September 18, 2020

Grassy Mountain Coal Project Review Panel
Impact Assessment Agency
160 Elgin Street, 22nd Floor
Place Bell Canada
Ottawa, ON K1A 0H3
Submitted via email to: IAAC.GrassyMountain.AEIC@canada.ca

Dear Mr. Bolton,

Re: Grassy Mountain Coal Project Review

As President of the Coal Association of Canada, I am pleased to participate in the joint review panel hearings and would like to thank the panel for the opportunity to provide our input and perspective in support of the approval of the Grassy Mountain Coal Project.

The Association proactively supports our members in the development, growth and advancement of a safe, socially responsible and economically sustainable Canadian coal industry. Our membership represents the diverse spectrum of the Canadian coal industry, including companies engaged in mining (exploration, development and production), transportation (rail, terminal and ports), a range of suppliers of goods and services and other associates. The decision to approve or deny the Grassy Mountain Coal Project, based on its merits, is of the utmost importance to not only the region of the Crowsnest Pass but to the entire industry, the full supply chain and will send play a significant role in future investment in Canadian coal operations.

Canada’s economy is currently suffering due to a number of factors, notably the impact of COVID-19 on our ability to import and export goods and the downturn in oil and other commodity prices. As Canada is resource-rich with the mining industry responsible for 5% of Canada’s nominal GDP and over 620,000 direct and indirect jobs, any decrease in productivity of the sector has major impacts on our local economies. From February to April, three million jobs were lost and the Canadian economy is in desperate need of recovery in every sector and advancing any new coal mine, such as the Grassy Mountain Coal Project, will aid in this recovery. This project also aligns with the Government of Alberta’s Recovery Plan to restart the economy by capitalizing on Alberta’s diverse mining and mineral industry.

The coal mining industry is also a major employer of Indigenous people in Canada. Coal mining companies engage with the local Indigenous communities from the very first stages of planning through the final stages of reclamation. The Grassy Mountain Coal Project has letters of support from all of the impacted Treaty 7 First Nations as well as the Métis Nation of Alberta. This demonstrates strong relationships, mutual respect and a desire for continued partnerships and economic opportunities.

Canada’s steelmaking coal is in high demand overseas to support the increasing requirement for steel to build infrastructure and countless products used in our everyday lives, such as cars, trains, bridges, buildings and wind turbines. Global steel production is dependent on coal and will be for the foreseeable future. 70% of steel produced uses coal and steel demand is forecast to increase 3.8% in 2021 to 1,717 Mt. This trend ensures a continued demand for high-quality Canadian steelmaking coal, including the coal to be produced at the Grassy Mountain mine.

In addition to economic recovery opportunity and a strong market for Canadian steelmaking coal, Canada’s ethical mining standards and practises ensure a high level of environmental protection for our waterways, land, wildlife, air and surrounding communities. Coal mining applications are subject to all applicable provincial and federal regulations, procedures and requirements to identify and mitigate environmental risks. The application process for any mine takes years, not months, to navigate and takes into account expert analysis and full reclamation plans before any project can move forward.

Additional information is attached following this letter in a presentation prepared by the Coal Association of Canada to further demonstrate the benefits of coal mining in Canada.

I would again like to thank the review panel for the opportunity to support the Grassy Mountain Coal Project. Approval of this mine will send strong signals to the opportunity that exists in the Canadian coal mining industry for economic recovery in an environmentally sustainable manner.

Sincerely,

Robin Campbell
President

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4 https://www.worldcoal.org/coal/uses-coal/how-steel-produced

COVID-19 and Economic impact to Canada

Impacts to Canada:

• 3 million jobs lost in the Canadian economy at the height of the pandemic

• significant local job losses in all sectors but particularly service-producing and accommodation and food services (Statistics Canada employment figures)

• coal mining sector relatively untouched amongst active operations – social distancing much easier when employees are typically operating individual pieces of equipment

• new and existing mines can help economic recovery following COVID-19
Coal Mining Matters to our Economy

- Canada is the 3rd largest steelmaking coal exporting economy globally\(^1\)
- Canada also exports some of the world’s highest quality thermal coal
- New and expanded export mines promise:
  - increased employment, stable jobs to support communities
  - revenues to support all levels of government
  - economic opportunity for Indigenous People
- Local economies benefit most:
  - Use of local services (lodging, restaurants, mining supplies)
  - 500 construction jobs (2 years) and 400 full-time (23 years)
  - Support for families, local programs such as sports and charities

Potential Steelmaking Coal Exports

Decision of Grassy will impact future investment for Canadian export coal mining operations

- New mines will utilize existing rail and terminal infrastructure, including planned expansion investment
Project Benefits to the Region/Provinces (Canadian coal mining)

- near-term construction and operational jobs
- over 4,000 new direct employment jobs by 2027; thousands of additional jobs supplying services
- significant project capital expenditures in the region and provinces - $5 billion over the next 7 years
- Indigenous economic benefits and business opportunities
- provide demonstration of world-class environmental design and mine operation.
Projected Employment (Canadian coal mines)

- **Construction Jobs**
  - ~ $500 - 1,000$ construction jobs in any given year for up to 24 months to build new mines

- **Operational Jobs**
  - ~ $4,600$ direct full-time jobs at current production
  - ~ $4,500$ new additional full-time jobs at industrial wages
  - jobs that support households and rural communities

- for every direct job, 3 indirect jobs are created
Investment in new export coal mines

- **New Mine Pre-Construction Capital**
  (assumption - EA moves efficiently)
  ~ $50 million CAD in years 2020 – 2022 [5 companies, $10 million per year each]

- **Annual New Mine Operating Payroll**
  ~ $500 million CAD [4500 new workers, $110-115k/yr each]

- **New Mine Pre-production capital**
  ~ $5 billion CAD [25 mmtpy at $200 million/million tpy]

- **Annual New Mine Operating Expenditures**
  ~ $2.75 billion CAD almost all in Canada (wages, explosives, fuel, electric power, local supplies, contractors) [Costs $110/tonne FOB terminal]
Estimated Tax Revenue

All Canadian export mines:

- **Federal Tax Revenue***
  - $3.5 billion over years 2020-2030
- **Provincial Tax Revenue***
  - $7.8 billion over years 2020-2030, including mineral tax

*may vary with commodity price; includes estimate of all Canadian export mines

Grassy Mountain Coal Project

- More than **$1.7 billion** in royalties and government taxes generated over life of mine
- Municipal Taxes of $1.5 million annually, or **$35 million** over life of mine
Indigenous People and Coal Mining

- Indigenous People have expressed interest in greater economic independence from government and greater control of development decisions in their traditional territories.

- They seek a reasonable economic participation in resource production from within their traditional territories.

- Canadian coal mining companies work closely with Indigenous communities in the spirit of reconciliation and the UNDRIP.

- Coal mining will provide decades of economic opportunity for Indigenous communities who are looking to break the dependence on social welfare.

- All coal mining companies either have or will have benefit agreements with Indigenous communities.

Grassy Mountain has received letters of support from all local Treaty 7 First Nations and Métis Nation of Alberta.
Ethical mining practices

• Canada has highly developed mining environmental, labour, and legal standards that set a global standard for ethical mining practices

• Canadian export thermal and steelmaking coals are amongst the highest quality in the export market; allows them to be used with lower environmental emissions by customers

• 34 million tonnes of exports in 2018 (NRCan Coal Facts)

• continued and growing coal exports from Canada provides the market with ethical sourcing of products that allow cleaner use; replacing Canadian supply would need to come from new and potentially lower ethical standard sources
Life of a Mine

Life Cycle of Mining

**Exploration**
No profit to company
Operating and capital expenditure.
Value add through employment and taxes
Money spent with suppliers, directly generating sales taxes. Employment taxes are paid, in addition to payments to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

**Development**
No profit
Operating and significant capital expenditure.
Value add through increased employment and taxes
Significant amounts are spent with suppliers in developing the mine and infrastructure, generating sales taxes and import duties. Increasing levels of taxes are generated directly from employment, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

**Early Production**
No profit
Recovery of investment.
Value add through additional employment and taxes
Many mining tax regimes include a royalty based on production volumes or revenues; these revenues will start to flow to government even before the operation has made any profit.
Significant employment taxes are also generated, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

**Full Production**
Profitability
Net profit.
Value add through employment, royalties and taxes
Corporate income tax will be paid on profits from production. Royalties and employment taxes continue to be generated, as well as payments being made to contractors. Suppliers and contractors will also, in turn, pay their own taxes.

**Reclamation**
No profit
Closure and rehabilitation costs.
Value add through employment, and taxes
Significant amounts are spent with suppliers in closing down the mine and rehabilitating the land, generating sales taxes and import duties. Employment taxes will continue to be paid. Corporate income taxes may also be paid. Suppliers and contractors will also, in turn, pay their own taxes.
Environmental Protection and Management

- Canada leads the world in terms of environmental management as it relates to mining:
  - Water quality is managed and regulated well within provinces.
  - Wildlife and ecosystems are protected or reclaimed to a very high standard.

Reclaimed Steelmaking Coal Mine

Reclaimed Thermal Coal Mine
In Summary

- coal mining employs thousands of workers earning industrial wages:
  - allows household formation
  - supports savings for education, retirement
  - supports communities for decades of operations (many of Canada’s export mines have been operating for 50 years!)
  - supports economic prosperity and self-determination for Indigenous Communities
- provides major tax receipts at all levels of government to support government services
- workplaces are amendable to social-distancing; new jobs can be added during COVID-19

Grassy Mountain Coal Project will provide significant socioeconomic benefits to the region, surrounding communities, Indigenous partners and will be effectively regulated to mitigate environmental concerns
Alberta Coal Mine Reclamation Photos

- All photo credits to Jack Williams, Alberta resident

Cardinal River
Alberta Coal Mine Reclamation

Coal Valley
Alberta Coal Mine Reclamation
Alberta Coal Mine Reclamation

Cardinal River
Alberta Coal Mine Reclamation