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# **Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities**

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**Chair**

**Mr. Ed Komarnicki**



## Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

Wednesday, February 29, 2012

• (1535)

[English]

**The Chair (Mr. Ed Komarnicki (Souris—Moose Mountain, CPC)):** We will start with this particular session.

I should mention that there are some technical difficulties with respect to the video conference from Saskatoon. They are working on that. What I plan to do is start with the presentations we have here. We may be interrupted when the signal is working. We will then complete with that presentation.

We have with us today a representative from the Canadian Nuclear Association, John Stewart. He will present for five minutes. From Vale Canada Limited, we have Wayne Scott, who is the general manager of the human resources process, and Ryan Land, who is the manager of corporate affairs. They will present as well.

Gentlemen, you will have questions from each of the parties following your presentation. With that, I would invite whoever is going first, perhaps Mr. Stewart.

**Mr. John Stewart (Director, Policy and Research, Canadian Nuclear Association):** Thank you, Mr. Chairman. It's an honour to be here before your committee today. I'm John Stewart, and I'm representing the Canadian Nuclear Association, which is a national association of well over 100 organizations. We're involved in bringing the benefits of nuclear technology to Canadians.

[Translation]

The Canadian nuclear industry employs 71,000 people in sectors that are directly or indirectly related to all aspects of nuclear technology, including uranium exploration and extraction, electricity production, advances in nuclear medicine, technological development and advanced research, the creation of highly-skilled jobs and the export of products and services internationally.

Our members all work in very close partnership with our host communities. We need them and they need us. The uranium extraction industry is a major employer of Aboriginal people in northern communities. We provide well-paying jobs, especially in industrial sectors where the majority require highly-developed skills and qualifications, to about 2,000 people in remote communities, almost half of whom, 900 of them today, are Aboriginal.

[English]

Mr. Chair, just one of our members, AREVA Canada, anticipates growing its workforce by over 60% over the next three years. Half of those new hires will be aboriginal.

Another of our members, Aurora Energy Limited, is working on a large-scale uranium project in Labrador. If the regulatory hurdles are cleared, Aurora anticipates needing up to 700 construction workers to build the facilities for the mine mill complex. After that, it should employ about 400 workers on an ongoing basis. Many of these jobs could be filled by employees from the surrounding communities, which are small, widely separated, and primarily Inuit, with very low rates of other employment.

Aurora's project will be a tremendous opportunity for people of the Labrador coast to find long-term, meaningful employment near home. Government training funds and assistance will enhance this opportunity. The several years before the Michelin project starts in earnest should be used to provide secondary school upgrading, which will make it easier for potential workers to be involved in the higher-level operator skills training opportunities the project is going to bring.

This project is only an example. The quality of the uranium resource in Canada is excellent. The government has been working with us and has made real progress in opening major new markets for uranium in China and elsewhere. Many more jobs are expected if the regulatory environment permits them to be realized. Companies like Cameco Corp., AREVA Canada, Aurora Resources, and Denison Mines also buy products and services from aboriginal-owned businesses and locally owned businesses to the tune of hundreds of millions of dollars per year.

This amplifies the economic benefits in each of these towns and helps aboriginal people make a move from employee to owner, which is a crucial step in sustained economic development. If you look at Cameco's website, on the community investment page you'll see details of 11 scholarship programs Cameco supports. One example is the northern scholarship program, which is open to young people who have lived in Saskatchewan's north for 10 years, or at least half their lives if they are under 20. There are also scholarships in business, geological sciences, and engineering. In addition to post-secondary scholarships, our member companies offer direct training to employees and even to their suppliers.

But the starting point has to be sound primary and secondary education. While obviously it's not our company's mandate to provide that, we certainly do want to align and partner with the people who do provide it, so that these young people face as few barriers as possible. Mr. Chair, we strongly urge governments to collaborate with communities and businesses to pull down those barriers and make optimum use of available investment dollars for education in these places.

In such small communities there is very limited infrastructure and local capacity. Projects face a lot of challenges. We all need to wear several hats. We all need to be both students and teachers. We all need to join each other's committees and go to each other's fundraisers, sponsor each other's events. So the partnership I'm talking about is really on a person-to-person level.

My final point, Mr. Chairman, is that motivation matters. Allowing young people to see the link from school to work and letting them taste some of the rewards of working can be powerfully influential in their choices. They can see the employer not so much as a corporate entity but as a group of people. Internships and similar programs let young people get a first-hand look at the career opportunities and benefits of education and perhaps let them earn a little money while they're in school. This can inspire them to work and succeed.

That's it for my comments today, Mr. Chairman, and I will be pleased to answer questions.

**The Chair:** Thank you for those comments.

We certainly have been hearing that primary and secondary education is pretty important, and it's good to see the movement from employee to business owner and partner. We certainly like to hear it's developing along those lines.

Mr. Scott, are you going to present? Please go ahead.

**Mr. Wayne Scott (General Manager, Human Resources Processes, Vale Canada Limited):** Thank you, Mr. Chair and committee members, for the opportunity to present today.

To give you a quick overview of Vale, it's international and it's the second-largest mining company in the world. Currently here in Canada we're a major producer of nickel, copper, cobalt, and platinum group metals. Skills development in remote communities are critical to our business. Two of our four operating sites in Canada are in what you would consider remote communities: Thompson, Manitoba, and Voisey's Bay, northeastern Labrador. However, given the time constraints, Ryan and I will focus only on the Thompson environment.

Here are some of the challenges that we experience in the Thompson environment, which is about 740 kilometres north of Winnipeg, the major centre closest to it. We operate three mines, a mill, a smelter, and a refinery in Thompson. We have a significant gap between the jobs available in those operations and the skills of the workforce most readily available to us in that particular region. One of our biggest challenges is the ability to attract skilled workers to remote communities. Most of those skills come from outside the region.

Currently at our Thompson operations we're consistently 12% short of our full staff complement—that's about 150 people at any one time. Our employee turnover, unfortunately, is 50% in the first two years of employment, which is quite an alarming number, again attributed to individuals who come from outside that northern region.

Some of the other challenges we have are the following. To staff our plants in 2012 alone, we expect to hire upwards of 388 people, and upwards of 886 individuals over the next five years. Some of the specific skills particularly challenging for us to find are mining engineers, geologists, and, no surprise I'm sure, the trades, skilled trades, at pretty well all levels. Our ability to attract and retain that workforce to assist that is the viability of Thompson itself, that it remains prosperous and there's a critical mass of population and services. That's an attraction in and of itself.

In support of that, we at Vale have sponsored the Thompson economic diversification working group. It's a multi-stakeholder group designed primarily to identify and foster new types of economic activities in the city of Thompson. Education and training are a couple of the primary ones that group is focusing on.

Despite those challenges, there are plenty of opportunities within the Thompson region. We have an untapped potential, which I'm sure you've heard before, of upwards of 35,000 people in the surrounding communities. Sixty-five per cent of northern Manitoba's residents are aboriginal, and this population is young and growing. The challenge is that in order to maximize that potential, those aboriginal communities and the youth require capacity building, primarily education, and training assistance.

For us, developing that skilled northern workforce is critical. Our experience in Voisey's Bay will speak volumes to this, and it's no different in Thompson. If we recruit from the north, we're more likely to retain those individuals for the long term. In fact, in the Thompson area we have found that if we recruit from the north, 80% of those individuals stay with us. So some of our efforts are focused on the challenges. We're trying to achieve an 80% local hire rate.

In support of that, we've put together a northern employment strategy for Thompson. That's in partnership with the province, as well as with the first nations group in Manitoba. The strategic focus of that group is in four areas: aboriginals, newcomers to Canada, women, and youth. It has a comprehensive framework for providing non-traditional pathways to the workforce.

We'll give you a couple of examples on the inward looking that we did concerning some of our hiring criteria within Thompson. We found that we ourselves were creating barriers. For example, we had a mandatory high school, grade 12 graduation requirement, which immediately ruled out a lot of potential applicants. We've now changed that to a preferred qualification. We had a mandatory level of experience in light and heavy industry. We've now changed that to a preferred arrangement, considering more experiential learning. So we adjusted ourselves to try to respond to that untapped labour pool.

• (1540)

Some suggestions or recommendations from our perspective for the committee to consider—and we certainly appreciate that this is a time of fiscal restraint—are to continue to focus on those initiatives that are working well at the moment. From our perspective, the partnership by the Western Economic Diversification department in Manitoba with industry has worked quite well. We see simulators in Thompson as well as in Flin Flon. Programs for aboriginals have also worked well—for example, providing skills directly linked to the job market, which is critical. The Centre for Aboriginal Human Resource Development has a program in Winnipeg. It's a model program. It has more than 600 graduates, all aboriginals, and a 94% retention rate for industry.

The two industry sector councils that have worked quite well with us in partnership and cooperation are the Aboriginal Human Resource Council and MiHR, the Mining Industry Human Resources Council—all very critical to us.

I think we would encourage that the northern college structure get more involved in the development and offering of curriculum for the skills we need within our particular industry.

I have just a couple of concluding remarks, if I may. Our reality is that we have a large need for a highly skilled workforce, and obviously we want them to live and work in our remote location. We know from our experience, as I said before, within the Voisey's Bay environment, and even from our own experience currently in Thompson, that if we hire from the north, we're more likely to retain them and have a longer lifetime employee.

As we move forward with our large capital projects—it's more than a \$10 billion investment within Canada in the next few years—that skilled workforce is critical to us achieving that growth and supporting those initiatives.

Needless to say, the economic impact of hiring a large number of highly skilled aboriginal and northern residents has such a strong, positive impact on that northern environment and the communities in which those folks live.

Thank you for the opportunity, and I certainly look forward to taking a few questions.

• (1545)

**The Chair:** Thank you for that presentation. It's certainly interesting to note your retention rate if you hire from the north or take that extra initiative.

We have with us Pamela Schwann and Gary Merasty by video conference from Saskatoon.

Can you hear us?

We still have some technical glitches, I guess, and we'll work on those in a bit.

What I might do, as we try to sort this out, is commence some of the questioning here and then move on to Saskatoon, unless we're able to fix it with one flip of the switch.

You can hear us. Can you say something on your end?

**Ms. Pamela Schwann (Executive Director, Saskatchewan Mining Association):** Hello, Chair Komarnicki.

**The Chair:** I think we're good to go.

We have with us Pamela Schwann, the executive director of the Saskatchewan Mining Association. It certainly represents the mining associations in Saskatchewan very well, and we've heard from her on a number of occasions. And Gary Merasty actually appeared and presented before this committee on another subject matter. I think it was on behalf of Cameco, perhaps.

I'll turn it over to you, and you can present for five minutes and share or not. We will then have some rounds of questioning. Go ahead.

**Ms. Pamela Schwann:** Thank you very much, Chair Komarnicki and committee members, for this invitation.

As you noted, I'm joined by Mr. Gary Merasty, vice-president of corporate social responsibility with Cameco.

I'd like to commend the chamber for the insightful report that they had done up that precipitated the study you're working on. It adeptly recognizes many of the challenges that are reflected in northern remote Saskatchewan in particular.

We'd like to really echo many of the comments from Mr. Scott from Vale today.

Saskatchewan mining companies have developed a number of best practices for inclusion of northern communities in both the workforce as well on the business development side. We'd like to share some of those with you as well.

I'll talk just a little bit about the Saskatchewan mining industry. We're in a period of expansion right now. There's a lot of demand for the commodities we produce. Over the next five years, it is anticipated, mineral production by Saskatchewan will double. Companies have committed to spending over \$50 billion over the next 20 years to expand existing mines that are in production or development.

Slide 6 of the presentation has a map of northern Saskatchewan. We're really focused on the area in the top third of the map. It represents northern Saskatchewan's 47 communities that would be considered remote according to the chamber report. It covers 46% of the province's land mass but only 4% of the population. It's a very dispersed population of 40,000 people, 86% of whom are of either first nations or Métis heritage. The population growth rate in the north is higher than it is for the rest of the province. That is actually a competitive advantage for our companies as local communities represent a great untapped workforce pool for our companies.

The yellow oval in the map is the Athabasca region of Saskatchewan, which hosts the world's largest uranium deposits. There are also two producing gold mines and a large silica sand operation in the region.

Slide 7 looks at the northern economic benefits from the mine.

In 2010, the northern mine operations purchased over \$916 million worth of goods and services. Businesses owned and operated by communities or businesses from northern Saskatchewan made \$361 million worth of purchases. A number of these companies now are in the top 100 companies within Saskatchewan, including Kitsaki Development Limited Partnership, which is the economic development arm of the Lac La Ronge Indian Band, the largest band in Saskatchewan.

Looking at slide 8, you'll see a bar graph that shows the value of expenditures that have gone into northern Saskatchewan directly from the mines since 1991. Between goods and services and payroll, over \$3.39 billion has been invested in northern Saskatchewan.

The next slide is slide 9. In terms of employment opportunities in the north—and we heard from the CNA already—there are more than 3,615 individuals who are working directly at the mines; 46% of these are residents of northern Saskatchewan, predominantly of aboriginal heritage. Their payroll last year was over \$90 million, which was injected into northern Saskatchewan.

• (1550)

**The Chair:** Pamela, could you just hold for moment?

Is there a point of order?

**Mrs. Carol Hughes (Algoma—Manitoulin—Kapusksing, NDP):** Yes.

You're mentioning these slides as you're flipping through this fairly quickly, but the slides aren't numbered. If you could perhaps tell us what the title is at the top of the page, that might be more helpful to us.

**The Chair:** If you identify the top portion of the slide, I think that might help us.

You just finished the bar graph, and I think you're moving to "Northern Mine Economic Benefits", are you?

**Ms. Pamela Schwann:** Chair, I'm going to skip ahead to a slide that talks about best-practice programs. It would have been the 11th slide in the program.

**The Chair:** I think we have it.

Go ahead.

**Ms. Pamela Schwann:** There are best-practice programs showing how the mining industry has achieved their employment results. One of these is the multi-party training plan, which is a partnership program between government, industry, educational institutes, and first nations and Métis representatives. It's 50% industry-funded, and it's been going on since 1993, with \$52 million invested. So that's one successful program.

Another successful program—on slide 12—has to do with the Northern Career Quest. I believe that was identified in some detail in an earlier presentation that Cameco was involved in. It's a highly

successful program that achieved over 100% of its employment targets. It's an ASEP program that will be finished in June of this year.

The slides do go into additional detail, but perhaps you can address that in the questions.

The next slide looks at the key challenges; it's slide 19, which is quite a bit further down in your deck. This is about the partnership investments that government and industry should be looking at working on together in northern Saskatchewan and indeed in remote Canada. They are identified in the chamber report. These are investments in human infrastructure, skills, and training. There is also hard infrastructure—roads, power, development. And something that is very important is investment in regulatory infrastructure, which would improve the regulatory efficiencies that companies are investing in.

Slide 21 talks about the key positions required; it's a table. Working with the Mining Industry Human Resources Council in 2008, we prepared a study of the positions that were going to be required in the next 10 years. In the mining industry in Saskatchewan, we'll need 18,000 additional workers in that period. This study breaks down some of these broad occupations into finer ones, so that we know exactly what type of tradespeople will be required in what time period. We had good labour market intelligence on what our needs for training are going to be.

With respect to investing in remote hard infrastructure—slide 25—investments in power and roads are critical and are an excellent way to promote economic development. For example, the power in northern Saskatchewan right now is pretty much at capacity and a lack of growth will limit economic development opportunities. The mines lose revenue when there are power outages and that revenue is also lost to government.

Another example is roads. We would like to connect two mine facilities 52 kilometres apart, through a partnership with government. The cost for the road is \$33 million and \$14 million in annual operating expenses. The return on investment, though, would lead to 2,500 new jobs, with the deposits identified in those regions, \$165 million in salaries, and \$125 million annually in royalty and surface lease payments. You can see there's a substantial return on investment in building road infrastructure in the province.

Next is slide 26, looking at the business case for investing in efficient and competitive regulatory infrastructure.

Could you take this one for me, please?

•(1555)

**Mr. Gary Merasty (Member, Saskatchewan Mining Association):** Investing in the regulatory infrastructure would help us speed up a lot of the processes. There's a lot of duplication at present, and this has resulted in a lot of time being consumed. Overlapping issues between the province and federal processes has cost time and a significant amount of money. It has also reduced royalties and eliminated opportunities to get into production quicker and share benefits with other northern communities.

**Ms. Pamela Schwann:** If I might draw a comparison, for example, the Australian environmental assessment process just approved the world's largest uranium mine in less than one year. If we look at an environmental assessment process for a uranium project in Canada, we're looking at well over six years. So you can see that when a company is looking at investing, that's a very significant difference. And it's not that the Australians have any lower standards in safety or environmental protection.

Another example of regulatory infrastructure impeding resource development would be the proposed national recovery strategy for woodland caribou, because the model they have would not allow any further development in northern Saskatchewan, and it's a faulty model based on poor science.

Slide 27 shows the business case for investing in remote communities and essentially boils down to this: it's a very positive return on investment for government, for industry, for the communities in the area, and for the taxpayer. We see this by the successes of the Saskatchewan mining industry.

Finally, our recommendations are on the last slide. Our recommendation is to continue looking at investment partnerships with governments and industry, especially with respect to training to employment programs. Reward the successful programs, such as the Northern Career Quest and multi-party training plan. You need good labour market intelligence to do that. We'd certainly look at supporting the national sector human resource councils, MiHR, and encourage the government to look at key sectors that would look at refunding those national sector models.

In looking at investments, partnership investments in road and power infrastructures have been very critical, but a very good return on investment.

Our last recommendation is looking at regulatory reform and the importance that has on return on investment and in investing in northern communities.

Thank you, Mr. Chair.

**The Chair:** Thank you for that presentation. Certainly we have heard about the regulatory process before, and it's good to hear it again, and electricity, power, and roads are important infrastructure for sure.

We'll now turn to rounds of questioning.

Ms. Hughes.

•(1600)

**Mrs. Carol Hughes:** Thank you very much. We got that last presentation just as we walked in here. It was pretty in-depth. If you

have any responses to some of our questions, I would encourage you to make a little noise so that we know you want to say a few words.

I had a conversation with a couple of Vale representatives yesterday, and I'm wondering about Thompson. You talk about your commitment to sustainable value-added jobs at all the Canadian operations. Because of the announcement in 2010 to eliminate the value-added jobs at the Thompson operation by shutting down the smelter and the refinery, with respect to the people who work there, are their skills...? The shortage you're experiencing right now, is that in the smelter and the refinery, or is it in the three mines, or is it a combination?

**Mr. Wayne Scott:** It's across all operations, both underground and surface plants.

**Mrs. Carol Hughes:** What is the shortage in the mines themselves? If you're looking at the refinery and the smelter, how many of those jobs...? Would the workers have transferable skill sets to move over?

**Mr. Wayne Scott:** Yes, absolutely. It's no doubt a challenge, the decision to close the smelter and refinery—the lack of feed, a few other factors. A significant proportion of our workforce can be eligible to retire in future years. Through our workforce planning analysis we're expecting no net loss of jobs at the moment. We can employ everybody elsewhere who's in when the surface plants close, and we are prepared to invest in the training of those individuals to work underground and in the remaining surface plants. So that's one of our major strategies, to take that existing workforce and reallocate throughout.

**Mrs. Carol Hughes:** On that note, because a lot of the smelter and the refinery will be transferred to Newfoundland.... Is that not correct? That part of the operation is going to be sent...for refining up in Newfoundland?

**Mr. Wayne Scott:** I might need to look to Ryan to help me a little bit with that. There is a feed that comes to Thompson from Newfoundland. That's one of the feed challenges that we have. By previous agreements, that feed will actually revert from the Voisey's Bay environment to the refinery that is currently being built in Long Harbour. That's one of the challenges.

We still have an active exploration program within Manitoba. We're looking at...

Ryan, you can probably speak a little better to this. There's an underground mine.

**Mr. Ryan Land (Manager, Corporate Affairs, Vale Canada Limited):** We're looking beyond 2015 at expanding our mining and milling. While we haven't been able to keep our smelter going, we will definitely have expanded mining and milling in the future. One of the things that we're doing in the interim is transitioning that current workforce in the smelter and refinery into our mining and milling operations. It's retraining, if you will. We'll still have significant production surface operations in the future. It just won't be smelting and refining.

There's actually a point in the future where we may have a workforce larger than the one we have now. The immediate challenge is that we need to bring in people to transition mining and milling employees away. That's a whole other skills and training conversation that we're having right now. Between now and 2015, we may actually see that we have more employees historically, and we know we're chronically 150 people short. The biggest threat to future projects for us is workforce.

**Mrs. Carol Hughes:** You also talked about non-traditional pathways. Could you just elaborate on that and how the skills training kind of goes into that.

**Mr. Wayne Scott:** I'll give you a couple of examples. I'll use one from our Voisey's environment. We're taking some of that learning into Thompson and what Thompson has actually done.

One of the things that we found out very early on in the development phase of the Voisey's project is when we took potential aboriginal employees from their home communities to facilities in other locations and other communities to train, our records show that almost 100% either dropped out or failed. We rethought the whole training process. We actually, in one particular case, decided to take the classroom to the home community. In one case, we actually took about 10 individuals from the community of Natuashish. We used the heavy equipment that was actually in the community for snow-clearing roads maintenance, and we brought our own instructor. We actually trained the individuals in their home community. I think 90% of those transitioned into a productive job in operations.

•(1605)

**Mrs. Carol Hughes:** This is basically what we heard from OPG as well. I'm assuming that in the nuclear area as well, if you're looking at.... You've talked about some training of first nations in some of the other areas. What seems to be working is to ensure that there is proper training in the communities themselves, or very close by the communities; that would have a more successful rate....

**Mr. Wayne Scott:** Absolutely. You can also put in better supports—family support and mentoring. I know Thompson is engaged in an effort in that particular regard as well to ensure success of the training program. Most definitely.

**Mr. Gary Merasty:** I don't know if I can have an opportunity to back that up.

**The Chair:** Go ahead, Mr. Merasty.

**Mr. Gary Merasty:** That is an absolute truism. Since the mid 1990s, that has been the model in northern Saskatchewan: taking the training to the communities. That has resulted in 51% of our mine-site employees being northern aboriginal people. That is one of the key indicators of success—training in the communities.

**The Chair:** Thank you for that intervention, Mr. Merasty.

I think we're now going to Ms. Leitch.

**Ms. Kellie Leitch (Simcoe—Grey, CPC):** Thank you very much for taking the time to come and speak with us today. I appreciate your presentation, and also those of you who are in Saskatoon this afternoon.

Each of you raised the issue with regard to regulatory hurdles. We do talk in generalities very frequently. Could you be very specific with respect to what are those regulatory components that are

causing you challenges? If someone were to say to you to write down very specifically the regulatory challenge that you have—or maybe the top three—so that we can address them....

I'm an orthopedic surgeon by training; I don't know your business well, and you probably don't know my business that well. The specifics would be very helpful so that we can address a regulatory challenge if it exists.

Anybody can step forward first.

**Mr. John Stewart:** While I'm not an expert on the regulatory side in our industry, I would say that a multiplicity of agencies is a serious problem. After that it's the uncertainty of timelines—very long timelines are a huge problem.

**Ms. Kellie Leitch:** Just to be more specific, when you talk about a timeline being too long, are you saying that 12 months is too long, or are you saying six weeks is too long? I need a ballpark figure.

**Mr. John Stewart:** Each regulatory process is made up of many segments.

**Ms. Kellie Leitch:** I understand. That's why I'm asking you to be somewhat specific.

**Mr. John Stewart:** The cumulative process of getting something built is too many years in length.

•(1610)

**Ms. Pamela Schwann:** Mr. Chair, may I contribute something to this?

**The Chair:** Ms. Schwann, go ahead.

**Ms. Pamela Schwann:** Thank you very much for this question, because it's one I'd like to address specifically. The government has recently taken some very positive steps with the Canadian Environmental Assessment Act to put some timeframe parameters on the review of projects. However, when those changes to CEAA were made, they excluded projects under the review of the Canadian Nuclear Safety Commission and the Energy Board.

To us in Saskatchewan that meant those improvements that included timeliness and predictability of process did not apply to our uranium mine project. So we would like to see some parity between the uranium mine project and the other mines. We've seen some improvements, but we'd like to have them across the board.

The other example is the Species at Risk Act. It is threatening development in the very areas you're looking at in northern Saskatchewan and the Northwest Territories. The current flawed recovery strategy would not allow any future disturbance in these areas, and disturbance includes fire, roads, power infrastructure, forestry, and any land clearing. It's not only a concern for natural resource development; it's a concern for community growth and viability themselves.

So there are two very specific examples—the Species At Risk Act and the Canadian Environmental Assessment Act—and having them applied across all projects.

**Ms. Kellie Leitch:** Thank you very much.

**The Chair:** Go ahead.



**Mr. Wayne Scott:** I don't think we raised any regulatory issues within the presentation. The primary ones within our skills area are probably provincially based. I know that trades certification across provincial jurisdictions creates some challenges. There's nothing at the moment that I could raise.

**Ms. Kellie Leitch:** To follow up on the comment you just made on interprovincial challenges, we've heard from other witnesses about the challenges of tradespeople and others in being able to transfer between provinces.

What are your recommendations on improving that process?

**Mr. Wayne Scott:** That's a key question. There should be better integration and cooperation across all provincial jurisdictions, and maybe even standardization of some of the certification processes. Many provinces have different requirements, so something as simple as that could go a long way.

**Ms. Kellie Leitch:** For yourself specifically, what trades do you have challenges with in trying to have the mobility of the labour you require?

**Mr. Wayne Scott:** It's more what I refer to as the specialty trades, such as electricians, heavy-duty mechanics, some of our millwrights, and mine engineers.

**The Chair:** Thank you.

Ms. Crowder, go ahead.

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Thank you, and thanks to the witnesses for coming.

I have a couple of quick comments.

I want to thank the Saskatchewan Mining Association for raising the issues around training, that not only is it a cost, but there actually are savings as a result of that by having people perhaps no longer on provincial assistance. I think that often gets missed when we're talking about this; we treat training and education as a cost. I think it's an important factor that we have to keep in mind.

Also, for Vale, there's the issue around turnover. There is a significant cost, as you well know, to employers on turnover. When we talk about the productivity lag in Canada, one of the factors is the cost to businesses when they turn over employees. When you have a 50% turnover, that's an enormous cost to businesses.

The third thing I want to touch on, and this is where my question will go, is K to 12. I think Mr. Stewart mentioned K to 12, and I know certainly Mr. Merasty has talked about this in the past. If you can't get students out of grade 12, there is already a problem with them going on to apprenticeship and other technical or post-secondary education. You rightly made the comment that it's not business' responsibility to make sure people are graduating from grade 12, and yet you can't find workers if you don't have people graduating.

I know that there have been a couple of successful initiatives around that, but what else do you think needs to be done? Maybe I'll start with Saskatchewan, because you have a problem getting in here because of the format.

Give me one specific recommendation that the committee should consider around K to 12.

**Mr. Gary Merasty:** I think one of the big issues for grade 12 graduation in our communities is funding adult students, and this is one of many, but I'll give you an example.

If you went into any of the northern first nations schools and entered a grade 10 classroom in September, you would find students standing up with their books all around the classroom because there are not enough seats. The reason, and maybe it's because of the effects of poverty, is that there have been a lot of dropouts in earlier years, through the middle years perhaps. Basically we fail those kids, and they quit again by October. This is a huge lost opportunity for us in terms of a portable and a mobile and available workforce, because these are younger adults who need that grade 12 to get into the trades.

One of the things we'd like to see is actually targeting those young adults who are coming back to challenge the high school system, to have the opportunity to get some pre-trades and early trades training, maybe at the community level, as was mentioned before, and mobilize them into the workforce.

• (1615)

**Ms. Jean Crowder:** I think, as Mr. Scott pointed out, the retention rates when you hire northerners is significantly higher.

Mr. Stewart or Mr. Scott, do you have a comment on K to 12?

**Mr. John Stewart:** I could just mention a couple of other things, which is about the motivation element. Rather than adding bricks and mortar, I would explore—and I'm not an expert in the subject—looking at the actual behavioural elements of the students and what is motivating them, what is their desire when they come into the class, and what keeps them there.

I'll pass on to my colleague.

**Mr. Ryan Land:** I would add that really for us what we're finding is that it's as much about exposure as it is other factors.

In the north, in many of our communities, even though we are one of the largest, if not the largest, employers in our region, most of the students in our first nations communities don't know that mining is an option. They know about health care, they know about the RCMP, they know about working in the band office, or maybe for hydro, but they're not aware that this is one of the options.

When you know what's at the end of the road, motivation kicks in from an educational perspective. We need to provide them with that full slate of options. And it's through partnerships like we have with the National Aboriginal Achievement Foundation, where we facilitated the creation of a careers in mining modular curriculum that can go into classrooms in aboriginal communities and show students that not only is there an option, but they can be doing that for a living.

That's some of the work we're trying to do, enabling programs like the skills and partnership fund, the work that CAHRD is doing, the work that sector councils are doing, to raise that awareness and exposure that there are jobs and there are opportunities in the north.

We'd love to be hiring northerners to do those jobs.

**Ms. Jean Crowder:** Do I have time?

**The Chair:** No, you don't.

Mr. Butt, go ahead.

**Mr. Brad Butt (Mississauga—Streetsville, CPC):** Thank you very much, Mr. Chairman, and thank you all for being here, those in person and those by video conference. It's a great thing we have now so that we can hear from people across the country when the rest of us are all here in Ottawa. So welcome to everybody and thank you for your participation.

I think it was Mr. Scott who mentioned the 50% turnover of people working for you in these remote communities. I come from a business background, and I'd like you to comment on this. I'm assuming it makes better business sense and is actually more cost effective for you to hire people who are local rather than to fly people in from all parts of the country—you have to find them a place to live; they've got to move their families. It would make business sense, one would think, to hire as many people locally as possible to do the work in all these areas, whether it be in a mine, or a factory, or a smelter, or whatever it happens to be.

Could you comment on that? When you've looked at that type of analysis, I'm assuming it makes a better business case to hire locally where you can, rather than trying to get people in from all over the country, or from around the world, potentially. As we know, some industries rely significantly on foreign-trained workers to come over because they can't get people with the required level of skilled trade here in our country to go and work.

Can I get each of you to comment on that and whether you're got any suggestions about what we can do more specifically to be getting local people to be working in these industries?

Do you want to start, Mr. Scott? Then we can work our way around.

**Mr. Wayne Scott:** Sure. Thank you.

It absolutely makes business sense. One point of clarification, though, before the full committee believes that our Thompson operations have a 50% turnover every couple of years. Just for clarity, the 50% turnover is new hires. So in the first two years of employment we lose 50% of that particular population. We have a fairly stable workforce who are long-term residents of Thomson, and so on. It's still very alarming. I think our Thompson facility has the highest turnover rate.

Compare that to a Voisey's Bay environment, where the majority, upwards of 85% to 90%, of the workforce is from the local area, the province of Newfoundland and Labrador. The turnover rate there is 5% to 6%, quite dramatically lower.

No question, it makes total business to invest locally. And investing is not just the hiring of those people; it's investing in the training of those individuals. You are far better off at the end of the day with a more stable workforce, a long-term workforce. They're individuals who have made the decision to reside in a northern area. They like it. They've got the ties to the area. It makes far better business sense to invest locally, yes.

• (1620)

**Mr. John Stewart:** I'd just mention a few things, which largely have already come up.

There's the motivation factor, which I've discussed, exploring what it is that students are after or that graduates are after when they come.

Building trust and comfort with industrial employment—a company may be entering a community where there are various negative historical factors, and one of those negative historical factors could have been a negative experience with industry. So of course our member companies spend a long time building relationships and building up that trust.

Understanding the local environment and allowing for local factors—this goes back to what previous witnesses have called the “made in northern Canada” approach; you want to allow for local lifestyles and habits and be prepared for things such as seasonal pursuits, where for a month every year people are going to go off and do some specific seasonal activity. A company that has done its homework will be aware of those things well ahead of time and will build that into the whole structure, and so will educators.

**Mr. Brad Butt:** Did the group in Saskatchewan want to jump in on that?

**Mr. Gary Merasty:** Sure, I'll jump in on that. I absolutely agree 100%.

As I mentioned, one of the reasons why we do have over 50% of our employees from northern aboriginal Saskatchewan is because of that homegrown training and the efforts undertaken there over a number of years. I think that is why we say it's a competitive advantage to us as a company: the loyalty and the retention rates. I agree with my colleague sitting there with you in Ottawa today that the retention rate is absolutely great.

We have great employers over in Fort McMurray. Sometimes the employees we fly in from southern Saskatchewan we lose to the oil sands, but when it comes to our northern aboriginal employees, they don't leave. They're close to home, they've been trained near home, and there's a loyalty, so that is a huge competitive advantage for us as a company.

I just wanted to speak also on the return on investment there, because we're taking individuals who may be below the poverty line, so they're drawing down on welfare and there's a negative productivity situation there for our country and for our province. When we train them, invest in them, and get them to a state of employment, they're then, in large part, middle class. They're contributing. There's positive productivity. So any investments made actually come back to Canada, come back to Saskatchewan, and come back to the company.

So any of the current initiatives mentioned by my colleague Pam Schwann here in terms of supporting the multi-party training plan, the Northern Career Quest ASEP-type programming, or those mentioned by my colleagues there, are absolutely worth the investment, because they pay themselves back very, very quickly, and the taxpayer I think appreciates that.

**The Chair:** Thank you very much, Mr. Merasty.

We'll now go to Mr. Cuzner.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Thanks very much for being here today and also for the video feed from Saskatchewan. I want to remind my former caucus colleague Gary that the camera puts on 10 pounds here, so I'm still lean, mean, and clean at 217.

**Voices:** Oh, oh!

**Mr. Rodger Cuzner:** I'm going to ask two questions and then back off, because I know we're running tight on time here.

Coming off the discussion and your response to Jean's question with the K to 12 situation, GE was in the other day and they talked a bit about some of their initiatives. They hold camps where they actually engage with the youth in some communities, just to sort of let them know exactly that there is something at the end. Are there any initiatives like these that you see merit in or that you're engaged in currently? If so, could you expand on that a bit? I think that early trades training or a mix of trades training through high schools is beneficial in the food area and beneficial in many areas, and certainly in remote areas that would be beneficial as well.

The other thing is that I think any successful community would have a fair degree of entrepreneurship within that community. With companies coming in, are there particular carve-outs for first nations or local businesses, even if they don't have the capacity to do a complete job? You want to come in and you want to do a specific project in an area. Are there carve-outs for some of the smaller first nations businesses to partner with some of the larger businesses so that you generate work but you continue to develop the entrepreneurship within that community, so that it is a legacy once the project is finished as well?

Could I get comments on either or both of those questions?

• (1625)

**Mr. Wayne Scott:** Yes. I have a couple of points.

Is building community capacity business capacity? Absolutely. Voisey's Bay is an example. It's a critical part of the business model that we create business opportunities for aboriginals. That's done mainly through joint ventures. We've had tremendous success there. I think in Thompson—

**Mr. Rodger Cuzner:** Do you target a specific amount?

**Mr. Wayne Scott:** No, not a specific amount—

**Mr. Rodger Cuzner:** Not really...?

**Mr. Wayne Scott:** —because again, it's what capacity is brought to the table. We still have to ensure that the business is able to operate effectively, efficiently, and so on. But we look for those opportunities.

As a matter of fact, we look for opportunities to broker partnerships, to bring an aboriginal business entity together with another business entity out there in the corporate world. In Thompson, I think we're entertaining similar things like that, of course.

So it's not just about building the employee base. It's also about building that community base, as you referred to, through business capacity and, as you say, the legacy beyond the life of mines.

**Mr. John Stewart:** The answer is yes. I know there are such carve-outs for such allocations, but I'm afraid that I don't know the details. I do know that it's considered great for all parties. It builds the whole region if you build these individuals who want to be contractors and individuals who want to create a supplying organization. You make not just that hamlet or that village but the whole region stronger.

I will just comment that this, too, is quite personality driven and has a large motivation factor behind it. It's not something that's for everybody. But there is a certain kind of individual and a certain percentage of employees who have the inclination to do that kind of thing. If they do, then you recognize them and open that door for them.

**Mr. Gary Merasty:** I'll answer from our site in Saskatchewan, if I can.

I can give you a chemical example on this front. We have the northern preferred supplier program. We set a target a few years back: 35% of all goods and services provided or required at our mine sites would be provided by aboriginal-owned companies. But we put a caveat on what an aboriginal-owned company is. It was one that is 51% or more owned by an aboriginal community or individual, so that there's real capacity and real management developed there, and so on.

Through our northern preferred supplier program, we work with our communities to do forecasting of business opportunities. We do workshops on how to become a supplier with Cameco. We've engaged preferential bidding processes. We sole-source opportunities as they fit the capacity of the potential northern aboriginal supplier, and we provide evergreen opportunities.

We have, in northern Saskatchewan, aboriginal-owned companies in catering, trucking, construction, security, engineering, road construction, and so on. I can say that we've exceeded our 35% target. We're closer to having 70% of all the services at our mine sites provided by northern aboriginal-owned companies. The site benefit of this is that 50% of their employees are aboriginal or northern. We employ 1,500 directly at Cameco. Our contractors employ another 1,500, so we're talking about 3,000 aboriginal employees through this process.

I can say that since 2004, we've procured over \$1.6 billion from these aboriginal-owned companies in northern Saskatchewan, and by the end of 2012 we're confident that we'll exceed \$2 billion.

• (1630)

**The Chair:** Your time is up, Mr. Cuzner.

It's certainly interesting to hear the initiative you've taken to involve entrepreneurs and contractors and about how you have structured that. It's certainly an innovative way of ensuring that some of those dollars go right to the community.

I think we have one more questioner.

Mr. Shory, did you want to engage for a few moments?

**Mr. Devinder Shory (Calgary Northeast, CPC):** Thank you, Mr. Chair, and thank you, witnesses, for being here.

I will cut short my questions. Basically, I want to ask all of you if you want to share any specific challenges you face in your organization while working on skills development in the remote communities.

**The Chair:** Does anyone want to respond?

Go ahead, Mr. Scott.

**Mr. Wayne Scott:** It's complex. Forgive me. It's hard to say that it's just one particular issue.

As a general comment on trying to get greater participation from the aboriginal perspective, I would say that one of the challenges is the skill level needed. It's considerably more challenging to skill it to the level we need for the types of jobs we have. It also presents some challenges inside our organization. Most individuals would underestimate the effort it requires, quite frankly. Every organization, every industry, needs to consider just what it takes to get that labour force actively engaged and ready for employment in our sectors.

**The Chair:** Thank you, Mr. Shory.

I think Madame Perreault has a question or two. You can go ahead.

[Translation]

**Ms. Manon Perreault (Montcalm, NDP):** Thank you. I will be quick.

I understand perfectly well that the quicker a mine is in operation, the better it is for provincial and federal governments. I would just like to go back to a more human aspect, because, if I am not mistaken, you have a number of positions to fill.

You were talking just now about 15,000 jobs over the next 10 years. I wonder if we can compare that with open-pit mines in Quebec. Those are very physically demanding jobs. So in order to recruit people to work in those careers in the mines, knowing that the jobs are very physical and very demanding, have you thought of incentives, or anything specific along those lines?

[English]

**Mr. Wayne Scott:** I'm not sure about an incentive perspective. I know we make significant investments from a scholarship perspective, as an example, to entice school-aged children to choose fields in the mining sector.

As Ryan indicated earlier as well, we heavily invest in specific programs in the classroom that are developed by us, both in the Voisey's Bay and the Thompson environments. They are specifically dedicated to trying to debunk some of the myths around, in our case, the mining sector. It's not the sexiest of professions in the eyes of most school-aged kids.

Even with skilled trades, for a long time those trades were viewed as the lower tier. They were not professions you wanted to be in. It's quite a different circumstance today.

We've invested quite heavily in designing our own programs right in the schools, and we have even targeted scholarships to entice people to choose those professions, be they mining engineers, skilled trades, or geologists.

**The Chair:** Thank you.

Are there any comments from Saskatoon?

**Mr. Gary Merasty:** Certainly at the current time, virtually every single entry-level position in our company is held by northern aboriginal people. Our growth opportunities are in the skilled area of trades and other professional training.

Related to the questions on the physically demanding side and the opportunities and incentives, we began to provide internal training and scholarship opportunities years ago. We had a few employees who came to us with grade 12, and through our internal training programs and funding we paid for them to get an undergraduate degree. We've ended up with a couple of engineers who are northern aboriginal people. When they do get employment with us, the opportunity for further training and to move up is significant.

Understanding the time constraints, if I could add one thing, one of the things that I think Canadians, people in Saskatchewan and corporations...is to look closely, because I think we end up confusing the culture of poverty with the culture of the people. The desire to work and the talent and the skill in these communities is outstanding. But sometimes what we're confronted with and what we see is that culture of poverty.

That culture of poverty may be in that community, but we have to understand that we can see that in the inner cities of Vancouver, Montreal, Toronto, Los Angeles, Chicago, Haiti, and so on. Certainly there are challenges there, but once we tap into that community's workforce, the talent, skill level, loyalty, and commitment to working is unbelievable.

● (1635)

**The Chair:** Thank you, Mr. Merasty.

Ms. Leitch, do you have a question?

**Ms. Kellie Leitch:** I have one quick question.

For obvious reasons there is a significant focal point on aboriginal Canadians. I grew up in a northern community, in Fort McMurray, and I saw the challenges that all young people have, not just aboriginal Canadians.

I want to get your comments on that. I want to make sure we take into account that every young Canadian may need some help in acquiring these skills. I want to get your thoughts with regard to that and what programs you might be providing to every young Canadian you're in touch with.

**The Chair:** Could we have a fairly brief response?

Go ahead, Mr. Stewart.

**Mr. John Stewart:** Sure. I'll quickly mention the things we've touched on before. Before we allocate resources, let's explore what motivates people to show up on September 5 and stay there for longer than October.

Let's look at what they are hoping to get out of this experience. What do they perceive in terms of industrial employment, and what's their attitude toward that? Have they ever actually stepped inside a plant? Do they have an opportunity to do that in their high school years, and do they meet people and see them as a group they could become like?

Show them the opportunity, and maybe give them a chance to earn a tiny bit of money. Let them have a taste of it.

**The Chair:** Thank you, Mr. Stewart.

I'd like to thank the group from Saskatoon for staying with us. We may not get an opportunity to sign off here.

We have one more quick question from Ms. Hughes, and we'll absolutely conclude at that point.

Go ahead, Ms. Hughes.

**Mrs. Carol Hughes:** I'm just wondering about the percentage of shortages that you see in Sudbury today. I wonder if you're able to explain that and what you see in the near future.

Have you met with the United Chiefs and Councils of Mnidoo Mnising, which is the United Chiefs and Councils of Manitoulin, and with the North Shore Tribal Council, to see what kinds of human resources they have there and how best to maybe deliver some courses closer to home to fulfill the needs?

**Mr. Wayne Scott:** The trends are no different, maybe less alarming in the Sudbury environment, but we still have the

challenges in the professions we're trying to recruit there: mining engineers, geologists, and tradespeople. It's the same challenge in that regard.

We just recently concluded an arrangement with the Sagamok for our Totten mine, which we're happy to say. It has some specific provisions for employment, training, and business opportunities as well.

I'm sorry, I'm not familiar with the group you're referring to. I know we've done some great work with the Sagamok group, and look forward to the future, because the Totten mine is just a development mine at the moment, due to come online shortly.

**The Chair:** Thank you very much.

Presenters, we certainly appreciated your taking the time and working with all the questioners.

With that we'll suspend.

*[Proceedings continue in camera]*

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