



The Critical Question:

How Can Canada Build More Mines Faster?

Address to the Greater Vancouver Board of Trade

September 17th, 2024

Good morning. It is great to be back in Vancouver for my annual address to the Board of Trade.

I want to begin by recognizing that we are gathered today on the traditional and unceded territory of the Musqueam, Squamish and the Tsleil-Waututh First Nations. I would also like to acknowledge the hundreds of Indigenous nations across Canada on whose traditional lands our industry operates and with whom we have strong partnerships.

I found this speech very hard to prepare. There is so much going on in the world and in Canada right now— and so much of it directly or indirectly affecting the mining sector. Since I can't possibly talk about it all, I'll try to paint a general picture

of where we're at and then share some thoughts on what I think we need to do.

Global Unrest & Economic Decline

It's a very dynamic, unsettled, and unsettling world. Dominated by global conflicts, disrupted trade, high inflation, fears of climate change—and concerns with policies to fight it—and political uncertainty, including the rise of extremism and the defence of intolerance under the guise of free speech. It feels like we're a damaged world, trying to recover from the lingering social and economic effects of the pandemic, with governments struggling to find a clear path to give their citizens renewed hope and faith in their institutions.

Canada is no exception. While inflation appears to have been tamed and interest rates are starting to decline, our economy is weak and unemployment is rising. According to the Bank of Canada, economic growth has picked up but isn't keeping pace with population growth. Household spending is soft and demand for cars and travel is fading. Many families are setting aside more of their income for debt payments rather than

discretionary spending. While the Bank of Canada expects growth to improve in 2025-26, right now, many Canadians are hurting financially.

According to RBC, Canada's challenge is deeper. We have a growth problem. In their recent report, they write that:

"We've fallen behind most major economies since 2000. At the turn of the century, the economic output of the average Canadian was on par with an Australian. Today, Australians are almost 10% more productive, their economy growing 50% per person faster than Canada's over the quarter century. We're further behind the United States. We've fallen from the 6th most productive economy in the Organisation for Economic Co-operation and Development in 1970 to 18th as of 2022."

This productivity gap impacts incomes, and it makes recovery from the pandemic harder.

So, what's the main cause of this relative decline? A shortfall in investment, leading to deindustrialization in many parts of Canada, has cut into the country's overall prosperity.

Manufacturing is half what it was to the economy in 2000. A cornerstone of the Canadian economy—the auto sector—and its inputs—aluminum and steel—are at risk. Canada is not alone in facing these challenges, nor can we fight them by ourselves, but they are deeply worrying.

Mining has also shrunk in the past quarter century. In my time in this sector, I've seen several smelters and refineries close and only one open. We've lost major head offices. We've fallen in our ranking in the production of many minerals and metals, including nickel, cobalt, and copper. This leaves us and our most important allies, like the US and Europe, increasingly dependent on other countries, notably China, for supply. Historically an advocate of free trade and open markets, Canada is now turning to protectionist policies like our neighbour to the south.

And what does RBC say is behind the shortfall in investment?

No surprise to any of you—regulatory uncertainty and taxes.

Despite years of promises of regulatory efficiency, elimination of duplication, and faster permitting—each attempt, no matter

the government, flounders. And our tax burden continues to rise, including the latest ill-conceived hike in the inclusion rate of the capital gains tax.

This assessment by RBC is against a backdrop of the Government of Canada's critical minerals strategy, which aims to increase investment across the value chain through targeted investments, tax incentives and promises of improved regulatory efficiencies. We, at the Mining Association of Canada, have welcomed these measures, because, if we are to meet the anticipated demand in minerals and metals to enable the energy transition, we will need a lot more mines.

The State of Mining in Canada

How, then, are we doing?

Despite the conditions I just described, in general, Canada's mining sector has been performing well for the past few years. I believe the government's actions on critical minerals have helped turn the attention of investors, manufacturers, and allies back to Canada. It is my hope, as government

announcements of the past few years are implemented, that interest in Canadian mining will continue to grow. Here's a quick snapshot of the sector today:

- Unemployment is less than half that of the national average—we can't find people fast enough.
- While volatile, commodity prices remain pretty good, with greater volatility in some commodities than others—largely those where China has a preponderant influence.
- Exploration spending rose 17% to \$3.6 billion in 2021 and a further 8% to \$4.1 billion in 2022.
- Moreover, investment in base metal exploration—key critical minerals—has been rebounding, and is now about 25% of total investment in exploration, or about \$1 billion. For many years, the only commodity attracting exploration dollars was gold.
- In 2022, capital spending by the mining industry made up 4.3% of Canada's total capital expenditures on non-residential tangible assets. The value of capital spending in mining and quarrying was \$13.1 billion in 2022, down from

a high of almost \$17 billion in 2012, but rebounding.

Planned capital expenditures for 2023 are \$15.8 billion.

- The total value of Canada's domestic mineral and metal exports in 2022 was \$153.1 billion. Metals made up 72% of the total, non-metals 18%, and coal 10%. We had a trade surplus in minerals and metals of \$31.1 billion in 2022.

It is a stretch to suggest that the upward trend in exploration spending and capital investment is entirely due to the Canadian critical minerals strategy. It has much more to do with markets. That said, the strategy may have something to do with these positive trends. What makes me say that?

The current level of federal and provincial government support for and interest in the mining sector is unprecedented. Mining is now a common topic of policy conversation in Ottawa in a way that it has never been before.

Above all, this is because the federal government finally understands mining's unique value proposition—as a creator of good jobs and Indigenous employment opportunities, as a driver of socio-economic development in northern and remote

regions, as the foundation of our clean energy transition, and as the supplier of critical inputs to our economy and national security.

The last three federal budgets included programs, regulatory streamlining efforts, funding, tax incentives, and more—all with a view to securing Canada’s global leadership in the production of critical minerals. These policies were based on extensive consultation with the mining sector and its value chain—and the Government of Canada has listened to our concerns.

As just one example among many, we were pleased to see the governments of Canada and British Columbia announce, in July, a joint investment of \$195 million to upgrade key highway infrastructure in B.C.’s northwest—to support critical minerals development in the region. This project will be funded, in part, by the Critical Minerals Infrastructure Fund, a flagship program under the Canadian Critical Minerals Strategy.

Our international allies are also noticing this transformation.

The government’s focus on creating a supportive environment

for critical minerals and related industries is attracting the interest of global investors, manufacturers, and governments. For example, since 2020, over \$46 billion has been invested in Canada's electric vehicle production and battery supply chains, including four new battery manufacturing plants. These factories have chosen Canada, in part, so that they can access our critical minerals.

At the same time, Canadians are showing an unprecedented level of support for the mining sector, with 80% of Canadians reporting a favourable impression of mining companies in Canada—the highest levels recorded since these surveys began over a decade ago. Canadians agree that mining is positive for Canada's economy, and they understand that the industry is using innovation to improve its practices and can be trusted to ensure the safety of its workers. In fact, 74% of respondents say that they want *more* mining in Canada and 70% want governments to encourage investment in mining.

How Canadians mine is also giving us a competitive edge in a world where ESG remains top of mind. Thanks to our clean

electricity grid and mine site investments in decarbonization technologies, Canada produces some of the world's least carbon-intensive minerals and metals.

A cornerstone of our claim to be among the most responsible and sustainable mining sectors in the world is our unique relationship with Indigenous communities. Beyond the duty to consult with Indigenous peoples, most mining operations today approach Indigenous relationships with a view to collaboration and long-lasting, meaningful engagement. We know of at least 520 active agreements between mining companies and Indigenous communities in Canada.

Another element of Canada's global leadership in responsible mining is the Towards Sustainable Mining standard, or TSM. Established by the Mining Association of Canada in 2004, TSM was the first responsible mining standard in the world to require site-level assessments against key sustainability performance indicators, with external verification. And TSM is no longer just a Canadian program—over 250 mining companies are currently implementing the program through

national mining associations, including in other major mining jurisdictions like Australia and Brazil.

Like the Canadian mining industry, TSM is increasingly attracting the attention of investors who are making decisions through an ESG lens, manufacturers looking to derisk their supply chains, and governments seeking solutions to the environmental and social challenges faced by their national mining industries. In fact, TSM has been so successful that we have, over the past two years, been hard at work with other international responsible mining standards towards the development of a new consolidated, global standard for sustainable mining.

The Opportunities Ahead

Despite all this progress for the industry, there remains a long road ahead.

Let's go back, for example, to the four battery factory announcements. According to Natural Resources Canada, to meet the raw materials demand from these four factories, Canada will need 15 new mines. This will require an investment

of \$8.1 billion in new mines and \$16.1 billion in midstream processing. And we are going to need to open these new mines five times faster than we have been over the past 15 years in order to meet this demand—and that’s only speaking of demand from these four battery factories. Unless we achieve the above, Canada’s reliance on foreign sources of materials will increase, a perverse outcome of a critical minerals strategy designed to do the opposite.

So, how are we going to do this?

First, by ensuring that the Government of Canada takes the steps required to truly leverage Canada’s mineral resource potential. This means:

- Expanding the scope of application of relevant tax credits, like the Clean Technology Manufacturing Investment Tax Credit and the Critical Minerals Exploration Tax Credit. We are very appreciative that Finance listened to our concerns regarding the eligibility threshold to account for the polymetallic nature of many metal deposits — especially copper — but Finance must go further to

ensure eligible expenses include all mine development-related expenditures, not limited to machinery and equipment. If not, the value of the ITC for brownfield expansions — the most immediate source of new metal supply — is too low to induce new investment. We are also grateful that Finance recently agreed to adjust the AMT (Alternative Minimum Tax) to restore the purchasing power for individuals investing in the CMETC lost, inadvertently we believe, in Budget 2024's increase to the inclusion rate for capital gains. With the current government's longevity now in question, we are concerned that these adjustments by Finance will not be implemented before the next election, putting Canada's competitive position in the critical minerals' race at risk. As support for critical minerals has been, in Canada and in the US, enjoyed multi-partisan support, it is my hope that these measures, if they fail to be enacted this Parliament, will be reintroduced expeditiously by whoever forms the next government.

- Prioritizing investment in critical minerals projects by Export Development Canada, the Business Development Bank of Canada, and the Strategic Innovation Fund.
- Continuing to invest strategically in trade-enabling infrastructure, including in Canada's North.

Second, we need to see improved coordination between provincial and federal approval processes, and across federal departments, to shorten project permitting timelines and reduce the consultation burden imposed on Indigenous communities. The federal Impact Assessment Agency should also continue its efforts to improve the tailoring of assessments to key issues in federal jurisdiction and to better scope Indigenous engagement and participation. They also need to take a more serious look at the project list, which remains unjustifiably dominated by mining projects.

Project permitting is probably my greatest source of frustration. We've been at this for so long, received so many promises of improvements from Liberal and Conservative governments, and little changes. Everyone agrees timelines are too long, but the

ability to shorten them consistently eludes us. Conservative Leader Pierre Poilievre, rightly capturing the high levels of frustration, promises to abolish the *Impact Assessment Act*, but what's unclear is what a Conservative government would replace it with, how enduring such a position would be and how provinces, Indigenous groups and NGOs will respond. We need a regulatory regime that is efficient and effective and we need certainty, and the continuing churn of federal assessment legislation is not good for investment.

Meanwhile, we at MAC continue to plug away at potential incremental improvements, and there have been some:

- The federal and Newfoundland and Labrador government issued joint impact statement guidelines for the Strange Lake Rare Earth Mining Project, a commitment to a collaborative approach unseen in 15 years, with each government sticking to their jurisdiction.
- Improved tailored assessments and better scoping of Indigenous consultation focused on directly impacted communities.

- Improved scoping of Indigenous consultation focused on directly impacted communities.

The Agency is currently consulting on the *Impact Assessment Act* Project List, but their discussion paper is very disappointing. If we want to build new projects faster, then the federal government needs to think much more seriously about whether it has any real value to bring to the assessment of mine expansions and brownfield developments, for example, knowing full well the provincial EA and permitting regimes will fully consider such proposals.

Third, we need to build on a strong foundation of Indigenous participation in Canada's mining sector. Already, mining companies are among the largest industrial employers of Indigenous peoples, providing nearly 17,000 direct jobs, and they are major customers of Indigenous-owned businesses. Still, we need to enhance Indigenous participation in mining by supporting communities to build internal capacity for ongoing engagement, creating business development initiatives for Indigenous entrepreneurs, and ensuring that the Indigenous

Loan Guarantee Program covers a broad range of mining investment opportunities, including ancillary infrastructure.

At the provincial level, British Columbia has a unique opportunity to deliver a critical minerals windfall, attracting private sector investment and securing jobs and economic benefits for decades. Already, we know that revenue from mining underpins the public services required for a good quality of life for all British Columbians.

However, British Columbia can only realize this vision if we speed up how we permit and approve projects—maintaining the highest environmental standards while facilitating timely and meaningful partnerships with Indigenous communities to advance economic reconciliation. Expedited permitting for critical minerals mines in British Columbia could drive \$36 billion in investments, create thousands of jobs, and generate significant \$11 billion in tax revenue to fund public services.

From the industry and its investors, we also need to see a commitment to help Canada and British Columbia leverage this opportunity. We need to do our part in getting these projects

to final investment decisions and, once that investment is made, demonstrating our global leadership when it comes to producing those critical minerals in a sustainable and responsible manner. I say this because I sense from some of my members a continued reluctance to move, reflecting the fact that it will take time to persuade investors that the changes Canada has made are real. The investments in infrastructure are real. The tax credits are real and will, I hope and believe endure, regardless of who wins the next election. After decades of taking the minerals and metals sector for granted and letting it slowly erode, governments are trying now to turn things around. I hope to see, in the not-too-distant future, new investments in BC copper projects, Ontario and Quebec nickel, copper and rare earths projects, iron ore in Nunavut, and much more besides.

I spoke last year about the labour crunch the sector is experiencing that is not going away. I want this to become our biggest challenge — that we have so much investment we're scrambling for workers. Not to the point that we can't operate,

but to a point where we are able to generate loads of excitement among our youth to flock to the diverse, high paid, high tech jobs that define our industry today.

Closing Remarks

Canada has never been in a better position when it comes to the potential of our mining industry to contribute to the global energy transition, the security of Canadians and our allies, and a generational opportunity to create shared prosperity that is truly pan-Canadian. But we must act quickly. Let's get it done.

Thank you.