



Conversations for
Responsible
Economic Development

Building informed discussion about
long-term prosperity on Canada's West Coast

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Fuelling BC's economy: where does our wealth come from?

Richmond City Council

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About CRED

- Growing collection of over 90 business leaders and academics in sectors like real estate, tourism, tech, film and health
- Want to ensure lasting prosperity on BC's west coast: responsible economic development
- Examining the economic costs and benefits of Kinder Morgan's proposal –economic risks have been missing from the conversation
- Want to see a balanced and fact-based discussion



Why does Trans Mountain matter?

- Oil sands play important role in Canadian economy



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- Highly polarized and politicized issue – some players have made heavy investments and have a lot to lose



Why does Trans Mountain matter?

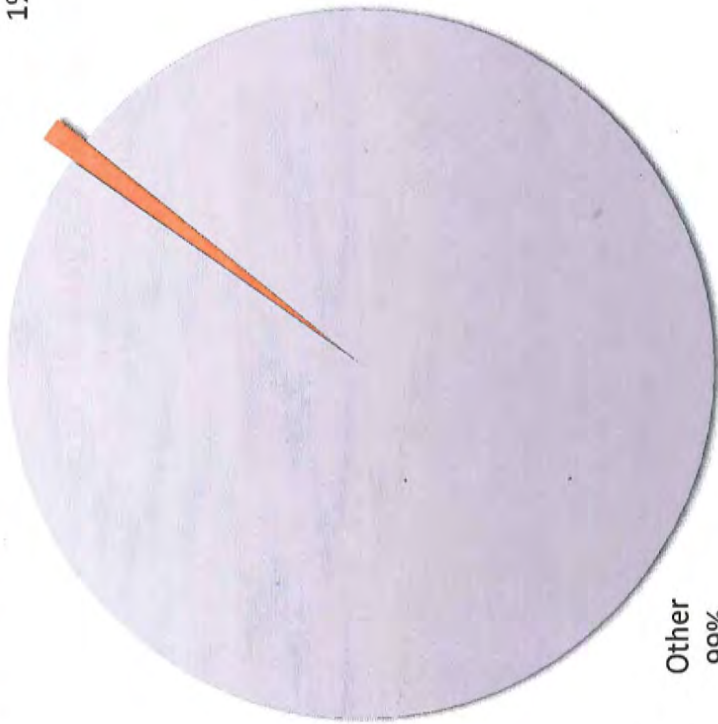
- Oil sands play important role in Canadian economy
- Trans Mountain pipeline would shape regional economy for 40+ years
- Highly polarized and politicized issue – some players have made heavy investments and have a lot to lose
- The stakeholders who most stand to benefit are not the same as those who will assume the majority of risk

BC economic snapshot: jobs

Where are the jobs?

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Mining, oil + gas
1%



Biggest employers in BC:

- Construction - 205,000
- Manufacturing - 164,000
- Real estate & dev't - 121,000
- Tourism - 127,000
- Tech - 80,000
- Film - 36,000

Mining, oil & gas: 1% of jobs



BC economic snapshot: tech

The technology and digital sector

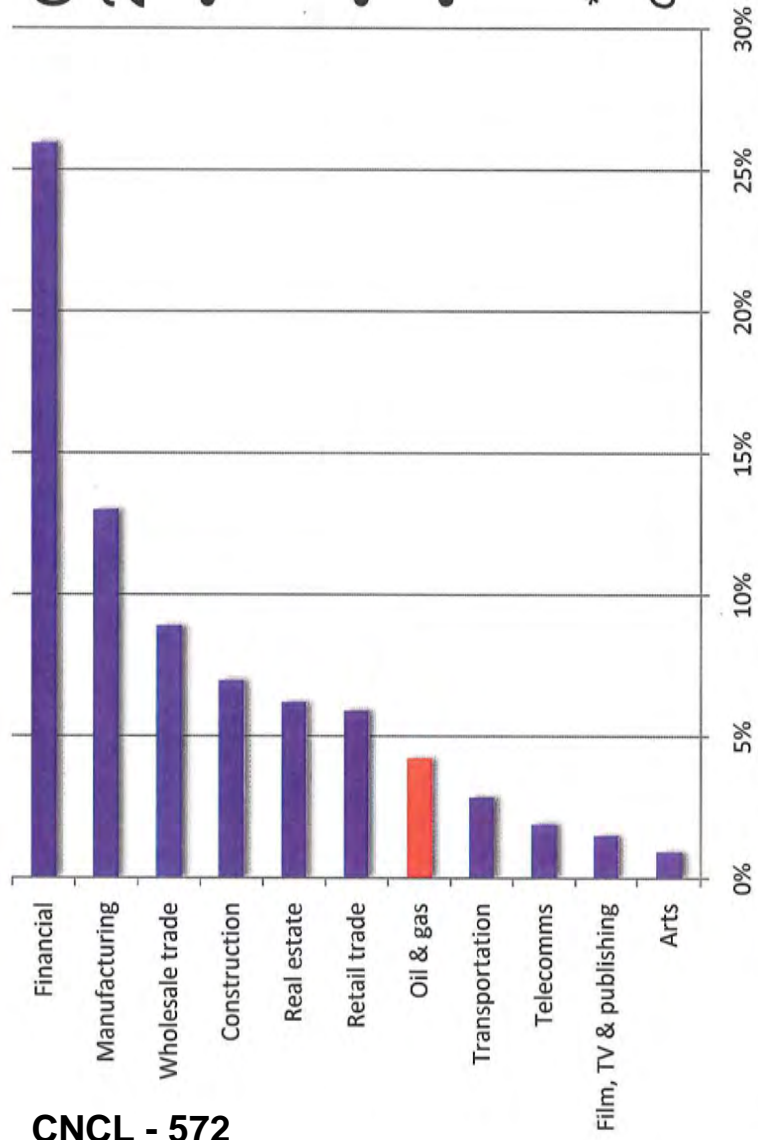
- Employs 80,000+ people— more than forestry, mining, and oil & gas combined
- Contributes more to BC's GDP than any resource-based sector
- Represents 10% of BC's exports
- Tremendous opportunity for growth



Canadian economic snapshot

Who's funding our social services?

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Corporate taxes paid in 2011:

- Financial services – 26%
- Manufacturing – 13%
- Oil & gas – 4.2%*

*Total contribution of conventional oil and oil sands

Source: Statistics Canada (CANSIM table 180-0003)

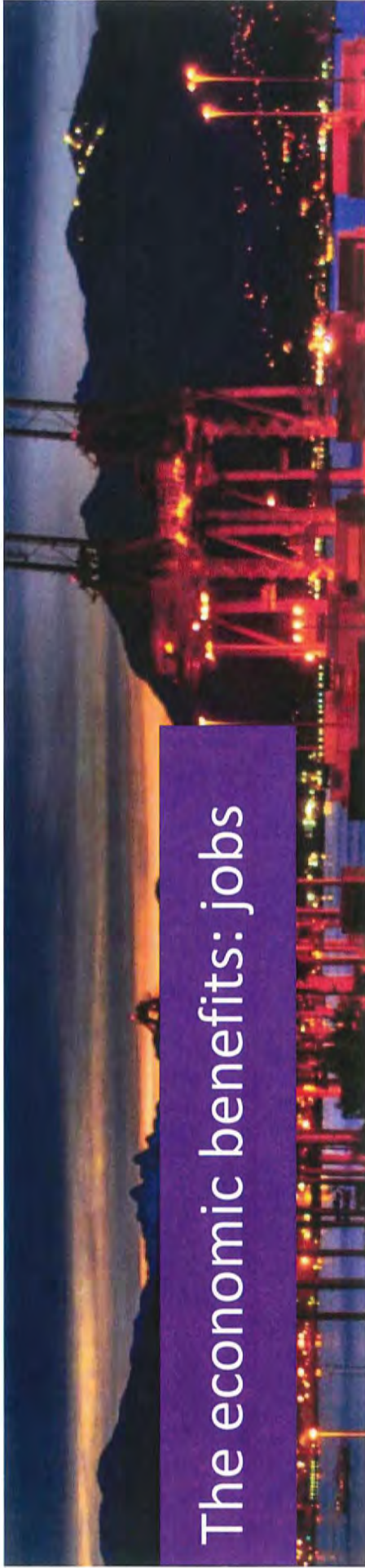


Trans Mountain: the economic benefits

Project proponents cite the main benefits as

- Jobs
- Tax revenues
- Export markets for upstream oil producers

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The economic benefits: jobs

Best case jobs scenario

- 50 new permanent jobs at Westridge terminal
- Approx. 2,000 temporary jobs at peak of construction
- Some indirect and induced jobs

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Economic benefits: tax revenues

Tax revenues

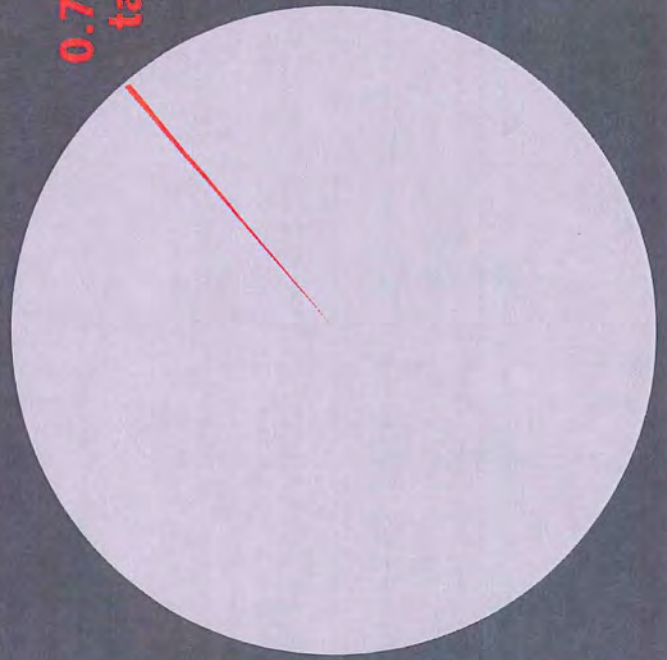
- Inconsistent and shifting estimates
- Proponent's estimates increase each time
- Not verified by independent parties

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Economic benefits: tax revenues

How much would a new Trans Mountain pipeline contribute to BC's budget?

0.7% of corporate tax revenues



According to one set of numbers, Kinder Morgan expects

- \$9.96m a year to BC
- \$16.67m a year to municipalities



Economic benefits: who are the winners?

Majority of benefits felt by





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Majority of benefits felt by

- Oil producers upstream

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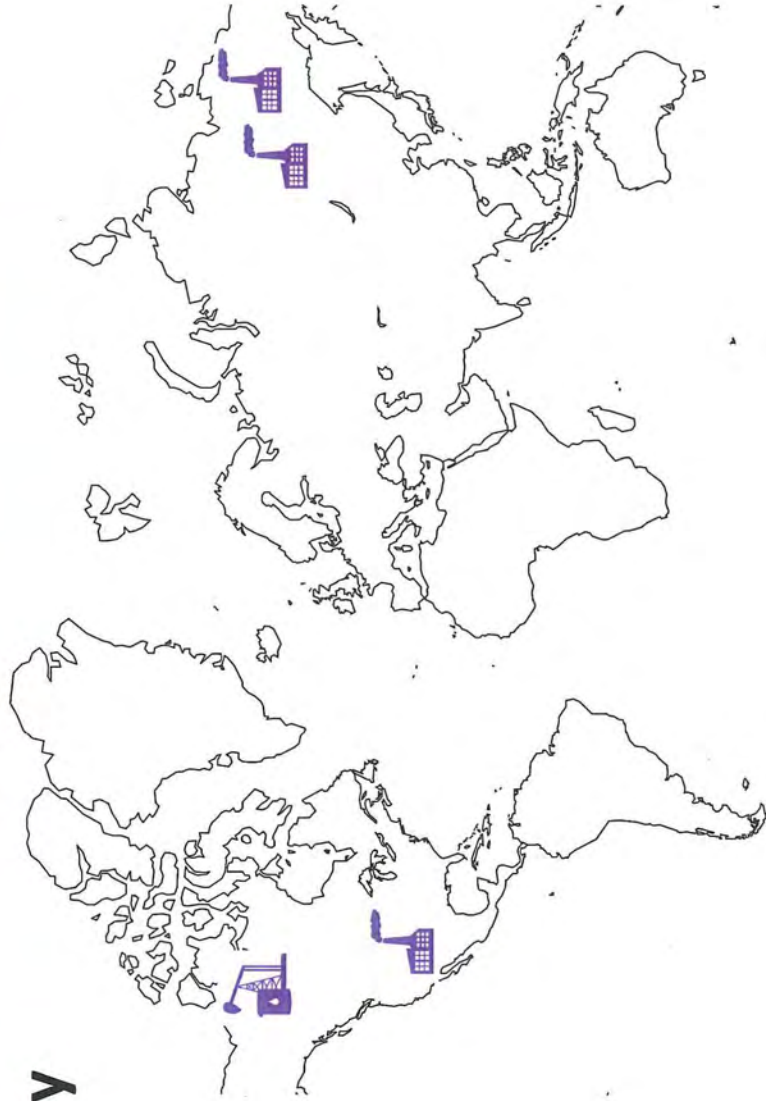


Economic benefits: who are the winners?

Majority of benefits felt by

- Oil producers upstream
- Downstream upgraders and refineries

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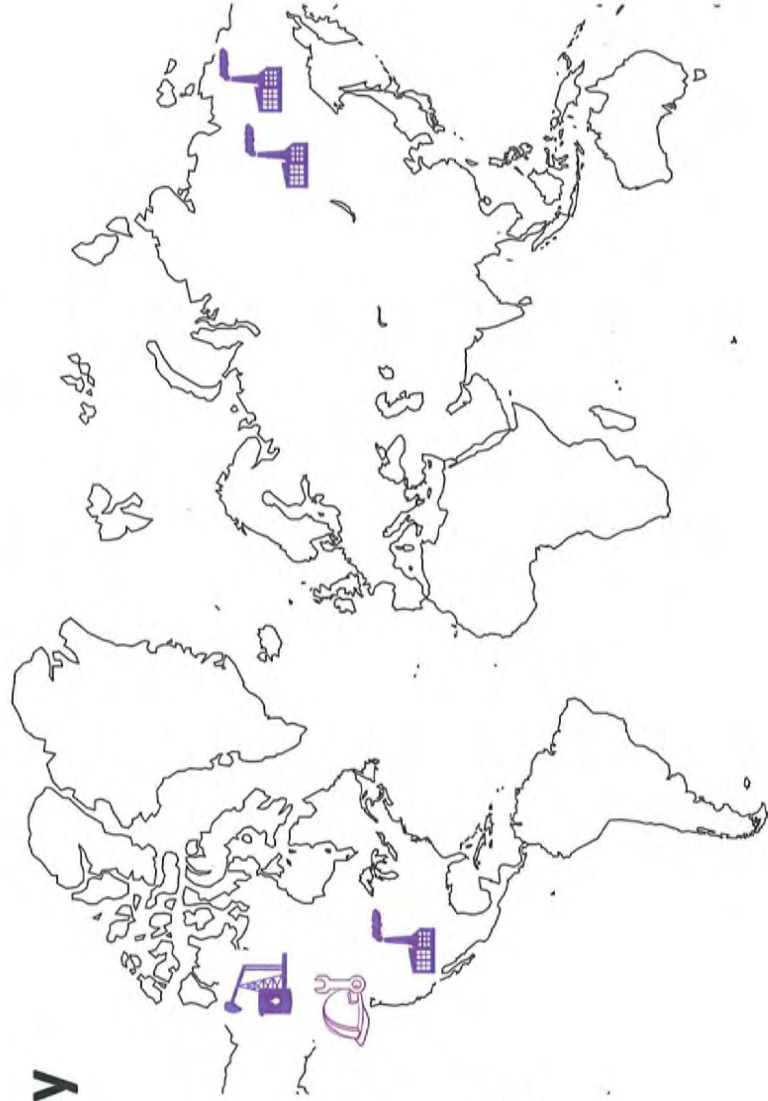




Economic benefits: who are the winners?

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Some indirect impacts on BC businesses but hard to quantify



Economic risks: costs of an incident

How do you measure the risks?

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- Risk = probability x consequence
- Consider direct costs of spill cleanup
- Evaluate jobs lost and longer-term economic impacts



Economic risks: costs of an incident

The direct costs

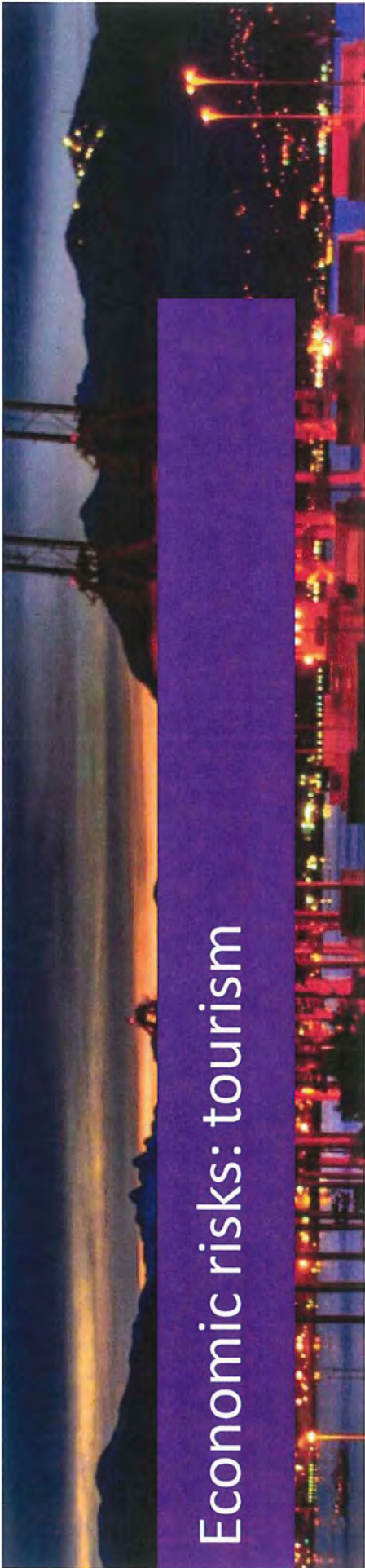
- Historical spill costs: Exxon Valdez \$6.3b, Deepwater Horizon \$41.6b+
- Liability capped at \$1.34b for spill in Burrard Inlet or at sea
- High risk that costs above \$1.34b will fall to taxpayers
- Unclear who pays for a spill along the pipeline route



Economic risks: costs of an incident

Impact on jobs

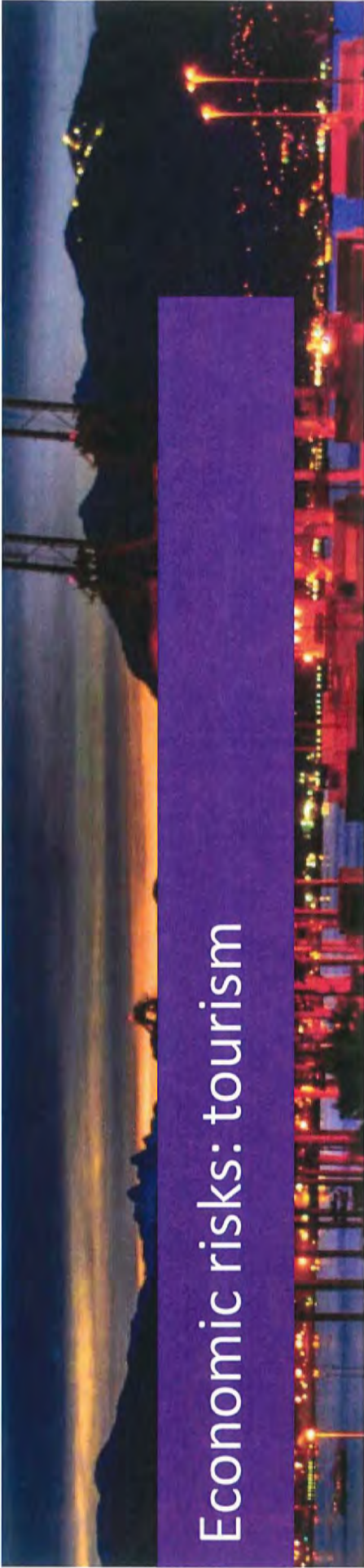
- Major tanker spill on BC's north coast could lead to 43% job losses in coastal industries (UBC study)
- A major spill along the Washington State coast could adversely affect 165,000 jobs (Gov't study)
- How would a spill on the south coast or along the pipeline route impact jobs? Need more research



Economic risks: tourism

Oil spill impacts in the Gulf of Mexico

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Economic risks: tourism

Oil spill impacts in the Gulf of Mexico

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- Deepwater Horizon spill could mean 22,000 job losses and \$8.7b economic impact





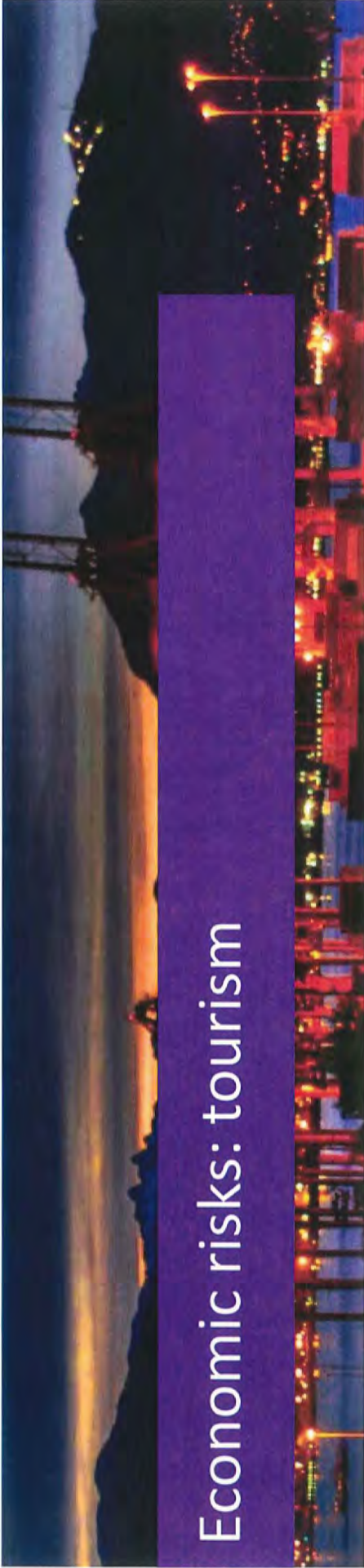
Oil spill impacts in the Gulf of Mexico

- Deepwater Horizon spill could mean 22,000 job losses and \$8.7b economic impact
- Small businesses hardest hit

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Source: Bolt Insurance (graphic), Institute for Business and Home Safety, Dun & Bradstreet



Economic risks: tourism

Oil spill impacts in the Gulf of Mexico

- Deepwater Horizon spill could mean 22,000 job losses and \$8.7b economic impact
- Small businesses hardest hit
- Perception > impact

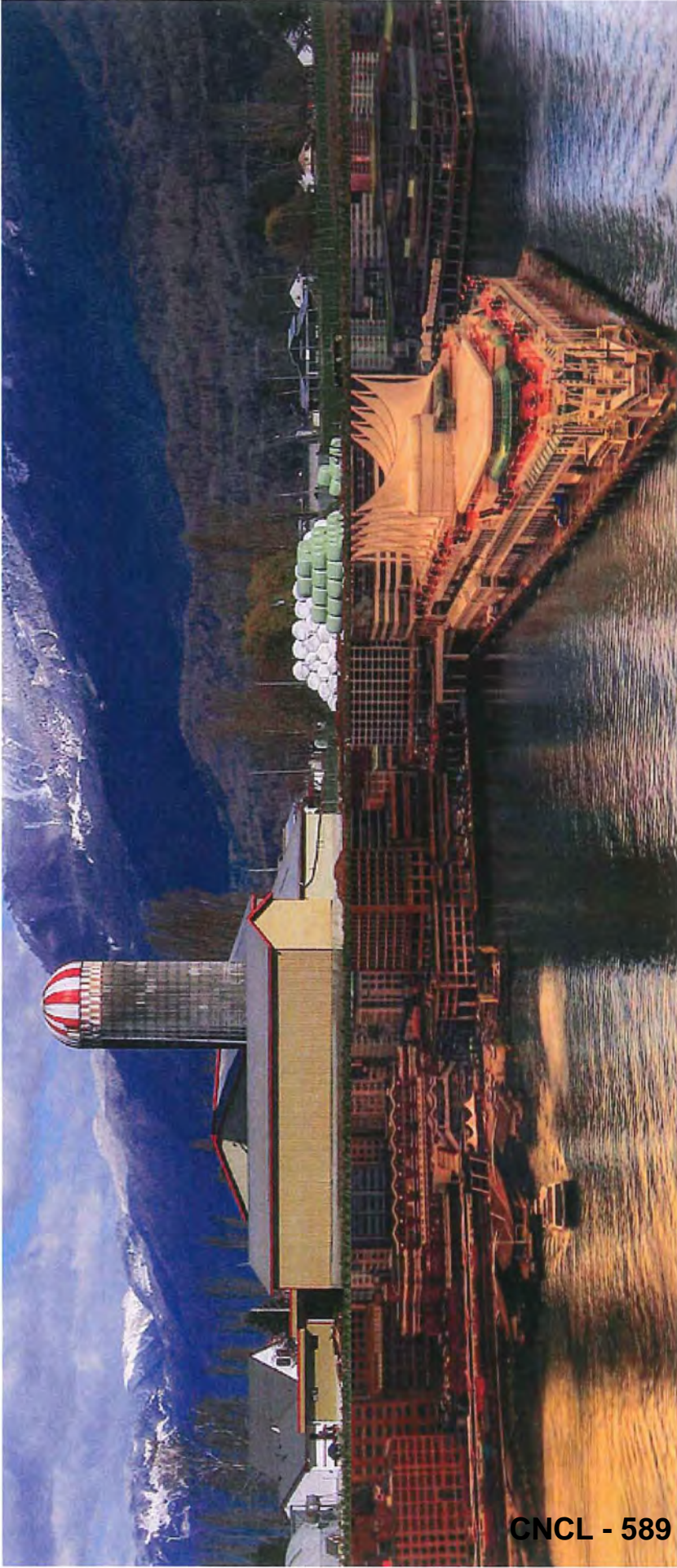
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Weighing the risks & rewards

- Few benefits will be seen by British Columbians
- Most of the risk is held in BC
- Most benefits will be realized by oil sands producers, downstream refineries and the Alberta government
- The likelihood of a major spill is low, but the impacts on the local economy would be catastrophic



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