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MINISTER OF STATE FOR MINING,  
MINISTRY OF ENERGY, MINES AND PETROLEUM  
RESOURCES**

**Speaking Notes**

**Date: Fri, Oct. 10, 2008**

**Location: Chetwynd Recreation Centre**

**Time: 2:00 p.m.**

**Speech: Northeast B.C. Community Coal Forum**

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## **INTRODUCTION**

- Thank you for that kind introduction.
- It is a pleasure to be invited to speak at the Fourth Annual Northeast B.C. Community Coal Forum as B.C.'s Minister of State for Mining.
- It has been a tradition for the Minister of State for Mining to speak at this event since the first forum in 2004, and I thank you for the opportunity.
- I would like to acknowledge the Saulneau First Nations, West Moberly First Nations, and McLeod Lake Indian Band on whose traditional territory we are today.
- "Coal on the Move" is a timely theme for coal mining and the mining industry in British Columbia.

### **British Columbia's Mining Industry: The Growth of an Industry**

- As you all know, British Columbia is blessed with abundant natural resources and has a long history of successful mining.
- More than 2,500 mines have flourished in B.C. over 150 years.
- The Hudson's Bay Company first started producing coal on Vancouver Island in the 1840s ...
- And the discovery of gold along the Fraser River in the 1850s sparked a major gold rush ...
- Which was ultimately responsible for the settlement of many parts of that region.
- Today, B.C. is one of the world's major mining jurisdictions and mining in the province is a \$6.9-billion industry, according to a recent industry report.
- In fact, the world's number one cluster of exploration and mining professionals is based in Vancouver with more than 850 mineral exploration and mining companies, and 400 service suppliers located in the city.
- Over half of Canadian exploration and mining companies are based right here in B.C.

- And the province is among the Canadian leaders for the value of annual mineral production -- the gross production value over the last 170 years, using March 2006 commodity prices, is \$279 billion dollars.

### **2007: Another Good Year**

- 2007 was another excellent year for the B.C. mining industry.
- Gross revenues remain strong, even though they were down 15 per cent from 2006 mainly because of lower metallurgical coal prices and volumes...
- B.C.'s mining sector saw more than \$1 billion of new capital raised in 2007, a 157-per-cent increase over 2006...
- Direct employment is up slightly to 7,400 and the industry estimates 30,000 more are indirectly employed...
- And average mining salaries including benefits increased to nearly \$102,000 a year (\$101,900 according to a recent industry report).
- Investment in mineral exploration soared to a record-high of nearly \$416 million in 2007, a 1,300 per cent increase from 2001.
- This is the sixth consecutive year of increases...
- And compares to an estimated \$29.1 million only seven years ago in 2001.

### **Further Growth to Come**

- And our geology can support much more exploration.
- B.C. has more than 20 potential mine development projects currently under review...
- ...compared to only one in 2001.
- There were 472 exploration stage projects for minerals, coal, industrial minerals and aggregates throughout B.C. in 2007....a jump of more than 50 per cent since 2003.
- The number of exploration projects with budgets in excess of \$1 million was over 100 last year.

- Four new mines commenced production in 2007: Swamp Point (Northwest) and Orca Aggregate operations (Southwest), Brule Coal (Northeast) and MAX molybdenum (Kootenay). QR Gold (North-Central) also reopened while Merit Mining Corp.'s Lexington-Grenoble copper-gold mine commenced production in June 2008.
- We also have a growing inventory of more than 12,000 mineral occurrences, including metals, coal, industrial minerals and construction aggregates, and exceed 20 billion tonnes in estimated coal resources.
- Still, our untapped resource potential is astonishing. For example, less than 44,000 hectares are currently being used by mining, which is approximately 0.05 per cent of B.C.'s total land base.

### **Government Policy**

- Since 2001, government has focused on the ambitious expansion of the exploration and mining sectors in British Columbia and that hard work is paying off.
- We have cut business taxes, extended tax credits, streamlined regulations and provided tax incentive programs to reduce the cost of doing business in B.C.
- This includes the Mining Exploration Tax Credit, a tax credit that has been enhanced to 30 per cent for exploration in areas ravaged by the mountain pine beetle infestation;
- And exploration outside the areas affected by the mountain pine beetle will still be eligible for the 20 per cent tax credit.
- We are also continuing the Mining Flow Through Share tax credit program which provides a non-refundable 20 per cent tax credit to lower the after-tax cost of qualifying grassroots exploration expenditures in British Columbia.
- This tax credit is harmonized with Federal Exploration Investment Tax Credit...
- Which can make the after-tax cost of \$1,000 of eligible grassroots exploration in B.C. the second lowest in Canada.
- Over the past five years, we've also reduced business taxes and we're committed to a zero net increase in regulations between 2004 and 2012.
- We've streamlined regulations reducing duplication by over 30 per cent...

- Cut corporate income tax to 11 per cent...
- And eliminated provincial sales tax on machinery & equipment.

### **Infrastructure – Supporting Mineral Development**

- With a well developed, all-weather highway system, rail links and a number of deep-water ports, British Columbia has the infrastructure to cost-effectively get coal, minerals and resulting products to market.
- We are building on British Columbia's natural advantages through the Pacific Gateway Strategy.
- Ambitious volume targets are being set for 2020, including:
  - 9 million total equivalent units (TEUs) in container traffic imports from Asia-Pacific producers (up from 2 million in 2005)
  - 95 million tonnes: bulk & break-bulk exports such as forestry products, agricultural products, petroleum products and metals (up from 70 million in 2005)
  - 28.4 million air passengers through Vancouver International Airport (up from 16.4 million in 2005)
  - 441,000 tonnes of air cargo (up from 223,700 tonnes in 2005)
- We have made a \$3.4 billion commitment into a federal and private sector partnership towards infrastructure improvement projects in airports, roads, and rail in the province.
- B.C.'s strategic location and its infrastructure makes it an attractive place to invest.
- Our port connections make B.C. an ideal exporter of mineral resources.
- B.C. has three major coal ports on the west coast:
  - 1) Roberts Bank, south of Vancouver, has a capacity of 26 million tonnes per year,
  - 2) Neptune terminals (Vancouver Port) has a capacity of 8 million tonnes per year and
  - 3) Ridley Island terminal, near Prince Rupert, has a capacity of 12 million tonnes per year.

- The Port of Vancouver is Canada's largest and most diversified port.
- The Vancouver and Prince Rupert ports are closer to China than any other ports in North America.
- British Columbia's northern gateway port is in Prince Rupert.
- Sailing times from Prince Rupert to China are 30 hours less than from any other West Coast port in North America.
- British Columbia's rail systems provide cost-effective transportation for coal and minerals from the B.C. interior to coast for export.
- B.C. also has tens of thousands of kilometres of roads that support mining activities throughout the province.
- Over the next two years, our government will work with the Government of Canada and the private sector to invest almost \$4 billion in road infrastructure. We are also investing in our ports and airports.

### **Northwest Transmission Line**

- Infrastructure for mining in our province includes power, and I'm pleased to tell you that on September 26 the Premier announced that we will immediately start the environmental assessment process and First Nations consultation on the Northwest Transmission Line along Highway 37...
- This is the first step towards building a powerline that has the potential to generate billions of dollars in capital investment, create thousands of new jobs, and open economic opportunities on a global scale in the Northwest.
- It builds on the success we're already seeing in the Northwest, including the new container port in Prince Rupert, the resurgence of the mining industry and the potential new Alcan smelter.

### **Coal**

- And because of our infrastructure, British Columbia is well positioned to become a world leader in the development of new and progressive environmental technologies related to coal extraction and end use.
- The future for coal is promising and British Columbia's mining industry is expanding to meet growing demand.
- Coal has a long history in British Columbia, dating back to its first major discovery in 1835. Within B.C.'s borders are abundant deposits of coal, making it a reliable, long-term fuel source for both domestic and export purposes.
- In fact, coal is the single most important commodity by value in British Columbia, and copper is the second.
- Coking coal and pulverized injection coal (PCI) production increased in the northeast from 1.6 million tonnes in 2006 to more than 2 million tonnes in 2007 and stayed constant in the southeast at approximately 21 million tonnes.
- The province has some of the highest quality metallurgical coals in the world, one of the largest undeveloped anthracite resources and significant undeveloped thermal coal resources.
- British Columbia is Canada's number one coal exporter.
- We are also one of the largest exporters (3rd) of metallurgical coal in the world.
- Increases in the price of coal and robust demand from Asia are supporting the exploration of coal and ongoing interest in developing new coal mines.
- Demand for the steelmaking ingredient has continued to increase, with the price of coal doubling in the past year.
- B.C. produced over 40 per cent of Canada's coal tonnage in 2004, and currently ships coal to over 20 countries and exports to international markets.
- Shipments to Japan, South Korea and China, in particular, have increased significantly.
- And while coal prices last year took the momentum out of development somewhat with 2007 coal prices averaging \$80/tonne, the current price of \$300/tonne is spurring strong interest & aggressive planned expansion of coal mining in the Northeast.

- Even with the lower price last year, operating coal mines generated an estimated production value of \$ 1.9 billion in 2007.
- And the benefits to communities and workers are considerable, to say the least.
- According to our estimates for 2007, the B.C. coal industry provides about 3,500 jobs for B.C. residents.
- Mining jobs are the highest paid jobs in the resource sector, averaging over \$102,000, including benefits.

### **First Nations**

- As you well know, the Province has been working to create a New Relationship with First Nations founded on the principles of mutual respect, recognition and reconciliation of Aboriginal rights.
- Building relationships with First Nations is an incredibly important part of the long-term future of our province.
- Because it's these relationships that enable First Nation communities to participate in meaningful partnerships with government and industry that build trust, respect and certainty.
- Industry, communities, First Nations and government must work together to improve the social and economic circumstances of the communities in which a company operates.
- And work collaboratively to ensure mining can happen in a way that encompasses a broad range of interests.
- With that, we have created the Minister's Council on Mineral Exploration and Mining...
- To help identify conditions necessary for the long term success of the mining and aggregates industry.
- The first meeting took place on September 3, 2008.
- The Council brings together a wide range of stakeholders and industry: First Nations Leadership Council, Aggregate Producers Association of B.C., Coal Association of Canada, Mining Association of B.C., and the Association for Mineral Exploration.

- The Council will build on the successes of the 2005 B.C. Mining Plan, identifying key issues and opportunities facing the mineral exploration and mining industry in B.C., and making recommendations to ensure a strong, vibrant, globally competitive and sustainable sector.

## **CONCLUSION**

- As stewards of this province, we have a responsibility to manage our natural resources so that they meet our needs today as well as the needs of our children and grandchildren.
- Mining has and will continue to contribute hundreds of millions of dollars in provincial revenue that helps pay for education and health care and other vital government programs.
- British Columbia is well positioned to become a world leader in the development of new and progressive environmental technologies related to coal extraction and use.
- And by continuing to work with educational institutions, industry, First Nations and communities, the coal industry can play a major role as we build a prosperous future for all British Columbians.
- Thank you.