

16-97 Economic Alliance  
Cluster Development

Tuesday April 29, 2008  
College of New Caledonia

**Morning Session** (industry and economic development organizations)

Lori Schmidt has been working with Edmonton to develop clusters for the past several years. Edmonton and the government of Alberta are interested in collaboration to strengthen western Canada and have been supportive of Lori sharing her expertise. Edmonton has been very successful in developing the manufacturing cluster and the model has been adapted and used in other areas as well. The 16-97 Economic Alliance research has identified nine potential clusters for development. While all are recognized as important and will be moved forward, this session focuses on opportunities related to mining in north central BC.

References to clusters have been found as early as the 1800's. Porter's theory from the 90's defines clusters as co-located and linked industries, government, academia, finance and institutions for collaboration. A cluster strategy is a means to retain, expand and grow a local region's comparative advantage.

Lori provided a comprehensive Powerpoint presentation which is available.

Some of the issues that Edmonton faced when developing the manufacturing cluster were:

- Industry was reluctant to come to the table
- Initial terminology was not relevant for industry
- The manufacturing sector was difficult to define as it is so broad

Several great manufacturing-related successes have been achieved through hard work and time:

- Welding technology innovation now linked with both the University and NAIT
- 2 cluster connector events are held each year, linking a broad range of related initiatives and people
- Innovative Manufacturing Works! took off as a provincial initiative, promoting innovation and careers in manufacturing
- The 12 cluster "leaders" have recognized the value of the dialogue and sharing of information, and made the cluster meetings and follow-up work a priority
- Spin-off cluster and networking groups have developed

The process of cluster development moves through the stages of assessment, mobilization, plan development and implementation:

- The Alliance contracted Meyers Norris Penny to assess north central BC through a cluster study. Nine potential clusters were identified; due

to funding availability, mining has been identified to move forward quickly

- Based on the discussions at this workshop, the focus has been further narrowed to manufacturers and mining-related services (ie other consultants and suppliers)

Next steps:

- One or more leadership groups will be assembled to move from assessment to mobilization stage where a facilitator brings everyone to the table.
- Leaders will be surveyed prior to the first meeting to identify common issues as a starting point for the leadership group discussions
- Ground rules must be developed to strengthen group commitment
- Industry defines direction and priorities for moving forward
- The facilitator, a third-party researcher (if needed) and the Alliance team provide support “behind the scenes” to the cluster leadership group as they move forward

There were breakout groups at the mining cluster development workshop. The following questions were posed and included are some of the common responses:

**Is there interest in establishing a leaders “network” to explore moving the mining cluster forward?**

- All four groups indicated there was interest

**What are some of the key issues affecting that industry?**

- Broad based industry and industry knowledge is limited in this area
- Cyclical nature of industry
- Goods/services suppliers are limited – building a supply chain in the region
- Infrastructure – electrification and transportation
- Difficult to get past ‘competitive line’
- Connecting with decision makers
- Regulatory and political issues
- Stakeholder engagement and consultation, including with Aboriginal organizations
- Labour market

**Who would you see being valuable to have at the table?**

- Very specific industry networks
- Decision makers
- Current suppliers
- Mining companies
- Industry associations
- Some of the specific companies identified were: Terrane Metals, IRL, BC Bearing, Serengeti, Mantle resources, Novagold, Tek Cominco, Taseko Mines

**Who would be in the best position to facilitate this network?**

- Somebody committed, not industry, but with industry expertise
- IPG
- 16-97 Economic Alliance
- CIMM
- Construction Association
- Chamber of Commerce

**Who else would be partners?**

- UNBC
- CNC
- BC Hydro
- Transportation Association
- CILA
- Construction Association
- Chamber of Commerce
- CIMM
- APEG BC

## **Afternoon Session** (economic development organizations)

It seems that there are different levels of readiness to collaborate. Industry wants to come to the table and has demonstrated that by attendance at the morning session. There needs to be criteria for the leaders' network which should be about 10-12 'innovators' within the industry. It must be the right people who want to collaborate and work, not act as an advisory group. The leaders' network will define where the cluster strategy should go. The role of the facilitator, other researchers and the Alliance members will be to do the behind the scenes work. Broad industry sharing events will also be built into the plan.

### **What we know about the mining cluster:**

- Fly-in camp models are becoming more popular – these are expensive
- Supply chains are connected to regional communities where transportation plays a major role (truck and air)
- Mines seem to be moving away from creating economic dependency in specific communities
- There are immense amounts of \$ involved
- There are also smaller opportunities (lava rock)
- Exploration economy is large but has different needs than production
- There is a lot of potential \$ not staying in this region
- Region is uneducated regarding “mining”
- Many necessary skills are transferable from forestry
- Mine workers themselves are highly paid
- Mines are bottom line driven, therefore supplies and equipment can come from anywhere
- There were 315 people employed at mines in 2001
- There is segmentation in the value chain:
  - Prospecting – Juniors – Mining – Transportation – Processors – Exporters

### **What we don't know about the mining cluster:**

- How to help more mine workers live in this region
- Stability
- Who owns mines
- What technology is transferable within our region
- What our knowledge gap is / what innovation is possible in mining / how it is connected to other industries
- What is needed to improve business procurement
- Who has done mining cluster work before?
- What do mines need
- Who is doing what

## Next Steps

Action	Timeline	Agency/Organization	Outcome
Facilitating Agency	Immediately	16-97 Economic Alliance	RFP—awaiting industry leadership (CIMM?)
Confirm Focus	Immediately	All	Manufacturing/ Suppliers
Identify Leaders *the innovators”	30 days	16-97 Economic Alliance in conjunction with agencies	<ul style="list-style-type: none"> <li>○ Wolftek</li> <li>○ AMEC</li> <li>○ Del tech</li> <li>○ Northern Steel</li> <li>○ CIMM</li> <li>○ Farr Fabrication</li> <li>○ Vanderhoof Machine Works</li> </ul>
Customer Analysis *gather information on related companies in the region	30 days	Chamber of Commerce	<ul style="list-style-type: none"> <li>○ OBAC Mineral Exploration Strategy (May 20<sup>th</sup>)</li> </ul>
Sort through information gaps *where might info already be available *who might have access to info	60 days	All	<ul style="list-style-type: none"> <li>○ Mining Association of BC</li> <li>○ Association of Mineral Exploration BC</li> <li>○ Canadian Institute of Mining and Metallurgy</li> <li>○ Omineca Beetle Action Coalition</li> <li>○ Ministry of Economic Development</li> <li>○ Statistics Canada and census</li> </ul>
Survey identified Leaders *what do you have to offer to mining” *what are your strengths/weaknesses”	60 days	Survey developed by IRC Survey conducted by a variety of agencies/people	<ul style="list-style-type: none"> <li>○ Wolftek</li> <li>○ AMEC</li> <li>○ Del tech</li> <li>○ Northern Steel</li> <li>○ CIMM</li> <li>○ Farr Fabrication</li> <li>○ Vanderhoof Machine</li> </ul>

			Works
Values Analysis *region, people, Aboriginal people, collaborative approach”	60 days	16-97 Economic Alliance	Gdp and metal mines