

2003 Mines Ministers' Conference

Action Plan 2003

The spirit of cooperation and communication that has been a feature of recent Mines Ministers' Conferences was very much in evidence in Halifax as Ministers and stakeholders dealt with the demands of a meeting in difficult conditions resulting from Hurricane Juan.

Ministers were impressed with the focused presentations by industry representatives, given under adverse circumstances, and with the succinct summaries of the state of the industry and the cogent arguments for continued action in support of this very important economic driver in Canada. Ministers were particularly encouraged that hopeful signs for improving prices for some commodities, coupled with recent actions taken in support of the industry including the Investment Tax Credit for Exploration (ITCE), have already produced positive results in the Canadian minerals industry and that there is optimism these results may signal an upturn in the fortunes of the industry in the near future.

Industry concerns focused on the international competitiveness of the Canadian fiscal and policy regimes, particularly on specific items of taxation policy, climate change, securities regulation, portability of professional status for geoscience professionals, and overall geoscience funding levels. Ministers recognized both the progress that has been made in these areas and the need to consider further action to ensure that the Canadian industry remains competitive on the international stage.

Ministers considered both the concerns raised specifically by industry and other stakeholders at the meeting and the submissions resulting from activities mandated under Action Plan 2002. Ministers agreed to focus continued action in the following areas:

- Fiscal and taxation policy;
- Orphaned and abandoned mine sites;
- Aboriginal-industry partnerships;
- Growth and diversification of the diamond industry; and
- Cooperative geological mapping strategies.

Fiscal and Taxation Policy

Provincial/territorial ministers expressed concern that recent changes to the federal income tax structure, particularly the five-year phase-out of the resource allowance in concert with the phase-in of the reduction in the corporate income tax rate for resource industries and deductibility of provincial mining taxes, could have a negative impact on the viability of some mining projects. The Minister of Natural Resources Canada agreed to convey this concern to his colleague, the Minister of Finance. Provincial/territorial ministers made a commitment to inform their Minister of Finance of the need to review their respective jurisdiction's tax rates in the context of the federal change to prevent any unintended increases or decreases in provincial and territorial tax payable.

Ministers expressed satisfaction with the effectiveness of the ITCE and were supportive of the federal decision to extend the program to the end of 2004 and to extend until the end of 2005 an allowance to spend money raised in 2004. Nonetheless, Ministers expressed concern that the recovery of exploration investment is still in a fledgling state and could be stalled if encouragement for investment in this sector is not continued. Provincial/territorial ministers were supportive of a proposal to extend the ITCE for an additional three years, as suggested by industry stakeholders, and the Minister of Natural Resources Canada agreed to inform his colleague, the Minister of Finance, of their recommendation to extend the program for an additional three years. Provincial/territorial Ministers made a commitment to inform their Minister of Finance of the opportunity to continue to harmonize provincial/territorial tax credit programs with the federal program.

Ministers mandated the IGWG Working Group on Taxation Issues to continue its deliberations for one more year, to conclude

its evaluation of the effectiveness of the ITCE and related provincial programs, to review and clarify expenses that are eligible for Canadian Exploration Expenses, and to analyze the impact of recent changes to the federal *Income Tax Act* on the mining industry.

Orphaned and Abandoned Mine-Site Rehabilitation

Ministers continued to express their strong support for the National Orphaned and Abandoned Mines Initiative (NOAMI) and were pleased with the progress that has been made by the advisory committee and task groups. Ministers and stakeholders' representatives agreed that the work to date provides a good basis for going forward with this initiative and were generally supportive of the Action Framework recommended by the advisory committee. Ministers agreed to continue to support the NOAMI process to the extent that budgets and available human resources allow, and asked the advisory committee and task groups to immediately undertake the following actions:

1. Develop a policy framework for reclamation standards;
2. Develop intergovernmental cost-sharing arrangements to address remediation at high-priority sites;
3. Complete guidelines for jurisdictional legislative reviews with respect to collaboration, liability and funding to ensure that approaches across jurisdictions are consistent, certain, transparent, coordinated and efficient;
4. Establish guidelines for facilitation and coordination of voluntary reclamation; and
5. Establish guidelines for site assessment and prioritization.



Ministers agreed that, following on successful delivery of the initial five items in the action framework, implementation steps extending to 2007 and perhaps beyond would involve:

6. Implementing a legislative/policy framework following completion of a legislative review; and
7. Developing ongoing processes/mechanisms for technology transfer and best practices.

Ministers asked to be updated on the progress towards implementing the Action Framework at the 2004 Mines Ministers' Conference.

Aboriginal-Industry Partnerships

Ministers agreed that, at the 2004 Mines Ministers' Conference, there will be an extensive roundtable discussion on the progress achieved and next steps to increase Aboriginal participation in minerals and metals activities.

Growth and Diversification of the Diamond Industry

Ministers were pleased with the success of the first National Roundtable on Canada's Diamond Industry in Edmonton. Discussion focused on the need to maximize the

benefit to Canadians from all stages of the emerging diamond industry.

The federal government pointed out the integral role that it has played in getting existing diamond mines up and running, and agreed that all jurisdictions and orders of government should work together rather than separately in advancing a Canadian diamond position on the world market. Provincial/territorial ministers requested that any associated studies by the federal government be coordinated with the National Diamond Strategy to ensure a strong and competitive diamond industry that will benefit all Canadians.

Provincial/territorial ministers announced the process by which they will lead the development of a National Diamond Strategy, as mandated by First Ministers. Ministers approved and released a mandate, work plan and the document entitled *Towards a National Diamond Strategy*. The Strategy will be developed in consultation with all stakeholders and will consider a range of issues in seven sectors: diamond exploration, mining, rough diamonds, polished diamonds, jewellery, diamond retail sales, and diamond tourism.

Provincial/territorial ministers directed that officials form a National Diamond Strategy Committee comprising representatives of all interested provincial or territorial jurisdictions and facilitated by the Department of Resources, Wildlife and

Economic Development, Government of the Northwest Territories, and the ministère des Ressources naturelles, de la Faune et des Parcs du Québec. The mandate of the Committee is to develop an action plan for a National Diamond Strategy that maximizes the benefits to Canadians from all stages of the emerging diamond industry. Ministers asked that the Committee report back at the 2004 Mines Ministers' Conference with specific recommendations, action items and their anticipated impacts.

Cooperative Geological Mapping Strategies

Ministers agreed with industry stakeholders on the value of the national geoscience database in ensuring Canada's competitive position for global exploration dollars and recognized geoscience as part of the innovation agenda with respect to the minerals industry. Recognizing the need for long-term strategies for funding geoscience activities in their respective jurisdictions and the value of a long-term strategic plan in helping secure this funding, Ministers asked the National Geological Surveys Committee to complete the implementation plan for the Cooperative Geological Mapping Strategies Across Canada as a matter of priority.

Next Year's Meeting in Iqaluit, Nunavut

Ministers accepted the invitation delivered on behalf of Minister Olayuk Akesuk to convene in July 2004 in Iqaluit, Nunavut, for the 61st Mines Ministers' Conference.

