

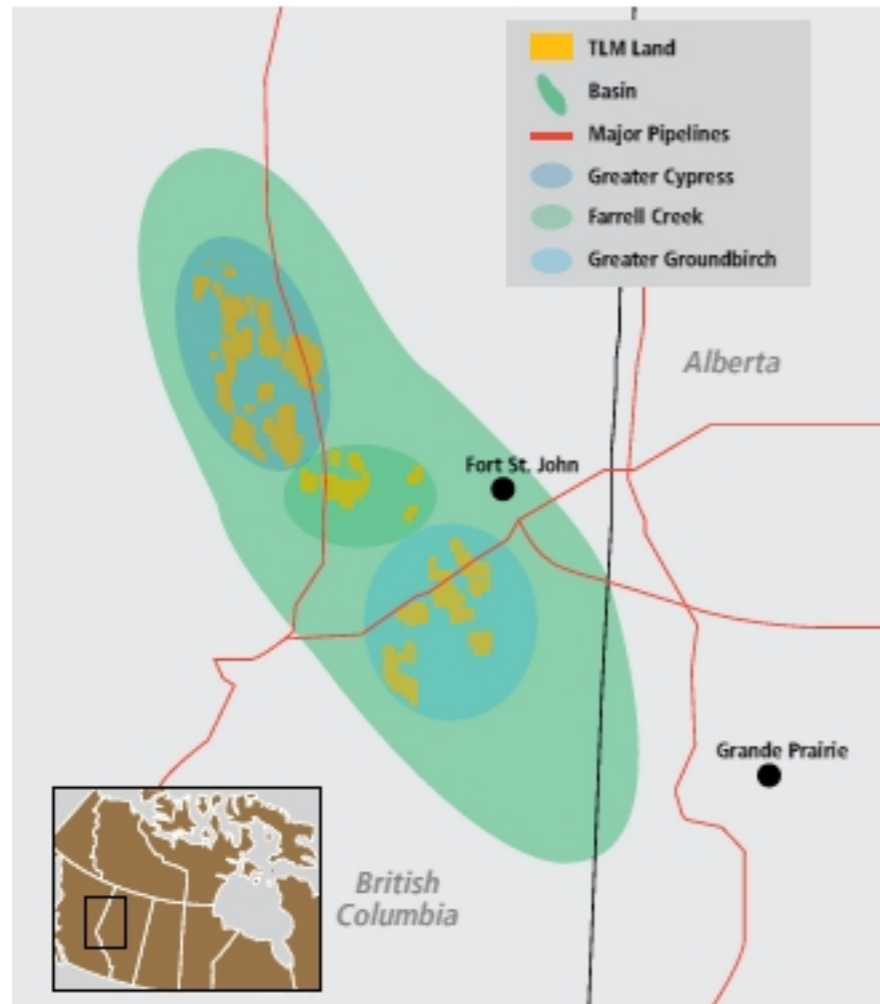
# **Local and Aboriginal Contractor Procurement Initiatives**

**British Columbia Oil and Gas Industry**

IOGCC Mid Year Meeting, June 5, 2012  
Vancouver, Canada

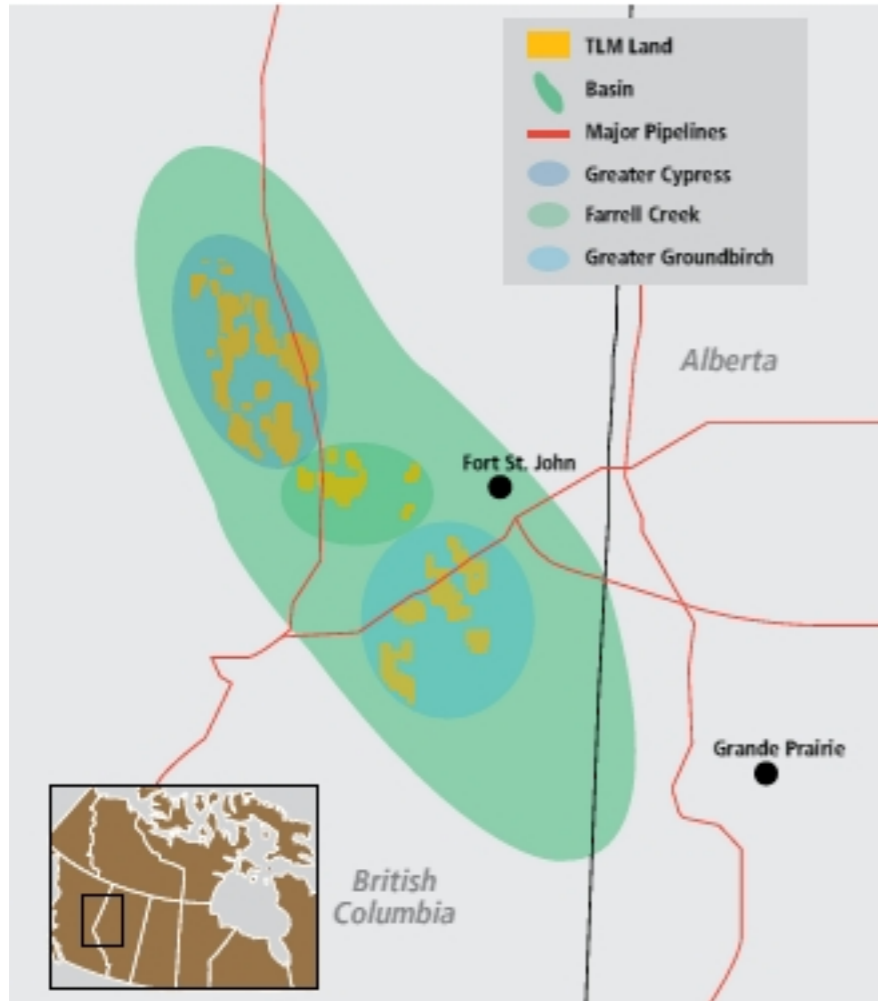
# Montney Shale Play

## Social Licence to Operate



1. Environment
2. Local Economic Opportunities
3. Public Safety

# Local Procurement Issues



- Smaller Service Sector in BC
- Provincial Sales Tax
- Close proximity to Large Contractor Base Outside the Region/Province
- Licence Plates

# Local Contractors Not Getting Contract Opportunities

- Non-Local Licence Plates
- Oil and Gas Producers Local Hiring Statistics Are Not Accurate - Not Trusted
- Local Contractors Not Supportive of Industry

# Background - Business Development Initiative (BDI)

- Identify the BC Service Sector
- Identify BC Producers - Encourage Transparency
- Remove Barriers for Better Communication
- Promote BC Contractors - Develop Events



# BDI Outcomes

- Producers Need a System to Identify Local and Aboriginal Contractors
- Need For a System to Communicate Bid Opportunities to Contractors
- Hiring Statistics are Needed to Measure Local Hiring
- Qualified Contractors - Health & Safety

# Solution: Three Initiatives in British Columbia



# Solution 1: Local and Aboriginal Business Platforms





# What are the BC Based and Aboriginal Business Platforms?

- **1. Certification** - Certifies locally-based and Aboriginal businesses
- **2. Directory** - Places certified businesses on a searchable directory
- **3. Procurement** - Allows oil and gas producers to communicate contract opportunities to certified local and Aboriginal businesses and keep local hiring statistics.

# Why Oil and Gas Producers Support Platform?

Increasing Stakeholders and Demand



Modern  
Due  
Diligence



# Why Oil and Gas Producers Support Platform?



## **EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.**

### **1. Relevance**

The influence an organization can have on a local economy goes beyond direct jobs and payment of wages and taxes. By supporting local business in the supply chain, an organization can indirectly attract additional investment to the local economy.

Reporting organizations can gain or retain their 'social license to operate' in part by demonstrating positive local economic impacts. Local sourcing can be a strategy to help ensure supply, support a stable local economy, and can prove to be more efficient for remote settings. The proportion of local spending can also be an important factor in contributing to the local economy and maintaining community relations. However, the overall impact of local sourcing will also depend on the sustainability of the supplier over the long term.

### **3. Definitions**

#### **Locally-based suppliers**

Providers of materials, products, and services that are based in the same geographic market as the reporting organization (i.e., no trans-national payments to the supplier are made). The geographic definition of 'local' may vary because, in some circumstances, cities, regions within a country, and even small countries could be reasonably viewed as 'local'.

### **4. Documentation**

None.

### **5. References**

None.

# **Solution 2: Health, Safety and Environment Contractor Qualification System**



# Progress Energy Needs



- Contractor HSE due diligence requirement
- A way to help local and Aboriginal contractors to participate in industry

# HSE Qualification Outcome



- Online auditor that was hired to “audit” companies also “helped” local contractors develop HSE programs
- Local and Aboriginal contractors were able to participate in oil and gas industry
- HSE due diligence requirements met

# Community Benefits



- One system for contractors to get qualified and receive contract opportunities
- 3rd Party Oversight
- Confidence in Information and Statistics - Community Partners



# Community Benefits



- More bid opportunities for local and Aboriginal contractors
- Information that will increase the knowledge to help local and Aboriginal contractors compete





# Industry Benefits



- Leading Best Practices
- Positive Relationship with Communities through Contractors
- Social Licence to Operate
- Opportunity to Use in Other Regions

# Thank You.

- For more information on a local and Aboriginal procurement platforms:
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