



**“How Federal Regulatory Delays Curb BC’s Productivity:
Speaking Notes at the BC Economic Summit”**

- We’ve heard a lot of sobering news about the state of the global economy. The mining industry has felt it faster than most, I would suggest. But, like we also heard, we remain bullish about the long term – the fundamentals are strong and BC’s economic opportunity when the recovery occurs is great.
- What we want to do now is take action now to ensure that we seize the opportunity when it comes.
- As I’ve heard the Premier say, never waste a good crisis. By investing in critical infrastructure, by investing in skills and training, by improving regulatory efficiencies so that new projects come on stream at the right time, by investing in productivity.
- How do we improve our productivity? Labor becomes more productive either because it becomes more skilled, because it has more and better capital to work with, or because we come up with new and better ways to combine labor and capital. So an environment that fosters growth in human capital, physical capital, and innovation is key to productivity and our future. Keeping taxation rates low encourages investment in physical and human capital.
- In the mining business, this is critical. From the moment you break ground, it becomes harder and potentially more expensive and intensive to extract the minerals – you’re digging deeper, need more energy, more trucks, more capital equipment. So innovation – finding ways to extract minerals out of the ground more efficiently – has always been a key driver for our sector.
- It is one of the reasons why mining, when you look at total factor productivity – which looks at the nexus of technology growth and efficiency – has been one of the best performing sectors of the economy.

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- And productivity is especially important in BC, where our geology has produced some vast but lower grade mines.
- Where I think we've lagged, however, is in the area of labour productivity, where our performance is less strong.
- And for this I think we have to look at some big questions, like how we're employing our people.
- A key part of the answer is training.
- But part of the answer is keeping industry active, making sure that as mines deplete there are new mines coming on stream to pick up the trained workers.
- As we know, our province shed a lot of its mine workers in the 1990s to other jurisdictions. In recent years, we have recovered somewhat. Until very recently, mining was enjoying a very strong cycle, new discoveries were made and some new mines opened.
- But we did not make enough progress.
- There are at least 4-5 mines that should be in production today, but they're not in large measure because of how long it takes to navigate through the regulatory system.
- The BC government has come a long way in recent years in improving how it manages its project review process. In the 9 years I spent in Ottawa working for the Mining Association of Canada, BC was held throughout certainly the latter half of my time there as one of the most efficient in the country. And no less rigorous.
- But I can't say the same about the federal government.
- For years we have talked about it. We passed amendments to the CEAA in 2003 that were supposed to improve coordination and timeliness, but they were never implemented. We've created a Major Projects Management Office to coordinate and streamline, but a year later still not one project has made it through the system.

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- When we don't permit new mines, we lose our workers. Our collective strength as a mining jurisdiction diminishes.
- The time has come for the province to push for more radical surgery. It is time to seek full delegation of authority to the province, look at equivalence agreements or, if possible, devolution – as we have seen in the Yukon. This will also give us the opportunity to do things better here, including how we engage First Nations in the assessment process.
- BC's position as the Pacific Gateway depends on competitive infrastructure, transportation systems, skilled people – and it depends upon a regulatory system that is rigorous but efficient – that is productive.

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