

***PRESENTATION TO THE  
AGGREGATES ADVISORY PANEL  
BY WEST COAST AGGREGATES LTD.***

**INTRODUCTION**

**1. INTRODUCTION**

I am Brian Weeks, the Manager for West Coast Aggregates in Aldergrove. I am a Professional Engineer and have been involved in the aggregates industry in BC since 1981. I am also currently the Vice-President of the Aggregate Producers Association of BC.

I appreciate the opportunity to speak to this panel as it is important to our industry and to BC taxpayers that our industry not be shut down or restricted by unnecessary and ill founded regulations.

**2. PURPOSE OF MY PRESENTATION**

I want to say that we fully support the brief presented by the Aggregates Producers Association of BC

I do want to expand on a few points which I feel this panel needs to fully appreciate.

**3. ADD A POSSIBLE SOLUTION**

I hope to suggest another recommendation this panel could make to ensure continued access to local high quality reserves for many years to come.

## **AGGREGATES ARE ESSENTIAL TO OUR WAY OF LIFE**

### **1. "IF SOMETHING IS NOT GROWN, THEN IT MUST BE MINED."**

This slogan sums up how essential and pervasive our products are in today's society.

Aggregates are either used to make products directly, or used in the manufacture of other products. The slogan is literally correct – there is no product consumed today that is not either grown or depends on mining at some stage in its manufacture. Think about that for a minute and try to imagine life without aggregates. We would all be living in caves without even the benefit of stone tools.

You've undoubtedly heard of the thousands of products that depend on aggregate mining. Aggregates are needed for everything from building dams and filtering drinking water to making cosmetics, paints and drugs.

### **2. INDUSTRY HAS DONE A POOR JOB OF EDUCATION**

As an industry, we have done a poor job of educating others about their essential need for our products. Examples of lack of knowledge abound:

Heard at a public hearing for a proposed pit: "... we don't need gravel any more, everyone uses concrete and asphalt now"

A comment made by a lawyer for a producer during a briefing: "... so what do you use gravel for?"

A comment made by an opponent to a new quarry: "... this freight issue is just a red herring. The producers want to be close to the city so they can reclaim into subdivisions because that's cheaper..."

But, we are starting to do better. There are now lots of school tours and open houses. There are teacher packages and public meetings.

**Companies and associations have web sites and we are starting to get more involved in community affairs to get the message out.**

**Yet, the difficulty our industry faces trying to permit new reserves shows just how far we still have to go.**

### **3. RECYCLING IS NOT A COMPLETE SOLUTION**

**Some people suggest recycling can eliminate the demand for more aggregate. As I will discuss later, this is not the case. Recycling can help, but it is not the total solution. While many producers do recycling, and some aspects of our industry can reuse sand, gravel, concrete and asphalt in place, it is not the full solution**

**In the majority of cases recycling cannot be done on-site**

**This means trucking is effectively doubled as it is unusual for the site to be ready for incoming material when the outgoing material must be moved.**

## **AS PRODUCERS WE ONLY SUPPLY DEMAND**

### **1. DEMAND WILL CONTINUE**

**You have heard that aggregate usage is commonly estimated at 15 tonnes per person per year.**

**We find this is a good estimate – no matter if we are looking at a new community or a long developed one.**

**There is no reason to expect the demand ratio will change in the future.**

**With projected population growth in BC, the total annual demand will rise proportionately.**

**At present, consumption exceeds reserve replacement in many areas of the province.**

### **2. WE CANNOT CREATE DEMAND**

**We produce a commodity. Mr. Carlson can verify gravel is not a fashion item where a new designer label or a catchy new name will generate sales in slow times.**

**In economic terms, we are dealing with inelastic demand. In other words, the demand is largely unrelated to the product price.**

**Because (like fuel) aggregates are both essential and often not the most significant cost item in a project, they will be purchased almost regardless of their price.**

**On the other hand, consumers know the price of the same product from other suppliers, and because it is a commodity, will change suppliers for just a few cents per tonne saving.**

### **3. WE WILL CONTINUE TO SUPPLY DEMAND**

**If tomorrow the provincial government decreed that all aggregate extraction was outlawed and all supplies would have to come from outside the province, what would happen?**

**Demand would not change, but the source of supply would. Our industry would change from being producers to importers and transporters. The effective result would be higher prices and more trucks on the roads.**

### **4. THE REALITY IS THAT WE PASS THROUGH COSTS**

**We amortize acquisition and reclamation costs:**

**Eg. Environmental Levy: Recently, the industry started to break out and charge separately the cost of complying with the permitting, environmental restrictions and remediation costs to illustrate to consumers that these costs are real and are being paid by the end user.**

#### **Operating costs**

**Eg. Soil Removal Fees: Obviously, the price of our product has to recover our costs of manufacturing it. But again, when we are charged volumetric removal fees, we break out and pass these costs along to the consumer.**

#### **Freight costs**

**Because our commodity is heavy, freight can be more than half the total cost of a delivered load of aggregate.**

**By eliminating close sources of supply, the consumer literally “pays the freight” for more remote sources.**

**Where there is little or no local competition, local suppliers can boost their prices to “pocket” the differential freight being paid by their more remote competitors.**

## **PRESSURE TO DOWNLOAD**

### **1. POLITICALLY POPULAR**

Nowadays politicians at all levels are saying that decisions should be passed down to the lowest level because decisions made closer to the people will be made more appropriately.

This not only sounds good, but in some cases it is true.

In others, it is not. There were good reasons that our government structure has the number of levels that it does. For example, I've not heard anyone suggest that workers' compensation should be handled at the municipal level or that national defense should be left to the provinces. Clearly there are some things which need a broader overview or gain efficiency from broad standardization and support.

### **2. PRESSURE FROM CITIZENS**

Yet there is a growing demand from citizens to take more direct control of the things affecting their lives. Politicians, as they should, are responding to the wishes of the taxpayers. Citizen involvement can often lead to better solutions or at least facilitate "buy-in" to the eventual decisions.

### **3. FINANCIALLY EXPEDIENT FOR SENIOR GOVERNMENTS**

Additionally, both our provincial and federal governments have found it expedient in times of tight finances to offload responsibilities without providing matching compensation. Of course, this only creates a problem at the receiving end making it difficult or impossible to fulfill obligations or properly support the programs.

## **SERIOUS PROBLEMS WITH DOWNLOADING RESPONSIBILITY FOR THE AGGREGATES INDUSTRY**

### **1. BENEFITS TO SOCIETY ARE NOT FULLY APPRECIATED BY THOSE SEEING LOCAL NEGATIVE IMPACTS**

*We hold the opinion that the aggregates industry is too vital to society in general to derogate its entire management to local levels. Just as there are expropriation laws to prevent a citizen from thwarting progress for the greater good of a community or society, there needs to be provincial oversight and control of our industry for the same reason.*

We all know mining has negative impacts on immediate neighbours. Noise, dust, vibrations, truck traffic and sometimes appearances are valid issues.

Offsetting these are the positive benefits to the local community:

**Employment:** According to a recent US study, each well paying industry job can support up to 67 other jobs.

**Supporting supply and services:** Most producers try to support businesses in their communities. With an industry annual revenue of \$300 million and an economic multiplier of 7:1, our industry generates about \$2 billion of economic activity.

**Local taxes:** property taxes, land use taxes and all the other local fees and charges provide direct revenue to the community

**Land Improvement:** Reclaimed resource land is often improved to a higher use and turned over to the municipality.

*I have to note that the industry has not always had a good record of reclamation. However, over the past two or three decades, our record is much better.*

*Today, much of the bad impression citizens have of unreclaimed pits and quarries results from municipal and provincial sites which have not yet been reclaimed.*

*Most private pits have been reclaimed so the reclamation bonds can be released.*

**More importantly, there are very significant benefits to society as a whole:**

**Lower Delivered Cost:** Local supply keeps costs down by reducing freight component. Since governments buy most of the aggregates consumed, lower cost means more work can be done for the same dollar or more dollars are available for other programs

**Reduced Truck Traffic:** Local supply reduces total truck traffic on the roads. Road congestion is a problem for all road users, but commercial transport must pass its costs along to the end user.

**Less Road Maintenance:** Less truck traffic prolongs life of roads, thereby reducing government's annual expenditures for road maintenance

**Less Pollution:** Less truck traffic reduces pollution. Heavy trucks account for much of the local pollution, so the fewer truck miles needed, the better our air will be. Fewer trucks and less time on the road will both help to reduce the total emissions generated.

**The problem today is that because we have not done proper resource planning in the past, some communities can “freeload” on others.**

**eg. all municipalities west of Abbotsford and Coquitlam rely on production elsewhere to supply their needs. Local politicians consequently have to take complaints from impacted neighbours and see little personal benefit from the advantages to society on the larger scale.**

**As a result local politicians tend to support the vocal NIMBY complainers, and try to create highly restrictive or prohibitive bylaws affecting our industry.**

## **2. MUNICIPALITIES AND REGIONAL DISTRICTS JUST DO NOT HAVE THE QUALIFIED STAFF OR FUNDING TO EFFECTIVELY MANAGE THIS INDUSTRY.**

In many communities there are only a few aggregate operations. This makes it highly inefficient to have staff trained and available to deal with the broad range of tasks now effectively covered by the Ministry of Energy and Mines.

Furthermore, local standards will create a patchwork of varying policies, regulations, costs.

What about the pits and quarries on Crown Land or now operated by the Ministry of Transportation and Highways? Will the province put these under local control? Who then will manage them?

## **3. POWER, ONCE DELEGATED, IS ALMOST IMPOSSIBLE TO RECOVER**

I believe that time will prove delegation of regulatory powers over our industry to be a mistake for the reasons just listed.

How, then, will the provincial government regain control to provide the oversight needed to effectively manage a non-renewable resource for the good of the broader society?

The examples of political fallout from collapsing school districts and hospital boards should serve as ample warning that delegated powers are not easily given up. These two cases clearly show that delegating power and control below a certain level can be a mistake hard to correct.

## **SUGGESTED SOLUTIONS**

### **1. RESOURCE MANAGEMENT MUST BE RETAINED AT THE PROVINCIAL LEVEL**

Recognition of the scope of benefits to society is possible only where local impacts do not overwhelm the decision makers.

Using the Ministry of Energy and Mines as the lead agency to provide a “one window” approach to planning, permitting, operational and worker safety, reclamation bonding and finally reclamation approval has worked reasonably well and should be maintained and enhanced.

### **2. EVERY LOCAL OCP MUST BE REQUIRED TO DEAL WITH THE ISSUE OF IDENTIFYING THE SOURCES OF THEIR AGGREGATE NEEDS FOR AT LEAST THE NEXT 50 YEARS.**

Nobody wants to live beside a gravel pit or quarry any more than they do a garbage dump, stockyard, airport or oil refinery. Yet we know we need all these things so some people will inevitably be more inconvenienced than others.

The prime difference between pits and quarries and the other examples I mentioned is that we have to mine the reserves where Nature put them. They cannot be “planned” to a different location.

But proper planning can both ensure valuable resources are not sterilized and can control the type and timing of growth to minimize the negative impacts of our industry on our neighbours. This is the proper role for the municipalities and regional districts.

Since we are mining a non-renewable resource, the extraction operation is a temporary land use. We can and must plan the future site use to maximize benefits.

We just cannot accept the attitude that “we’ll get our needs from elsewhere”. Taking benefits at some one else’s cost is not a civilized approach to planning.

### **3. THERE NEEDS TO BE AN “AGGREGATES LAND RESERVE” JUST AS THERE ARE FOREST AND AGRICULTURAL LAND RESERVES**

Once we recognize that local aggregate resources are vital to our society and economy, we need to make provision to preserve them.

We recommend the creation of Aggregates Land Reserves to accomplish two goals:

- Preserve the resource until it is needed
- Act as an advisory to others that these areas will, at some time, be developed into pits or quarries for an unknown duration.

A first task for those involved is to develop a comprehensive resource location database. This could be done in conjunction with the municipalities, regional districts, Ministry of Energy and Mines and with local representatives of the industry. There have been localized efforts in this regard, but nothing comprehensive or standardized.

### **4. WE SUPPORT THE DEVELOPMENT OF INDUSTRY OPERATIONAL STANDARDS, AND ENCOURAGE THEIR BROADER APPLICATION TO “LEVEL THE PLAYING FIELD”**

The Ministry of Energy and Mines is currently assembling a guide book on industry practices. This is a welcome first step.

A second step would be to develop guidelines (in conjunction with the Ministry of Municipal affairs) for writing soil removal and noise control bylaws which will assist in standardizing control limitations.

This will:

- improve our relations with neighbours
- encourage fair competition which will produce the best prices for consumers

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