



Stakeholder Response

Hebron Benefits Agreement

Prepared by:

Ellen Picco, Executive Director
Schooner Regional Development Corporation

Submitted to:

Canada Newfoundland and Labrador Offshore Petroleum Board
The Public Review Commissioner

November 14, 2011

Table of Content

<i>Background.....</i>	<i>3</i>
<i>Fabrication and Other Works.....</i>	<i>4</i>
<i>Procurement and Contracting.....</i>	<i>5</i>
<i>Labour Relations.....</i>	<i>6</i>
<i>Research and Development.....</i>	<i>7</i>
<i>Gender Equity and Diversity Program.....</i>	<i>7</i>
<i>Conclusion.....</i>	<i>8</i>

BACKGROUND

The Schooner Regional Development Corporation (SRDC), is the regional economic development organization for Zone 16, the Burin Peninsula. The mandate of the SRDC is to increase economic growth and diversification through opportunity identification, regional promotion, investment attraction and business development. This is achieved through partnership development, collaboration with industry, government line departments, regional stakeholders, municipalities and community-based organizations.

The Hebron Development, a project undertaken by an agreement between the Province of Newfoundland and Labrador, Chevron Canada Limited, ExxonMobil Canada Properties, ExxonMobil Canada Ltd., Statoil Hydro Canada Ltd. Petro-Canada and the Oil and Gas Corporation of Newfoundland and Labrador Inc. The Hebron Project holds huge potential to have a significant economic impact in this region through employment generation, new business start-ups and business expansions as a result of spin-off opportunities.

The Schooner Regional Development Corporation, as the regional economic development organization, for the purpose of this report, focused mainly on Section 5 Benefits; including:

- Section 5.5, Fabrication and Other Works
- Section 5.6, Procurement and Contracting
- Section 5.8, Labour Relations
- Section 5.9, Research and Development
- Section 5.11, Gender equity and Diversity Program

Partners of the Hebron Project are committed to completing as much work and employing as many Newfoundlanders and Labradoreans on this project, where qualifications meets the required standards, as possible. Partners of the Hebron Project, with the support of local economic and business development organizations like the Schooner Regional Development, can ensure this commitment is fulfilled and this region has the capacity to meet the demands of the industry. Thus, leaving a legacy that will benefit the province long after the completion of the Hebron Development Project.

The Schooner Regional Development Corporation have no control as to whether or not the Partners of the Hebron implements ideas/suggestions identified through this consultation process, the process itself raises awareness of the Hebron Benefits Agreement, which may lead stakeholders to continue to monitor the Benefits Plan and to pay close attention to the amendments as the project development is ongoing.

The following information provides the views of the Board of Directors of The Schooner Regional Development Corporation on the implementation of the Hebron Development Plan and how it can enhance the economy of the Burin Peninsula and the province.

Section 5.5 Fabrication and Other Works

The fabrication and construction of the Gravity Base Structure (GBS) is an opportunity for ExxonMobil to become heavily engaged in negotiations with the Building Trades Union to implement caveats in the union agreements which will provide opportunities for first year students in the craft trades, and first and second year apprentices to obtain employment in all components of the project. It is imperative that the Building Trades Union, industry and government seriously become engaged in developing a protocol to engage first and second year skill trades students on these job sites.

There is the perception that Newfoundland and Labrador, like the rest of Canada, will face a labour shortage in the next 3-5 years as the aging workforce begins to retire. There are a number of suggestions in response to addressing this issue.

Considerations include the following;

The downturn in the economy in 2008-2009, played a significant impact on students completing skills trades in this province. Prior to the recession student would complete a skilled trade and head to Alberta or other provinces throughout Canada to obtain employment and experience which would enable them to come back to this provinces and continue to build on their training. Since the recession, students have not had this advantage, there is a pool of students out there that have completed skilled trades and are working in the service industry, it is suggested that industry, unions and educational institutions work together to implement a mechanism to identify those students so they can refresh their training and be included in the skilled workforce which will be required to meet the demands of industry.

The Department of Education, specifically the Provincial Certification Apprenticeship Board (PCAB) should enter into negotiations with industry to identify the needs of the industry relevant to the life of the project to ensure the labour force is available for the project. The PCAB is making great strides in addressing issues relevant to the craft trades however, much work is still required especially for the first year students.

ExxonMobil with the support of regional organizations such as Regional Economic Development Boards, Chambers of Commerce, and community-based organizations should implement activities to enhance the awareness of the importance of a Healthy, Safe Work Environment Campaign through the local media, local schools, and post secondary institutions and throughout the overall region/province.

There needs to be a change of attitude regarding the benefits of zero tolerance and what it actually means to the quality of life as a result of a safe work environment. An awareness campaign has the potential to have a very positive impact with changing attitudes and adding to a “safer work environment”, similar to the attitude being implemented by kids today regarding the Recycling Program in the primary school system. The children of today are the people who will lead industry and development in the future. There is the potential to investigate and possibly implement a “Safe Communities” Designation.

Another option for changing the attitude of the general public regarding a Healthy and Safer Work Environment would be to work with the College of the North Atlantic to develop Speciality Training. The training then can be delivered to various groups and organizations throughout the region and the province. ExxonMobil can develop a Memorandum of Understanding for Speciality Training which would create regional partnerships and a sense of a community corporate friendly company. The MOU would ensure the College is prepared to offer the training on time that meets the needs of the industry. The College of the North Atlantic has the expertise and the capacity to deliver Safety Certification, Industrial Certification and specialty training to meet the needs of the company. ExxonMobil can work with the College to produce the person(s) they need to work in the industry especially in the craft field.

ExxonMobil should clearly identify a specific number of apprentices, as qualifications warrant, that will be employed in each component of the project including administration, trades, etc. Whether that number would be one in every five or one in every ten, it should be specific to every component, thereby creating equality in each component, not just the traditional sectors.

The Schooner Regional Development Corporation, as a partner in the Eastern Suppliers Development Alliance (ESDA), through the Supplier Development Project, is working with representatives of the business community, suppliers of goods and services, to enhance their capacity and bridge the gap between the supplier community and the industry, thus enabling them to bid on contracts and possibly obtain entry into the supply and service chain of the industry. ExxonMobil can ensure that process is effective by providing the consultant with information regarding the standards of the industry such as, what are the elements required for Quality Assurance, Quality Control and Process Management that businesses will be required to have implemented to pre-qualify on Expressions of Interests (EOIs).

ExxonMobil should commit to buy local, where possible. Providing and scheduling of the project components in advance, including a materials list and estimated timeframes will assist the local business community in stock piling the inventory to optimize on the opportunities. This exercise would contribute significantly to the economy of this region.

Section 5.6 Procurement and Contracting

Education and awareness is very important with respects to the procurement and contracting opportunities and how to go about bidding on these opportunities. Supplier development procurement information sessions should be held throughout the region in effort to reach the local business community; Expressions of Interest and Request for Proposals should be advertised in the local media and on the provincial job line at jobinnl.ca.

ExxonMobil can utilize the SRDC and regional economic development boards and chambers of commerce throughout the Eastern Region in marketing, planning and facilitating information sessions. Specific sessions should be held that target Women in Business. There is also the need to invest in promoting supplier development opportunities to women interested in starting a business, to encourage more women to start businesses that can supply the non-traditional needs of the industry.

It is critical that ExxonMobil become engaged with the Newfoundland and Labrador Organization for Women Entrepreneurs (NLOWE) in this province to ensure that the women have the advantages of being awarded contracts on an equal merit.

Another area that requires focus in contracting, when companies from outside the province are bidding on contracts, it should be critical that these companies hire from within the local labour force, when the qualifications are met, as opposed to bringing in their own respective crews.

This region is unique to many industrial areas. This region has a state of the art fabrication facility with a complement of goods and services readily available, and the employees can actually live and work within their community. ExxonMobil should make every possible effort to ensure this region is given equal opportunity to bid on projects.

5.8 Labour Relations

The Hebron Project holds huge potential for economic growth in the province and in this region. In the past there have been challenges with labour and there is the perception that this project may face labour challenges due to the aging workforce. This presents the opportunity for the local CAW union, government and the Building Trades union to negotiate an agreement that will enable local crafts people to work on site instead of going outside the province to bring in craft people when they are already here in the province.

With respect to having the labour force required on time, it is imperative that ExxonMobil be prepared to forecast the timing of project components which will enable residents living and working abroad to plan on relocating to this province. Individuals and families that plan on relocating to the province for employment will require a commitment from the employer on a timeline of employment, people will not relocate based on a call in for 6-8 weeks, former employees working in Alberta will not give up long term employment for a 6-8 week call in, individuals will need to have long-term commitments from the employer.

In order to ensure that the migrant workers will return to work for companies in this province, it is essential that companies be willing to provide the employees with benefits equal to that which they are receiving in Alberta and other areas of the Country. It is the view of the migrant worker that living in a camp site in this province for 10 days and having to drive 3-4 hours on the highway has no more of an advantage than flying to and from Alberta for 20 days and having 6 days at home. To ensure this province is positioned to meet the labour requirements, ExxonMobil will have to ensure the equality of benefits to the employee as with the rest of Canada.

Section 5.9 Research and Development

The Hebron Benefits Agreement identifies \$120,000,000 in Research and Development during the life of the project. In the past Memorial University obtained the greater portion of the research funds, it is important to remember The College of the North Atlantic has the expertise and the capacity to conduct

research and development. It is critical that ExxonMobil recognize the capabilities of the College and ensure the funds for R&D is spent outside the overpass.

Projects such as:

- Ocean technology can be completed in the natural environment here in Mortier Bay,
- Industrial Paints, can be studied and tested here in the natural environment
- Environmental & Metrological work can be easily conducted here in the natural environment with real results.
- Research on the social impacts of the Boom and Bust economy

There is the option to set up a Working Group between the College, ExxonMobil and SRDC to identify what needs to be done to meet the needs of the industry. If ExxonMobil can identify the skills of the workers required, the College can produce the individual the industry requires.

The College of the North Atlantic, Burin Campus has been recognized by many companies in Western Canada for turning out some of the most highly skilled, first class trades' persons in the industry. ExxonMobil, through this project, can play a significant role in building capacity with the College of the North Atlantic. There are 20 institutions throughout the province, which would be a lasting legacy for this province.

5.11 Gender Equity and Diversity Program

Gender equity is an area that keeps garnering support from many groups and organizations as well as government line departments. While the Hebron Benefits Agreement does include a requirement for a business access strategy, it does not currently outline specific requirements pertaining to this.

Newfoundland and Labrador Organization of Women Entrepreneurs (NLOWE) believes that women owned businesses in this province should have access to procurement and contracting opportunities and that there needs to be specific objectives set to ensure that women owned businesses are aware of and can access these opportunities. NLOWE recognizes that the number of women owned businesses in the province that can be direct suppliers to the project may be limited; however there women owned businesses that can service and supply the project, there are a number of women owned businesses that qualify to be second and third tier suppliers to the project.

The building of the Gravity Based Structure involves very exacting dimensional controls especially if potential exists for modules to be constructed at different locations. Dimensional control equipment and processes have evolved since the last major offshore project. Prepare to work with various unions with WEPDF to offer training in this technology. Courses can be crafted to suit the trade involved.

Benefits would include an increased and well trained workforce who could come onto a site and be productive on demand. Budgets for this activity would b a function of demand, a high level estimate of \$300,000 the equipment could then be utilized for other training. This training, as with any training, seats can be reserved for women and aboriginal groups. This training could also involve supervised on the job training.

Conclusion

The Schooner Regional Development Corporation (SRDC), as the regional economic development organization for the Burin Peninsula is prepared to work in partnership with ExxonMobil, its sub-contractors, and key stakeholders to assist in developing and implementing components of the Benefits Plan.

The Schooner Regional Development Corporation has the capacity at the local level to facilitate meetings with key stakeholders, and to engage the necessary resources required to assist the company in developing strategies and implementing promotional activities to enhance the awareness of the opportunities of the project and the Benefits Plan.

The Hebron Project holds huge potential for the Burin Peninsula, the Schooner Regional Development Corporation, has identified fabrication, oil and gas as the key priority sector for the region. It is through collaboration, partnerships and strategic planning that this region will optimize on the benefits of the Project. The Corporation is committed to supporting the industry and the local business community to ensure this region continues to grow and prosper from these major projects.