

Study Indicates Oil Industry is Significantly Impacting Local Economy

For Immediate Release

Halifax, NS – According to a report released today, the oil and gas industry has made a large and direct contribution to the economy of Newfoundland and Labrador. The report was released by Petroleum Research Atlantic Canada (PRAC), and says that between 1999 and 2003 the province's GDP was, on average, \$1.9 billion higher because of activity related to offshore oil and gas development. The report also indicates that the oil and gas industry stimulated \$1.2 billion in infrastructure investment since 1990, and has generated significant business realty and occupancy taxes on an annual basis.

The research, carried out by Community Resource Services of St. John's, identified ways in which offshore petroleum activity is helping to transform the economy of the province. The report also indicates some of the effects the oil and gas industry is having on the province, ranging from expansion of oil and gas infrastructure to sponsorship of petroleum-related teaching and research programs at the secondary level.

Using the Newfoundland and Labrador provincial government's economic model, the report provides a detailed description of the economic benefits that have accrued to the province, based on oil production, expenditure and employment data from 1999 to 2001. The report also considers ways in which the industry may impact the province in future years, focusing on the longer-term implications of future exploration, development and production.

Carey Ryan, Project Director, Petroleum Research Atlantic Canada states, "The study clearly shows the contribution of the offshore petroleum activity to the strong growth in the province's economy. Equally important is the breadth of these impacts as demonstrated by the report's case studies."

"The continuing development of the offshore oil and gas industry is providing economic stimulus for the province, and the region as a whole," said Paul Barnes, Manager, Atlantic Canada for the Canadian Association of Petroleum Producers. "Studies like this confirm what Industry has been saying for years, we are making a significant economic impact to the region", added Barnes

Petroleum Research Atlantic Canada, the Newfoundland and Labrador Department of Mines and Energy, Canadian Association of Petroleum Producers and Husky Energy jointly funded the study. Memorial University of Newfoundland's Public Policy Research Centre provided in-kind support.

For access to the full report, please visit www.pr-ac.ca

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Petroleum Research Atlantic Canada, the Newfoundland and Labrador Department of Mines and Energy, Canadian Association of Petroleum Producers and Husky Energy jointly funded the report. Memorial University of Newfoundland's Public Policy Research Centre provided in-kind support. The full report is available electronically at www.DOT.pr.DASH.ac.DOT.ca

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