

**INDUSTRIAL BENEFITS
AND EMPLOYMENT PLAN GUIDELINES
NOVA SCOTIA OFFSHORE AREA**

January 11, 1994

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1.0 INTRODUCTION

This document has been prepared to provide guidance to operators contemplating exploration, development or production activities offshore Nova Scotia in the preparation of the required Canada - Nova Scotia Industrial Benefits and Employment Plan ("Benefits Plan"). **Before the Board may authorize any work or activity to be carried out in the offshore area, or approve any development plan, a Benefits Plan shall be prepared by the operator, submitted to and approved by the Board.**

This document sets forth current Guidelines which have been established and are administered by the Board. They may be revised from time to time. They are not to be construed or interpreted as regulations governing, nor as unique conditions precedent to, Benefits Plan approval. The nature and scope of each proposed activity will be considered by the Board when assessing the information required and monitoring process to be utilized in the Benefits Plan.

Each Benefits Plan shall have as its objectives:

- the employment of Canadians, and in particular, residents of Nova Scotia;
- the participation of Canadian, and in particular, Nova Scotia businesses in the provision of goods and services.

The Benefits Plan shall clearly state its operator's commitments to these objectives.

1.1 Interpretation

In these Guidelines:

- (a) "the Province" means the Province of Nova Scotia;
- (b) "the Acts" means the Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act and the Canada - Nova Scotia Offshore Petroleum Resources Implementation (Nova Scotia) Act;
- (c) "the Board" means the Canada - Nova Scotia Offshore Petroleum Board established by joint operation of Section 9 of the Provincial Implementation Act and Section 10 of the Federal Implementation Act;
- (d) "operator" means company, partnership, association or other organization or entity proposing any work or activity, including, but not limited to, an application for an approved development plan in the offshore area;
- (e) "offshore area" means the lands and submarine areas described in Section 2 of the Acts;
- (f) "resident of Nova Scotia" means:
 - i) in the case of an individual, a Canadian (or landed immigrant) who meets the residency requirements of the province as defined by the Nova Scotia Election Act, i.e., has resided in the Province for the immediately preceding six month period prior to project hiring.
 - ii) in the case of a corporation, an entity that has an operating office in the province, that is duly registered with the Register of Joint Stock Operation of Nova Scotia to conduct business in the Province and that has its controlling shareholders as residents of the Province.
- (g) "resident of Canada" means:
 - i) in the case of a person who was born in Canada and who has not relinquished his/her Canadian citizenship; or, a person who has been granted permanent resident status (landed immigrant status).
 - ii) in the case of a corporation, an entity that has an operating office in Canada, that is duly registered with appropriate authorities to conduct business in Canada and that has its controlling shareholders as residents of Canada as defined by Section 1.1(g)(i) above.

2.0 CONTACT POINT

All inquiries, correspondence and contact with the Board, concerning Canada - Nova Scotia Benefits Plans, should be directed to:

Manager, Administration, Industrial Benefits & Legal

Canada - Nova Scotia Offshore Petroleum Board

1791 Barrington Street

6th Floor, TD Centre

Halifax, Nova Scotia

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(902) 422-5588

(902) 422-1799

3.0 BENEFITS PLAN OUTLINE

The Benefits Plan for each project will be the subject of discussion between the Board and the operator. However, the following, outlines in general terms, the major elements to be included in a Benefits Plan:

- a sufficiently comprehensive description to provide a broad overview of the work proposed.
- an estimate of the project's demands for goods and services, by phase, for each of the major components in terms of quantities, values, timing and probable sources.
- forecasts of total program expenditures and direct employment created by major component, by region, and by year.
- an assessment of the economic impact of each phase of the project.
- a summary of opportunities associated with the project.
- a description of specific initiatives proposed which are directed to maximizing the benefits accruing to Canada and Nova Scotia. Each activity should be clearly identified, implementation schedules and milestones defined, and methods of measurement of performance and results set forth. The contracting strategy - number, size, scope and schedule - shall be tailored to ensure maximize opportunities for industrial benefits to Canada and Nova Scotia are maximized.

- an identification of the nature and number of positions to be initially filled by foreign nationals and an outline of succession plans to effect their replacements by qualified Canadians. Canada Employment and Immigration Commission (CEIC) participation and approval should be included.

- an outline of plans and expenditures that are to be made for research and development, and education and training within the Province.

- the operator shall ensure that its major contractors adopt the industrial benefits obligations of the operator for ensuring full and fair access and maximizing industrial benefits opportunities in all subcontracting activities.

4.0 FUNDAMENTAL PRINCIPLES & STATUTORY REQUIREMENTS

Consistent with the provisions of the Canada - Nova Scotia Accord and the Acts, the operator shall commit in its Benefits Plan, to the principles of providing full and fair opportunity and first consideration in procurement, employment, research and development to Nova Scotians.

In particular, each Benefits Plan shall address the following statutory requirements and confirm the operator's commitments as to:

4.1 Opportunity

To provide . . . *"manufacturers, consultants, contractors and service companies in the Province and other parts of Canada with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in any proposed work or activity" . . .*

4.2 Employment

To provide for . . . *"the employment of Canadians, and, in particular, members of the labour force of the Province" . . . More specifically . . . "consistent with the Canadian Charter of Rights and Freedoms, individuals resident in the Province be given first consideration for training and employment" . . .*

In addition, provide for . . . *"disadvantaged individuals or groups to have access to training and employment opportunities and" . . . "to participate in the supply of goods and services used in any proposed work or activity" . . .*

4.3 Procurement

. . . "first consideration is (to be) given to services provided from within the Province and to goods manufactured in the Province where those services and goods are competitive in terms of fair market price, quality and delivery" . . .

4.4 Education & Training; Research & Development

. . . "a program be carried out and expenditures be made for the promotion of education and training and of research and development in the Province in relation to petroleum resource activities in the offshore area" . . .

4.5 Establishment of Office

. . . "the corporation or other body submitting the plan shall establish in the Province where appropriate levels of decision making are to take place;" . . .

5.0 POLICIES AND PROCEDURES

The Board will give careful consideration to the operator's policies and procedures respecting employment opportunities and industrial benefits to Nova Scotia and Canada, recognizing the type, nature, size and duration of the project.

The Benefits Plan shall set forth the operator's intentions, plans and programs as to:

5.1 Information

- The provision of project information to the public, which is to be directed to individuals, groups, and communities.
- The timely provision of detailed information on project requirements to Nova Scotia and Canadian suppliers and contractors. Procurement, personnel, bid procedures, evaluation criteria, and debriefing intentions shall be presented.

5.2 Project Management

- The nature and extent to which the management of the project will be undertaken by the operator in Nova Scotia.
- The opportunity for participation by Nova Scotia and Canadian firms in engineering and project management functions.
- The contracting strategy, size of bid packages and specification shall maximize the opportunities for participation by Nova Scotia and Canadian firms.

- The extent to which contractors and suppliers are required to comply with the operator's commitments to Benefits Plan principles, in particular, the requirements for, and the extent to which, Nova Scotia and Canadian participation is to be included in the submissions of non-Canadian bidders.

5.3 Supplier Development

- The ascertaining of Canadian and Nova Scotia supplier capability; the nature and extent of appropriate measures to assess facilities, procedures and personnel, and the indication of new supply opportunities.
- The promotion of supplier and contractor development by encouraging licensing agreements, joint ventures and similar measures to further technology transfer and enhance supplier capability.
- Other initiatives to maximize opportunities for Nova Scotia and Canadian suppliers.

5.4 Employment and Training

The Benefits Plan shall be directed to maximizing the opportunities for, and the employment of, Nova Scotians and Canadians. It shall present:

- anticipated manning levels for each sector of the project with specific identification to new job opportunities. It shall indicate levels of Nova Scotia, other Canadian and non-Canadian employment for each sector.
- specific succession plans for the replacement of individuals in positions initially held by non-Canadians.
- the operator's intentions respecting the requirements of Section 45 (3)(c) and 45(4) of the Acts.
- other education and special training initiatives.

5.5 Research and Development

The support of Canadian based offshore-related research and development is fundamental to increasing the level of Canadian participation in future domestic offshore developments. The operator, therefore, shall describe its plans concerning:

- utilization of Nova Scotia and other Canadian firms and institutions to undertake offshore-related research and development; and
- proposed research and development projects, and associated expenditures, to be carried out in the Province pursuant to Section 45 (3)(c) of the Acts.

6.0 PROCUREMENT REQUIREMENTS

The Benefits Plan shall outline the potential opportunities for participation by Nova Scotia and Canadian entities in all aspects of the project.

The operator shall provide a description of its contracting strategy and a list of major contracts and purchase orders with anticipated milestones and dates for all project elements requiring Board approval.

6.1 Construction

The demand for goods and services over the period of construction of the proposed alternative shall be estimated by major components and shall include quantities, values, timing and probable sources for each reviewable procurement. Constraints to Nova Scotia and Canadian participation are to be identified.

6.2 Production

The annual demand for goods and services required to support production operations, for each major cost category associated with the proposed alternative, shall be projected in terms of quantities, values, timing and probable sources.

For each of the major cost categories identified, the operator shall provide an assessment of the ability of Nova Scotia and Canadian industry to participate, taking into account their current competitiveness in the marketplace, and shall identify any constraints to their participation.

7.0 LABOUR REQUIREMENTS

The Benefits Plan shall outline the employment potential for participation by Nova Scotians and Canadians in all aspects of the project.

7.1 Construction

The annual demand for labour in person-years, for each major component of the project shall be projected by skill classification in accordance with the Canadian Classification and Dictionary of Occupations (CCDO). These demand estimates shall be identified in terms of Nova Scotia and other Canadian based requirements.

The operator shall provide an assessment of availability of labour from these sources to meet this demand and shall identify special training requirements which might be needed to maximize the Nova Scotia and Canadian labour force participation.

7.2 Production

The annual operating labour requirements in person-years, for the proposed alternative shall be projected by skill classification in accordance with the CCDO.

The operator shall provide an assessment of the availability of Nova Scotia and Canadian labour to meet this demand and shall identify any special training requirements which might be needed to maximize Nova Scotia and Canadian labour force participation.

8.0 CONSULTATION, MONITORING & REPORTING REQUIREMENTS

This section of the Benefits Plan Guidelines outlines the general requirements for consultation with the Board during the preparation of the Benefits Plan and for monitoring, reporting and verification to the Board for the life of the project.

8.1 Consultation

Operators shall initiate and maintain, timely consultations with the Board during the preparation of the Benefits Plan. In particular, the Board encourages early discussion of operator's procurement strategies and contracting plans to ensure that full and fair opportunities are provided to Nova Scotia and Canadian suppliers.

8.2 Monitoring

Effective monitoring, reporting of procurement decisions and reporting of expenditures and employment levels are necessary to ensure that the principles of the Benefits Plan are being followed and the operator's commitments set forth therein are being met.

Accordingly, the operator shall describe its plans for monitoring and reporting, on a regular basis with respect to the efforts of both itself and its contractors in achieving benefits to Canada in general, and to Nova Scotia in particular.

The Board shall be notified of the operator's intentions regarding prequalification of suppliers/contractors, the development of bidders' lists for procurement purposes, invitations to tender, and of contract awards. The operator must receive prior approval of the Board for all activities directed to the purchases of goods and services for the project and having a value in excess of \$50,000.

8.3 Reporting

Operators are required to submit Benefits Plan reports as follows:

90 Day Reports

For each major component of a project, (eg., a seismic program, a well) a report on activities is required. The report shall be referenced to the anticipated benefits for that component as set forth in the work program, noting any deviations from the original plan.

The report shall be submitted within 90 days of the completion of the work. Relevant information shall include, but not be limited to, commencement and completion dates, expenditure reports by product or service and contract/supplier, equipment utilized, jobs created, work months of employment by category of residence/citizenship, special initiatives if any, and the like. This requirement may be waived by the Board for ongoing projects which require semi-annual and annual reports.

Semi-Annual Reports

A report on employment is required, which report shall pertain only to jobs or people directly associated with the project and shall cover the activities of both the operator and its major contractors and sub-contractors. The report shall include, for each company, the position or title, number of positions, number of work months for Nova Scotians and Canadians, foreign nationals and totals.

A report on Education and Training is required and shall include an identification of each program, its duration, list of participants, expenditures and, if applicable, the effect on the operator's Succession Plan.

A report on Research and Development is required, including a description of each program, its duration, list of participants, and expenditures.

A report is required on procurement activities outlining expenditures by component, quantity, value and source, including the extent and degree of Canadian and Nova Scotia content.

A report on special initiatives undertaken, is required, including a review of progress and results, problems encountered, remedial action taken or planned and future activities. These semi-annual reports shall be submitted to the Board within 30 days of June 30th and December 31st, respectively.

Annual Report

The Board requires that operators engaged in activities in the Nova Scotia offshore area submit an Annual Benefits Report. This report shall provide a summary of the previous year's activities, an update on planned activities, status reports on special initiatives and information to document compliance with regulatory requirements and an achievement report with respect to the past of Canada - Nova Scotia Benefits.

Relevant Annual Report Plan Objectives information shall include, but not necessarily be limited to:

- a description of the work program activities documenting the periods in which they occurred. In similar fashion, an outline of any major modifications to anticipated work activities over the remaining term of the agreement shall be included;
- a presentation of total annual expenditures, categorized by major components;
- provision of an employment summary, reported in work-months, for the operator and all contractors dedicated to the program;
- a description of Research and Development activities, including associated expenditures undertaken by the operator in the Province;
- a discussion of the results of specific activity initiatives undertaken by the operator.

Annual reports shall be prepared on a calendar year basis and shall be submitted to the Board by March 31st of the subsequent calendar year.

8.4 Audits

The operator, joint-operators, contractors and sub-contractors involved in any work or activity carried out in the offshore area shall be subject to periodic industrial benefits audits undertaken by the Board or its designated agents. The purpose of the audits is to verify reporting information received by the Board. The Board's auditors shall have access to, and the right to report on, any information (financial or otherwise) utilized in the preparation of industrial benefits reports.