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### **Boom town or Ghost town? The need to secure BC's LNG opportunity**

Even in the best of times, it is extremely rare that a province is presented with an opportunity to develop a new industry with the potential for \$50 billion in capital investment over the next five years. Over the longer-term there may be as much as 1.2 million person years of employment, a six-fold increase in annual government royalties and a cumulative total upwards of \$1 *trillion* in additional GDP over the next 30 years. Such are the magnitudes of the economic and social benefits that BC could realize by developing a new liquefied natural gas (LNG) export industry, serving the rapidly expanding Asian markets.

To its credit, the provincial government is working hard to facilitate the development of this emerging industry. That nearly every other key stakeholder group – including First Nations, local communities, industry, academics, and the opposition – also supports the development of a BC LNG export industry provides more reason to be optimistic. Done right, this will unlock our huge gas reserves benefiting citizens here, and around the world.

However, lurking behind the promising headlines and near universal support are serious challenges. Other jurisdictions are looking to capitalize on this export opportunity. Australia and Qatar have already built LNG industries, and so too the US. With the North American marketplace awash in natural gas resulting from new shale gas supply options, and BC with over 100 years of supply, there is urgency required to ensure the multi-billion dollar LNG export investments occur soon.

In order to realize the LNG opportunity, BC is going to have to do something relatively unique in the recent history of natural resource development – we will need to make timely decisions and outperform the competition in some critical areas. These decisions include the one taken last week that ensures the electricity supply for LNG is a more cost effective blend of BC's renewable energy and low cost natural gas generation. Other important decisions will need to be made to ensure we build on our competitive royalty regimes for natural gas, implement efficient and streamlined regulatory processes and build First Nation partnerships that truly deliver certainty and shared prosperity. In addition, the provincial and local governments must also build the right infrastructure and expand training capacity for trades to enable industry development and maximize the benefits for BC communities.

The pressure on provincial government revenues for public services and programs further underscores the urgency of LNG export development – with low North American natural gas prices, government revenue from natural gas has tumbled from well in excess of \$1 billion annually to just \$400 million last fiscal year. Without the overseas export market that LNG provides, the reality is there will be little if any new development of BC's remote gas resources and none of the significant government revenue benefits will be realized.

The potential LNG boom could easily turn to a bust if our policy framework does not enable and support its development or if we do not have the skilled people to build a new industry. Fortunately the Business Council sees a focused and (refreshingly) broad support for this emerging industry. This is a good thing. British Columbia should be proud of its natural resources. Without LNG export development, many communities in the northern half of our province will struggle in the face of declining timber harvests – potential boom towns could instead steadily dwindle to ghost towns. As the numbers at the outset indicate the stakes are large for all of us. Our natural gas sector needs LNG export development, and so does our entire province, if we are to have a sustainable, prosperous future for all British Columbians.