

Atlantic Accord Review

Technical Briefing
Executive Council
April 1, 2019



The Way Forward



Background

- In 2005, the Government of Canada and the Government of Newfoundland and Labrador agreed to review the Atlantic Accord

Process

- Premier Ball wrote Prime Minister on February 8, 2018 to initiate the review
- Prime Minister committed to concluding the review by March 31, 2019
- Premier Ball led negotiations, supported by a whole-of-government team



Principal Beneficiary

- Treatment of offshore resources as if they were on land
- Joint management
- Province must receive appropriate share of offshore-related revenues

Outcomes

- Guaranteed revenue
- Joint management
- Rate mitigation

Outcome 1 – Guaranteed Revenue

- **Province will receive revenue from the Federal Government's working interest in the Hibernia Project:**
 - \$3.3 billion guaranteed cash over 38 years (2019-56)
 - In exchange for guaranteed cash, NL will make eight annual payments of \$100 million to begin in 2045
 - \$2.5 billion value (net)
 - Payments front end loaded with \$1.9 billion received by 2030
 - average \$160 million per year
 - Immediately reduces net debt by \$2.5 billion, ~\$5000 per capita

Outcome 2 – Joint Management

- **Commitment to deepen and strengthen joint management:**
 - NL and Canada agree to a commitment to jointly manage offshore petroleum development and marine conservation
 - Clarification of oil and gas activity in marine conservation areas
 - Permitted in Northeast Newfoundland Slope Marine Refuge
 - Restricted in proposed Laurentian Channel Marine Protected Area
 - Discussions on land tenure, worker safety, regulatory efficiency and regulator modernization will conclude within two years
 - Other joint management priorities may also be discussed

Outcome 3 – Rate Mitigation

- Canada will engage with Newfoundland and Labrador to expeditiously examine the financial structure of the Lower Churchill projects, so that the province can achieve rate mitigation
- Process to begin April 5, 2019, with a meeting of Premier Ball and Finance Minister Morneau

Dispute Resolution

- **This agreement includes an independent dispute settlement mechanism:**
 - Arbitration for disputes arising out of, or in connection with, this agreement

Questions?

