



A Mineral Development Strategy for Ontario

Submission
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“How can Ontario’s mineral resources help build a stronger future for us all?”

November 30, 2005

Constructive concept

The Ontario Mining Association welcomes the initiative of the Ministry of Northern Development and Mines in developing the discussion paper "*A Mineral Development Strategy for Ontario*." This is a constructive concept which holds the potential to better recognize the real and tangible – as well as intangible – benefits mining provides for the society and economy of Ontario. It also holds the potential, perhaps similar to an undelineated ore body, to further enhance the benefits of responsible mineral development that can be shared by all Ontarians.

While "*A Mineral Development Strategy for Ontario*" would be a great step forward, it can only be truly effective in the context of an overall provincial industrial strategy, which includes an electricity strategy to make available reliable and competitively priced energy to consumers – residential, commercial and industrial -- in Ontario.

Similarly, this document has implications for many ministries of government along with the Ministry of Northern Development and Mines. The Ministries of Labour, Environment, Finance, Energy, Natural Resources, Municipal Affairs and Housing, Transportation, Training Colleges and Universities and Native Affairs Secretariat among others will need to be involved in and accept this document as being good for the future of the province. For the mineral development strategy to be successful, "buy-in" is required from all of these other ministries.

Ontario and the Mining Industry

It is important that Ontarians come to view mineral producers as the solution providers in a modern and complex world. The materials, which are produced by the mining industry, when used creatively and in an innovative fashion, improve our lifestyles, enhance our environment and make us more energy efficient. Advances being made on everything from solar powered cars to energy efficient homes have their roots in mining. To drive that point home, any of the following examples can be used in an information box that accompanies this section of the strategy:

One Ontario mineral product – calcium carbonate – is used as a filler in plastics, paints and papers. By stretching the use of raw materials in these consumer products, the quantity of petrochemical feed stocks, trees and energy used in processing are all reduced.

Other Ontario minerals – platinum and palladium – are metals which make our air cleaner. Their use in catalytic converters reduces pollution and greenhouse gas emissions from combustion engines used in different modes of transportation.

Also, Ontario's most important mineral – nickel – is the key alloy ingredient which makes steel stainless and is an important material in pollution prevention equipment, energy efficiency and health and safety settings. You can see nickel at work for you in scrubbers, food service kitchens and in hospital operating rooms and medical equipment.

The significant economic impact of mining is important not just for its magnitude but also for its distribution. Many industries in Ontario tend to be geographically localized.

Mining takes place in all regions of the province, making it a truly provincial industry in the range it covers and the benefits it provides.

Since 1920, the Ontario Mining Association has been representing the interests of mineral producers in this province. The mission of the OMA is “to improve the competitiveness of the mining industry in Ontario” in its representation of companies engaged in the environmentally responsible and safe exploration, production and processing of minerals in this province.

Comments about the four objectives of the proposed mineral strategy

The four pillars of the proposed mineral development strategy are:

1. Promote long-term sustainability and competitiveness
2. Support modern, safe and environmentally sound mining
3. Clarify and modernize Ontario’s mineral resource stewardship
4. Promote community development and opportunities for all.

The Ontario Mining Association finds the four pillars of the mineral development strategy supportive of its own mandate. However, one area we believe the current document falls a little short is commodity economics. Mining is a price taker. Those outside the industry likely do not recognize that Ontario companies have no control over their selling price. Without competitive electricity rates, reasonable tax structures, realistic workers’ compensation costs, predictable permitting time lines, science based environmental regulations, clear tenure rules and access to land with mineral potential, the investment needed to bring mineral deposits into production will gravitate to jurisdictions with stronger supportive economic basics.

1. Promoting long-term sustainability and global competitiveness

This section contains many extremely important tasks that government needs to successfully tackle to make a difference. The OMA would be supportive of improvements in tax and fiscal policies, expansion of the geological data base, more education and skills training, commercialization support for Research & Development, closer collaboration between Queen’s Park and Ottawa and greater efficiency in the environmental approval process. Governments have a crucial role in infrastructure development and support which can help make all industry more competitive.

The Association would like to see the Ministry of Northern Development and Mines taking a greater public role in actively supporting and facilitating the permitting process across government for mining operations. The lack of clear rules for the permitting process and the absence of provisions for realistic time lines for the issuance of permits pose a major stumbling block to future mineral development in Ontario. Permits need to be based on scientific and engineering evidence and not be subject to political winds, which can change directions.

The government should endeavour to work with the federal government to harmonize regulatory requirements to avoid duplication and to simplify the permitting process.

The government should encourage mineral exploration and development in lesser developed areas of the province. However, it must also recognize, that significant future exploration potential remains in established mining camps – but generally a greater depth. The OMA would encourage the government to consider providing incentives to further mineral exploration that appreciates both these situations.

Also, the government should consider incentives and tax recognition to encourage expansion and process improvements.

The industry would like to see government more involved in public education efforts to show mining as a solution providing, modern, safe, high-tech and environmentally responsible industry which benefits the society and economy of Ontario. All Ontarians benefit from the production and processing of mineral resources not just those in Northern Ontario.

While there is no doubt Ontario's industry must increase efficiencies and manage rising input costs to stay competitive, the competition is not coming exclusively from "lower-cost rivals in emerging mining jurisdictions." The competition is coming from other Canadian provinces such as Quebec and Manitoba next door and Alberta and British Columbia, all of which have more supportive infrastructures. The competition is also coming from traditional mining competitors in developed nations such as the United States, Australia, Chile and South Africa.

2. Supporting modern, safe, environmentally sound mining

Reference to the mining industry making significant progress in safety and environmental performance does not go far enough to recognize the gains.

The mining industry continues to make progress in safety and worker health and environmental management. The sector invests \$2,500 per employee annually in health and safety and skills training. Along with the productivity performance, the sector has a demonstrated exceptional safety performance. Mining is one of the safest industries in the province with a lost time injury rate of 0.9 per 200,000 hours during the first nine months of 2005. In the last 20 years, this safety record has improved by 90 per cent.

This steady and spectacular improvement in the mining industry's safety performance can be built upon to advance workplace health and safety. The Ministry of Labour, with the Mines and Aggregates Safety and Health Association and the Internal Responsibility System (IRS) can build communication among workplace parties, share best practices and provide advice and support to operations striving to improve in this area.

Despite this continually improving safety performance by the mining industry in Ontario, workers' compensation premiums continue to increase unfairly. We have been told that

the major factor in rising workers' compensation premiums is higher health care costs. Does this mean that employers are being doubly taxed for their employees' health care costs through the Employer Health Tax and Workplace Safety and Insurance Board (WSIB) premiums? A fairer system needs to be put in place because as it stands today, these compensation costs remain a deterrent to future investment and employment creation.

The industry in Ontario is investing more than \$85 million annually in environmental protection, environmental improvement and pollution prevention. The footprint of mining on the environment is miniscule. The mineral industry in Ontario – past and present – occupies about 250 square kilometers, or 0.03 per cent of the total area of the province. Including statistics like this in the document will assist in updating our image with other ministries and the public.

The Ontario Mining Association is involved in the Mining Association of Canada's "*Toward Sustainable Mining*" initiative. TSM has a set of guiding principles and a set of commitments, which address the industry's performance. The guiding principles are supported by specific performance indicators and point to actions for improvement. TSM is about mining earning its social license to operate, improving its reputation by enhancing performance and aligning actions with priorities of the sector's communities of interest.

In this section, the document could mention the highly successfully and innovative Memorandum of Understanding (MOU) between the Ministry of Northern Development and Mines and the Ontario Mining Association. It is a ground breaking MOU, which is helping in a collaborative fashion to address the legacy issue of abandoned mine sites on Crown land.

Also, in this section for the record we would like to note an oversight in the official name of MASHA -- the Mines and Aggregates Safety and Health Association.

We agree companies will continue to improve their environmental performance as technology and the understanding of the complex relationship between industry and the environment continues to be better understood. However beyond the "clear targets" referenced, environmental parameters must be based on science and found in legislation and regulation and not just in ministry policies and guidelines.

The Ministry should encourage industry's environmental and rehabilitation efforts and recognize voluntary initiatives. We are strongly supportive of the introduction of Good Samaritan Legislation. While the box on page 11 of the strategy mentions the daunting figure of \$500 million needed to rehabilitate all the abandoned mines in Ontario, it could be said that the introduction of Good Samaritan Legislation would go a long way to reducing the burden on Ontario taxpayers through proactive action on the part of the mining sector, which is eager to earn its social license to operate, as the above mentioned MOU testifies.

3. Clarifying and modernizing mineral resource stewardship

This section is especially important for the front-end of the mining business – the prospecting and exploration sector. This process is the beginning of what leads to producing mines.

The OMA would encourage the Ministry to pursue its intentions to establish land access and land tenure rules, which are clear, fair and consistent and to ensure mineral exploration and development interests in land use planning. As an example, clarification of the relationship if holder of mineral rights differs from the holder of surface rights is needed. Also, the OMA would like to see assurance that the Provincially Significant Mineral Potential (PSMP) process is not only “considered” on all Crown lands, but rather implemented and the institution of a conservation area replacement policy for areas of high PSMP, which may be excluded from mineral prospecting. The OMA would continue to support the Ontario Geological Survey and geoscientific research which can be shared by all.

Ontario does lag behind several key competitors on certainty of land tenure and access to land. Governmental initiatives such as Bill 11 *An Act to Enact the Provincial Parks and Reserves Act 2005* with its lack of clarity on park buffer zones do not close the gap between Ontario and its competitors in this area.

4. Promoting community development and opportunities for all

Mining in Ontario in straight economic terms is a \$5.5 billion per year business. In Ontario today, there are more than 16,500 people directly employed in mining and more than 75,000 people indirectly employed. It is estimated the supply and service companies to the production of minerals in Ontario employ about 14,000 people. We would recommend incorporating these stats in the box on page 13 of the strategy.

One suggestion in the strategic tax area would involve including the municipalities in some improved tax sharing arrangements. Currently, communities do not share tax revenue to the same degree from a mine the way the other two levels of government do. Yet they are often the level providing the hard services to the facility and employees.

The mining industry is making progress, which is becoming acknowledged, in communicating with, training and including Aboriginals in the industry. While Aboriginals account for 2.6% of the total Canadian workforce, Aboriginals comprise 4.8% of the mining workforce. The provincial and federal governments need to cooperate with each other and address the underlying concerns and grievances of First Nations in order for Aboriginals to become more equal participants in Ontario's society and economy.

The federal and provincial governments should look at pooling their resources and commitments in the advancement of geoscientific information and carrying out more surveys in both the traditional areas and also remote areas in the North.

Through the efforts of the Mineral Industry Training and Adjustment Council (MITAC) and other initiatives such as the "*Rock ON: Career opportunities in Ontario's mining industry*" the sector is striving to meet projected human resource needs in the future. However, the provincial government certainly could play a greater role in using the educational infrastructure of the province to promote greater skills training. For its part, the mining industry is willing to provide greater opportunity for apprenticeship.

Conclusion

To reiterate, the Ministry of Northern Development and Mines deserves to be congratulated for embarking on the process of consulting on a mineral development strategy for Ontario.

As high population countries such as China and India advance and industrialize, the future demand for mineral products appears strong. Now is Ontario's opportunity to decide what ongoing role it wants in this area of the world's economy.

At the beginning of this response to the Ministry of Northern Development and Mines' paper, the OMA mentioned that tangible and intangible benefits of mining for all citizens of Ontario could be improved. The tangible benefits of jobs, taxes and wealth generation

are evident. However, the Ministry should not lose sight of the intangible benefits of opportunity and hope. The Lieutenant-Governor of Ontario, His Honour, The Honourable James K. Bartleman has recently spoken about the hope mining is offering – and can offer – to Aboriginals in Ontario. The mining sector offers hope in a substantive way to the next generation of young Ontarians no matter where they live in the province.

The Ontario Mining Association is an active participant in the activities and initiatives of the Ontario Mineral Industry Cluster Council (OMICC). On behalf of its members, the OMA is willing to be an active participant in whatever next steps the Ministry of Northern Development and Mines considers appropriate to bring to reality the principle concepts contained in the document “*A Mineral Development Strategy for Ontario.*”

Recommendations summary:

- Mining is a solution provider. Broader incorporation of this theme in the strategy would allow greater understanding of the role played in our society and economy from the products of mines
- Mineral development strategy needs to be part of an overall industrial strategy for Ontario which includes as a component an energy policy and infrastructure enhancement and development in the Far North
- Mineral development strategy must become policy adopted by all ministries in government
- Mineral development strategy needs to recognize economic competitive realities – mineral producers are price takers who are unable to pass along increased regulatory costs to customers -- and government must work to improve relative competitiveness of energy costs, taxation, permitting procedures, workers' compensation costs, infrastructure development, science-based environmental and land access rules
- The government needs to provide better rules for a clear and concise permitting process with the realistic provision of time lines for the issuance of permits and harmonize provincial and federal regulatory requirements and simplify the permitting process
- The government needs to create a fairer system for workers' compensation which more closely relates premiums to safety performance
- Recognition in the policy needs to be made of the need for Federal and Provincial governments to cooperate with each other and address the underlying concerns and grievances of First Nations in order for Aboriginals to become more equal participants in Ontario's society and economy
- Recognition in the policy needs to be made of the need for Federal and Provincial governments pooling their resources and commitments in the advancement of geoscientific information and carrying out more geological mapping and surveys.
- Provincial government could play a greater role in using the educational infrastructure of the province to promote greater skills training related to careers in mining
- The industry would like to see government more involved in public education efforts to show mining as a solution providing, modern, safe, high-tech and environmentally responsible industry which benefits the society and economy of Ontario

- Revisit tax revenue sharing agreements between different levels of government so that municipalities can benefit and explore tax incentives and considerations to promote expansions and process improvements
- The government should encourage industry's environmental and rehabilitation efforts and recognize voluntary initiatives particularly through the introduction of Good Samaritan legislation
- Ensure that the Provincially Significant Mineral Potential (PSMP) process is carried out on all Crown lands and that it is applied to all land use planning exercises
- Clarification of relationship if holder of mineral rights differs from the holder of surface rights
- Institute a conservation area replacement policy for areas of high PSMP which may be excluded from mineral prospecting
- Better exemplify the environmental and safety improvements of industry throughout the strategy

November 30, 2005

Mr. John Malczak
Senior Policy Advisor
Corporate Policy Secretariat
Ministry of Northern Development & Mines
99 Wellesley Street West, Room 5630
Toronto, Ontario,
M7A 1W3

Dear Mr. Malczak:

Please find attached a response from the Ontario Mining Association regarding Environmental Bill of Rights Registry Number PD05E0001.

Thank you for allowing the OMA to comment on this important strategy and we look forward to discussing it further with you.

Sincerely,

Chris Hodgson
President

cc: Hon. Rick Bartolucci, Minister of Northern Development and Mines