

# Poised to Compete Globally

By **Indira Singh**

## The Ontario Mineral Industry Cluster is in position—ready to propel Ontario's mining industry forward

*"Of all the industries that drive Canada's export economy, mining is the champion: We export 80 per cent of the minerals produced or refined here, and the entire sector is shining."*

*National Post Business, Special Issue, 41st Edition*

Ontario has the largest economy in Canada, the 9th largest in North America and its economic development has been closely tied to its primary resource sectors. For a century, mining has been a pillar of Ontario's economy. From the mining and processing of ore through parts manufacturing and production of sophisticated consumer products and services, the sector makes a vital contribution to wealth generation and employment in urban and northeastern and northwestern regions of the province. Ontario mining and mineral development industries have long sustained a highly paid workforce, created communities and laid the foundation of infrastructure, i.e. rail, road, port and electricity development to link remote communities, while fuelling the provincial economy to the tune of millions each year. If Ontario were an independent nation, Ontario would rank among the top ten mineral producers world-wide: Globally, Ontario ranks 4th in platinum production, 5th in Nickel and Cobalt, 11th in Gold, 13 in Copper, and 15th in Silver and Zinc.

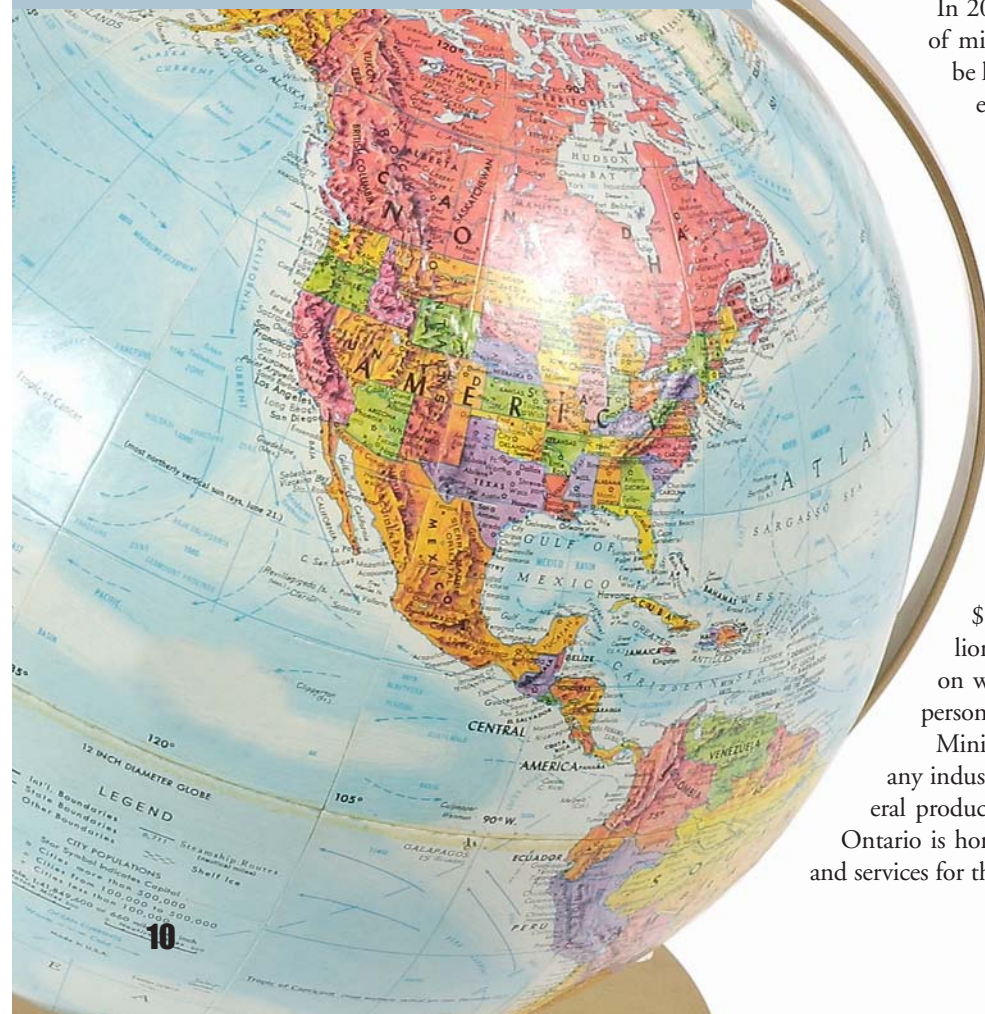
### Economic Contribution

Let's look at the numbers.

In 2004 alone Ontario produced over 7 billion worth of minerals. The total economic contribution would be higher if one included allied industries, i.e. suppliers, contractors, consultants who provide support and services to the industry. The industry directly employs 22,500, and generates an additional 75,000 direct jobs with an average salary of \$59.5 thousand per year in metal mining. The Ontario mining industry paid about \$264 million in taxes to all levels of government in 2003, including \$113 million to the provincial government. Mining companies spend more than \$1 billion on goods and services annually with 80 per cent spent in Ontario.

The sector generates close to \$1.0 billion in wages and salaries. Sudbury has grown to become one of the largest mining districts in the world. Historically, it has generated with \$150 billion worth of metals, more than \$38 billion spent on supplies and services, \$35 billion spent on wages and salaries, and has created over a million person years of employment created.

Mining has one of the highest economic multipliers of any industry in Ontario and the economic benefits of mineral production are evident throughout the entire province. Ontario is home to more than 1100 firms that produce goods and services for the mining industry in Canada. In Sudbury alone,



there are an estimated 300 companies providing goods and services to the mining industry. The value of mining multiplies in the economy and the economic benefits of mines are far reaching providing a significant input to local economies. For example, the development of the Ekati mine, Canada's first diamond operation, required goods and services from more than 400 firms.

### Global Trends and Clusters

Notwithstanding the impressive performance of the industry, Ontario relies on the export of raw material rather than manufactured goods. The international import of goods has far outstripped exports. And, like any other resource industry in the global economy, it faces formidable risks. These risks and associated vulnerabilities include resource depletion, the emergence of low cost competitors, cyclical demands and commodity pricing shifts. Furthermore, recent trends such as globalization, rapidly changing technology and intense competition have created significant challenges to resource-based economies. Natural resources such as minerals provide a great potential and stimulate sustained economic growth but on their own they don't guarantee competitive advantage.

The key is to ensure that non-renewable mineral resources are maximally conserved through efficient recycling and reuse, and that the mineral benefits these resources bring are converted into other forms, human and social capital, that can outlive resource dependency.

For example, Finland's mining related equipment and services sector has outlived the near depletion of mineral resources. Resource based industries create prosperity through export of finished goods and services, not simply through extraction and sale of raw material. Developed economies such as Sweden, Finland and the United States provide evidence that a rich endowment in natural resources, including minerals, can provide the basis for sustained and long term economic growth through the development and export of value added products and services.

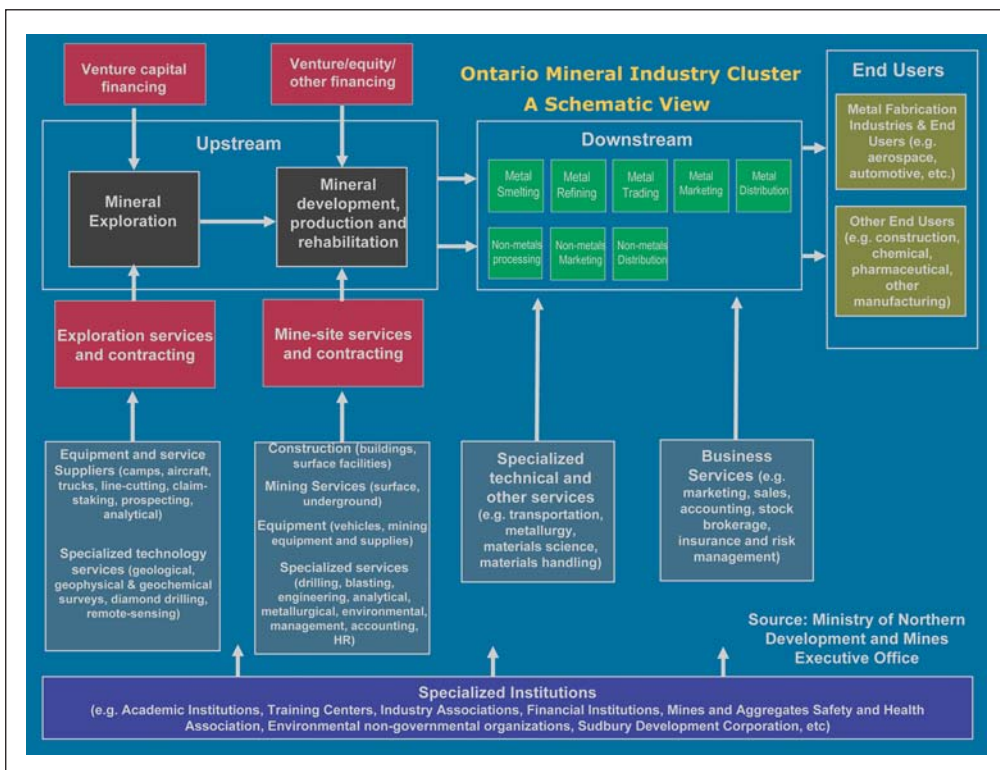
One approach to economic development, commonly referred as the cluster approach, has shown to facilitate the shift from reliance on materials extraction and sale to the production of value added goods and services. The argument goes that few companies have all of the necessary resources and skills to develop unique products and services on their own. Working in a cluster pro-

vides a firm access to the critical mass needed to develop value-added products and services. A cluster is defined as an array of inter-related industries and institutions that compete but also cooperate. Clusters drive wealth creation in a region, primarily through export of goods and services.

This is where the Ontario Mineral Industry Cluster (OMIC) comes in. The OMIC is distinguished by its rich endowment of mineral resources, active exploration and development industries, seasoned production industries, globally-acting suppliers, top-ranked capital market, strong education and training networks, dynamic research and development supports, infrastructure of knowledge, committed communities, and a supportive, stable political environment. A schematic view of OMIC is shown in Diagram 1.

### The Government of Ontario Announces Ontario Mineral Industry Cluster Council

The Government of Ontario recognizes the mining and mineral development industry as a key contributor to jobs, wealth and a high quality of life for Ontarians. At the same time the government also recognizes that primary resource based economies can no longer rely on the extraction and export of raw materials alone and announced the creation of the Ontario Mineral Industry Cluster Council (OMICC) in November 2003. The objective is to bring the century old mining and mineral sector into the 21st century to promote sustainable growth and create prosperity. The argument being that if Ontario is to remain competitive it must keep pace with other resources based economies. Rick Bartolucci, Minister of the Ministry of Northern Development and Mines has asked OMICC "...to examine ways to create or attract more high quality jobs to the North through mining-related, value-added activities ..." While councils have been created for other sectors (including high tech, bio-tech and forest, just to name a few) the Government of Ontario is the first government to establish a cluster council for its mining and mineral sector.



## Ontario Mineral Industry Cluster Council (OMICC)

The Ontario Mineral Industry Cluster Council's mandate is to foster a sustainable and rising standard of living and bring together industry, academia and the public sector to win more prosperity. OMICC is private sector led with representatives from major mine operators, junior exploration companies, suppliers, environmental groups, First Nations, education and academic institutions, labour and three levels of government. It is chaired by George Pirie and Warren Holmes, two distinguished leaders in the Ontario mining community.

The Council has established five groups that are working towards promoting competitive fundamentals. These include enhanced R&D capacity, increased export and commercialization capacity, mineral development strategy and workforce development and training which would provide an infrastructure, expertise/talent and support required or needed to manufacturer and export value added products and services and contribute to diversification in the mineral sector. The Council meets regularly and has held three Cluster Forums and one Aboriginal Mineral Workshop to explore issues, challenges and opportunities, such as establishing constructive relationships with First Nations, mapping OMIC and establishing a Centre of Excellence in Mining Innovation, just to name a few.

"The mineral industry cluster offers a significant opportunity to leverage mineral wealth in creating sustainable

growth in communities and making Ontario one of the best places in the world to make investments," said OMICC co-chair Warren Holmes. "When resources get mined out, what will these communities do? A cluster pulls knowledge and experience into development of goods and services providing a foundation for sustainable growth," said co-chair George Pirie. Sue Herbert, Deputy Minister, Ontario Ministry of Northern Development and Mines, a standing member of OMICC said, "one of the benefits of having OMICC is to have access to the principal players from key sectors to come together to provide government with advice and feedback on government direction and policies impacting the whole cluster." The Ministry of Northern Development and Mines provides through its Executive Projects Office secretariat and project management services to the OMICC and its working groups.


## Ontario Mineral Industry Cluster Poised to Compete Globally

A growing population means that five times the amount of metal mined to date will need to be mined in the next 50 years and the demand for value added products and services is four to five times higher than that of for raw materials. China and India's voracious appetite for commodities and the fact that minerals are fundamentals of the modern society—coupled with the pressure to reduce the cost of production while minimizing human health and environment hazards, minimize the volume of waste generated and produce

recyclable mining products with low transportation costs—provide unprecedented opportunities for Ontario. The mining and mineral development industry can establish an international lead in areas such as environment, recycle, reclamation, energy efficiency, deep mine technology and best management practices. As the industry moves towards the twenty-first century, the opportunity to apply emerging technologies to enhance production and resource performance provides a new domain to the industry's ability to create high paying jobs, create sustainable growth and achieve profitability. Once these technologies are developed and in place, they will allow the industry to use its energy, capital and labour resources even more efficiently during all stages of the mining cycle and export to other mining jurisdictions.

OMICC is well positioned to tap into these opportunities to create synergies and cultivate social capital, to harness the tremendous social and economic potential that the province's rich mineral endowment has to offer. An expanded and more globally competitive mineral industry cluster will provide a positive identity, economic stability and contribute to thriving communities in the north and making Ontario a leading mining jurisdiction in the world. ■

*Indira Singh is Director, Executive Projects Office, Ontario Ministry of Northern Development and Mines and is Executive Director to the Ontario Mineral Industry Cluster Council. (Indira.singh@ndm.gov.on.ca or visit [www.omicc.ca](http://www.omicc.ca))*



**Harmer Steel Ltd.**

- Rail • Crane Rail
- Seccoroc Drill Bits & Steel

LAWRENCE PETERSON

329 Oak Point Highway • Winnipeg, Manitoba R2R 1T9  
Phone: (204) 988-1800 • Fax: (204) 988-1805  
E-mail: [lpeterson@harmersteel.com](mailto:lpeterson@harmersteel.com)  
[www.harmersteel.ca](http://www.harmersteel.ca)

Human Resource experts  
with hands-on experience  
in the resource sector.



**BH BUCKLAND + HARAPIAK**  
Maximizing Profit through People

Call 905-337-1954 or visit  
[www.bucklandharapiak.com](http://www.bucklandharapiak.com)