



Action Plan 2004

Status Report

Reports on the activities of working groups arising from Action Plan 2004 of the Mines Ministers' Conference submitted for consideration at the 62nd Mines Ministers' Conference

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Introduction

The Status Reports contained hereunder reflect the actions taken on the major issues affecting the mining industry in Canada under the direction of the provincial, territorial and federal ministers of Mines at the Mines Ministers' Conference 2004.

The reports were prepared either by working groups established by the Intergovernmental Working Group on the Mineral Industry (IGWG) or by officials responsible for a specific issue. Therefore, the views contained in the reports do not necessarily reflect those of IGWG as a whole.

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Fiscal and Taxation Policy

Provincial and territorial ministers agreed to continue to consult with their respective Finance colleagues on the effect of the federal tax changes on their mining tax regimes in order to avoid any unintended increase or decrease in taxes paid by the mineral industry. It was recognized that the transition period for the phase-in of the federal tax changes is at its mid-point, lending some urgency to the issue.

Ministers asked that the Intergovernmental Working Group on the Mineral Industry (IGWG) Sub-Committee on Taxation Issues continue to provide analysis and advice to Ministers on fiscal and taxation issues that remain of concern. The mandate of the sub-committee is accordingly extended until the end of the transition period for fiscal tax reform in 2007.

BACKGROUND

In October 2000, the federal government introduced the Investment Tax Credit for Exploration in Canada (ITCE), a temporary income tax incentive to counter one of the most drastic declines in the history of Canadian mineral exploration. Initially planned for a three-year period, this 15% tax credit was extended twice, in the budgets of 2003 and 2004, to allow time for the measure to have a greater impact on exploration levels. Several provinces introduced complementary tax incentive measures. The ability of mining companies to raise money using the ITCE is now slated to expire at the end of 2005, although issuing corporations will have one additional year in which to incur the exploration expenses.

Concerning the federal income tax restructuring for the resource industries, the transition period for the phase-in of the new tax provisions that were announced in the 2003 budget has now passed its mid-point. The set of new tax measures will be fully implemented on January 1, 2007. These structural changes may result in incidental increases or decreases in provincial taxes paid by the mining industry in several provincial/territorial jurisdictions due to the interaction between federal and provincial/territorial income tax bases.

The increased focus on community consultation and environmental protection, and new reporting standards for the mineral exploration industry, have caused an ongoing review of the federal income tax definition of expenses eligible for the favourable Canadian Exploration Expense (CEE) status. Any change to the definition of CEE would have an impact on provincial/territorial income taxes paid by the mining industry.

Finally, the persistence of a longstanding decline in base-metal reserves in Canada, despite near-record levels of exploration spending in recent years, is a source of concern that has triggered an investigation into ways of stimulating base-metal exploration.

ACTIONS TAKEN

On December 21, 2004, the federal government released a draft of proposed amendments to Section 3900 of the Income Tax Regulations (ITR), pursuant to its reform of the resource provisions of the *Income Tax Act*. Section 3900 of the ITR defines the amount allowed as a deduction in respect of provincial/territorial mining taxes paid. Since the federal release, several provinces have verified that the income-based mining taxes payable under their specific tax regime will be deductible for income tax purposes under the proposed rules. As per its 2004 budget, Ontario had already decided that the Province would maintain the provincial resource allowance and the rules restricting the deduction of Crown royalties. The 2005 budget proposes clarifications of the rules that companies must use to calculate their Ontario resource profits. Finally, the Department of Resources, Wildlife and Economic Development of the Northwest Territories has conducted a study of the effects of federal resource taxation reform on typical mining operations in different provinces and territories.

In September 2004, officials from Finance Canada, the Canada Revenue Agency (CRA) and NRCan held technical discussions with industry representatives on issues related to the definition of CEE. Progress has been made in clarifying current administrative practices, in further defining the nature of industry concerns, and in articulating industry requests.

Since the 2004 Mines Ministers' Conference, the IGWG Working Group on Taxation Issues has held a number of meetings to discuss a range of tax issues. A major issue for discussion was the effectiveness of flow-through-based tax incentives in stimulating base-metal exploration since industry proposed to extend the ITCE to achieve this purpose. As was the case in previous years, the working group also included observers from Finance Canada and the Canada Revenue Agency.

The working group produced a report entitled *Taxation Issues for the Mining Industry: 2005 Update*. The report summarizes the working group analyses and discussions on the following subjects:

- Financing mineral exploration through the use of flow-through shares and related tax credits;
- Stimulating exploration for base metals;
- Reviewing the definition of Canadian Exploration Expenses; and
- Restructuring the federal income tax provisions for the resource industries.

CONCLUSIONS

Exploration spending results since the inception of the ITCE program indicate that the initial objective of temporarily stimulating exploration spending to reverse the drastic decline in overall exploration spending has been realized to an extent. In this connection, the data indicate that the program may not be particularly effective for meeting the challenge of declining base-metal reserves since it tends to stimulate mainly exploration for gold and diamonds.

Industry and the Province of Quebec made the case that a CEE treatment for the deep drilling expenses incurred in the vicinity of existing mines would increase the attractiveness of base-metal exploration and may be conducive to new base-metal deposit discoveries.

With respect to the income tax definition of CEE, the federal government is still considering the industry proposals and reviewing supporting data. Many provinces are concerned about uncertainties surrounding the federal tax treatment of environmental and consultation costs, which have seen significant increases in recent years.

Finally, in light of clarifications provided by the release of draft regulation 3900, it appears that the provinces and territories are currently of the opinion that the effects of the federal restructuring of the resource income tax provisions do not warrant any further action on their part at this time.

RECOMMENDATIONS

The industry recommendations for tax measures to stimulate base-metal exploration and enhance investment in emission-reducing technology should be analyzed by the IGWG Sub-Committee on Taxation Issues and a report should be tabled at the 2006 Mines Ministers' Conference.

Orphaned and Abandoned Mine-Site Rehabilitation

Ministers agreed to approach Environment Canada to seek program funds as part of the recently announced funding for contaminated sites, specifically for the development of F/P/T cost-sharing arrangements for the remediation of orphaned/abandoned mines.

Ministers agreed to proceed with the guidelines for legislative review tabled by the National Orphaned/Abandoned Mines Initiative (NOAMI) and instructed their respective ministries to complete the review and report results back.

Ministers agreed to support the ongoing activities of NOAMI as outlined in their detailed work plan (2003).

BACKGROUND

The legacy of orphaned/abandoned mines (O/AMs), with the associated environmental liability, human health concerns and the financial costs of clean-up, continues to be a serious issue facing Canada.

Since 2002, Mines Ministers have signaled their commitment to address this serious environmental issue with continued support for the National Orphaned/Abandoned Mines Initiative (NOAMI).

NOAMI is a cooperative Canadian program that is guided by an advisory committee consisting of the mining industry, federal/provincial/territorial governments, environmental non-government organizations and First Nations.

The committee's role is to assess key issues and put forward recommendations to Mines Ministers concerning collaborative approaches and partnerships in the implementation of remediation programs across Canada.

At their annual meeting in Iqaluit in 2004, Mines Ministers agreed to support the ongoing activities of NOAMI as outlined in its detailed work plan (2003), so long as human and financial resources permit. More specifically, Ministers recognized the opportunity to approach Environment Canada to seek program funds as part of the federal funding program for contaminated sites announced in 2003, specifically for the development of F/P/T cost-sharing arrangements for the remediation of orphaned/abandoned mines. Mines Ministers also agreed to proceed with guidelines for legislative review instructing their respective ministries to complete the review and report back results.

STATUS

A report entitled *Capacity Building for a National Inventory of Orphaned/Abandoned Mines in Canada* was completed and published on the NOAMI web site (www.abandoned-mines.org). A key recommendation is for an inventory that includes all inactive mineral sites, is web-based and has a map interface. An

assessment of options for hosting a portal site is currently being finalized. It is recommended that NOAMI proceed with implementation once complete.

A review of all legislation that is relevant to the remediation of orphaned/abandoned mine sites has been commissioned and is currently completed in draft for most jurisdictions. Consultation with and review by F/P/T agencies responsible for various legislative instruments is under way. Once complete, the consultant will produce a final report providing a synthesis of the legislative framework for the remediation of orphaned/abandoned mines, including an assessment of gaps, limitations, barriers and opportunities, including summary observations and recommendations for policy development.

In November, NOAMI is hosting a workshop on “Assessing Liabilities and Funding Approaches” to be hosted in Ottawa. The workshop will focus on technical standards for assessing liability, accounting for and reporting on liability, assessing community and health impacts, and funding options. The target audience is government officials from mines and environment, and provincial auditors and finance departments, with the objective of providing terms of reference for the assessment, reporting and funding of liabilities associated with orphaned/abandoned mines.

In February, NOAMI will host a best practices workshop, highlighting successful approaches in the remediation of orphaned/abandoned mines in Canada.

RECOMMENDATIONS

- Mines Ministers agree to encourage respective F/P/T audit and finance officials to participate in the November workshop;
- Ministers endorse the ongoing work of NOAMI, in particular the development of:
 - a portal site for a national inventory of inactive mine sites, and
 - recommendations for the development of policies/legislation with respect to orphaned/abandoned mine-site remediation; and
- Continuing financial support for the work of NOAMI.

Cooperative Geological Mapping Strategies

Ministers endorsed the Implementation Plan for the Cooperative Geological Mapping Strategies Across Canada.

Ministers agreed to work towards making the Cooperative Geological Mapping Strategies Across Canada a reality.

ISSUE

The fact that the *Cooperative Geological Mapping Strategies Across Canada* was not funded in the 2005 federal budget has evoked a negative response from a range of stakeholders.

BACKGROUND

Successive reports to Mines Ministers by an industry-led task force reported in 1998 and 1999 that Canada's public geoscience knowledge base was one of this country's key comparative advantages in attracting investment in mineral exploration in an increasingly competitive global market. The task force warned, however, that this advantage had been put at risk by the protracted decline in funding of government geological surveys and established a target for reinvestment in public geoscience over a 10-year period.

In response, Ministers directed the National Geological Surveys Committee (NGSC) to develop a collective strategy to achieve the target. Ministers unanimously endorsed the resulting *Cooperative Geological Mapping Strategies Across Canada* (CGMS) document in 2000 and, furthermore, undertook to seek new funding within their jurisdictions to make CGMS a reality. Although there have subsequently been some incremental funds both federally and in a number of provinces and territories, it has not been possible to secure funding of the magnitude and duration necessary to achieve the target set out by the task force.

Industry support for an enhanced investment in public geoscience continued to grow and, in 2003, Mines Ministers directed the NGSC "to complete the implementation plan for the *Cooperative Geological Mapping Strategies Across Canada* as a matter of priority."

The Implementation Plan for CGMS was developed through a series of regional and Canada-wide workshops that achieved consensus on a number of shared public policy goals and the geoscience programming to address them. Importantly, there was also agreement on the need for the federal, provincial and territorial survey agencies to work together on a multilateral basis, reflecting the reality that areas of prospective geology transcend jurisdictional boundaries. The CGMS Implementation Plan was endorsed by Ministers at their 2004 conference.

STATUS

Notwithstanding the strong support, CGMS was not allocated funding in the 2005 federal budget. The budget did, however, provide \$5 million per year for five years to extend the Targeted Geoscience Initiative (TGI) to promote exploration for base metals in established mining communities. Although the renewal of the TGI was an important first step, it will not address two principal themes of CGMS, which are new economic opportunities for northern and frontier areas, and secure energy supplies.

The industry and most provinces and territories have expressed disappointment over the exclusion of CGMS from Budget 2005. Key industry associations have reiterated their support in their submissions to MMC 2005 and CGMS remains a priority of the Minister of Natural Resources Canada.

RECOMMENDATIONS

It is recommended that:

- Ministers re-affirm their support for the *Cooperative Geological Mapping Strategies Across Canada* as an initiative that will benefit all regions of Canada and help to improve Canada's position in an increasingly competitive global economy; and
- Ministers continue to seek the necessary funding to make CGMS a reality.

Sub-Committee on Aboriginal Participation in the Mineral Industry

Ministers agreed that Aboriginal issues will be an agenda item at all future Mines Ministers' Conferences.

Ministers mandated the re-activation of the IGWG Sub-Committee on Aboriginal Participation in the Mineral Industry. Ministers asked that the sub-committee look at the issue of meeting the future work force demands of the industry as a priority.

BACKGROUND

The Sub-Committee on Aboriginal Participation in the Mineral Industry (Sub-Committee) is mandated by the 2004 Mines' Ministers Action Plan, which states that "Aboriginal issues will be an agenda item at all future Mines Ministers' Conferences." Ministers asked that the Sub-Committee look at the issue of meeting the future work force demands of the industry as a priority.

The Sub-Committee is dedicated to increasing Aboriginal involvement in the Canadian minerals industry. It accomplishes this goal by enhancing awareness, facilitating communication among key stakeholders, building on lessons learned, and making recommendations to help IGWG and other stakeholders make informed decisions on Aboriginal issues in the minerals sector.

The Sub-Committee is composed of representatives from each province and territory, as well as Natural Resources Canada (NRCan) and Indian and Northern Affairs Canada (INAC). Two co-chairs are appointed by IGWG – the outgoing host province or territory of the Mines Ministers' Conference (MMC) is chair for that year starting in September and INAC is the co-chair. The annual report is presented at MMC by the chair, INAC and the outgoing MMC host jurisdiction for the consideration of Mines Ministers.

ABORIGINAL EMPLOYMENT IN THE MINERAL INDUSTRY

The mineral industry offers tremendous employment, business, training, and infrastructure development opportunities to communities, including Aboriginal peoples. Examples of Aboriginal peoples who have benefited from mineral development opportunities include the Tahltan in British Columbia, the Athabasca Tribal Council and Métis of Alberta, the First Nations of the Athabasca Basin in Saskatchewan, the Dene, Metis and Inuvialuit from the Northwest Territories, and the Inuit from Quebec and Nunavut.

Nevertheless, even when Aboriginal peoples are the closest population to a mine development project and represent one of the fastest-growing segments of the population in Canada that is eager to assume an active role in the country's economy, they continue to miss out on these opportunities for reasons that include an inadequately educated and skilled work force, a lack of understanding and trust among the various Aboriginal cultures, corporations and governments, and a broad range of other political, social and economic issues. Dismantling these barriers is part of the solution to increasing Aboriginal participation in the minerals industry.

ACTIONS TAKEN

Although there is a need to increase the interest of Aboriginal peoples in the mineral industry, achievements have been made across Canada to provide opportunities to Aboriginal peoples and encourage participation in mineral development. Examples of initiatives by jurisdiction include:

- **British Columbia** carried out a number of training programs and workshops in rural and First Nations communities around the province, resulting in an enhanced interest in Aboriginal peoples participating in the mineral industry. There has been a dramatic increase in the hiring of Aboriginal peoples by mineral exploration companies and some mine sites now have significant numbers of First Nations workers. The Ministry of Energy, Mines and Petroleum Resources continues with its objective to build relationships with First Nations to facilitate participation in the mining sector.
- **Alberta's** Aboriginal peoples boasted the highest employment rate and the lowest unemployment rate among Aboriginal peoples in the western provinces, according to a recent labour market report produced by Statistics Canada. Alberta's initiatives have significantly contributed to this accomplishment. Moving forward, the importance of increasing the participation of Aboriginal peoples in Alberta's work force is critical to the continued growth and strength of Alberta's economy. By expanding the supply of qualified Aboriginal workers, Alberta will be better able to meet its future labour needs while employment initiatives will support self-reliant Aboriginal communities and peoples.
- **Saskatchewan's** mining industry is the largest full-time employer of Aboriginal people and the uranium sector is an internationally recognized leader in both Aboriginal employment and in the development of Aboriginal business opportunities in support of mining activities. In 2004, Northerners and Aboriginal peoples held 53% of jobs directly related to northern mining, an increase of 7% since 1994 and 21% in 1984. Mining companies continue to improve on this record with increasing numbers of Aboriginal people employed in senior mine-site management positions. Government/industry initiatives, such as Human Resource Development Agreements, the Multi-Party Training Plan and the Environmental Quality Committees, have been developed in cooperation with Aboriginal communities and representative agencies to encourage Aboriginal participation in the mining industry. These tools have strengthened the mutually beneficial relationship among the mining industry, government and northern communities. Saskatchewan has received numerous requests for information on its initiatives to promote the participation of Aboriginal people in the uranium mining industry. Some initiatives have been used as templates for other mining and industry sectors. Saskatchewan recognizes the importance of initiating and enabling consultation discussions with Aboriginal groups to facilitate their participation.
- **Manitoba** has recently implemented several initiatives designed to increase Aboriginal participation in the province's mineral industry. The *Manitoba Minerals Guideline*, a framework of guiding principles, was created in collaboration with First Nation and Métis communities to facilitate relationship-building between those involved in or affected by mineral exploration and development in the province. Other initiatives supporting the Guideline principles included the Aboriginal Mining Workshop to increase awareness about the business of exploration and mining in Manitoba, a pilot

prospector training program for the Sagkeeng First Nation that led to the development of the Introduction to Prospecting Course now offered through the University College of the North, and various mineral education outreach activities including a geologist's visit to on- and off-reserve schools at Red Sucker Lake. Manitoba will also be moving forward with a series of articles on mining and exploration in the province for publication in northern and community newspapers to increase awareness of the industry and activities in their regions.

- **Ontario** has 134 First Nations as well as Metis and non-status Aboriginal peoples that make up 1.65% of Ontario's population, of which about 43% (81 000) live in northern Ontario. The economic development potential of minerals, forestry, tourism, and renewable and non-renewable energy of Ontario's Far North is perceived to be high. Ontario is working to renew its relationship with Aboriginal peoples through the "New Approach to Aboriginal Affairs," Northern Prosperity Plan, the Far North Northern Development Council, and the Ontario Mineral Industry Cluster Council's Aboriginal Working Group. The Ministry of Northern Development and Mines (MNDM) and Aboriginal communities worked together to: enhance communication and build relationships; sign several memoranda of cooperation; collaborate on the development of glossaries of geology and mineral development terms in local native dialect; develop an informal set of Aboriginal communication and engagement practices targeting the mineral sector; collaborate with Natural Resources Canada, several remote First Nation communities and the mineral industry to produce an information video in five languages describing government geological survey and mining sequence activities; exchange technical and administrative information with Aboriginal communities; and fund Aboriginal community-based infrastructure, workshops and trade shows.
- **Quebec** is now at a turning point in its relationship with Aboriginal nations. A number of comprehensive and specific agreements have been reached. With these accomplishments, the Government of Quebec plans to continue to ensure that Aboriginal communities play a greater role in Quebec's development. Further to the recent Haida and Taku River rulings, the Government of Quebec will develop an Aboriginal consultation policy jointly with the Aboriginal peoples. This policy will establish rules to manage land development projects more effectively and foster lasting partnerships with Aboriginal communities. Furthermore, the Government of Quebec and the Assembly of First Nations of Quebec and Labrador are jointly holding the first Forum on First Nations' Social and Economic Development, with Inuit participation, in May 2006. The primary objective of the Forum is to launch and pursue measures to make lasting improvements to Aboriginal social and economic conditions. The Government of Quebec plans to encourage Aboriginal participation in the mining industry, a commitment clearly reflected by the renewal of government funding for Aboriginal mining funds. The many promising exploration projects under way in Quebec will provide opportunities for even greater participation in coming years.
- In **New Brunswick**, First Nation peoples represent approximately 2% of the population. Work force participation data indicate a significant disparity in unemployment statistics between the Aboriginal and non-Aboriginal population where the Aboriginal unemployment rate is approximately 21%. The

mineral industry generates approximately \$790 million in the province with two mines in operation. Little interest in mining has been shown by First Nation communities; most communities are far removed from mining operations and have been directing their energies to participation in the forestry and fishing sectors.

- The **Yukon** is currently working on a number of fronts to improve and develop the capacity within First Nation communities. Recognizing the potential shortages of skilled labour for expected mine development and the limited time to prepare Yukoners for these job opportunities, the Yukon government, in partnership with industry and First Nations, developed a proposal for a Yukon Mine Centre Training Strategy study. This initiative is focused on five key principles: community focused, job assurances, focusing on job skills, targeting sustainable employment training in the communities, and inclusive to all Yukoners; it will provide access for all potential participants and partners. It was determined that a Yukon Mine Training Centre was needed and would eliminate many barriers to employment by being accessible to First Nations and other Yukoners, being culturally appropriate for participants, providing northern-based programming at the appropriate literacy and numeracy levels, and incorporating a curriculum designed to overcome job and life skill requirements and wellness issues. This initiative will focus on training Yukoners, and in particular First Nations and youth. It is designed to be practical and effective as there is a critical need to develop skills and training to meet the expected labour demands in the mining sector. Industry has worked to include First Nation citizens in its work plans through agreements with First Nation governments on employment and training, as well as other socio-economic agreements. The Yukon government has been working with First Nation governments and communities that are affected by abandoned mines to ensure they are informed about site activities and to include them in final closure planning. This has been accomplished through contracts with First Nations development corporations and closure objectives being drafted in partnership with First Nations.
- The **Northwest Territories** (N.W.T.) continued information dissemination and training programs aimed at increasing Aboriginal participation in mining and has seen improving results. Initiatives such as the Apprenticeship and Occupational Certification Program continue to promote acquisition of skills and certification enabling participation in mining employment opportunities. The N.W.T. Mine Training Society, a partnership between mining companies, Aboriginal organizations and government, has a mandate to ensure that Aboriginal persons have access to mining industry jobs through appropriate and relevant training programs. This is achieved by identifying specific employment opportunities and then establishing training programs that guarantee participants with employment if they succeed in the program. Additionally, some mining companies in the Northwest Territories are committed to Aboriginal priority in hiring and reflect this commitment in socio-economic agreements. Aboriginal peoples at the two operational diamond mines in the N.W.T. were estimated to make up 31% of total mine employment in 2004.
- **Nunavut** is faced with many challenges in developing the needed human and capital resources to advance economic and social prosperity in the territory. However, the Inuit, who make up 85% of the population, are determined in building effective partnerships that will help overcome these challenges and meet the demands from the growing minerals sector, which spent \$172 million in 2004. Nunavut is at the cusp of some significant employment, business and training opportunities in the minerals industry. Current activities include the construction of the Jericho diamond mine, two gold projects that are in the regulatory phase, and over thirty exploration projects. With sustainable economic and

social development strategies in place, such as the Nunavut Mine Training Strategy, which incorporates Inuit traditional knowledge and a strong consortium of partners, and agreements such as the Nunavut Land Claims Agreement and Inuit Impact Benefit Agreements, the Inuit can look to a bright and prosperous future.

- The **federal government** through INAC has reorganized a number of its economic development programs to make them more relevant and easier to be accessed. The *Economic Development – Programs Guide 2005* lists four initiatives, including the Aboriginal Workforce Participation Initiative, Community Economic Development Program, Community Economic Opportunities Program, and the Procurement Strategy for Aboriginal Business. In addition, the *Programs Guide* also provides a list of contacts across the country.

Natural Resources Canada (NRCan) is partnering with the mining industry, Aboriginal associations, other federal departments and provincial governments in various initiatives aimed at strengthening the contribution of exploration and mining development in building stronger and sustainable Aboriginal communities. Over the last year, the Minerals and Metals Sector of NRCan has initiated and contributed to a series of activities, including the development of an Information Toolkit on Mining and a Mining Cycle Video for use by Aboriginal communities. The Toolkit is being produced by the Prospectors and Developers Association of Canada, in collaboration with Indian and Northern Affairs Canada, The Mining Association of Canada and NRCan, and should be completed by the end of 2005. The Mining Cycle Video is being produced in collaboration with the Government of Ontario (Ministry of Northern Development and Mines) and is expected to be released in September/October 2005. NRCan is also producing information bulletins on Aboriginal peoples and mining activities that provide relevant facts about the participation of Aboriginal communities in minerals and metals activities across Canada. Although important progress has been achieved, there are still challenges ahead for Aboriginal peoples and communities to fully participate in, and benefit from, mining activities. As such, there is a need for all stakeholders to find ways to increase the contribution of the minerals sector to the well-being of Aboriginal people.

- **National/industry organizations** offer important opportunities for further collaboration with governments and Aboriginal communities. The Prospectors and Developers Association of Canada (PDAC), The Mining Association of Canada (MAC) and the Canadian Aboriginal Mining Association (CAMA) have partnered on various projects including the 2004 Mining-Industry Round Table (with NRCan) and a Mining Information Toolkit for Aboriginal Communities (currently being developed with NRCan and INAC). PDAC and MAC have working groups that address Aboriginal affairs issues affecting its members and communities of interest. The Canadian Institute of Mining, Metallurgy and Petroleum (CIM) has launched a pilot working group to address sustainability and the social aspects of mining. These organizations (particularly PDAC and the CIM) are seeking support and cooperation from government and Aboriginal groups on how to better serve the Aboriginal community. The Mining Industry Training and Adjustment Council (MITAC) is taking a lead role in addressing some of the recommendations from the *Prospecting the Future Minerals and Metals Sector Study*, which includes the development of a National Aboriginal Human Resources in Mining Strategy.

The Sub-Committee's achievements for 2004-2005 include:

- Documentation of mechanisms for Aboriginal community benefits from provincial, territorial and federal government jurisdictions, as well as national organizations;
- Outreach to and building dialogue with national/industry organizations involved in Aboriginal participation in mining, including PDAC, MAC, CAMA, the CIM and MITAC; and
- Completion of the Sub-Committee terms of reference.

In addition to the preparation of an annual report, the Sub-Committee is also exploring new ways of gathering and sharing information, including Sub-Committee presentations at regional and national conferences and building stronger relationships with national/industry organizations involved in Aboriginal capacity building for the minerals industry (e.g., PDAC, MAC, CAMA, MITAC and the CIM).

CHALLENGES FOR THE SUB-COMMITTEE

The Sub-Committee has no dedicated resources and its members do not generally have access to human or financial resources from their respective departments. Any commitments to do more than maintain a network and exchange ideas will require resources (i.e., development of policies and identification of organizations to take leading roles).

Stronger commitment is needed from more silent jurisdictions to effectively meet the national mandate of the Sub-Committee.

It is difficult to capture in the Sub-Committee report an accurate inventory of all the Aboriginal participation in mining programs and initiatives in each jurisdiction, particularly those offered by industry. Industry has its own initiatives and agreements with Aboriginal peoples to promote participation that are not always publicized and are therefore not easily documented.

RECOMMENDATIONS TO THE SUB-COMMITTEE

The Sub-Committee should:

- Continue to focus on communicating and sharing information through its national network and working with national/industry organizations and government agencies;
- Highlight and use successful projects/best practices on Aboriginal participation in the minerals industry as national models of success;
- Identify and develop strategies to address common barriers and gaps (real and artificial) to Aboriginal participation in the minerals industry such as an inadequately educated and skilled work force, a lack of efficient communication (mutual understanding and trust) among the various Aboriginal cultures, industry and government, and a broad range of other political, social and economic issues; and

- Participate in the development of a National Aboriginal Human Resources in Mining Strategy with MITAC (e.g., as a portal to jurisdictions for information flow). The Sub-Committee has a unique opportunity to meet its mandate in assisting MITAC to address recommendations made in the *Prospecting the Future Minerals and Metals Sector Study*. MITAC has taken on the lead role of addressing the Sector Study's Recommendation Strategy A2.

Strategy A2 of the Sector Study Recommendation states: "Develop a national strategy that focuses on the engagement, recruitment and retention of Canada's Aboriginal work force, focusing on sites and operations that neighbour Aboriginal communities." One of MITAC's mandate objectives is to "increase participation of Aboriginal peoples in the mining industry by: a) Working in partnerships with Aboriginal groups, develop and implement a strategy that focuses on the recruitment into and retention of Canada's Aboriginal work force in the mining industry; and b) Developing a toolkit of best practices for employers."

SUGGESTIONS FOR FURTHER ACTION

1. All stakeholders need to play a stronger role in dismantling the barriers that prevent increased Aboriginal participation in the minerals industry through improved communication and support. More specifically, greater support may be required in areas like Aboriginal training related to the minerals industry and industry-specific community economic development opportunities for Aboriginal peoples. Examples of successful programs are the MITAC *Prospecting the Future Minerals and Metals Sector Study* and the Aboriginal Skills and Employment Program (ASEP) of Human Resources Skills and Development Canada. ASEP offers \$85 million (2003-08) to develop sustainable employment for Aboriginal peoples in major economic industries throughout Canada and is also funding mine training in the Northwest Territories and in Newfoundland and Labrador.

In addition, a useful resource to jurisdictions would be access to a national, one-stop source of information (web site or database) on programs and initiatives from across the country that are involved in dismantling these barriers.

2. Greater planning needs to take place in advance of mine development to involve Aboriginal peoples. Communities faced with potential mine development projects need to build capacity in order to meet industry's labour force and business needs. Aboriginal peoples are missing out on potential community benefits because planning is not taking place early enough for Aboriginal communities to be active and equal participants.

Financial Surety

Ministers mandated the Directors of Mines Sub-Committee to examine options on how provinces and territories can work together to possibly develop a coordinated approach on financial bonding for mines reclamation. The objective of the sub-committee would be to minimize the potential for financial burden in the respective jurisdictions. Ministers asked that the sub-committee report back at the 2005 Mines Ministers' Conference.

BACKGROUND

At the 2005 Mines Ministers' Conference in Iqaluit, the Province of New Brunswick requested that the Mines Ministers undertake a review of financial securities necessary for mine reclamation in Canada. New Brunswick was specifically concerned that variations in the form and amount of security requirements from one jurisdiction to another may offer industry the opportunity to play one jurisdiction off against the other, using precedent as the basis for argument. What is acceptable in one jurisdiction may not be in another; however, with precedent it may compromise the position of a province or territory for future negotiations or legal challenges. As such, New Brunswick suggested that it may be appropriate to develop a comprehensive, integrated approach among Canadian provinces and territories for dealing with the issue of mine reclamation security.

STATUS

The Directors of Mines Committee (DOM) has commenced its review of this issue and has the following to report:

- In order to establish the level of conformity currently existing among jurisdictions, DOM has initiated a comprehensive survey of reclamation bonding practices in Canada. This survey is near completion and will serve as the initial step to facilitate the discussion and identification of opportunities for jurisdictions to possibly coordinate their efforts for mine reclamation financial security. This process may well lead to the establishment of a uniform system of reclamation securities for the mineral industry throughout Canada.
- It is expected that, during this review of reclamation securities, other deficiencies in the area of reclamation securities may be identified. In fact, as a result of DOM's initial review, an issue was raised with respect to the financial reporting of reclamation securities by industry. For large multi-operational companies, reclamation securities do not appear to be reported on an operational basis but, rather, as a total for the entire company. As such, it is not clear whether or not the reclamation liability (and security requested) identified by a jurisdiction for a specific mine site is being stated in the proper form and amount in the company's financial statements. Jurisdictions have no way of knowing from a company's financial statements if their requirements are being considered in full or not. DOM intends to look into this further.

- DOM has also noted that the National Orphaned/Abandoned Mines Initiative (NOAMI) has a component of its legislative review related to financial surety pertaining to orphaned and abandoned mines across Canada. DOM will be coordinating its review with NOAMI to ensure there is no overlap or duplication of effort with respect to this issue.

It is quite possible that other concerns similar to this may be raised during DOM's review of reclamation securities.

CONCLUSION

DOM intends to pursue these issues in more detail as part of the overall review of reclamation securities and, where warranted, make appropriate recommendations to Ministers at the 2006 Mines Ministers' Conference. This and the continued efforts of the DOM committee will serve as a means to facilitate future harmonization of legislation where it is deemed appropriate to do so.

Regulatory Process

Ministers heard an urgent call from the mineral industry for an improved regulatory framework that is consistent, timely, predictable, early staged, effective in protecting the environment, and coordinated with provincial and territorial regulatory approval processes. Toward that end, provincial and territorial ministers called for federal regulatory agencies, including the Department of Fisheries and Oceans, Environment Canada, the Canadian Nuclear Safety Commission, and Transport Canada, to formally engage industry, the provinces and territories in designing and implementing a process to achieve these goals.

BACKGROUND

The 2004 Mines Ministers' Conference identified, in its Action Plan, the need for an improved regulatory framework that is consistent, timely, predictable, early staged, effective in protecting the environment and in achieving sustainable development, and coordinated with provincial and territorial regulatory approval processes. Provincial and territorial ministers called on federal agencies to formally engage industry, the provinces and territories in designing and implementing a process to achieve these goals.

STATUS

In the October 2004 Speech From the Throne, the Government of Canada welcomed the recently tabled report of the External Advisory Committee on Smart Regulation. The Government announced it would consolidate federal environmental assessments and that it would work with provinces and territories towards a more unified and effective environmental assessment process for Canada. In March 2005, the Government released its Smart Regulation report and action plan. This document accorded priority to working with the provinces, territories and other communities of interest to achieve regulatory improvements. With respect to regulations affecting mining, the action plan confirmed the Government's intention to consolidate environmental assessments. It also highlighted other regulatory initiatives with implications for mining, including the Environmental Process Modernization Plan for the Department of Fisheries and Oceans' Habitat Management Program, and the Competitiveness and Environmental Sustainability Framework to integrate environmental performance with competitiveness, innovation and investment cycles. This latter initiative is to include multi-stakeholder "sector sustainability tables," including one for mining. There are also a number of other federal regulatory processes affecting mining that are under way and include participation by provincial and territorial governments, including the process reviews at the Canadian Nuclear Safety Commission, the five-year review of the *Canadian Environmental Assessment Act*, changes to the Metal Mining Effluent Regulation, and the development of options to reduce emissions of toxic substances from smelters and regulations to reduce emissions of greenhouse gases from large final emitters.

NEXT STEPS

IGWG has noted these processes and is in the process of ensuring all jurisdictions are aware of them and of the opportunity to participate. IGWG members will also identify any other regulatory issues of interest to the mining sector and share information to better understand the significance and consequences of these initiatives.

RECOMMENDATION

It is recommended that IGWG report progress on these matters to Mines Ministers at their 2006 conference.