



Action Plan 2000

Status Reports

Reports on the activities of working groups arising from
Action Plan 2000 of the Mines Ministers' Conference submitted
for consideration at the 58th Mines Ministers' Conference

QUÉBEC CITY, QUEBEC

S e p t e m b e r 2 0 0 1



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Introduction

The Status Reports contained hereunder reflect the actions taken on the major issues under the direction of the provincial, territorial, and federal Ministers of Mines at the Mines Ministers' Conference 2000, affecting the mining industry in Canada.

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.

The views contained in the reports do not therefore necessarily reflect those of IGWG as a whole.

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Encourage financing of mineral exploration

Ministers noted the need to build on the initiatives taken by a number of governments over the past year in order to promote investment in exploration across Canada.

In view of the major changes being experienced by the mineral exploration industry in every province and territory, Ministers recognized the need to put in place over the short term new initiatives to help the industry secure the capital necessary for its long-term sustainability.

Accordingly, Ministers asked members of the Intergovernmental Working Group on the Mineral Industry (IGWG), on a priority basis, to discuss coordinated approaches in this area (flexible and recognizing the unique circumstances of each jurisdiction). Ministers also asked IGWG members to consult with their respective finance ministries in advance of their next budget cycle.

ISSUE

Action Plan 2000 identified the need to build on existing government initiatives undertaken to promote investment in mineral exploration. Ministers also recognized the need for new short-term initiatives to help the exploration and mining industry secure additional financing and asked IGWG members to consult with their respective finance ministries in advance of their next budget cycle.

ACTIONS TAKEN

The Government of Canada announced a temporary 15% Investment Tax Credit for Exploration (ITCE) in its October 2000 Economic Statement and Budget Update. The announcement was in response to the efforts of the IGWG members, the Prospectors and Developers Association of Canada (PDAC), the Canadian Diamond Drilling Association and Members of Parliament from rural ridings.

The ITCE is designed to assist junior mining companies in raising new equity financing through the issuance of flow-through shares. The tax credit is available only to individual investors who finance surface mineral exploration expenses. These expenses must be incurred after October 17, 2000, and before January 1, 2004.

Since the October Statement, the provinces of Ontario, Saskatchewan and British Columbia have introduced new tax credit programs to complement the federal ITCE (Ontario - 5% tax credit, Saskatchewan - 10% credit, and British Columbia - 20%). Quebec introduced new provisions that allow a company to choose between:

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- renouncing exploration expenses to individual flow-through share investors who then get additional provincial deductions of 25% for underground exploration and 75% for surface exploration; or
- claiming directly a refundable tax credit of 20% (for established producers) or 40% (for junior companies) for exploration that is not financed using flow-through shares.

The junior sector of the mining industry has been very positive in its response to the ITCE. It is estimated by industry that \$35 million was raised in flow-through shares linked to the ITCE in 2000 between October 18 and year-end. PDAC, in cooperation with Natural Resources Canada (NRCan), is planning an awareness campaign to inform the investment community of the advantages of using flow-through shares and the ITCE to raise equity financing. The awareness campaign will include a series of seminars in the four major financial centres in Canada (Montréal, Toronto, Calgary and Vancouver) and an advertising campaign.

NRCan has established a toll-free telephone line and an e-mail address where exploration companies, investors and financial institutions can obtain information and ask tax-related and other questions about the ITCE. Also, both NRCan and PDAC have produced and distributed brochures explaining the ITCE.

RECOMMENDATIONS

A proposal has been made to IGWG members to establish an ad hoc working group to monitor the effectiveness of the ITCE and the complementary provincial tax credits. As part of this initiative, NRCan has approached the Canada Customs and Revenue Agency to obtain aggregated data showing:

- the amount of money raised using flow-through shares;
- the portion of flow-through share financing that is linked to the ITCE; and
- the provinces/territories in which the funds will be spent.

Once available, these data will be shared with the ad hoc working group.

The proposed working group would report to the 2002 Mines Ministers' Conference on the effectiveness of the tax credits and provide recommendations for the future course of tax incentives for exploration by the end of 2002.

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Implement cooperative geoscience mapping strategies

Ministers welcomed the document “Cooperative Geological Mapping Strategies Across Canada,” prepared by the National Geological Surveys Committee in consultation with industry and governments by way of follow-up to the 1999 conference. Ministers expressed satisfaction with the work accomplished, which provides principles for future cooperation.

Ministers will work within their respective governments to identify the necessary funding base to implement these strategies.

ISSUE

The National Geological Surveys Committee (NGSC), working in collaboration with industry representatives, is continuing to develop Cooperative Mapping Strategies (CMS) for Canada.

BACKGROUND

The state of the geoscience knowledge base was examined at a multi-stakeholder workshop held in 1997 in conjunction with the 54th Mines Ministers’ Conference in St. John’s, Newfoundland. The workshop report drew particular attention to the protracted decline in the cumulative investment in geological survey activities by government.

In response to the latter, industry and the Intergovernmental Working Group on the Mineral Industry (IGWG) established an industry-led task force to investigate alternative funding arrangements for geological surveys. The 1998 task force report, presented at the Mines Ministers’s Conference in Calgary, concluded that geological survey activities are fundamentally a public good that should be funded by governments through either appropriation or a dedicated revenue stream from existing taxes, fees and levies collected from the industry.

IGWG then asked the task force for an assessment of the level of funding that would be required to sustain the competitive advantage afforded by the geoscience knowledge base in Canada. Task force findings, tabled at the 1999 Mines Ministers’ Conference in Prince Edward Island, estimated that a total incremental investment of \$450 million over the next 10 years would be needed to address the needs of both mineral and energy exploration (i.e., fill priority gaps in surface map coverage). Currently, expenditures for this type of mapping and related studies are approximately 1/3 federal and 2/3 provincial or territorial. These ratios suggest that an incremental federal expenditure of \$15 million per year would be required.

Based on the IGWG task force’s work, NGSC, in consultation with industry, produced a framework document entitled “Cooperative Geological Mapping Strategies Across Canada” that outlined the principles and mechanism for initiating a 10-year plan designed to substantially improve the geoscience knowledge base across Canada. Mines Ministers provided support in principle to the document at their March 2001 meeting in Toronto.

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The principles that form the basis for the strategies respect the jurisdictional responsibilities of the orders of government involved, address priorities in each jurisdiction, and emphasize the use of existing mechanisms for cooperation where possible. In addition, they are flexible and aim for easy accessibility of the knowledge generated.

Implementation of the CMS is predicated on the availability of new funding, and it is envisaged that both levels of government will make equal contributions. While different funding ratios may be negotiated, both levels of government will provide new funding where possible. However, the wording of *Action Plan 2000* endorsed at the Toronto Mines Ministers' Conference indicates that the federal government is to take the lead in further developing the CMS by identifying the amount of incremental funding it would be prepared to direct to this goal. To this end, NRCan, acting on behalf of the federal government, is exploring a number of options that may provide funding for the CMS.

ACTIONS TAKEN

Ministers have continued to work within their respective governments to identify the necessary funding base to maintain the momentum achieved over the past several years. Federal efforts to identify appropriate CMS funding have focussed on the possible augmentation of the three-year (FY 2000-2003) Targeted Geoscience Initiative (TGI).

In early calendar year 2001, the Government of the Yukon Territory announced that it had identified \$500,000 of new funding that it was prepared to contribute towards the initiation of the CMS.

At the March 2001 meeting of the Prospectors and Developers Association of Canada (PDAC), Saskatchewan announced funding for geoscience as their contribution to the Cooperative Geological Mapping Strategy. Saskatchewan announced that it was prepared to commit \$500,000 per year, virtually indefinitely, for petroleum-related geoscience in central and southern Saskatchewan, as well as an additional \$420,000 per year for minerals-driven geoscience in northern Saskatchewan. The first step in the process of garnering industry input into the planning of the new initiative was the staging of a special forum in Regina at the beginning of May 2001.

The governance mechanism for coordinating the CMS initiative, described in the framework document, was discussed and approved at the March 2001 meeting of the NGSC.

RECOMMENDATIONS

There is wide industry support for the initiation of government-led cooperative geological mapping strategies for Canada and the PDAC explicitly supports these efforts and will likely raise this matter at the September 2001 Mines Ministers' Open Session.

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Efforts to identify the necessary funding base for the CMS should continue in all jurisdictions. The complementary efforts of the federal, provincial and territorial governments to improve the fiscal regime and sustain/enhance the geoscience knowledge infrastructure, through the CMS, are contributing to a renewed sense of optimism in the Canadian mineral exploration sector.

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Build partnerships with Aboriginal communities

Ministers received the document “Aboriginal Communities/Mineral Companies/Governments Working Together.” Ministers noted the concept developed by Natural Resources Canada and the Department of Indian Affairs and Northern Development for enhanced cooperation and dialogue amongst governments, the mining industry and Aboriginal communities aimed at increasing Aboriginal participation in mining activities.

NRCan and DIAND, in consultation with IGWG, will work with interested provincial and territorial agencies, Aboriginal groups, the industry, and others to develop the concept.

INTRODUCTION

The National Working Group was formed in response to direction from Mines Ministers in 2000 to discuss ways partners can promote and enhance Aboriginal involvement in minerals and metals activities.

The National Industry-Aboriginal-Federal-Provincial/Territorial Working Group met in Toronto on June 14-15, 2001, to discuss ways to enhance Aboriginal participation in minerals and metals activities. Present at the meeting were representatives of mining and exploration companies, mining and prospecting and developing organizations, Aboriginal organizations, federal departments and agencies, provincial and territorial governments, IGWG, and the IGWG Sub-Committee on Aboriginal Participation in Mining.

The discussion revealed a number of opportunities for possible actions to increase Aboriginal involvement in minerals and metals activities, and a need for:

- sustainable economic activity in Aboriginal communities with a community-driven focus;
- listening and consultation; and
- inclusiveness and building relationships and dialogue among stakeholders.

The National Working Group discussed gaps, opportunities and possible action in the areas of economic and business development, and building capacity and mutual understanding.

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PROPOSALS

The National Industry-Aboriginal-Federal-Provincial/Territorial Working Group is pleased to provide a report entitled "A Focus for Action" to federal, provincial and territorial Mines Ministers for consideration at their annual conference, September 10, 2001, in Québec City. The National Working Group suggests that the proposed actions will build on existing efforts to improve industry-Aboriginal-government cooperation and dialogue and enhance opportunities for partnerships to increase Aboriginal participation in minerals and metals activities in a meaningful way.

It is suggested that Mines Ministers can play a key role by endorsing the proposals of the National Working Group and by coordinating their actions in response to the National Working Group proposals.

A) Proposals for Action on Process:

The following proposals are put forward in order of importance based on the discussions of the National Working Group:

1. Mines Ministers endorse the development of regional working groups and partnership strategies;
2. In future work, refer to and, where possible, attempt to build on or implement, recommendations of the March 2000 report of the National Round Table on the Environment and the Economy on Aboriginal Communities and Non-Renewable Resource Development;
3. Create a strategy to encourage more internships and cooperative opportunities for youth in the minerals and metals industry;
4. Provide financial support for priorities and recommendations already identified in numerous reports related to enhancing Aboriginal involvement in minerals and metals activities;
5. Develop forums for cross-cultural communication between Aboriginal people and the mining industry.

B) Proposals for Specific Action

The following proposals are put forward in order of importance based on the discussions of the National Working Group:

1. Provide incentives to industry to negotiate and work with Aboriginal people. For example, there is currently no tax advantage to private corporations for negotiating financial agreements with Aboriginal communities;
2. Create a "First Response Team" chosen by all the players (Aboriginal communities, industry and government) to deal with emergency situations in the event that a conflict situation arises between an Aboriginal community and a mineral development company;

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3. Provide more workshops and education that is recognized and communicated to interested participants, including:
 - Trades training;
 - Workplace literacy;
 - Apprenticeships;
 - Cooperative programs;
 - Post-secondary education.
4. Celebrate successful examples of Aboriginal communities and mining company partnerships by identifying best practices, utilizing site visits, and raising the profile of Aboriginal issues;
5. At a local level, partners should attempt to package opportunities that are available to Aboriginal communities to provide a one-window approach to accessing opportunities;
6. Make a strategic investment in human resource training for Aboriginal people;
7. Increase the implementation of joint ventures between Aboriginal communities and non-Aboriginal firms (for example, to provide mentoring, skills transfer, etc.);
8. Work with banking institutions and Aboriginal financial institutions to improve Aboriginal access to capital;
9. Make funding available for Aboriginal groups to hire professionals who can provide knowledge and expertise in areas where they need professional advice and services;
10. Determine the capacity needs of Aboriginal communities and develop the necessary implementation plans;
11. Provide support for Geographical Information System (GIS)- based land-use planning;
12. Streamline the resource access process in terms of knowing what programs are available and how to access them, and compile and disseminate information on activities and initiatives available to Aboriginal people and the mining industry through a one-window access system;
13. Strengthen existing community-owned business development institutions;
14. Establish more advisory positions for Aboriginal people within mining companies.

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Address with the industry the issue of abandoned mines

Ministers shared a common concern regarding the need to work to rehabilitate abandoned mine sites. Responding to the industry's recommendation and building on the work of IGWG, Ministers supported the establishment of an industry-government working group reporting to IGWG, which will examine the steps to be taken to facilitate action in this area.

Ministers would invite this joint working group to organize a multi-stakeholder workshop before the next Mines Ministers' Conference.

Ministers asked that provincial and territorial mines directors or their equivalents, working as a sub-committee of IGWG, together with other appropriate officials and consulting with industry as required, share their best practices and experiences in these areas.

ISSUE

In June 2001, a workshop was held in Winnipeg to review the issue of orphaned/abandoned mine sites and identify processes for moving forward.

The 63 attendees represented:

- 12 provinces and territories;
- 7 NGO groups;
- 5 First Nations;
- 5 federal government departments, offices and boards;
- 7 mining companies;
- 5 mining industry associations;
- 3 communities;
- 3 consultants; and
- 1 academic.

The group developed consensus guiding principles and recommendations for Ministers to consider at the 2001 Mines Ministers' Conference.

GUIDING PRINCIPLES

The guiding principles are:

- The remediation of orphaned/abandoned mine sites must be based on concern for public health and safety, respect for ecological integrity, and sustainable development;
- All work currently ongoing with respect to taking inventory and remediation must continue to be based on sound science and good communication among all parties;

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- Work towards eliminating future abandonments must continue, including the tightening of regulatory approaches;
- Implement the “polluter pays” principle;
- Targeted end-use and reclamation standards must be acceptable to local communities;
- Although the objective must be comprehensive reclamation of all sites, the approach must be cost-effective and based on an acceptable method of prioritizing sites;
- Transparency and disclosure must be present in all decision-making processes; and
- Encompass the notion of “fairness” in all endeavours.

RECOMMENDATIONS

That a national multi-stakeholder advisory committee be formed and funded to address the following issues/initiatives and report back to Mines Ministers in 2002:

- developing capacity for a national inventory of active, closed, and orphaned/abandoned mine sites based on compatible inventories in each province and territory, and including a nationally acceptable categorization and priority-ranking system;
- engaging other relevant federal, provincial and territorial departments and ministries;
- developing a plan to foster community involvement in decision-making about closure and reclamation standards, and to ensure that targeted end-use and reclamation standards are acceptable to local communities;
- developing a plan to foster transparency and disclosure in all processes;
- developing a plan for shared responsibility and stewardship where ownership cannot be established;
- evaluating the efficacy of approaches including: “Good Samaritan legislation,” “permit-blocking,” “non-compliance registries,” and “allocative” vs. “joint and several liability”;
- evaluating models and mechanisms to pay for the remediation of orphaned/abandoned sites, including insurance options and contingency funds; and
- securing appropriate funding for the above at a level to be determined by IGWG and other stakeholders by November 2001.

THE OPPORTUNITY

With adequate resources and resolve, significant progress can be made in the assessment, characterization and remediation/reclamation of orphaned and abandoned mine sites within 5-10 years.

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Orphan Mine Sites Workshop

List of Attendees

NAME	AFFILIATION
Dr. Anthony Andrews Executive Director	Prospectors and Developers Association of Canada
John Barr, Supervisor	Billiton Base Metals
Barry Briscoe Manager, Manitoba Division	Environmental Protection Branch Environment Canada
Linda Byron-Fortin Environmental Coordinator	Kidd Mining Division Falconbridge Ltd.
Laura Calm Wind, Executive Director	Windigo First Nations
Scott Clausen, Advisor, Environmental Assessment & Project Facilitation	Minerals and Metals Sector Natural Resources Canada
Wayne Cluskey Principal	Office of the Auditor General of Canada and Commissioner of the Environment
Alan G. Colodey Industrial Programs Head	Environmental Protection Branch Pacific & Yukon Region, Environment Canada
Ross Conner Supervisor, Environmental Systems	Hudson Bay Mining and Smelting Co. Limited
Hugh Copland Engineer of Mines	Department of Indian Affairs and Northern Development
W.R. (Dick) Cowan Director of Mine Rehabilitation	Ontario Ministry of Northern Development and Mines
Lois Craig, Assistant Deputy Minister	Yukon Government
Jean Dionne, Engineer	Ministère des Ressources naturelles du Québec
Audie Dulewich, Mayor	Town of Lynn Lake
W. Wayne Fraser Director, Environment	Hudson Bay Mining and Smelting Co., Limited

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Elizabeth Gardiner Vice-President, Technical Affairs	The Mining Association of Canada
Serge Ashini Goupil, President	Public Native Affairs
Gerald Harper, President	Gamah International Limited
Dan Hemsworth Contaminated Site Management Specialist	Nova Scotia Department of Environment and Labour
Ed Huebert, Executive Vice-President	Mining Association of Manitoba Inc.
Tom Hutchinson Professor	Environment & Resource Studies, Trent University
David J. Hutchison	Contaminated Sites Division, Environment Canada
Sarah Johnnie, Board Member	Mining Watch Canada
Donald S. Jones Director, Mineral Management	Nova Scotia Natural Resources Minerals and Energy
Christine Kaszycki Assistant Deputy Minister	Minerals Division Manitoba Industry, Trade and Mines
Heather Kleb Senior Program Officer, Mining Standards	NOPP-Minerals & Metals Division, Environment Canada
Walter Kuit, Director, Environmental Affairs	Cominco Ltd.
Joan Kuyek, National Co-ordinator	Mining Watch Canada
Brennain Lloyd, Coordinator	Northwatch
Stefan B. Lopatka Senior Advisor	Environmental, Water and Marine Management Nunavut Tunngavik Incorporated
Ken MacDonald Inspector of Mines	British Columbia Ministry of Energy and Mines
W.O. (Bill) Mackasey, Director	WOM Geological Associates Inc.

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Sam McEwan Director, Mines Branch	New Brunswick Natural Resources and Energy
Robert L. McIntyre, Representative	Yukon Chamber of Commerce
Len Mandville Mineral Development Geologist	Department of Mines and Energy Government of Newfoundland and Labrador
John Martschuk Director, Environmental Services	Barrick Gold Corporation
Rodney McKay, Musselwhite Coordinator	Windigo First Nations Council
Bruce K. McKnight Executive Director	British Columbia and Yukon Chamber of Mines
Sue Moodie	Yukon Conservation Society CCSG Associates
D.E. (Dave) Nutter Senior Advisor, NWT Region	Department of Indian Affairs and Northern Development
Kevin O'Reilly Research Director	Canadian Arctic Resources Committee
B. Mark Podolak Provincial Analyst	Real Property Management Division Treasury Board Secretariat
Victor M. Power	Ontario Association of Mining Municipalities
Chris Powter Program Manager, Land Management	Environmental Science Division Alberta Environment
Wally Rayner, Consulting Geologist	N.W. Rayner & Associates
Patrick Reid, President	Ontario Mining Association
John Robertson, Supervisor	Ontario Ministry of Northern Development and Mines
Kent Santo, Environment Coordinator	New Britannia Mine
Carl Schulze Resident Geologist	Department of Sustainable Development Government of Nunavut
Rick Schwenger Regional Reclamation Manager	Noranda Inc.

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Richard Snider Project Officer, Shield EcoRegion	Saskatchewan Environment and Resource Management
Gregg Stewart Senior Reclamation Geologist	British Columbia Ministry of Energy and Mines
Lisa Sumi Research Director	Environmental Mining Council of British Columbia
Stephen Traynor, Director, Operations	INAC, Nunavut Region
Gilles Tremblay, Manager, MEND3	Natural Resources Canada
Robert Tremblay Engineer	Ministère des Ressources naturelles du Québec
Jim Vance Group Leader, Environment Programs	CANMET Natural Resources Canada
Bob Van Dijken, Consultant	Whitehorse, Yukon
Sam Wallingham, Representative	Council for Yukon First Nations
Doug Walton Head, Contaminated Sites Remediation Unit	Province of British Columbia
Jared Whelan, Project Manager	World Wildlife Fund
Edwin J. Yee Senior Consultant, Toxic Chemicals	Manitoba Conservation
Ernie Armitt, Director of Mines	Manitoba Industry Trade and Mines
Ben Edirmanasinghe Chief Mining Engineer	Manitoba Industry Trade and Mines
Gary Ostry Manager, Minerals Policy and Incentives	Manitoba Industry Trade and Mines
David Shefford, General Manager	Norman Regional Development Corporation
Ric Syme, Director, Geological Survey	Manitoba Industry Trade and Mines

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Ensure a competitive tax regime in Canada

Ministers noted the industry's comments regarding corporate tax provisions contained in the February 2000 federal budget. Ministers noted concerns with respect to the implications of these provisions for both the industry's ability to secure capital for long-term growth and provinces' capacity to collect royalties from mineral resource developments within their jurisdictions.

Ministers agreed that the federal Minister of Natural Resources Canada would share these concerns with the Minister of Finance Canada.

ISSUE

Ministers noted concerns with respect to implications of certain corporate income tax provisions, which were contained in the February 2000 federal budget, for both the industry's ability to secure capital for long-term growth and the provinces'/territories' capacity to collect royalties from new mineral resource developments. Ministers agreed that the Minister of Natural Resources Canada (NRCan) would share these concerns with the Minister of Finance Canada.

ACTIONS TAKEN

In the Budget of February 28, 2000, the Minister of Finance Canada announced that, within five years, the federal corporate income tax rate would be reduced from 28% to 21% on business income not eligible for special tax treatment. Mining and oil and gas were excluded from that measure on the grounds that "the resource sector currently benefits from a number of special tax preferences not available to other sectors in the economy that serve to reduce its effective tax rate."

In particular, resource firms derive, in the majority of cases, a substantial benefit from the resource allowance. Firstly, the amount deductible is normally more than the disallowed deduction for provincial/territorial mining royalties. Moreover, the resource allowance is a complex mechanism that, by design, provides a preferential treatment of interest expenses and augments by one third the value of the deductions for exploration and development expenses. Another important income tax advantage that is not shared with other industry sectors is the accelerated capital cost allowance.

Shortly after the Mines Ministers' Conference of last year, the Minister of NRCan communicated the concerns of industry and the provinces/territories to his colleague the Minister of Finance Canada.

The October 18 Statement set out an accelerated timetable for the corporate income tax rate reductions and indicated that the Government was consulting with industry associations and

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provinces/territories on options to extend the lower income tax rate to the resource sector while at the same time improving the tax structure.

The Department of Finance Canada (Finance Canada) has held several meetings with resource associations, including The Mining Association of Canada (MAC) and the Canadian Fertilizer Institute. In the context of these discussions, Finance Canada has made it known that while the objective was not to raise, but possibly to lower, the overall level of federal income taxes on industry, some reductions in existing tax incentives and a simplification of the resource provisions of the income tax would be necessary in order to provide access to lower tax rates. Industry associations acknowledge that, globally, the mining sector may have an advantageous federal income tax treatment. However, this advantage does not benefit all members of the industry. Moreover, when all federal and provincial taxes and royalties are combined, the resulting tax burden is comparable to that imposed on other sectors of the economy or by other major mineral producing countries.

To date, substantial progress has been made on communicating key principles and objectives of tax reform to industry and understanding the effects that various options for tax changes would have on the total tax burden and the profitability of new mining projects.

RECOMMENDATIONS

Finance Canada is pursuing discussions with the Canadian Fertilizer Institute and has invited individual corporate members of MAC to discuss how potential changes might have an impact on their companies, or groups of companies, on the basis of their specific circumstances.

Given the fact that changes to the resource provisions of the federal income tax regime affect provincial income tax systems and the ability of provinces to levy tax revenues from their resources, it would be pertinent to hold federal-provincial/territorial discussions on this issue in the near future. It would be important that such discussions consider the repercussions of potential federal tax changes to prevent a situation whereby a tax benefit to the resource sector is lost to an unintended increase in provincial income taxes.

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Develop a partnership with industry for promoting the gold sector

By way of follow-up to the 1999 Mines Ministers' Conference, Ministers noted with interest the proposals on gold in the industry's submissions. Ministers asked that a joint government-industry group be established. Reporting to IGWG and facilitated by the Ontario Ministry of Northern Development and Mines and the ministère des Ressources naturelles du Québec, the group will exchange information on issues of mutual concern and identify potential areas of partnership in this area.

MMC DECISION 1999

Supporting Canada's Gold Mining Sector

Recognizing the importance of Canada's gold mining industry and the impacts on it of international developments:

- Ministers recognized the strategic role played by the gold sector in the mining industry in Canada;
- Ministers agreed that the depressed state of the present gold market compromised the viability of several mining operations in Canada, leading to job losses and also considerably limiting exploration investment in this country;
- Ministers felt that substantial gold sales by central banks and international institutions, in addition to other factors such as hedging and speculation, would further depress the present gold market;
- Ministers agreed that Canada could play an important role on the international scene by promoting alternatives to significant institutional gold sales or by promoting a transparent and sequential approach to gold sales, when appropriate, to help minimize potential negative impacts on gold markets and on the economies of gold-producing nations; and
- the Minister of Natural Resources Canada agreed to bring this matter to the attention of the Minister of Finance Canada.

INDUSTRY PROPOSAL MMC 2000

The mining industry recommends that Mines Ministers:

- support the creation of a government-industry working group to review the developments over the past year, discuss Canada's gold sales policy, and develop a strategic plan with a mandate amenable to industry/government solutions and a goal of reporting to Ministers at the 2001 Mines Ministers' Conference.

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MMC DECISION 2000

Develop a partnership with industry for promoting the gold sector

By way of follow-up to the 1999 Mines Ministers' Conference, Ministers noted with interest the proposals on gold in the industry's submissions. Ministers asked that a joint government-industry group be established. Reporting to IGWG and facilitated by the Ontario Ministry of Northern Development and Mines and the ministère des Ressources naturelles du Québec, the group will exchange information on issues of mutual concern and identify potential areas of partnership in this area.

ACTIONS TAKEN

The joint government-industry group was formed including representatives from Ontario, Québec, Manitoba, Saskatchewan, British Columbia, Nunavut, the Northwest Territories, Natural Resources Canada, and Indian and Northern Affairs Canada, the Prospectors and Developers Association of Canada, and officials from the mining associations of Ontario, Québec, British Columbia, Manitoba, Saskatchewan, Nunavut and The Mining Association of Canada. The Group met twice on February 28th and April 30th, 2001.

The working group compiled information on the gold market and discussed a number of major factors that influenced the gold price. The working group identified three potential action items to support gold mining sector in Canada. These three items are to be presented to the Ministers at the MMC 2001 to seek approval for a focussed work program that will be completed over the next year and submitted in a final report for the MMC 2002.

RECOMMENDATIONS

In support of the gold mining industry, the joint government-industry group recommend that the working group:

- investigate opportunities to support or participate in ongoing research and development into new uses of gold;
- develop a marketing strategy with the Royal Canadian Mint to produce gold-bearing mementos with the emblem of each jurisdiction for dignitaries; and
- invite the Bank of Canada and the federal Department of Finance to participate in an evaluation of Canada's gold sales policy with respect to its impact on regional development across Canada.