

30. Infrastructure Investment Essential to Mining Sector Growth

Issue

The lack of adequate infrastructure is the most significant obstacle to mining development in Canada.

Inadequate infrastructure has been the primary barrier to developing some of Canada's most promising mineral discoveries. Greater investments in the necessary infrastructure is needed to help relieve the current financial burden of construction costs placed on mining companies and to unlock the vast potential of Canadian communities and mineral deposits.

Background

Mining is one of Canada's most important economic sectors and is a major driver of the country's prosperity. Mining contributed \$57 billion to Canada's Gross Domestic Product (GDP) in 2014 and employed 375,000 workers in the sectors of mineral extraction, processing and manufacturing¹. 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 Indigenous Canadians. As outlined in the 2015 report *Levelling the Playing Field*, 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 that will generate over \$25 billion in GDP in the first 32 years of development.³ However, the lack of any transportation or energy infrastructure in this 5,000-square-kilometer area is a serious impediment to its progress and any associated economic opportunities for the region's First Nations communities.

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, new road construction and hydroelectric generation in northern Quebec, as well as enhanced electrical transmission in northwestern British Columbia, and an all-seasons road into the NWT's diamond-rich Slave Geologic Region.

The enhancement of electrical transmission in northwestern British Columbia also stands as a strong example of federal support for resource development infrastructure, as the Canadian government invested \$130 million into a 344-km line in northwestern B.C., which was completed in 2014 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.⁴ This kind of strategic investment must be part of the federal government's approach to enabling crucial mining initiatives throughout Canada.

In addition to greater investment in key mining projects across the nation, the mining community and Indigenous communities believe better coordination of infrastructure spending is needed to make these investments effective. Presently, opportunities to maximize the benefits of infrastructure development go unrealized due to a lack of coordination in the planning process. Infrastructure planning should be coordinated with mining and community

¹ Mining Association of Canada www.mining.ca

² *Levelling the Playing Field*, Supporting Mineral Exploration and Mining in Remote and Northern Canada, 2015 www.mining.ca

³ *Beneath the surface: uncovering the economic potential of Ontario's Ring of Fire*, 2014, Hjartarson, McGuinty, Boutilier, www.occ.ca

⁴ <http://investnorthwestbc.ca/major-projects-and-investment-opportunities/map-view/terrace/northwest-transmission-line>

interests as well as other economic development projects to ensure synergies and the opportunity to multiply benefits amongst all groups.

This type of infrastructure for critical mining initiatives and community growth 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.

Recommendations

That the federal government:

1. Immediately establish enhanced funding partnerships and innovative funding models to invest in the information infrastructure, including the Geologic Survey of Canada, and the transportation and energy infrastructure necessary to work with the private sector, all levels of government and Indigenous peoples to promote mining sector growth and stimulate regional economic development.
2. Work with provincial/territorial and Indigenous governments to better coordinate infrastructure spending by aligning infrastructure planning with community and industry needs as well as other economic development projects.