

SWOT Summary

(excerpted from the Ontario Mining Cluster Forum,
February 12-13, 2003 Summary Report)

Introduction

On February 12 and 13, 2003, the Ministry of Northern Development and Mines hosted the Ontario Mining Cluster Forum in Toronto. The event brought together approximately 90 representatives from a variety of key sectors to explore the concept of strengthening a mining cluster in Ontario.

Key Findings

- Overall, there was strong commitment from most sectors represented to establish a mining cluster strategy in Ontario. However, some sectors, including mine operators and suppliers, expressed reservations about providing a financial contribution before it was proven that the cluster would help make their businesses more profitable.
- Forum participants were adamant that the Ontario government must launch the process by bringing all relevant parties together. At some point, however, it is expected that other leaders would emerge and continue to drive the process forward.
- All relevant parties, including many who did not participate in the Forum (i.e. Aboriginals, environmentalists, youth), must become involved if the mining cluster is to develop appropriately.
- This is the beginning of a long process, but participants are committed to moving forward.

Common Themes

- The mining industry is a major contributor to the province's economy
- The mining industry has a commanding international reputation for technology and innovation capabilities
- The mining industry has an experienced workforce
- There is a lack of respect for the mining industry and misperception that mining is a sunset industry
- Issues exist around access to land, land tenure and aboriginal rights.
- Limited access to capital and especially funding for exploration is difficult to obtain.
- Multi-ministry and multi-jurisdictional government regulations create green tape

Mining Cluster SWOT Analysis

Representatives from 11 sectors (financial services, junior exploration, senior exploration, mine operations, research and development, mine equipment suppliers, analytical/metallurgical, consulting, technology, colleges, universities and mining municipalities) each presented an analysis of the strengths, weaknesses, opportunities, threats (“SWOT”) of a mining cluster.

These presenters (and topics) included:

- **George Pirie**, President and CEO, Placer Dome (CLA) Ltd. (Mine operators);
- **Sylvia Barnard**, President, Cambrian College(educational and vocational (mining focus) college);
- Toronto lawyer **Steve Vaughn** (Toronto as a Financial Centre)
- **Bob Middleton**, Exploration Manager East West Resource Corp.(Exploration – Junior);
- **Bob Horn**, Vice President, Inco (Exploration – Senior);
- **Dr. Peter Kaiser**, Laurentian University and MIRARCO (R&D);
- **Mark Andersen**, General Manager, Willat Conveyors Inc. (Mine Equipment Suppliers);
- **Mary-Claire Ward**, Vice-Chair, Watts Griffis and McQuat (Contract/Consulting);
- **Dr. Larry Seeley**, CEO Lakefield Research (Analytical/metallurgical);
- **Dr. Thomas J. Harris**, Dean, Queens University (educational and vocational (mining focus) university);
- **Jamie Lim**, Mayor of Timmins (Mining Municipalities).

Although each sector has its own challenges and successes, a number of common themes emerged. The analysis by the sector representatives is summarized below.

Strengths:

- As a \$5 billion industry, mining is extremely important to Ontario’s economy, and Ontario continues to be the largest producer of non-fuel minerals in Canada. The mineral potential of the province’s geology remains high.
- All levels of government are stable and offer consistent support to industry. Ontario also has established legislation (*Mining Act*) and is politically stable.
- There is strong infrastructure in place.
- The mining industry’s collective technology and innovation capabilities are high. The industry is among the top 10 most innovative industrial sectors in Canada.
- The mining industry has a long, successful track record in research and development. The Ontario research community has well established research centres and leadership. Mining companies are important leaders in research programs.
- The Ontario mining industry has an experienced labour force.
- A complete mining financial industry infrastructure exists in Toronto.
- An informal mining equipment cluster already exists in Ontario, as we are a global leader in mining and mine equipment service technology.

- The technical knowledge of Ontario's mining industry is among the highest in the world.
- The environment and health and safety are top priorities for Ontario's mining companies.
- Colleges provide workplace-ready, entry-level employees and Canadian mining school university graduates have strong reputations in Canada and worldwide.
- Companies have easy access to U.S. capital markets.

Weaknesses:

- There is a lack of respect for the mining industry and it suffers from the incorrect perception that ore deposits are depleted.
- The Canadian mineral and financial industry is over-regulated.
- A great deal of uncertainty exists around land tenure and Aboriginal rights.
- There is poor infrastructure (i.e. roads) in the northern part of Ontario that prevents further exploration.
- There is limited access to capital, and mines are increasingly more costly to find, acquire, develop and produce.
- The cyclical nature of the business leads to a boom-and-bust mentality, making it difficult for smaller organizations to sustain themselves through the slow periods.
- There are long lead times on production decisions.
- Foreign equipment manufacturers threaten the strength of domestic suppliers.
- The industry in Ontario is not currently building on its strengths.
- The Canadian mining industry suffers from an out-dated, unattractive approach to mining education that is partly to blame for insufficient human resources.
- Competition appears to dissuade cooperative cluster initiatives.
- Funding for exploration is difficult to obtain.
- The lack of access to land inhibits further exploration.

Opportunities:

- A cluster is an opportunity to create a holistic industry strategy that would include governments, industry, labour, educational institutions and others.
- The Ontario mining industry needs a champion.
- Ontario has all the necessary players to create a cluster.
- We share NAFTA and tax treaties with major mining growth areas, including Central and South America.

- A cluster will:
 - Benefit society long past the extraction of the resources.
 - Create employment and attract people and investment to the province.
 - Help to resolve conflicts over land rights with First Nations.
 - Lead to improved infrastructure and more tax incentives.
 - Help realize the benefits of increased investment in technology and innovation.
 - Identify new export opportunities.
 - Help international student recruiting and university research efforts.
 - Create a market for highly technical value-added services in new areas.
 - Present new opportunities to improve infrastructure in the far north.
 - Attract foreign students to Ontario colleges and universities.

Threats:

- Mining companies and equipment suppliers are under the constant threat of being taken over by foreign companies.
- Global competition continues to grow in all sectors.
- Land tenure issues continue to restrict exploration and development.
- A heavy tax burden discourages further investment.
- Multi-jurisdictional government regulations create havoc and delays.
- Politicians undervalue the industry's contributions to the province's economy.
- Environmental regulations are becoming increasingly complex.
- Falling metal prices affect the ability of companies to invest in research and development and exploration.
- The public mistakenly views the industry as a mature sector.
- The public mistakenly believes mining to be environmentally irresponsible.
- There are too few well-trained engineers and tradespeople.
- Globalization of the industry means the potential loss of opportunities for Canadian graduates.
- The Quebec government offers incentives to invest in mining in its province.

Moving Forward

Participants were eager to learn more about how a strategy could be developed for a mining cluster and were enthusiastic about the possibilities this could present for the future of the industry in Ontario.

While the participants acknowledged that the Forum was the beginning of a long process, they said they were committed to building a comprehensive strategy for the industry. They agree the industry's future lies in strengthening the Ontario mining cluster.