

Infrastructure Investment Essential to Mining Sector Growth

Mining is one of Canada's most important economic sectors and is a major driver of the country's prosperity. In 2011, the industry contributed \$35.6 billion to Canada's gross domestic product (GDP) and employed 320,000 workers in the sectors of mineral extraction, processing and manufacturing. It is an industry that stimulates and supports economic growth both in large urban centres and in remote rural communities, including numerous First Nations communities; mining is an important employer of Aboriginal Canadians. Mining also accounts for 22.8% of Canadian goods exports and \$9 billion in taxes and royalties paid to federal, provincial and territorial governments. Globally, Canada remains the top destination for mining exploration, attracting 18% of the world's spending in this sector.¹

However, as outlined in the Canadian Chamber of Commerce's January 2013 report *How Canada Transformed its Resource Endowment into a Global Competitive Advantage*, major mining projects often require significant investment in new infrastructure, which is vital "to ensure that mining companies have the ability to find, extract and remove ores at a competitive cost."² Mineral deposits are often located hundreds or even thousands of kilometres from road, rail, energy and technology infrastructure; as a result, companies are often faced with costs in the order of hundreds of millions of dollars in order to simply access their mining claims. Despite the strong benefit these projects potentially provide to the regional, provincial and federal economies, the cost to establish the required infrastructure is frequently too prohibitive for private-sector investment alone.

One example of a significant mining opportunity with extensive infrastructure requirements is the so-called "Ring of Fire," a mineral-rich region in northwestern Ontario worth \$50 billion³, and which federal government officials have referred to as "another oilsands," one which will be "a project of national significance for decades."⁴ However, the lack of any transportation or energy infrastructure in the region is a serious impediment to its progress. Similar infrastructure challenges are faced by many key strategic mining areas throughout Canada, such as the need for additional rail capacity in the Labrador Trough, as well as enhanced electrical transmission in northwestern British Columbia.

The latter also stands as a strong example of federal support for resource development infrastructure, as the Canadian government recently invested \$130 million into a 344-km line in northwestern B.C. as part of a tripartite project that will enable four mining projects, take First Nations off diesel generation, allow upwards of 2,000 MW of green power led by hydraulic power to be put back on the grid, and serve as a workforce training project.⁵ This kind of strategic investment must be part of the federal government's approach to enabling crucial mining initiatives throughout Canada.

This type of infrastructure is also a key enabler of Canada's international competitiveness. The development of large-scale projects such as the Canadian Pacific Railway and the St. Lawrence Seaway have historically been crucial factors in the success of Canada's mining sector by providing vital transportation links to both foreign and domestic markets. In turn, the mining industry helps to support the development of infrastructure by acting as a source of demand for large projects, particularly in the transportation sector. Federal government support of these key infrastructure projects must be viewed as a vital investment in future jobs and long-term prosperity rather than an expense.

¹ Mining Association of Canada www.mining.ca

² Canadian Chamber of Commerce Report: How Canada Transformed its Resource Endowment into a Global Competitive Advantage

³ Clement: Ontario 'Ring of Fire' Will Be Canada's Next Oil Sands, http://www.huffingtonpost.ca/2013/04/26/ring-of-fire-ontario-tony-clement_n_3159644.html

⁴ Ibid.

⁵ <http://investnorthwestbc.ca/major-projects-and-investment-opportunities/map-view/terrace/northwest-transmission-line>

RECOMMENDATIONS

That the federal government use enhanced funding partnerships with the private sector, other governments and Aboriginal peoples to invest in the transportation and energy infrastructure necessary to promote mining sector growth and stimulate regional economic development.

SUBMITTED BY THE GREATER SUDBURY CHAMBER OF COMMERCE, TERRACE AND DISTRICT CHAMBER OF COMMERCE, THUNDER BAY CHAMBER OF COMMERCE, AND TIMMINS CHAMBER OF COMMERCE.