

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: Update – Proposal to Facilitate Private Sector Involvement in the Oil & Gas Industry

Paper No: 13/13

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Report of: FIDC GM – Marc Boucher

1. Purpose

- 1.1 The purpose of this Paper is to provide an update to EXCO on the past and proposed activities of Falkland Islands Development Corporation (FIDC) in support of the Falkland Islands private sector involvement in the oil and gas industry.

2. Recommendation

- 2.1 The information provided in this paper is to provide EXCO with an update on activities undertaken in support of the recommendations made in EXCO Paper 56/12. Therefore, no recommendations are being proposed at this time.

3. Summary of Financial Implications

None

4. Background

- 4.1 EXCO paper 56/12, dated 22nd February 2012, made a recommendations for a number of activities to be undertaken in support of the oil and gas development in the Falkland Islands. One of the recommendations which were approved by EXCO was the following;

“The Falkland Islands Development Corporation is requested to consider making provision for financial assistance for local companies to assist them to develop services required by the oil and gas industry. This should include assistance with skills training and certification of their workforce in order to meet the standards required by the industry.”

4.2 Since the approval by EXCO of the above recommendation, FIDC undertook or is planning to undertake the following;

- FIDC accompanied the Falkland Islands Chamber of Commerce delegation to Aberdeen and the Shetland Islands, in early May 2012. The purpose of these visits was to obtain a better understanding of the oil development and impact on local businesses.
- From October to December 2012, the General Manager of FIDC met with several businesses in advance of the preparation of the 2013/14 FIDC Business Plan and budget. These meetings resulted in FIDC identifying the potential for significant increase in loan requests, in the number of loans and amounts being requested. Confirming the requirement for FIDC to facilitate the establishment of a scheme to assist businesses in meeting standards which will have to be met in order to local businesses to be considered for a contract by oil and gas operators and service companies. In addition, FIDC has identified that facilitating the presence of Falkland Islands businesses and business organizations at various oil and gas industry conferences. This either through direct sponsorship of conferences or financial support for businesses to participate.
- In addition, an internal review was conducted of the existing structure of FIDC and how products and services are being delivered to the business community and aspiring entrepreneurs. A proposal for a restructuring of FIDC organisational structure will be put forward to the February Board meeting of the Falkland Islands Development Board (FIDB). In this new organisational structure a new position will be proposed, that of an Oil and Gas/Industry Development Officer. This new position will be focused on providing business advice, managing projects and in general supporting businesses involved or wanting to be involved in the oil and gas industry.
- FIDC included in the 2013 Business Climate Survey a section focusing on the oil and gas industry. The purpose of which is to identify both the interests and barriers (perceived or real) to businesses wanting to increase their activities or establish themselves in the oil and gas industry.
- FIDC will be advertising in both the Penguin News and on Falkland Islands Radio in late January and early February, 2013, for interested businesses or individuals wanting to be listed in an Oil and Gas Business Directory. The directory is proposed to be use by oil and gas operators and services companies in order to identify Falkland's businesses active or wanting to become active in the oil and gas industry. The directory is proposed to be made available both in electronic form and on FIDC's website.
- With the Oil and Gas Business Directory listing being completed by mid-February, it has been agree with Premier Oil that two workshops would take place in March of 2013. One of these workshops will be focused on contracting practices and policies of Premier Oil, while the other workshop will concentrate on health and safety standards that Premier Oil expects from businesses considering bidding on contracts for work on the Premier Oil development.

- Following these two workshops, FIDC will request proposal from consulting firms to undertake gap analysis of the businesses listed in the Oil and Gas Business Directory and requirements outlined in the Premier Oil workshops. The gap analysis will form the bases for the development of a scheme in support of the participation of Falkland Islands businesses in the oil and gas industry.

4.3 FIDC will be making recommendations, first to FIDB and then to EXCO, on the type of support which should be provided to Falkland business in order to facilitate their participation in the oil and gas industry, at the end of May 2013. The schedule of events and actions is predicated in order to ensure that standards to be met are aligned with the expectations of the oil and gas operators, in this case Premier Oil.

4.4 In addition to Premier Oil, FIDC will be engaging with other oil and gas operators and services companies in order to promote the use of Falkland Islands businesses. This will be done via the participation to such events as the Offshore Technology Conference in Houston, Texas, US in May of 2013 and to the Offshore Europe conference and exhibition in Aberdeen, Scotland, in September 2013.

5. Financial Implications

There are no financial implications at this time.

6. Legal Implications

There are no legal implications for FIG or FIDC at this time.

7. Human Resources Implications

There are no human resources implications for FIG or FIDC at this time.