ONTARIO 360 – DEVELOPING ONTARIO'S MINING RESOURCES – TRANSITION BRIEFING

Unlocking mining development through affordable and sustainable energy and regulatory reform

Issue

Ontario's mining sector is a major source of economic activity – including investment and job creation. It employs nearly 300,000 people (directly and indirectly) across the province. Yet there are several challenges facing the sector – namely high energy costs and delays in the regulatory approval process. The incoming government must address both issues if the mining sector is to continue thriving and creating opportunities in Ontario.

Overview: Mining in Ontario

The mining sector contributes $6.6 billion a year to Ontario's economy and employs nearly 300,000 people directly and indirectly. These figures make us a global leader – in fact, Ontario is among the top-10 producers in the world for nickel and platinum group metals, and a significant producer of gold, copper, zinc, cobalt and silver.[1]

The industry is a major socio-economic driver in rural and remote parts of the province – including in Indigenous communities. The sector is the largest private sector employer of Indigenous Canadians who account for about 11 percent of total mining jobs in Ontario.

These benefits extend across the province and into various sectors. As an example: Toronto is the mining financial capital of the world. The TSX and the TSXV list more mining companies than any other exchanges, are first among exchanges worldwide in equity capital raised, and are home to almost 50

[1] Ontario Mining Association, Facts & Figures, date unknown. Available at: https://www.oma.on.ca/en/ontariomining/facts_figures.asp.

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percent of the world's public mining companies. Nearly 60 percent of global mining financings were done on the TSX and TSXV in 2016.[2]

The point is that the development of Ontario's mining resources is a key driver of economic growth and opportunity across the province. It is paramount to assure the sustainability and advancement of mining to create a prosperous future in Ontario, Canada, and beyond.

The need for reform

There are however some obstacles that plague the mining sector. High energy costs and regulatory delays in particular are precluding development – including the investment and jobs that are associated.

The Ring of Fire project in Northern Ontario is the best (or worst) example. Developing these resources could produce considerable wealth for the province and region. Some estimates indicate that the project can create more than 5,500 jobs, produce over $2 billion in incremental tax revenues for the province, and reinforce Ontario's mining industry as a significant contributor to our overall economy.

The incoming government will need to place a significant priority on the project as well as creating policy conditions for mining development in general.

How to move forward

To move forward on the Ring of Fire and mining development elsewhere in the province, the incoming government should enact reforms to (1) improve access to more affordable and sustainable energy sources and (2) streamline regulatory permitting.

#1. Policy and legislative support for Small Modular Reactors for Remote Mines

[2] Invest in Ontario, Mining, date unknown. Available at: https://www.investinontario.com/mining#secure.

Conventional methods of powering mines, primarily through the use of diesel and other fossil fuels, have been faced with criticism and challenges. The risk of spills in the long transportation process to the remote locations, the instability of crude oil prices on a company's bottom line, and most concerning the pollution and CO_2 they contribute to the environment, renders traditional methods unfavourable and out of touch with current needs.

There is a need therefore for more affordable and sustainable energy sources to enable mining development in Ontario. The good news is that there are new innovative options available that address environmental and logistical challenges – Small Modular Reactors (SMRs) are being developed and have the potential to fundamentally reshape the industry.

SMRs provide clean energy (zero greenhouse gas) from a compact reactor that can power a mine for decades. The reactors require little maintenance and are finely automated to reduce the risks for injury. SMRs can be removed and recycled once the mining reclamation begins and further helps the transition into a low carbon future.

A 2016 feasibility study conducted on behalf of Ontario's Ministry of Energy found that SMRs can be "economically competitive against the incumbent diesel energy source" and "can provide very low carbon power and meet the reliability requirements of mining operations which could accelerate the development of natural resources in remote locations (e.g., Ring of Fire in Northern Ontario)."[3]

Still, even with the proven evidence of SMRs safety, addressing the public's perception of nuclear energy will still likely be the biggest roadblock in social acceptance and the introduction into the mining sector.

The feasibility study rightly observes that the Ontario government "can play a role in facilitating access to these resources for potential technology vendors. It is likely that the first mover will have significant advantage in securing the

[3] Hatch Consulting, SMR Deployment Feasibility Study: Feasibility of the Potential Deployment of Small Modular Reactors (SMRs) in Ontario, June 2, 2016. Available at: http://ontarioenergyreport.ca/pdfs/MOE%20-%20Feasibility%20Study_SMRs%20-%20June%202016.pdf.

SMR market share." The incoming government should provide financial support for further "technology demonstration" and extend clean-technology tax preferences for the potential scale-up of this technology and its adoption in the mining sector.

#2. Revamp permitting system for the mining sector

The Ontario government should also examine options for streamlining the permitting system for new projects. Delays with the Ring of Fire have produced real opportunity costs for investors, workers, and communities. Legal and regulatory changes need to be enacted in the short-term to ensure that Ontario can benefit from the next mining upswing.

One of the major sources of delay is the duplication between the federal and provincial governments. There should be firm time limits of no more than a maximum of 3 years for regulatory decisions on federal and provincial permitting. This is patterned after *the Canada Ontario Memorandum of Agreement on Collaboration in the Delivery of Public Service 2004-2007,* which "recognizes that a responsive, efficient and effective public service is an important source of comparative advantage in an increasingly competitive global economy." Adopting this principle in Ontario's permitting system for mining would improve transparency and certainty for all stakeholders.

Enabling the expansion of SMRs for clean energy and restructuring of the permitting system are two practical steps that incoming government can take to ensure that Ontario remains a global leader in mining development.

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