the industry. It is really important that people who are concerned about oil and gas development, whether it should go ahead, how it should go ahead, *if* it does go ahead, need themselves to become a lot more knowledgeable about the industry. The more knowledgeable you become, the better you will be able to decide on whether you are going to have the industry, and control the development the way that you want it *if* you decide that you are going to have it.