

Trans Mountain Corporation

Economic Impact Assessment of the
Trans Mountain Expansion Project

March 2023



Disclaimer

Ernst & Young LLP (EY) was engaged by Trans Mountain Corporation (TMC) to conduct an economic impact assessment of the Trans Mountain Expansion Project (TMEP) and an economic impact assessment of TMC's investment into Indigenous relationships. In preparing this document (Report), EY relied upon unaudited data and information from TMC, Statistics Canada, consultations with stakeholders as well as other third party sources (collectively, the Supporting Information). EY reserves the right to revise any analyses, observations or comments referred to in this Report, if additional Supporting Information becomes available to us subsequent to the release of this Report. EY has assumed the Supporting Information to be accurate, complete and appropriate for the purposes of the Report. EY did not audit or independently verify the accuracy or completeness of the Supporting Information. Accordingly, EY expresses no opinion or other forms of assurance in respect of the Supporting Information and does not accept any responsibility for errors or omissions, or any loss or damage as a result of any persons relying on this Report for any purpose other than that for which it has been prepared.

Executive Summary

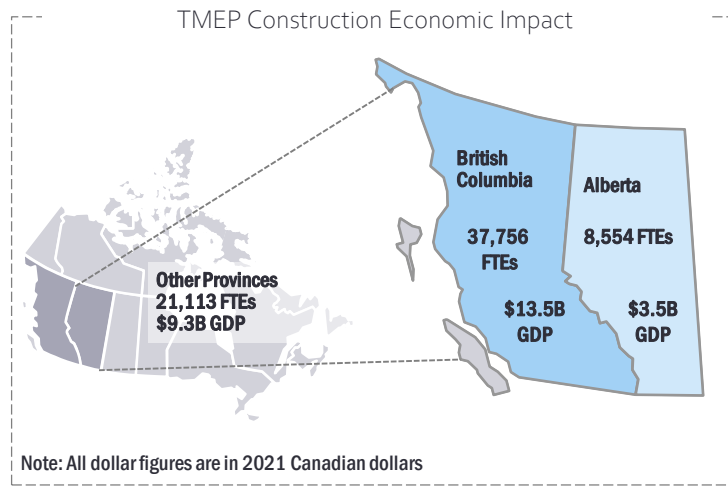
Trans Mountain Expansion Project

In 2018, Trans Mountain Corporation (TMC) was incorporated as a federal Crown corporation under the Government of Canada to oversee the development and management of the Trans Mountain Pipeline (TMP) and Trans Mountain Expansion Pipeline (TMEP) project. TMEP is expected to expand capacity from 300,000 barrels per day to 890,000 barrels per day to support Canadian crude oil production growth and allow for increased access to global energy markets.

TMC has engaged Ernst & Young LLP (EY) to conduct an economic impact assessment of TMEP's construction phase and future operations, and also an economic impact assessment of TMC's investment in Indigenous relationships.

Economic Impact

- ▶ Total capital investment in TMEP is expected to contribute **\$26.3 billion in gross domestic product (GDP), 67,423 person-year full-time equivalent jobs (FTEs), and \$2.9 billion in taxes** to the Canadian economy during its construction from 2018 to 2023.
- ▶ TMEP operations are estimated to contribute **\$9.2 billion in GDP, 36,066 person-year FTEs, and \$2.8 billion in taxes** over 20 years from 2024 to 2043.
- ▶ TMC and contractors have provided training to over **13,000 individuals** and invested in regional infrastructure.



Note: "person-years" is defined as the number of hours required for individuals to work over a period of time to be classified as a FTE.

Sources: Statistics Canada, TMC, and EY Analysis

Impact on Indigenous Communities

- ▶ Awarded **\$4.86 billion** in Indigenous contracts and **\$657 million** earmarked as part of Mutual Benefit Agreements (MBAs) with Indigenous communities.
- ▶ Invested **\$1.2 million** in various skills trainings for 422 Indigenous persons, with an estimated potential annual wage impact of **\$24.3 million**.

TMEP Indigenous Impact Summary

	Economic Opportunity & Workforce Development	TMEP supports regional economies through MBAs, Indigenous procurement, and employment and training initiatives
	Cultural Vitality & Community Demographics	Appropriate policies and measures help protect Indigenous culture and lands
	Infrastructure Development	Improved infrastructure for communities including housing, road and power infrastructure
	Public Health & Community Wellbeing	Potential to improve healthcare access, drinking water, and sanitation systems

Economic Impacts of Pipeline Construction

Economic Impact of TMEP Construction

- ▶ Between 2018 and 2023, TMC is expected to spend **\$26.25 billion** on the necessary capital expenditure for the completion of TMEP.
- ▶ This expenditure includes twinning large segments of the pipeline, reactivating segments of existing pipeline infrastructure, constructing new pump stations, expanding capacity at terminals, land acquisitions, utilities, additional project execution and non-execution support, among others.
- ▶ Total capital investment in TMEP is expected to contribute an estimated total of **\$52.8 billion** in gross output, **\$26.3 billion** in GDP, including **\$11.0 billion** in wages, and **67,423 person-year FTEs** over the course of its construction period from 2018 to 2023.
- ▶ The majority of the economic impacts will take place in British Columbia with **\$28.9 billion** in gross output, **\$13.5 billion** in GDP, including **\$6.2 billion** in wages, and **37,756 person-year FTEs**.
- ▶ In Alberta, the total impact of TMEP is estimated at **\$7.3 billion** in gross output, **\$3.5 billion** in GDP, including **\$1.4 billion** in wages, and **8,554 person-year FTEs**.

Total Construction Economic Impacts (2018 – 2023)

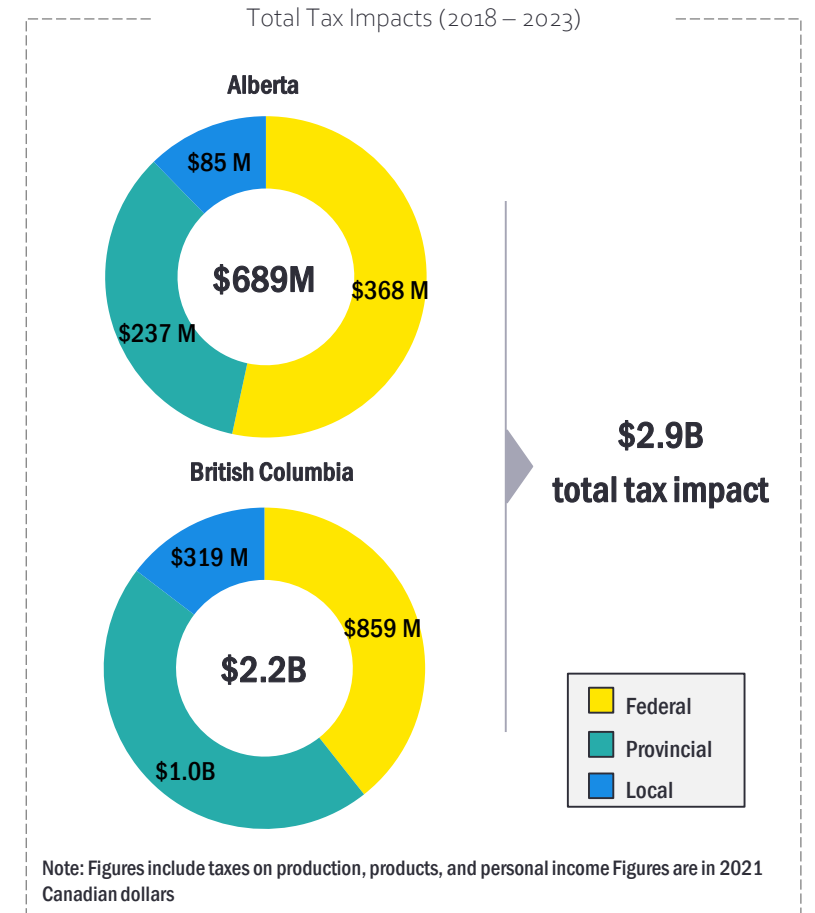
Indicator	Canada	Alberta	British Columbia	Other Provinces
 Gross Output*	\$52.8B	\$7.3B	\$28.9B	\$16.6B
 GDP	\$26.3B	\$3.5B	\$13.5B	\$9.3B
 Wages	\$11.0B	\$1.4B	\$6.2B	\$3.4B
 Employment (Person-year FTE)	67,423	8,554	37,756	21,113

Note: All dollar figures provided are in 2021 Canadian dollars. *Gross output is defined as the total spending generated throughout the economy as a result of TMEP construction.

Sources: Statistics Canada, TMC, and EY Analysis

Tax Impacts

Capital investment in TMEP will contribute an estimated total of **\$2.9 billion** in tax revenue to federal, provincial, and local governments.



Future Pipeline Operations and Broader Long-term Impacts

Economic Impact of TMEP Operations

- ▶ Once operational in 2024, the expanded pipeline operations will generate annual economic impacts resulting from expenditures on pipeline maintenance, salaries and benefits, administration, and taxes paid.
- ▶ At the national level, operational expenditure of TMEP between 2024 and 2043 is estimated to contribute a total of **\$17.3 billion** in gross output, **\$9.2 billion** in GDP, including **\$3.7 billion** in wages, and **36,066 person-year FTEs** to the Canadian economy.
- ▶ In British Columbia, total impacts are estimated at **\$8.1 billion** in gross output, **\$4.3 billion** in GDP, **\$0.9 billion** in wages, and **8,959 person-year FTEs**. In Alberta, total impacts are estimated at **\$6.1 billion** in gross output, **\$3.4 billion** in GDP, **\$2.2 billion** in wages, and **20,203 person-year FTEs**.

Total Operations Economic Impacts (2024 – 2043)

Indicator	Canada	Alberta	British Columbia
Gross Output*	\$17.3B	\$6.1B	\$8.1B
GDP	\$9.2B	\$3.4B	\$4.3B
Wages	\$3.7B	\$2.2B	\$0.9B
Employment (Person-year FTE)	36,066	20,203	8,959

Note: All dollar figures provided are in 2021 Canadian dollars. *Gross output is defined as the total spending generated throughout the economy as a result of TMEP operations.

Economic Development and Social Impacts

- ▶ TMEP operations are anticipated to generate a range of broader long-term impacts in the provincial and regional economies, including benefits for Indigenous communities.
- ▶ In addition to its direct economic benefits, the project provided training opportunities for workers, potentially resulting in increased job opportunities and improved career prospects. TMC invested in training programs for workers, with over **710 individuals** participating and **\$1.3 million** spent on TMC training programs, while TMC contractors have trained over **12,352 individuals** and spent approximately **\$4.3 million** on training programs and courses. Additionally, TMC has invested in local educational institutions, with more than **\$1.2 million** spent on agreements with post-secondary institutions and foundations.
- ▶ TMC's infrastructure investment in sewer, water, and road upgrades will benefit regional communities directly.

Sources: Statistics Canada, TMC, and EY Analysis

Tax Impacts

TMEP operations will contribute an estimated total of revenue to federal, provincial, and local governments.

\$2.8 billion in tax

