

Innovation in Canada's Resource Sector: Vancouver Roundtable

DRAFT SUMMARY REPORT

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Established in 1987, the Forum has earned a reputation as a trusted, nonpartisan facilitator, capable of bringing together a wide range of stakeholders in productive dialogue. Its research program provides a neutral base to inform collective decision making. By promoting information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in our country is dynamic, coordinated and responsive to future challenges and opportunities.

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Overview

The Public Policy Forum convened the first roundtable in a national series dedicated to exploring innovation in Canada's resource sector. The purpose of these events is to engage senior leaders in a focused discussion about the future competitiveness of Canada's resource industries. The Vancouver roundtable is the first in this series, with events to be held in Saskatoon, St. John's, Yellowknife, Montreal and Toronto.

The breakfast roundtable was hosted at the Vancouver offices of Ernst & Young, from 7:30 – 9:30 a.m.

The roundtable was moderated by David Mitchell, President of the Public Policy Forum.

Cassie Doyle, Canada's Consul-General in San Francisco and former Deputy Minister of Natural Resources Canada, opened the discussion with reflections on the state of the natural resource industries and the dynamics currently shaping them.

John Thompson, Vice-President, Technology and Development of Teck Resources Ltd. Provided summary comments at the conclusion of the event.

A complete list of roundtable participants is included as an appendix to this report.

Scope of the Challenges

The impact of the resource sector on Canada's economy is undeniable, representing 11% of GDP and nearly half of all exports. These endowments fuel the Canadian economy, and are a source of national pride.

Yet, continued economic success and innovation do not always go hand in hand. At times the sector appears to suffer from a comfortable attitude that relies on success without a necessary focus on innovation. Further, when innovation does occur, it is not promoted and communicated clearly both within the sector and to a broader community of Canadians. Participants expressed

the view that sometimes there is a need for a "burning platform" to drive innovation. Canada is perceived as being risk averse, driven by the historic fact that the sector has maintained a competitive standing without being driven to innovate.

Further, the geographic distribution of resources and the diversity of jurisdictions affected present a challenge for coordination. A clearer role for the federal government in promoting resource innovation and competitiveness, such as through tax incentives and stimulating collaboration, needs to be articulated.

Skills, Talent and People

It was widely agreed that innovation starts with people – those who are driven by the desire to innovate, and who possess a passion for their field. Harnessing this passion through supportive networks and channels that span both industries (e.g. forestry, energy, mining) and sectors (private, public, academic and non-profit) is essential for building an environment in which innovation can thrive. Leaders and innovators must be connected and encouraged to collaborate.

In order to connect innovators, it was also recognized that we need to do a better job of nurturing them. Universities, colleges, resource companies, and governments must work together more effectively to ensure that current and future employees are given the opportunities and support to develop the skills and talents that will help them succeed.

Also, the sector needs to make a greater effort to attract new talent by reaching out to the next generation of workers, including immigrants, aboriginals and youth. This means telling the story of the resource sector in a way that is meaningful and exciting in order to dispel that the myth that the resource sector is old-fashioned or staid. Consideration should be given to using social media to connect with a new generation. It was suggested that the equivalent of a "Top 40 Under 40" program be developed specifically for the resource sector.



Collaboration and Communication

FPInnovations, the Canadian Mining Innovation Council, and the Oil Sands Leadership Initiative were cited as laudable examples of intra-industry collaboration. In recent years groups such as these have developed out of a shared desire to find innovative ways to address common problems. However, a desire for competitive advantage often remains the number one priority, which can at times hinder the ability of companies to share innovative practices or proprietary technology.

Collaboration should also extend beyond single industries, to the resource sector as a whole. A forum to share best practices and knowledge across the sector would help address some common challenges faced by all resource companies. This may also mean tapping into other fields (e.g. military, medical technology) to provide solutions for pressing problems.

To foster collaboration, communication of the necessity of innovation is important. In all of the examples cited, a primary driver for collaboration was the clear message surrounding the importance of innovation to each particular industry. This message needs to be delivered both within the industry, but also more broadly to Canadians.

Global Best Practices

An important point of discussion related to the role of global best practices, and learning from other jurisdictions that have been faced with the same challenges. The case of Australia's mining sector was used to shed light on what other governments and industries have done when working together to tackle innovation, productivity and competitiveness. The importance of a "can do" attitude was stressed, highlighting the importance of communication – within the industry, between the industry and government, and even extending to public education. A greater understanding of the industry allowed the University of Sydney to supply research and skilled graduates, and the Government of Australia to provide

incentives and support. Canada can learn from the coordinated and collaborative efforts in Australia – just as many of their companies, who maintain offices in Calgary, are learning from us.

Opportunities

Participants spoke of the following areas as opportunities for innovation:

- Energy, water and waste management: the importance of environmental technologies, coupled with the opportunity to reduce operating costs and minimize overall impact
- Transportation: limited competition in the transportation sector results in high costs, which resource companies would like to address. The Asia-Pacific Gateway and Corridor Initiative was mentioned as an innovation needing to be built upon
- Exploration: the application of medical, nano, military and other non-sector specific technologies is advancing companies' ability to explore potential mineral reserves with less environmental impact
- Extraction: finding ways to minimize the social, environmental, and economic impact of extractive activities





Role of Government

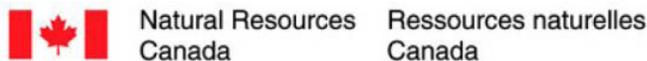
Roundtable participants noted that Canada's complex system of governance was sometimes a barrier to innovation, but agreed that there is an important role for governments at all levels in terms of both communication and coordination. Governments need to play the dual role of catalyst and champion for Canada's resource sector. While we take pride in being a leader in global resource production, at times we remain under the radar because our efforts to innovate are not being packaged and promoted. A role exists for governments to communicate, both to Canadians and around the world, the importance of and many successes found in Canada's resource sector.

Similarly, governments must be nimble and responsive to the needs of the sector, in order to maintain the growing momentum behind innovation. Opportunities exist to make Canada a leader in clean energy, green mining, and other resource-based activities. Governments should catalyze further action by coordinating collaborative efforts and supporting innovative activities, whenever possible in the resource sector.

Innovation in Canada's Resource Sector: Phase Two
Vancouver Roundtable
June 6, 2011

Thanks to our partners

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Innovation in Canada's Resource Sector: Phase Two

Vancouver Roundtable

June 6, 2011

Moderator : David Mitchell, President and CEO
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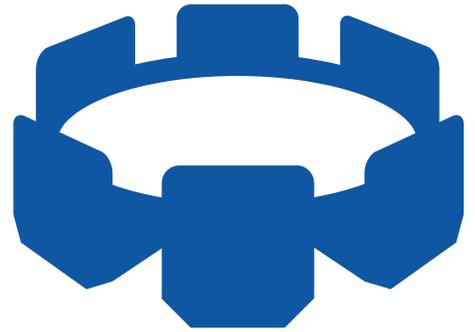
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