



Zoë Yujnovich - Mining Day on the Hill Speech

Competitiveness is key to gaining ground in the global mining industry

Opening/Introduction

Thank you very much Kelly for that kind introduction. It's my pleasure to be here today as the chair of the Mining Association of Canada.

It's also an honour to be named the Association's first female chair in its 78-year history. I was appointed to this role in June after serving as the association's vice-chair since 2011 and am confident that I will be the first of many women in this role.

I was asked to share my thoughts about some of the pressing priorities of our industry – a tall order considering the complexity of our sector, the current economic climate, and the fact that our challenges are as diverse as the many minerals that we mine. However, our sector is united by the common need to be globally competitive.

Canada's current position as a global mining leader cannot be taken for granted. Canada has a rich geology, is a leader in safety and sustainability, and has developed sought-after expertise over its long history of mining. But, the reality is that Canada is only one of many attractive countries to mine or list. Having worked in several major mining jurisdictions, including Australia, Brazil, the United States and the United Kingdom, I can personally attest to just how fluid capital is.

Global mining investment is highly mobile and competition for it is fierce. So we face a key question: how can we help to ensure that Canada remains a top choice for mining and mining investment?

The answer lies in building our competitive advantage. I would to explore three areas in particular:

- 1) First, we need to fully harness the power of Canada's remarkably diverse workforce;

- 2) Second, Canada needs regulatory and taxation systems that encourage new mining investment; and
- 3) Third, we need to build critical infrastructure to enable new mining development to take place.

Diversity

Let's start with the first point. Diversity is an important ingredient of our competitive advantage and is key to maintaining Canada's position as a global mining powerhouse.

For me, diversity is continuing to change the face of mining. It's about attracting and retaining women, Aboriginal people, as well as new Canadians.

With diversity comes new ideas and perspectives that fuel innovation – an essential ingredient for a business that needs to develop new technology and meet the changing needs of our people and our communities. Through diversity, we can also address a key barrier to competitiveness – a skilled labour shortage estimated at more than 145,000 workers needed over the next decade to replace retirees and fill new positions.

So promoting a diverse workforce isn't just an important value – it makes economic sense. But, after more than a decade of talking about this, how can we achieve it?

Mining companies need to think creatively and introduce programs to attract, train and retain employees. We need to combat misconceptions and stereotypes about working in our sector and build a more diverse and inclusive workforce through nurturing partnerships with underrepresented groups.

Personal Story

Let me start by sharing a little story that helps to convey why I'm so passionate about the diversity agenda: and it takes me all the way back to my first job in an aluminium smelter in Tasmania, Australia, just after graduating from Engineering school.

You would think that almost 20 years ago being one of the few girls on the industrial site who

wasn't employed to type might involve horror stories of discrimination and the need for steely determination to claw one's way to the top.

In my case, though, it has been quite the converse. Of course there were issues, but most of them resulted in learning a new skill - for example, a lack of female-friendly toilets in my early site years has given me great bladder control and a continuous reluctance to drink too much tea or coffee early in the day!

As a young engineer, I was strong in maths but not particularly endowed with practical skills, so when I arrived for the first time on a remote industrial site I knew I had a lot to learn. I really wanted to make a difference and fought against the prevailing view that the people in the office really didn't know what was going on out there. I was nominally in charge but the only person who believed that was my Mum.

I will never forget standing before my first crew of 15 men and wondering how would I, as a 20 year old, half the age of the men before me, lead these men. Thankfully, I quickly realized I was over my head and swallowing my pride turned to the men who I was meant to be leading for help. These amazing men had little formal education but vast knowledge of every aspect of how to operate and get a plant humming.

I issued the task instructions, ordered materials, managed costs, created drawings and technical queries and socked up how to plan work, deliver safely, schedule plant and labour efficiently and, most important of all, how to lead.

The men surrounding me were superb man-managers, natural leaders who would praise where needed, tease and cajole some, put a rocket up others (I believe that is a universal term for encouraging people to do things a little quicker!), be clear on what was needed while understanding who was under pressure from home, who drank too much and who had a dodgy back. Today there are libraries of books on the subject of 'leadership' but I was lucky enough to watch and learn from the masters themselves.

Interestingly, the reception I received from the men in the field was overwhelmingly positive. Sure, some probably didn't think I would make it, but then again, I probably wouldn't have if some of

them hadn't taken me under their wing. I'd like to believe that we learned a lot from each other, certainly I did. That experience taught me a deep respect for hands-on learning and the need to balance my theoretical and technical skills with practical real-world experience. I also learned the importance of staying in touch. And it remains a central reason why today I spend so much time at our operation.

I learned an important lesson back then...no flash title wins respect in the field. It must be earned by a mixture of really caring, listening and learning, astute forward planning and the ability to mix dry sarcastic wit with enthusiasm – by being able to 'dish it out and take it too!' and not taking yourself too seriously.

I share this message because I feel privileged to have grown up in such a wonderful industry – how I was taught to lead, empowered to make decisions, travelled the world and be presented each day with enormous opportunities to make a difference to our employees, communities and customers (where often we are providing the needed metals and materials to improve their living standards). I am so passionate about how great our industry is that I want to stand on the rooftop and share this with others – the more we expose and share the great stories of our industry, the more quickly I think we can shed the misconceptions that we carry.

So, how successful as an industry have we been in driving change?

The Long Road to Diversity

In terms of female participation in the industry, I'm pleased to say that we've made great strides since I started my mining career. There is an increasing number of mining companies that are making diversity a priority. Many of those are here in this room, and are nodding their heads.

A recent report by the Mining Industry Human Resources Council found that female participation in mining grew by 60 per cent from 1996 to 2012. Women now account for 16 per cent of the workforce.

However, this is still well below women's current participation in the general labour force, which is 48 per cent. But we are outperforming some of the other resource sectors. In 2012, women represented 7 per cent of the forestry industry workforce and 14 per cent of the workers in fishing,

hunting and trapping industry.

Today, the Canadian mining industry is, proportionally, the largest private sector employer of Aboriginal people across the country. But we can do better, given the proximity of many Aboriginal communities to current and proposed mining projects. The Aboriginal population is young and growing. Between now and 2020, approximately 400,000 Aboriginal Canadians will reach an age to enter the labour market.

This is such an important issue for us that MAC dedicated a day and a half at its AGM this June to discuss how partnerships with Aboriginal people can be a catalyst of positive change for Aboriginal communities and spur responsible mining development.

We have here a tremendous opportunity to both address mining's skills shortage, and increase the economic development of Aboriginal communities. The key to making good on this opportunity is figuring out how industry, Aboriginal peoples and governments can work together to overcome some existing barriers to Aboriginal employment. Specifically, to improve education outcomes and to provide the skills training necessary for Aboriginal job-seekers to gain access to the thriving job market in the mining sector, and for Aboriginal business leaders to supply and service our mines.

We are encouraged by the commitments made in last month's throne speech, in which the Harper government commits to further steps to help those traditionally underrepresented in the workforce, like Aboriginal peoples, get the job-training they need.

Moreover, the government's decision, through the Strategic Partnership Fund of ESDC, to fund organizations like the BC Aboriginal Mine Training Association, the NWT Mine Training Society and, recently, a similar initiative in the Ring of Fire, is exactly the kind of investment that catalyzes and accelerates the participation of Aboriginal Canadians in the mining sector.

We need to do more of this as we work towards building a strong, competitive industry supported by a strong, skilled workforce.

Regulatory Environment

So diversity is a major contributor to our competitiveness as a mining country. Now, let's turn to taxation and regulations.

We all know that mining is a capital intensive industry. Revenues can vary greatly during the industrial cycle because global markets set prices and product demand. This volatility greatly increases the risks for investments. Mining companies are, therefore, open to all the winds.

What's more, the cost of doing business in Canada is higher than it is for the mining and metallurgy industry in most other places in the world. Tax structures must be very competitive to compensate.

Businesses need to maintain the lowest possible operating costs throughout the life of their projects. This is not always well understood by governments. Factors such as high costs due to weather conditions (especially in the sub-arctic), geology (lower head grades), distance from markets (freight costs), higher labour costs, and uncertainty on Aboriginal land claims – are all part of the cost of mining in Canada.

Policies on taxation, environmental protection and energy must be formulated so as to not compromise the mining industry's vigour, nor jeopardize the spin-offs it generates for Canada's economy and society.

Canada's government has taken important steps to improve the regulatory environment for major projects. After 20-to-30 years of both provincial and federal governments adding layers of regulatory reviews of major projects, we were getting mired in duplication and lengthy, unproductive processes.

Reforms to the Canadian Environmental Assessment Act have been successful, not just through better legislation, but through application. Federal EAs are much better managed today than they were five years ago and the Agency is to be commended for its efforts.

However, as with any major reform, the devil is in the details. As such, MAC is working to ensure that the promised reforms result in their intended outcomes, namely equally robust but more timely, efficient and predictable reviews of major projects.

The realities of business need to be well understood by regulators. We are not asking for reduced environmental oversight, but for regulators to stick to their commitments and timelines. A competitive regulatory system is one that protects the environment yet does not act as a barrier to industry. If this isn't achieved, Canada is at risk of losing highly-coveted investments to other mining jurisdictions.

Infrastructure

Let's move to another critical component of keeping Canada's mining industry competitive – our acute need for infrastructure.

Those of us who have been lucky enough to travel across this great country can appreciate the vast geography that must be overcome to deliver products to ports and smelters. Doing it efficiently, and in a timely and cost-effective manner, is crucial.

This is especially important considering that Canada competes against other countries with significantly shorter logistical supply chains (I often give the example that a voyage between Australia and China takes 8 days, whilst it takes 45 days from Canada). Given the positive medium to long-term outlook for global commodity demand, we need to invest strategically to ensure marine and rail capacity are able to service the industry effectively.

It is in the North that infrastructure investments are most needed so that its potential can be realized. While Diavik, operated by Rio Tinto, has been - and deserves to be - applauded for its investments in wind power as a "green" alternative to expensive diesel fuel, it also highlights the fact that the NWT grid doesn't reach very far, which places limits on new mining investment.

The needs in the North are vast: power, permanent roads, ports, pretty much everything. The per capita formula does not work. We need to find another way forward. Solutions may lie in things like improving the tax system so that it incentivizes infrastructure components of private sector

investments that provide larger community benefits, or perhaps by increasing federal and territorial investments in infrastructure through public-private partnerships.

Our industry has very much welcomed the attention Prime Minister Stephen Harper has brought to the North over the past seven years, and several of us have hosted him at our northern mining facilities. I believe he, our territorial leaders and some of our premiers with highly-prospective northern regions, understand that we need to start doing things differently if we are to truly capitalize on our northern opportunity.

Infrastructure will help open the door to new investment, especially if you consider where the future opportunities are. We need to build it for mining growth, and the jobs that go along with it.

We were pleased to see this emerge as a key theme in the last Speech from the Throne, recognizing that more can be done to seize the incredible opportunities in this region and contribute to the economic prosperity for our northern communities.

Summary

In closing, the Canadian mining industry is facing significant domestic and global pressures that impact our ability to compete. We know that mining is cyclical in nature and will periodically experience dips in the commodity market, which is what we are experiencing now. Fortunately, we also know that our long-term growth prospects remain strong driven by the emerging markets as they industrialize for the foreseeable future.

Before we can get there, however, we need to make the most out of this period to capitalize on the future opportunities before us for the benefit of all Canadians.

These three challenges I have talked about – people, regulatory systems and infrastructure – all stem from the same imperative: to control costs, maintain Canada's competitive position and enable responsible mining growth in this country.

If industry, policymakers, communities and workers all pull together, we can maintain our competitive position, continue to create hundreds of thousands of jobs and move along the path to sustainable development.

To succeed in this, I think we have to be willing to think outside the box. I believe this is what the government is doing in advancing its Responsible Resource Development Initiative, questioning how we are currently regulating and looking at ways we might do it better – even simple measures like allowing for more flexible tools in the fish compensation toolbox that’s better for fish and for business!

Industry has to do this, too.

As Ghandi said: “Be the change you want to see in the world” and for “others to change first I must change.”

Let’s each take a personal leadership role in driving the needed change for our wonderful industry.

Thank you.