



June 11, 2013

VIA EMAIL

Original to follow by mail.

Metro Vancouver Board of Directors
4330 Kingsway
Burnaby BC V5H 4G8

**Re: Section E 3.1 of June 14, 2013 Board Agenda:
Air Quality Impacts of New and Expanded Coal Shipment Activity in Metro Vancouver**

Dear Metro Vancouver Board of Directors,

Thank you for the opportunity to address this agenda item dealing with an additional set of recommendations to the Board from the Committee on the potential air quality impacts of new and expanded coal shipment activity in Metro Vancouver. We appreciate the time the Board is taking to hear from a variety of stakeholders and citizens on this item.

The Business Council is disappointed that the Environment and Parks Committee revised the April 11, 2013 recommendations on this subject, and replaced them with a significantly expanded set of recommendations. In the view of the Business Council this represents an unnecessary and ill-advised shift away from a collaborative approach to a more confrontational one that is not merited on the basis of either fact or procedural fairness.

By way of background, the Business Council of British Columbia has been around for more than 45 years and was, interestingly, formed in part to deal with Port-related issues. Since that time the Business Council has evolved to represent over 250 companies and organizations in BC – spanning all economic sectors, and including the province's leading academic institutions. Our primary role is to provide advocacy and policy advice to help create and sustain a prosperous province, built on the foundation of a healthy economy and a high standard of living. We work collaboratively with governments, our members, and other groups on a wide variety of public policy and business issues, including those concerning natural resource development, infrastructure policy, trade and market access, and the environment.

While the Business Council does not normally address Metro Vancouver Board and Committee activities, we feel an obligation to our members and to the province to speak to certain aspects of this agenda item that we find problematic. This is a growing concern amongst our members and we note that the Business Council has recently spoken to a City of Vancouver motion seeking, in effect, to ban coal exports from the City.

Before turning to the specifics of our concerns with the recommendations, we offer a few general observations about the broad topic of natural resource development and the infrastructure required to bring goods from BC and other Western Canadian provinces to market.

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For some time, the Business Council has been a strong advocate for a Pacific Gateway strategy that enables the development of Canadian and North American trade with commercial partners in Asia. And on many levels this has been a success story. There is no question that British Columbia and Metro Vancouver have weathered the global economic storms of recent years better than most other North American jurisdictions. In part, this is due to our evolving trade linkages with Asia, including sustained growth in exports of BC and other Western Canadian commodity based products to that region. Indeed, over the past five years, British Columbia's exports to Pacific Rim economies have expanded to the point where they now approximately equal, in dollar terms, our shipments to the United States, which remains our biggest market. This trade diversification has been helpful in supporting jobs and sustaining economic activity in the province. And Port Metro Vancouver (PMV) has been a key part of this export success story.

A recent study examining PMV's economic impact found that 47,700 jobs in BC are directly related to the Port's activities. And if the indirect linkages are included, the Port supports over 106,000 jobs.¹ Most of these jobs are in the Lower Mainland region. In the light of this, we find it strange that a Metro Vancouver Committee would bring forward a policy that is, by extension, at odds with the future growth and continued commercial success of PMV.

It is important to recognize that Port Metro Vancouver is not simply or even mainly a local infrastructure asset. It is Canada's largest port, a vital national trade gateway that facilitates commerce and enables global market access for industries from all across Western Canada. The Port is Canada's most valuable window on the Asia Pacific, a region that's expected to account for at least half of global economic output and consumption by 2025. The federal and provincial governments, along with the private sector, have made substantial investments to improve efficiencies, support growth, and manage the external impacts of activity at the Port with world class environmental policies and best practices in project consultation.

Municipal officials in the lower mainland should recognize that there is a compelling national and provincial interest in ensuring the integrity and commercial viability of PMV, and of the Greater Vancouver Gateway of which it is a central part. The vital role of the Port within the national and provincial economies is a reason why local governments in Canada don't exercise primary jurisdiction over critical transportation infrastructure such as ports, airports, and railways.

We believe it is also necessary to understand coal's contribution to BC's economy. Annual coal production in BC exceeds 26 million tonnes. In terms of value, in recent years coal has been BC's largest single export product. In 2011, \$7.1 billion worth of coal was shipped from BC, which was 22% of all provincial international merchandise exports. Last year BC shipped \$5.7 billion in coal (18% of all exports). It should also be noted that the majority of BC's coal production is metallurgical coal, which is used in steel making. Metallurgical coal has particular properties used in the production of steel.

¹ "2008 Port Metro Vancouver Economic Impact Study," InterVISTAS Consulting Inc. (January 2009).

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Section E 3.1

Air Quality Impacts of New and Expanded Coal Shipment Activity in Metro Vancouver

Turning specifically to Section E 3.1, we would offer the following observations for consideration by the Board.

First, while the Business Council is broadly supportive of science-based initiatives to regulate air quality and manage the impact of development, we believe it's the wrong approach to simply try to stop expansion projects by limiting coal shipments to only the Roberts Bank terminal. To our knowledge, the Committee has undertaken no analysis of the economic, marketplace or competitive context for the Western Canadian coal industry, nor has it considered the business implications of Section E 3.1.

This addition to the Committee's April recommendations is at odds with established development application processes and the land use objectives outlined in the new Regional Growth Strategy: Metro Vancouver 2040 – Shaping our Future. While the *potential* impact on air quality is cited as the reason for this recommendation, there is in fact no substantive data to validate this action. Moreover we submit that such blanket rejections would constitute a significant change in how projects are evaluated in the region.

As the Committee and Board are aware, air quality in the Lower Mainland has been improving for many years. A few years ago, the Business Council reviewed ambient air quality improvements in the region, utilizing data from Metro Vancouver.² We also discussed some of the reasons why air quality is expected to continue to improve going forward. The good news about air quality in Metro Vancouver needs to be recognized by municipal officials across the region.

This is not to suggest that additional health and environmental studies relating to the growth of activity attributable to PMV will never be warranted. But given the existing evidence, we suggest that the Board adopt a more constructive approach, and work with the coal sector and the Port to examine potential issues around coal dust and how to best mitigate any impacts. Simply calling for a halt to new development, other than through Roberts Bank, is procedurally unfair and runs counter to establishing an efficient and effective regulatory system for project development in the region.

We would further note that the coal industry continues proactively to address issues arising from the movement of coal. For example, BNSF has found that the application of a topper agent or surfactant to the surface of a loaded coal rail car effectively mitigates the loss of coal dust during transit.³ Dust suppression systems have also been implemented at terminal sites. Neptune Terminals, for example, has installed spray systems to keep the coal in the storage area damp. It

² Business Council of British Columbia, "[Good and Getting Better: Air Quality in the Lower Mainland](#)," (May 2008).

³ See BNSF website: <http://www.bnsf.com/customers/what-can-i-ship/coal/coal-dust.html>

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also employs a water spray truck for perimeter dust control. All water used on the dry bulk system is treated before entering the Metro Vancouver sewer system.

The Business Council also has significant concerns with respect to the fourth recommendation, requesting Port Metro Vancouver to require mitigation measures and monitoring to address emission sources that are not within the jurisdiction of Metro Vancouver. While it is unclear precisely what the Committee is requesting in terms of specific actions, this presumably is related to the activities onsite at Port Metro Vancouver that emit GHGs.

We note that, as the Board is aware, Port Metro Vancouver has undertaken a number of significant initiatives with respect to GHG and clean air strategies. The Northwest Ports Clear Air Strategy and Blue Circle Awards are recognized as industry best practices, with significant air quality improvements over the years, despite major increases in port shipping volumes.

We believe it is necessary to acknowledge that if Port Metro Vancouver does not expand its coal-handling capacity, Alberta and BC coal will likely be shipped to destination markets via other port facilities (in the US or through Prince Rupert). By the same token, if Canada or BC were to decide to get out of the coal production business altogether, as some appear to advocate as a means of slowing the pace of coal fired energy use, we can be certain that customers who traditionally have been buyers of Canadian/BC coal will have no trouble finding other suppliers. In a world currently full of accessible coal energy options, it is hard to see how the world would benefit from shrinking coal production here in BC. And for British Columbians, there is nothing to be gained by denying ourselves the ability to produce and market a product in which we have excellent environmental practices and a global comparative advantage.

To be clear, the Business Council recognizes the climate change challenges posed by thermal coal (BC's coal is primarily metallurgical), and we support an effective carbon pricing regime as part of a comprehensive effort to address climate change. However well-intentioned this agenda item may be, there is no doubt its potential effect on trade is negative. Not only does it send the wrong signal to our commercial partners (and, indeed, to shippers and industries all across Canada that rely on PMV), it is also somewhat hypocritical given that residents of this region do, and will continue to, purchase and consume a wide range of goods that utilize metallurgical coal in the production process.

Finally, we submit that this agenda item, and a recent Motion from the City of Vancouver on coal, is at odds with the economic foundations of the region's prosperity. Why do we say this? Because arguably the two most important economic sectors in Metro Vancouver are:

- the Greater Vancouver Gateway cluster, consisting of the Port and the transportation logistics cluster, and various technical and professional service industries that are closely linked to it, which together support and sustain many tens of thousands of mostly high-paying jobs in the Metro Vancouver region. While we do not tend to claim that any particular industry is more important than another, a convincing case can be made that the Gateway Cluster is the largest and most important economic engine in the region; and,



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- the mining/mineral exploration and development cluster, consisting of some 800 mining companies whose offices are located predominantly in the City's central business district, and which are a vital source of demand for the legal, accounting, financial, engineering, technical and various other service-providing businesses that occupy a large portion of the office space in the City.

Further to the above points, we note that the Provincial government, the Vancouver Economic Commission (VEDC) and other local economic development groups have consistently identified both the Gateway and Mining as key clusters in the region's economy. In its promotion of the region, the VEDC prominently cites the benefits of the \$13 billion that the federal and provincial governments and the commercial transportation industry have invested in Gateway infrastructure to facilitate growth in Port and related activities.

In a more localized context, we would suggest that the Port is actually part of the fabric of the city and the broader region. Metro Vancouver exists and has been built up over the past century in part because of the Port. Indeed people enjoy our maritime culture, watching the ships and the ever-changing seascape from a commercial lens of understanding our place in the world as a trade dependent nation and province. From our perspective, Metro Vancouver should be celebrating the Port and doing what it can to support growth by working more collaboratively in areas of mutual concern. Rather than trying to curtail and stop the expansion of coal shipments, Metro Vancouver should be working with industry to make sure mitigation measures are in place and coal dust is minimized. To the extent improvements can be made, this represents an opportunity to sell technologies and consulting services to other jurisdictions.

As a final point, the Business Council notes that British Columbia has been a leader on climate change in part because of the sophistication of our resource-based industries and our infrastructure service providers. We have possessed the means to invest in technologies, standards and practices that mitigate the environmental impact of industrial and other human activity. Stopping economic development, and preventing Western Canadian resource industries from exporting what they produce, is a fundamentally misguided approach that threatens the very foundations of our economy.

Yours sincerely,

*Original signed by
Greg D'Avignon*

Greg D'Avignon
President and Chief Executive Officer

TS/vjc

cc: *see attached list*



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cc:

Metro Vancouver Environment and Parks Committee

Mayor Peter Milobar, City of Kamloops

Mayor Shari Green, City of Prince George

Mayor Lori Ackerman, City of Fort St. John

Councillor Sue Kenny, Dawson Creek

Mayor Wayne Stetski, City of Cranbrook

Mayor Mary Giuliano, City of Fernie

Mayor Darwin Wren, District of Tumbler Ridge

Mayor Jack Mussallem, Prince Rupert

Mayor Merlin Nichols, District of Chetwynd

Mayor Lois Halko, District of Sparwood

Mayor Dean McKerracher, District of Elkford

Mayor Walter Jakeway, City of Campbell River

Honourable Joe Oliver, Minister of Natural Resources, Government of Canada

Honourable Denis Lebel, Minister of Transport Canada, Government of Canada

Honourable Ed Fast, Minister of International Trade, Government of Canada

Honourable Peter Kent, Minister of Environment, Government of Canada

Honourable James Moore, Minister of Canadian Heritage and Official Languages ,
Government of Canada

Honourable Coralee Oakes, Minister of Community, Sport and Cultural Development,
Government of British Columbia

Honourable Bill Bennett, Minister of Energy and Mines, Government of British Columbia

Honourable Mary Polak, Minister of Environment, Government of British Columbia

Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations,
Government of British Columbia

Honourable Teresa Wat, Minister of International Trade, Minister Responsible for the
Asia Pacific Strategy, Government of British Columbia

Honourable Shirley Bond, Minister of Jobs, Tourism and Skills Training,
Government of British Columbia

Honourable Todd Stone, Minister of Transportation and Infrastructure,
Government of British Columbia