



CAMESE
Canadian Association of Mining
Equipment and Services for Export

Standing Committee on Natural Resources

Opening Statement

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Good morning, Mr. Chair and members of the committee. I want to thank you for the opportunity to speak to you today on behalf the members of the Canadian Association of Mining Equipment and Services for Export or CAMESE. My name is Ryan McEachern and I am the Managing Director of the association.

In my opening statement today, I would like to first provide a brief overview of our association and its members; second, highlight some key findings from a study we participated in that shows how mining suppliers are an important part of generating employment in the mining ecosystem; and finally, important areas the government should support so that the Canadian mining sector has a strong foundation for future growth and continues to be a world leader in the mining industry.

CAMESE is the national voice for Canada's mining supply and services sector and over the past 35 years, the association has supported its members in connecting them to opportunities to grow their businesses in the mining industry across Canada and around the world.

Our approximately 300 corporate members are located across the country and supply the entire mining industry spectrum, from mineral exploration, resource development, mine design and construction, mine operations and refining to reclamation and closure. Most of these companies are also small to medium sized enterprises or SMEs. I will elaborate more on the demographics of mining suppliers in my second portion of my remarks but overall, it has been estimated that there are approximately 3,700 companies across Canada that consider themselves as mining suppliers.

Although I will focus on Canada today, I would like to make note of an important aspect of our efforts as an association which is export. With Canada representing approximately 0.05% of the global population and 2.5% of the world GDP, we are by all accounts a trading nation. And with that perspective, many of our members' activities include an export component because there is great opportunity for the Canadian mining supplier network in the international market. Aside from the international customers, there is plenty of opportunity just following Canadian exploration and mining activity abroad. Currently, there are over 2,000 Canadian



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exploration and mining companies operating outside Canada with projects in 120 different countries¹.

That said, there is considerable opportunity for significant growth inside Canada as highlighted by the Mining Association of Canada (MAC) who identified about \$145 billion dollars of potential new mine investment over the next 10 years.

I now turn to our study. In a report by the Conference Board of Canada, it characterized the mining supply and services sector as “a multi-billion dollar, widely varied industry in Canada and around the world, yet it is a 'hidden' sector that is not directly measured or tracked”.²

To help provide a better understanding and clarity of our “hidden sector”, CAMESE participated in the Pan Ontario Mining Supply and Services Sector Economic Impact Study which was carried out by Price Waterhouse Coopers (PWC) and supported by the Ontario’s Ministry of Northern Development and Mines, Natural Resources Canada and the Mining Association of Canada.³ There are a few key findings from the study that I would like to highlight today.

The first finding is that the mining supply and services sector is a widely varied group of companies. The study grouped the mining suppliers into three major categories. Fifty eight (58) percent were categorized as mining equipment, supplies and services and thirteen (13) percent were categorized as mining contract services.

These two categories are what most people think of as the typical mining supplier, however, it is the remaining thirty one (31) percent that were categorized under consulting services and other that typically get overlooked. These are, for example, the financial services, accounting companies, law firms, environmental services and information technology firms.

The second finding relates to this latter group which shows that, although a third of the mining supply and services are located in northern Ontario where most of the mines are located, 20 percent are located in the Greater Toronto Area. So the mining supply and services sector is not just a northern Ontario story. Mines in the north generate economic activity in the south.



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The third key finding is that almost 88 percent of the companies surveyed would be categorized as a SME and with that 70 percent reported exporting outside of Canada. This is consistent with our membership demographic across Canada.

The final finding I would like to highlight from the study is that, in terms of direct employment, the mining supply and services sector represented, at the time of the study, 68,000 employees or two and half times as many jobs as the mining companies employ themselves and, as a result, contributed approximately 77 percent of the same direct GDP contribution to Ontario as the mining companies.

This is an important point because, as mining is a great economic engine to develop remote areas of our country where many indigenous communities are located, the mining supply and services sector across Canada is and will be an important generator of jobs for these remote areas and, in particular, of employment opportunities for indigenous communities.

Finally, I would like to highlight areas that the federal government should support or continue to support which will provide a strong foundation for future growth of the Canadian mining sector and will continue to have Canada as a global leader in the mining industry. Because with a strong mining sector, there is a strong mining supply and services sector supporting it.

First, we believe there should be continued support of flow through financing and the mineral exploration tax credit (METC) highlighted by the Prospectors Developers Association of Canada (PDAC). These are key levers to support and encourage early stage exploration and discovery which is the front end driver for mine development. PDAC noted that “Finance Canada has estimated that every dollar of flow-through financing generates \$2.60 of exploration related expenditures in Canada, with much of those funds supporting exploration near remote and Aboriginal communities.”⁴

We support the investment in infrastructure to reduce the cost of developing mines in the north which the Mining Association of Canada (MAC) in conjunction with PDAC published a report showing how mines cost two to two and a half times more to develop a similar mine further south. We also support the idea proposed by MAC of an arm’s length infrastructure investment bank similar to the Alaska infrastructure bank which through its investment in the road and port was key to getting the Canadian miner Teck Resources to build the Red Dog mine.



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In addition, we support any efforts to provide certainty of timelines and to reduce process bottlenecks in bringing a mine to production.

And lastly, to stay a global leader in this industry, we believe the government should support funding proposals such as the industry led Canadian Mining Innovation Council's (CMIC) Towards Zero Waste Mining strategy which is asking for \$50 million over the next five years. This proposal will involve close collaboration with mining suppliers and be instrumental in the creation of innovative solutions to improve how we mine deposits and for Canada to continue being a world leader in mining.

Thank you for your time and attention. I look forward to your questions.

References:

¹ SNL Metals and Mining Database

² <http://www.conferenceboard.ca/e-library/abstract.aspx?did=4245>

³ <http://www.camese.org/uploads/Pan->

[Ontario mining supply and services sector economic impact study -
October 22nd 2014.pdf](#)

⁴ <http://www.pdac.ca/policy/budget-2017>