



# *Crown Share Adjustment Payments (CSAP) Overview*

October 10, 2007

## **What are CSAP?**

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- In 1982, Nova Scotia agrees to set aside claims to offshore ownership in exchange for compensation.
- The CSAP entitlement was provided to Nova Scotia by Canada under our 1986 Offshore Accord as compensation for Nova Scotia's loss of its right to a portion of the Federal Crown Share in offshore projects when Canada repealed that entitlement.
- Under its 1982 Offshore Agreement with Canada, Nova Scotia's Crown Share entitlement had provided it an option to acquire up to a 12.5% share of an offshore gas project and up to a 6.25% share of an offshore oil project.
- The importance of the Crown Share entitlement, a central benefit of the 1982 Offshore Agreement, is evidenced by statements at the time from both Provincial and Federal politicians.
- The 1986 Accord states as one of its objectives that Nova Scotia shall receive "financial benefits equivalent to those [Nova Scotia] would have achieved had it exercised its Crown Share option".
- With respect to CSAP, Part VIII of the 1988 legislation implementing the 1986 Accord provides that Canada shall pay to Nova Scotia an amount equal to at least 75% of the "deemed profit" in respect of a project.
- A joint independent three-member panel to be established to determine method of calculation of CSAP value. Panel to report its recommendations to both levels of government by March 15, 2008. Federal obligation to make ensuing Crown Share Adjustment Payments to Nova Scotia.

## **What is Canada's CSAP obligation?**

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- Nova Scotia's entitlement to CSAP is enshrined in Federal legislation. As a statutory right, the question of whether there is an obligation is without dispute. The uncertainty is how to calculate the obligation.
- The Federal legislation requires the drafting of CSAP Regulations before CSAP can be calculated. It is Canada's responsibility to draft the Regulations.
- Canada has a duty to consult with Nova Scotia on the CSAP Regulations and Nova Scotia must approve the Regulations.