



News Release

October 10, 2007

Discussions Conclude Successfully on Offshore Accord

Nova Scotia is now the principal beneficiary of its offshore resources.

Premier Rodney MacDonald and Prime Minister Stephen Harper today, Oct. 10, concluded discussions that clarify and protect the principles and dollars expected over the life of the 2005 Offshore Accord. The federal and provincial finance ministers have exchanged letters that confirm and outline the new understanding.

Nova Scotia can now choose a different equalization formula than was offered in the federal budget in February 2007. All dollars expected over the life of the accord will be protected to ensure that Nova Scotia is the principal beneficiary of its offshore petroleum resources.

In addition, a panel is being appointed to deal with Crown share payments, which were guaranteed to the province in the 1982 and 1986 accords.

"We have clarified that Nova Scotia will never lose benefits negotiated in good faith under the 2005 accord. In fact -- based on today's estimates -- we expect to receive an additional \$229 million more than would have been provided under the accord," said Premier MacDonald. "Today, we are closer to becoming a have province, one where we can provide a better future for our children and where we can contribute to a stronger Canada."

Choosing between the equalization formulas presented in the federal budget was a discussion point between the two levels of government. Nova Scotia can now choose between the expert panel formula, known as O'Brien, and the formula that was in place when the 2005 accord was signed.

Nova Scotia must choose a formula in 2008. Since the impact of the choice can only be determined by future variable, such as offshore activity and the fiscal strength of other provinces, Nova Scotia will be compensated to ensure it receives no less than was expected over the life of the 2005 accord.

As well, Nova Scotia's statutory right to federal payments, based on offshore oil and gas project cash flows, known as Crown share payments, will be addressed. Both levels of governments have agreed to accept recommendations from an independent panel which will report findings on Crown share by March 15, 2008.

"We believe that Crown share is worth hundreds of millions of dollars to Nova Scotia," said Premier MacDonald. "For nearly two decades, we made no headway in resolving this issue, and now we have come to a solution that reaffirms a right that was established in law in the early 1980s."

"Simply put, it's a good day for Nova Scotia."

FOR BROADCAST USE:

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Nova Scotia can now choose a different equalization formula than was offered in the federal budget in February 2007. The province can now choose between the expert panel formula, known as O'Brien, and the formula that was in place when the 2005 accord was signed. Nova Scotia will be compensated to ensure it receives no less that was expected over the life of the 2005 accord.

In addition, a panel is being appointed to deal with Crown share payments, which were guaranteed to the province in the 1982 and 1986 accords.

Premier MacDonald says Nova Scotia will never lose benefits negotiated in good faith under the 2005 accord. In fact, based on today's estimates, he expects an addition \$229 million more than would have been provided under the accord. The premier also says he believes that Crown share payments are worth hundreds of millions of dollars to Nova Scotia.

The premier says, simply put, it's a good day for Nova Scotia.

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