

**Town of Sunnyside
Hebron Public Review
Clareville, November 23, 2011**

Introduction to Sunnyside

Good afternoon. I am Mayor Robert Snook from Sunnyside. As you can see from this map, we are your nearest neighbour. In fact, we are your only neighbour on the Trinity Bay side of the Isthmus. Our community used to be known as Bay Bull's Arm. The name was changed around 1905 to accommodate the postal service and confusion with the other Bay Bulls south of St. John's.

I read through *Socio-Economic Impact Statement and Sustainable Development Report* that was prepared in April of this year for the Hebron Project. It was both disappointing and puzzling to find that Sunnyside was not mentioned anywhere in the report. We are the closest community to the Bull Arm fabrication site on the Trinity Bay side of the Isthmus. If the access road to the Bull Arm site becomes impassable, you can be sure we will come to your assistance by water.

Sunnyside will be the most affected by projects at the fabrication site. Sunnyside residents will hear the noise; they will watch the mammoth structure take shape above the hills. There will be an increase in traffic in our community as word gets out that you can see the oil platform from our harbour. And, far-fetched as it may sound, what if the platform sinks in Bull Arm? In a project this size, there is always a potential for disaster.

Suffice it to say we will bear the brunt of any negative socio-economic consequences. Please bear that in mind, Mr. Commissioner, as you consider the benefits that will accrue across our wonderful province.

Other communities in the area were mentioned in the document. So were several hiking trails – but again, the Centre Hill Hiking Trail in Sunnyside was left out even though it takes you to the highest point in eastern Newfoundland and a spectacular panoramic view of five bays.

People have lived in Bull Arm for over 5,000 years. Just beyond Big Mosquitty, where the Hebron site is located, there is an important archaeological site that is one of the richest in the province. It is being excavated by archaeologists from the Smithsonian Institution and Memorial University. This site may hold clues to the diverse indigenous occupation of the area and may even provide clues to the impact of climate change over several millennia.

Fishermen have been using the resources of Bull Arm since the 1500s, and our harbour has been the site of several significant historic events. D'Iberville used Frenchman's Island in our harbour to house English prisoners that he took while burning English settlements in the late 1600s. In the early 1800s, people began to settle along the south side of Bull Arm from Stock Cove to Centre

Cove. Gradually, a small community took shape with schools, churches, sawmills, stores, a cobbler and a postal service. The first transatlantic telegraph cable was landed here and, although it did not operate for more than a few weeks, it provided proof of concept for the cable that was eventually landed at Heart's Content. Families that had settled in Stock Cove, Goose Cove, Little Mosquitty and other places moved to join the growing community of Bay Bull's Arm.

The history of Sunnyside reflects the patterns of many other communities in pre-Confederation Newfoundland. They fished, hunted, grew crops; kept sheep, goats and chickens; chopped wood for homes and heating. In short, they were a model of sustainability, but life had its hardships.

The 1950s and 60s were years of catching up with other parts of Canada - electricity was introduced, roads were built, people bought radios and televisions; they got indoor plumbing, washing machines, cars and generally joined the mainstream of North America.

The Oil Industry

The Isthmus of Avalon, in recent decades, has become an industrial area that serves the oil industry.

The evolution started in 1973, when an oil refinery was built in Come By Chance, Placentia Bay - just a few kilometres from Sunnyside. The Bull Arm site was developed in 1990 and has been used to fabricate the following: Hibernia oil platform, Terra Nova topside components, White Rose modules, drill rig refits, expanded living quarters for Terra Nova, drill rig refit for Grand Banks and the North Amethyst subsea manifold. The Newfoundland Transshipment Terminal was built in Arnold's Cove in 1998, completing a strategic triangle that can build or repair oil platforms, refine the oil and ship it to markets in North America, South America and Europe.

Hebron is the second truly large-scale development project to be undertaken on our doorstep. While these large mega-projects have brought enormous benefits to the province as a whole, the interests of Sunnyside have so far been largely ignored. Our roads are in deplorable condition; our recreation facilities are quite inadequate and are provided through the largesse of community service groups. We have watched over the years while the communities of Come By Chance, Arnold's Cove, and most recently Long Harbour have benefited from industry in their communities. Meanwhile, our community has struggled with providing the basics to our residents - providing good drinking water, completing a thirty-year water and sewer project, and we are always looking for funds to repair our roads.

I am pleased to tell you today, Mr. Commissioner, that this is about to change. Exxon Mobil, the primary tenant at Bull Arm, has announced they will pay the Town of Sunnyside a grant in lieu of taxes for the duration of the project. This grant means a great deal to us. It means we no longer have to scratch for funding to make some necessary repairs. And it means we can tackle issues of sustainability and development in a way that makes economic sense.

Hibernia

The Hebron Project: Socio-Economic Impact Statement and Development Report (section 6.3.3.2) states:

“The Hibernia platform was constructed and assembled at the Bull Arm site. The capacity of the site also met all requirements placed upon it by the Terra Nova and White Rose projects and no difference is anticipated were the site to be used for Hebron. The use of the site for Hibernia, Terra Nova and White Rose has been beneficial to the local as well as provincial economies and any use made of it for Hebron would continue these benefits. No demand for additional industrial land is expected in Clarenville, Arnold’s Cove or other Isthmus area communities.”

We would like to set the record straight here today by stating uncategorically that Sunnyside has not, until now, seen any significant benefit from the Bull Arm Fabrication Site. This is beginning to change with the Hebron project – but we hope it will not end with it. We have been successful in negotiating an appropriate agreement with Exxon Mobil. We anticipate that this will become a template for our dealings with other project proponents in the future.

When Hibernia was announced, people in Sunnyside naturally expected to see jobs, business opportunities and other benefits come with the development. They also had some concerns – increased traffic, accidents, drugs and other crime, lack of available housing, wear and tear on the infrastructure.

The expected benefits did not materialize for Sunnyside residents although a few people did get jobs and local businesses benefitted on a small scale.

For the most part, however, Sunnyside residents were not prepared for the competitive environment that comes with development. Our residents did not have the skills required for jobs at Bull Arm – but, more importantly, they did not have union papers so even when they had the skills required they were not considered for the job.

Our businesses were (and are) small and did not have the resources or experience that enabled them to bid on contracts successfully.

In the past, the Town of Sunnyside did not receive any tax revenue and there was no significant benefit for the town’s economy. There was, however, an upswing in the price of accommodations and housing. This impacts persons who are on fixed incomes and persons on social assistance since housing becomes less affordable for them – and some must leave their community in an effort to make ends meet.

There was also significant wear and tear on our infrastructure. A community wharf was destroyed in the early days of the project because of Hibernia-related use. Our roads were also degraded

because they were not engineered for the heavy use occasioned by having a mega project (and 4,000 workers) next door.

The Town of Sunnyside received no benefits at all from the Hibernia project, only costs.

The Boom / Bust Cycle

Sunnyside has many of the same characteristics as a single industry town. Towns with these characteristics are seen throughout northern Canada and much has been written about them. The characteristics include:

- Lack of control over economic development
- Controlled by outside interests
- History of dependence
- Education and skills focused on one industry
- Industrial development related to primary processing
- Economy dependent on international markets
- Low levels of entrepreneurship
- Little economic diversification
- Uncertainty about the future
- Relatively high wages

That pretty much sums up Sunnyside since the oil refinery started operation in Come By Chance. Now there are three oil-related industries in our area.

Many of our residents have acquired the skills needed to work in the oil industry – but they're now in the oil patch at Fort MacMurray while others travel here to work from across the province. We hope to see this change as a result of the Hebron project. Hebron has recently negotiated a contract that gives first priority for hiring to union members in Newfoundland and Labrador and second priority to non-union members from this province. That's a great step for people who are currently living here but we are not sure where it leaves those who are working in places like Alberta. We think those who want to return should be given priority over those that do not have any connections to this province.

Governments also have a role to play in breaking the boom / bust cycle. Many responsibilities have in recent years been offloaded from the federal government to the provincial government and then down to municipal governments. Communities are expected to be sustainable in their own right instead of relying on government. We agree with this in principle, but we also know the playing field is not level.

Industries in larger communities like St. John's pay a variety of taxes locally and bring benefits locally. Larger communities are in a better position to benefit from development than communities like Sunnyside because they already have the infrastructure and entrepreneurship to support industrial development.

That is why Exxon's recently-announced grant in lieu of taxes is so important to Sunnyside. We are looking for ways to make Sunnyside an economically sustainable community that is no longer subject to the Boom & Bust cycle. The much-needed revenue from Exxon will give us a start in that direction. We have also negotiated contracts at Bull Arm to provide services such as fire protection and drinking water.

We have discussed waste management with Hebron representatives and hope the Bull Arm site will see fit to use our waste management site for their commercial / industrial waste instead of shipping it to Robin Hood Bay. Sunnyside has a properly engineered waste management site that could provide a cost-effective solution for the Hebron project proponents. Unfortunately, we don't have any guarantee that we will be permitted to stay open as a commercial / industrial site. We have been given a permit to operate in 2012 but we do not know what will happen in 2013. It is extremely difficult for a community to negotiate effectively with private enterprise when there is no guarantee that the government will permit us to stay open for the life of the project. We hope the provincial government will see fit to include our site in their overall waste management plans. A commitment from the provincial government would assist us with this issue and provide us with a reliable, sustainable and long-term cash flow that is sorely needed if we are to continue to provide adequate services for our citizens.

Hebron

The language has changed since Hibernia. Industries now look for ways to ensure that nearby communities benefit from development; they talk about good communication and what sort of legacy they might leave.

Last spring, Town Council had several meetings with Nalcor, Exxon and KKC - but that was followed by a long silence while the companies sorted out the logistics of moving on to the site. Now that they are on site and work is underway, we hope communications will become less sporadic and more focussed.

We have concerns about road safety. We have already noticed an increase in traffic and some vehicles are driving too fast. We don't have sidewalks and a lot of people walk on the road. It would be easy to hit a pedestrian if you were driving fast. There have already been a couple of accidents in the community; luckily they have not involved pedestrians and no one was seriously hurt. To make matters worse, there are now only two RCMP officers policing a very large area. They are stationed in Clarenville. When Hibernia was underway, there were five RCMP officers policing the same area.

We hope the new union agreement will result in more Sunnyside residents getting jobs at the Bull Arm site.

Commercial space is being rented and renovated in Clarenville; we would like to see this sort of development occur within the Isthmus area.

There will be need for more housing and recreation facilities; we would like to see more development of this sort happening in the area.

The Town of Sunnyside looks forward to a continuing dialogue on these topics for our mutual benefit.

Long-term Benefits & Sustainability

The most important legacy the Hebron project can leave is a sustainable community. The economic needs of the Town of Sunnyside have not been factored into this development. The Town of Sunnyside, like many towns in this Province, would like to ensure its long-term survival. Over the past 20 years we have seen an exodus of our residents to places like Alberta. Many of these expatriates will never return. It is unfortunate, indeed, that our residents still have to travel across the country to find work when it could be readily available next door at Bull Arm.

While we appreciate the efforts of proponents of projects at Bull Arm to inform our citizens in advance as to what types of skill sets will be required to meet their needs, there is another barrier to employment that has not been addressed. During Hibernia, it was difficult to get a job at Bull Arm if you were not on the union's list. It appears to us that both union membership and "getting on the list" have historically been serious impediments for Sunnyside residents. We applaud the new contract that gives first priority to Newfoundland and Labrador union members and second priority to Newfoundland and Labrador residents that are not union members. This is an excellent step but we would still like to see greater priority given to people in a 50 km radius of the site and we would like to see an effort made to "bring back" people who are working in other locations.

We would like to see a long-term commitment from Nalcor to the provision of benefits specifically to communities that are adjacent to the industry and absorb most of its costs and impacts.

We would like to see open discussion about recreation and service gaps on the Isthmus. When Hibernia was built, for example, a swimming pool was constructed on site and demolished when the site was no longer in use. In our view, there might be a way to partner with towns in the area to provide the recreational facilities needed for people working on site. Then the facilities could remain in use by area residents after the project is complete.

The project will provide \$1.0 billion in royalties per year to the Province - a total of \$16 billion is anticipated over the life of the project. While no one would argue that there are not significant benefits associated with this development, the Town of Sunnyside says that in the course of "concentrating on the forest, we are ignoring the trees". While EMCP's focus on providing provincial and national benefits is laudable, the Town of Sunnyside respectfully believes that workforce development and strategic community investments to build capability and capacity can also be undertaken much closer to home. A vibrant and growing Town of Sunnyside is in the best interests of all parties engaged in fabrication of gravity based structures in Bull Arm.

Memorial University is currently conducting a study on the area; one of the objectives of the study is to identify business opportunities in the area. We hope to the study will provide us with the information we need for economic development.

Final Thoughts

We would like to see the Isthmus area thrive and prosper. We are optimistic about the future. Things have changed considerably since the 1990s. Provisions have been made for more local benefits.

The grant in lieu of taxes will enable us to invest in our community and infrastructure.

The Town of Sunnyside looks forward to working with EMCP in building a sustainable relationship that invests in the social fabric of our community and makes our town a more desirable place to live - for its permanent and temporary residents.