

Policy Framework for Sustainable Development in the Mining Sector :Manitoba, Canada

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I am very delighted to be here and have the opportunity to attend the Mineral Network Meeting of the Pacific Economic Cooperation Council. As the Ministry of Mines in Manitoba, Canada, I have a deep appreciation for the important contributions that mining makes not only to her provincial and national economies, but the important impact mining has under social and environmental well-being of the communities in the entire world.

Mining is an important part of our economy and contributes significantly to our positive way of life. Several years ago, the province in Manitoba took an aggressive approach to create in a positive business environment for mining investment. That strategy resulted in Manitoba as being graded as number one in Canada and number three in the world as far as positive mining support by the Fraser Institute. What that means is we have gone and said proactively we must attract mining. Mining has good value for our economy. I would like to speak to you today about some of the programmes and policies that Manitoba has put into place and some of the initiatives we are currently undertaking to ensure that we stay on top of that list and we become a destination of choice for mining industries.

First, a little bit of background about Manitoba. Manitoba is centrally located in the heart of North America. We are a gateway to Canada, United States and we have excellent rail, road connections to North America. We are in the middle of the North America continent. Like the rest of Canada, our province is blessed with multiple natural

resources and mining has been a cornerstone to our economic development since the early 1920s. We have clean, stable hydro-electricity. We have wind generation and we have the cheapest places of electricity in North America.

We have over the last 80 years, our community is an infrastructure generally operated in the north and outside the central part of our province. Over the last 80 years, mining has been a significant drive of the northern infrastructure development. Mining centres have been developed in Flin Flon and Thompson and both cities host and integrated mining and smelting and refining complexes. We have about 16 other communities that have many resources that they are developing. It is clear that there has to be ongoing sustainability, the mining industry and we must have good solid supports for those communities.

I will tell you a little bit about how important the economics is from Manitoba. Right now, the mining sector continues to be a key contributor to Manitoba's economy. It is the second largest primary resource producer. It averages \$1.1 billion of mineral production annually. It is 3.2 per cent of our GDP, 11.2 percent of our exports, about 4,000 people are directly employed mostly in the north. There is a 11,000 spin-off jobs over \$37 million worth of exploration and \$240 million of capital investment. In fact, Inco, who was here just announced another \$145 million of capital investment just as last week.

As far as metal production statistics, Manitoba contributes significantly to Canada's mineral production. We presently produce or produced a 100 per cent of the Canadian's tantalum, about 9 per cent of copper and zinc production, 23 per cent of Canada's nickel, much of which is exported to China, 19 per cent of Canada's cobalt, we also have produced gold and we just announced our second large oil field, so we are a major exporter of oil and gas as well as minerals.

We also have a lot of undeveloped mineral potential. Part of what we did was in order to promote and make sure that the money the community was sustainable, what we did was we put forward a lot of exploration incentives. Because of that, the province has significant undeveloped mineral potential for the following.

Potash has been too wonderful product discovery recently. Titanium and vanadium, magnesium, silica, diamonds, our two major companies took -- 20 million kilometres of the exploration areas for diamonds just recently, and, of course, other minerals.

As far as the policy framework, exploration and discovery of new resources is essential to the long-term viability of the industry and the community supports. What happens is if you are not developing and looking for new minerals, you are using what you have in the ground. You must constantly explore to replace the minerals you have sent out. That is why we work closely with all stakeholders to develop the internationally competitive investment climate. So now what we have done is we have provided incentives for exploration and development. We've also done all sorts of positive things with prospectors where we have prospector programme, development, et cetera, where we are providing incentives from government to continue to ensure that we have the resources there so mining is sustainable.

As far as policy priorities, industry is telling us that Manitoba is definitely moving in a right direction. Some of the key priorities that we wish to do are the following: stable and effective regulatory framework. We do not want to have it where government changes policies at a whim. We want consistent policies and we have that. We want exploration incentives which we have. We provide tax incentives and financial assistance upfront for exploration activities. We have access to geoscience information. Rather than keep the geoscience as proprietary, what we have is a policy where all geoscience information is public after three years. And every November, we have it so that all the data from three years, previous and earlier is public and is announced and is

put on the website for companies.

We have environmental stewardship. We ensure that everything is sustainable. When you build a mine, you have to have a mine closure plan. It has to be consistent so that you have to take part of what you take out of the ground and put it back and to making sure the environment is reclaimed.

We also want to work for the communities and workers. So what we want is local workers to be hired in the area and we have started that as a policy. It is important to contrast mining jobs in Canada pay a great deal more than a job in tourism. So what we want to do is make sure we have high value jobs in Canada.

As far as the regulatory framework, a stable, transparent and effective long-term framework is the centre to critical to providing certainty and security investor companies. When you are building a mine, you do not make an investment for 5 or 10 years, you are making a 50-year investment. You must have sustainable, consistent regime in order to make sure that you can have a return on investment. Canada and Manitoba assures that we want a consistent, long-term framework. When you are investing a billion dollars in a mine, you want to assure that you are going to get a return for that investment. In Manitoba, we work diligently to ensure land tenure and access to land is stable, reliable, and predictable. And that all land use for planning, process respect, existing tenure rates and regulations.

We also work closely with other agencies to ensure that environmental permitting is timely, transparent and efficient. If you found the discovery, we do not want you to wait a long time. You have to have -- so that we can better service our global customer-based. We do not want you to come to a central location. We want to make sure that you are given services whether you are in China, or Toronto or around the world, you have access to the data, you have access to the permitting, you have access to all the regulations online.

Some jurisdictions in Canada internationally have already provided mineral tenure online and Manitoba will be very quickly moving in this direction. As far as exploration centres, this is important, because, again, if you want sustainability of mining industries, you must ensure that you keep finding new minerals so we recognise the importance of certain centres to at least partially navigate the rest and enhance investments to our exploration in standard programmes. Here are some of them and not all but just some that I would like to highlight.

The mineral exploration and assistance programme provides direct exploration assistance to companies, not tax assistance but direct grants to help to fray some of their costs when they are exploring because we all know exploration is the hard part. You throw money at the ground and hopefully you find minerals. This is providing direct financial assistance for companies that are exploring in our province.

Others: the prospects of assistance programme. This provides direct assistance to prospectors who are looking at initial stages. We also have a mineral exploration tax credit which provides tax credits to shareholders that want to invest in the mining industry. There is also we have very good write-offs for depreciation and for investments into our province because we know that the big cost of developing a mine is the upfront so we have developed all those assistance programmes to help companies make it financially possible to invest in Manitoba.

Another key area that is important is the excess to geoscience information. Manitoba places a great focus on providing high quality, publicly available geoscience information. We have maps, reports and data produced by the Manitoba geological survey are released every November at annual mines and minerals convention. These are available on the website so that anyone in the world can look at the data that is publicly available. We are also continuously improving our internet service delivery through the map gallery and in November 2005, changes to the confidential and assessment data will result in a release of 3,000 new exploration reports. This means that companies do not have to do initial data right from the start every time. They can build on what is happened

before, they can predict and have a better science available.

We are pleased to invite anyone to that conference because that is where the first part of the data is available. As far as the environmental stewardship. Presently, mining often is not looked upon as a wonderful environmental industry. I think we need to look at environmental stewardship. We need to have care about our environment so it becomes an important part of our framework and it is critical to the long-term viability of mining. Currently, in Manitoba, we have adopted mine closure regulations which require that environment liabilities incurred during the mining operation be cleaned up at the end. Mine closure plans must be filed and approved for new mine operations. We also work to identify areas in the province that need protection because of the environmental. So, so far, 14.6 million hectares have been withdrawn for protection because they are environmentally sensitive areas. And that becomes important because you need to have the positive support from mining in order for it to continue successfully and prosper.

We also now currently collect three per cent of the taxes for oil and gas, et cetera, and they go into looking after mines that need environmental clean up from the future -- sorry, in the past. And so what we have done is we have taken a small part of our revenue, three per cent of our revenue to ensure that there is environmental clean up of past issues.

It is also essential to work with communities. Our government recognises that the mining industry offers a wide range of opportunities for all Manitobans. We work with local areas to make sure that there is positive spin-offs for all people. So, an example, is we work with Northern and aboriginal communities across the north who want to have jobs, to increase employment in economics spin-offs, to release -- sorry, to realise the benefits of mine development and make them have a part.

Recently, what we have done is we have created a prospectors course, so what we have had is we have people from the local northern communities go to this course and learn how to become prospectors. We are also doing the same in diamond drillers where we have 30 people a year learn how to become diamond drillers. We are expanding that so that the local population gets to have the jobs that are available in the mining industry. This creates a much more positive feeling towards mining industry and what happens is it has better economic spin-offs in the local area. Because of that, it has greater support for mines and mining industry.

We have developed a set of Manitoba and mineral guidelines to build relationships between the communities and the mining companies so that there is a road map so the companies know what they need to do and the communities know what they do, so all stakeholders understand the steps in order to (a) find the mine, (b) develop the mine, (c) work with the communities, so there is a road map there. This allows all people to participate and understand the process. So, by doing that, we have less people who are apprehensive about the mine coming in. They understand the benefits. We have the mining companies talk to the local people, talk to the environmental organisations and become partners and how the mine is going to be developed.

Manitoba also supports various training and outreach initiatives in that building awareness and creating capacity and opportunity for social and economic benefit for mining exploration. They include workshops, prospector training, community presentations, other course and a number of my department, two officials spent a lot of time going out and explaining in the communities what happens in the mine, the benefits of what is going on in the mine and why it is important. So the key of having a sustainable mining industry is one, to look to ensure that you have new discoveries adding to the reserve base and make sure that you continue to find new mines, and hence, we attract that to the mining exploration and prospector's exploration and some tax credits. It is also important to attract a new exploration and we have done that by having web-based information, by new geological geoscience

start out on the websites and by sharing data and spending about \$1.2 million a year on new geoscience as a province and that is matched by the federal government and private industry.

It is also important to ensure there is a healthy industry and so what we have done is we ensure continual environmental protection. We have ensured mine closure plans. We have ensured that people understand the benefits for it and we work with the mining industry to ensure that there is more environmental standards and protection on a continual basis and use science and technology to make sure that it is a healthy environment.

I am also particularly impressed with Hudson Bay Mining & Smelting and Inco who have located Manitoba in Canada, and right now, they have one of the industries lowest workplace -- (inaudible) in the world. And they have done this by diligently working with the workers, the company and the government.

It is also important to look at aboriginal and northern communities as a potential drive for local and regional economic impact. One of the things we often done in the mining industry is we assume that people understand the importance of mining to our way of life. Often, it is important not only to assume but to inform. Inform them the high value jobs, inform them of how minerals play a very, very important part in our life. Nickel, copper, zinc, gold, diamonds, they all play an important part of our life. And we need to inform people that without the mining industry, our standard of living would be definitely constrained.

And also, it is important to have policies and programmes that are responsive. I, as Minister, go to a number of different events throughout the year to listen to the different stakeholders. I listen to the mining companies. I listen to the communities and I listen to all groups and then develop policies that react to their concerns. And what is important about that is as a government, we want to make sure we have a sustainable and positive mining industry, we have to learn how to work together and have a sustainable -- we cannot ignore environmental groups, we cannot ignore the local groups, we have to work together.

In Manitoba, what we have done is we have worked together and we have worked together because what we want is we do not want to plan for one year or five years, but we want the companies to plan for 50 and a hundred years. We want them to have a long-term viable economic future. And if you look at all the factors: education, the environment, the science, looking for more resources and the sustainability of the economics of mining, then you will have a healthy issue, but you cannot ignore any of those and expect continue for 50 or a hundred years. So, in Manitoba, we have put it together a very good package that has been working. Our mining industries have been growing at between 20 and 30 per cent a year for the last three years which is wonderful for Manitoba in Canada. Generally, we have about a four per cent growth rate. And what we want to do is continue that in the future. So we have put the package together and invite you to look at the website. I invite you to come and see how we put it together and look at the potential, the mineral potential for Manitoba in Canada. I believe we are a great mining jurisdiction and we are heading in a right direction and hopefully you can copy or emulate some of the things we are doing because I think it is the only way that we can be sustainable in long term.