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Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

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• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. We're here today to continue our study on resource development in northern Canada.

There are two groups of witnesses on the agenda. One group isn't online yet, so we're hoping that individual will get on the teleconference at some time during the meeting. We're not certain what has happened there.

But we do have with us today, by video conference from Saskatoon, from the Saskatchewan Mining Association, Pamela Schwann, executive director, Tammy Van Lambalgen, a member of the mining association, and Gary Merasty, who is a member as well.

Thanks to all of you for being here today. We're really thrilled that you are here. Go ahead with your presentation of up to 10 minutes. We'll see if the other witness comes on the video conference by the time your presentation is finished.

Ms. Pamela Schwann (Executive Director, Saskatchewan Mining Association): Thank you very much, Mr. Benoit.

Merci.

It is a pleasure to be here today to address the House of Commons Standing Committee on Natural Resources as you study the question of resource development in Northern Canada.

My name is Pam Schwann. I'm the executive director of the Saskatchewan Mining Association. Joining me today, as already introduced, are Ms. Tammy Van Lambalgen, vice-president of regulatory affairs and corporate counsel for AREVA Resources Canada, and Mr. Gary Merasty, vice-president, corporate social responsibility, Cameco.

The Saskatchewan Mining Association is an industry-funded organization that is considered to be the voice of the mining industry in Saskatchewan. We have more than 40 member companies, including producers of coal, potash, uranium, metallic and industrial minerals, as well as companies carrying out exploration in the province.

The SMA has submitted a brief to Mr. Lauzon, the committee clerk, entitled "Saskatchewan Mining: Global Leaders", but in the interests of time and your specific interests, after some general remarks the presentation will focus specifically on the mining industry in northern Saskatchewan.

The main points we would like to bring to your attention are these: the Saskatchewan mining industry is a significant Canadian and global mineral producer; Saskatchewan mining companies operate world-class mining facilities; Saskatchewan mining companies are Canadian and global leaders with respect to aboriginal employment and business development opportunities related to their operations; and, an efficient regulatory and strategic policy system will help ensure that Saskatchewan mining operations continue to deliver benefits to Saskatchewan, Canada, and the world.

The Saskatchewan mining industry is a significant global mineral producer. In 2010 we ranked second in Canada in terms of the value of mineral production, with a value of just over \$7 billion. We are the world's number one producer of potash, producing about 31% of the global supply, and are the number two producer of uranium. We currently produce about 18% of the global supply, which is down from about 28% of global production in 2005, when we were the world's number one producer of uranium.

Saskatchewan will continue to be one of Canada's leading mineral producers for the years to come. The existing mining operations have announced intentions of more than \$43 billion in investment in the next 20 years in their current operations.

I'm going to skip to page 9 of the presentation you have in front of you. There is a mineral resource map of Saskatchewan on it. The remainder of our presentation today will focus on the activity on the northern third of this map. I have a coloured copy that I'm going to put up so that you know what you're looking at.

Predominantly, there's a yellow oval structure on the map showing the area that involves most of our activities, and that's where the uranium production comes from: the Athabasca Basin region of northern Saskatchewan. On pages 11 and 12 of the presentation we talk about uranium production. Mines in Saskatchewan provide 100% of Canadian uranium production. It was valued at just over \$1.2 billion in 2010. The mineral production came from three operations: McArthur River, which on the map is shown as number 48, marked by a red dot; Eagle Point; and McClean Lake.

Specifically, the McArthur River mine is the world's highest-grade uranium mine, with average grades of around 20%, compared with a world average that is just under one per cent. It currently provides the majority of Saskatchewan uranium production and itself is responsible for 15% of the world's uranium supply.

There are currently over 25 years of production from existing mines, and there continue to be new discoveries over broad geographic regions of the Athabasca region. On the mineral resource map of Saskatchewan, these include areas such as Cigar Lake, number 45, Shea Creek, on the west side of the Athabasca Basin, number 33, the Millennium deposit, and the Roughrider zone, just to name a few.

Turning to gold production, Saskatchewan currently has two gold producers: long-time producer Claude Resources, whose Seabee mine is nearing the mark of one million ounces of gold production. More recently, in December 2010, we had another mine start-up, which has started producing gold as well.

In terms of exploration, we have healthy mineral exploration expenditures of approximately \$270 million forecast for 2011, with \$100 million of this targeted for northern Saskatchewan.

While mining and exploration bring benefits in terms of revenues to companies and governments, mining has also been a key driver of economic and social benefits in terms of employment, business development, and school retention.

• (1535)

On page 15 of your presentation, we have some information with respect to northern employment. Mining companies in northern Saskatchewan are leaders in hiring first nations and Métis people at their operations. Cameco is the number one industrial employer of aboriginal people in Canada.

There are over 3,100 mine and long-term contractor employees at the northern Saskatchewan mines, including 660 residents of Saskatchewan's north. In 2010, a payroll of over \$90 million was paid to the direct employees, and contractors paid an additional \$217 million to their employees; I should say that this is an update from the numbers in the presentation that refer to 2009 information.

Some of the tools that have assisted us in reaching this employment achievement are surface leases and cooperative tools such as the multi-party training plan and northern career quest, an ASEP-funded program. As shown on page 16 of the presentation, northern mining employees make up an increasing proportion of workers in the higher skilled categories, such as supervisory, technical and trades. That is at 39% now, compared to 22% in 1984.

Business development is highlighted on page 17 of the presentation. Northern mining companies have worked closely with northern economic development agencies to incubate successful northern businesses. These successful businesses, such as Kitsaki Development Limited Partnership, which is the economic development arm of the largest band in Saskatchewan—the Lac La Ronge Indian Band—and Athabasca Basin Development Limited Partnership, are now transferring their business skills that were developed in the north into southern mining operations.

Looking specifically at economic benefits derived from northern mines, in 2009 northern mine operations purchased \$279 million in goods and services from northern businesses, which is approximately 62% of all goods and services purchased. In 2010, mining companies purchased goods and services worth over \$361 million from businesses based in northern Saskatchewan.

I'd like to turn now to some of the key challenges the mining industry faces.

The first one I'd like to speak to is with respect to regulatory effectiveness. As noted by the commissioner for environmental and sustainable development, the federal environmental assessment process suffers from systemic delays and a lack of coordination between federal departments, and focuses on expensive and frustrating processes without being able to demonstrate value to the environment or society.

While Bill C-9 introduced improvements to CEAA to address some of these issues, these amendments did not apply to projects subject to Canadian Nuclear Safety Commission authority; hence, most of the projects in northern Saskatchewan will not see the benefits of these amendments. By comparison, in Australia, the federal and state governments completed a review of BHP's massive copper, gold and uranium Olympic Dam proposal in approximately two years. The significant time difference in reviews places Canadian projects at a competitive disadvantage to uranium projects being developed in other countries.

The mining sector also continues to see increasing regulatory engagement, with Species at Risk and Migratory Birds Convention Acts, the Department of Fisheries and Oceans, and regulations related to clean air. Also, the lack of integration of the duty to consult policy between federal and provincial agencies on the same project causes capacity issues for both industry and first nations and Métis communities.

The second issue I'd like to briefly speak to is access to highly skilled and highly qualified people. This is a huge challenge for the mining industry going forward due to retirements and also due to expansion. Programs such as the aboriginal skills employment program, ASEP, have been very beneficial in the past, as has the national sector council's Mining Industry Human Resources Council. Both of these programs are being wound down, or funding has been significantly reduced.

Lastly, the inadequate infrastructure in northern regions affects the competitiveness of the mining sector and also affects the abilities of northerners to effectively participate in employment and economic development opportunities related to mining.

Time permitting, I'll go to page 20 in your program, which shows you some examples of how federal regulations and policy have the potential to drastically affect mineral development in northern Saskatchewan. This relates to Environment Canada's proposed recovery strategy for boreal woodland caribou, which is currently up for public review. This strategy would effectively restrict development in the grey areas shown here, and would eliminate development in Saskatchewan in the blue areas shown: over 30 million hectares and essentially all of the Precambrian Shield area of northern Saskatchewan.

•(1540)

We feel that the model Environment Canada has used is based on incomplete and inaccurate science and on faulty assumptions and professional judgment, particularly with respect to the relationship between the availability of caribou habitat, the high incidence of natural fires in northern Saskatchewan, and the very limited proportion of human disturbance. These types of policies really affect the ability of the mineral industry to move forward.

In conclusion, Saskatchewan is a leading global producer of potash and uranium, although we have lost our number one ranking with respect to uranium. Saskatchewan continues to offer excellent resource potential, with world-class deposits. Mining, directly and indirectly, currently employs over 30,000 people and is poised to employ significantly more in the future as the mining industry invests over \$42 billion in the next 20 years.

Saskatchewan mining companies are Canadian. They are world leaders in aboriginal employment and business development. However, key regulatory issues impede growth, without demonstrating an environmental benefit.

With that, I'd like to thank the members of the House of Commons Standing Committee on Natural Resources for inviting us to make this presentation today. We'd be very pleased to answer any questions you may have.

Thank you.

The Chair: Thank you very much, Ms. Schwann, for your presentation.

We'll go now by video conference to Montreal and Monsieur Ugo Lapointe, from the Coalition pour que le Québec ait meilleure mine.

Go ahead, please, Monsieur Lapointe.

•(1545)

[*Translation*]

Mr. Ugo Lapointe (Cofounder, Coalition pour que le Québec ait meilleure mine): Good afternoon. I don't know whether you can hear me.

[*English*]

The Chair: Yes, we can hear you well. Just go ahead.

Mr. Ugo Lapointe: I don't need English translation, but I might speak in both French and English, if you don't mind. When you speak there, it's okay if you speak in English.

[*Translation*]

Good afternoon, everyone.

I am honoured to be with you today to discuss a few issues and priorities concerning development and resources in the north, particularly northern Quebec. So I'm going to focus on the situation in Quebec, but there are certainly some parallels to be made with other parts of Canada.

I'm Ugo Lapointe, spokesperson for the Coalition Pour que le Québec ait meilleure mine, a name which isn't easy to translate into English. I wish the translators luck.

Basically, we represent some 20 bodies in Quebec, chiefly union organizations, such as the Centrale des syndicats du Québec, the regional council of the CSN in Abitibi-Témiscamingue and Ungava, a major mining region, and the Syndicat de la fonction publique du Québec inc., which includes technicians and technologists employed by the ministère du Développement durable, de l'Environnement et des Parcs, and the ministère des Ressources naturelles et de la Faune. In addition, there are members of environmental groups like Nature Québec, Ecojustice and Mines Alerte Canada, and citizen organizations from Abitibi-Témiscamingue, the North Shore and other parts of Quebec. In all, the Coalition Pour que le Québec ait meilleure mine has between 200,000 and 225,000 affiliated members.

As indicated by its name, the coalition's aim is for Quebec to look better and not for it to have more mines. Generally speaking, we're in favour of mining development, but we think that some major issues have to be resolved, particularly social and environmental issues. Our mission is to promote much more effective practices, regulations and monitoring on social and environmental levels.

My presentation divides into two or three points. The first one is designed to give you an overview of the situation in northern Quebec regarding mining operations. The second contains three recommendations that I'd like to make to your committee. I hope it won't take too long.

I'd like the chair to tell me how much time I have left.

[*English*]

The Chair: You have about seven minutes left.

[*Translation*]

Mr. Ugo Lapointe: Thank you.

[*English*]

I might try to do this partly in English.

What is the context currently in Quebec for mineral exploration and mineral extraction? Basically, as in many other places in Canada and around the world, we are going through the biggest mining boom that our province has witnessed since the beginning of mining.

Essentially, if we look at the past 20 or 30 years, since 2005 we have augmented by many times investment and exploration all through Quebec, as well as the value extracted in the province of Quebec. In 2005, when the price of many metals and primary materials boomed and skyrocketed on the international markets, we went from \$200 million in investment and exploration work to up to almost \$600 million last year, and for 2011 it should be around the same range. So in five or six years, we went from \$200 million to about \$600 million in exploration work.

In terms of value extracted in Quebec, the same thing happened. Since 2004 or 2005, we have gone from a gross production value of about \$2 billion or \$3 billion a couple of years ago to almost \$8 billion a year this year. These are massive changes.

So in a few years there have been significant changes, and they're due to global context, global trends, and a massive demand, especially from the big emerging markets such as China, India, and Brazil, to name just a few. In Quebec, the main minerals being extracted, by value, are iron, nickel, zinc, and gold. These are the main cows, if I may call them that, of the mineral industry in Quebec. There will probably be some rarer metals, like lithium, and some other metals, or diamonds, for instance, that will be extracted in the years to come, but they will remain marginal in value compared to the existing extractions I just named.

Those investments and those values also trigger certain issues, such as environmental issues. We're now seeing hundreds of exploration projects throughout Quebec—between 400 and 600 every year. We went from about 15 or 20 mines just a couple of years ago, and now we're back to about 25. We'll go up to about 30 mines, probably, in the years to come. That massive boom is triggering environmental issues. We need resources in both federal and provincial ministries to take care of that mining boom to limit the impact on the environment.

It has also triggered some social issues. Mining is moving further north towards regions inhabited primarily by first nations, and there are still some issues of title rights and first nations traditional rights in some parts of northern Quebec that need to be dealt with and recognized.

There are social issues, because some of this mining boom is translating into a new kind of mining in Quebec, which does large, low-grade, open-pit mines that are often located close to communities, to established communities. Large, low-grade, open-pit mines, because of their size, their impacts on the land, and the noise, the dust, and other nuisances they create, trigger some social tensions in some parts of northern Quebec. That's something to keep in mind.

We need to keep in mind that these are non-renewable resources and that there is a more and more sensitive population that is asking for proper compensation for the extraction of those resources in the years to come, for future generations.

That is basically the context in brief. I think I have only about two minutes left...?

• (1550)

The Chair: That's about right.

Mr. Ugo Lapointe: I would be happy to come back to some of those contextual elements in the discussion afterwards.

If I had to pinpoint some key issues that I think the commission should be concerned about in the weeks, months, and years to come, one that is actually important and that many of my colleagues and the population of Quebec feel concerned about is the question of control of mineral resources property.

There is also the question of extraction and benefits, so more and more, the collective ownership of those resources is becoming a concern. I think Quebec is not alone in this situation.

The Canada-European agreement that is currently being negotiated, I think, could have serious and significant impacts on that particular issue. I think of the recent situation in Saskatchewan with PotashCorp, where the federal government, along with the provincial

government, agreed on protecting Canadian interests from a foreign takeover. One wonders if this current Canada-European agreement would allow such a move that was necessary in the case of Saskatchewan's PotashCorp.

The second issue, quickly, which I mentioned earlier, is the necessity to better protect the environment in light of a massive mining boom. The billion dollars that I talked to you about, both in the investments that we are witnessing but also in value extracted, in our opinion also necessitated parallel curves that we should see in the ministries responsible for controlling the mining, exploration, and extraction. Here in the environment, abandoned mining sites are also a concern to many citizens. We need to understand that restoring abandoned mining sites also brings economic activity to regions, so it's not just a question of restoring the environment. It could also be seen as a potentially important economic benefit to the regions that do the work.

Lastly, as I mentioned, first nations issues need to be dealt with. Here, with the "Plan Nord" of Premier Charest, we often hear that first nations all agree with the Plan Nord, but what we don't often hear is that there are some first nations, such as the Innu first nations, who are still struggling with their traditional entitled rights. These should be settled, creating a more stable climate both for communities and the investors.

I will conclude here and open the floor for discussion later. Thank you.

• (1555)

[*Translation*]

The Chair: Thank you, Mr. Lapointe.

[*English*]

We'll go now to questions and comments, starting with Mr. Trost, for up to seven minutes, please.

Go ahead.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you Mr. Chair.

It's good to see a few people I recognize back here today.

My first question will go out to Pam. You talked a little bit about the woodland caribou wildlife strategy by Environment Canada. I was wondering if you could elaborate a little bit more on that. What are your particular concerns?

My understanding is that the comment period for the regulations is going to be extended beyond the 60 days. Is your concern with just the regulations or with the underlying legislation, the Species at Risk Act? Is it with the interpretation of how Environment Canada came up with the data? Could you just expand on that for maybe a minute and a half to two and a half minutes?

The Chair: Go ahead, Ms. Schwann.

Ms. Pamela Schwann: Thank you very much, Mr. Trost, for this opportunity. You've indicated a number of areas where we have concerns.

We are very pleased that there has been a 120-day extension to the comment period. We're concerned with the completeness of the data that was used to inform the study. For example, we are very concerned with the use for a number of different areas that are now deemed to be local population units but are not actually population units.

We're very concerned with the model's use of fire, which is a naturally occurring event, in controlling what is deemed to be available critical habitat. For example, in northern Saskatchewan, between 49% and 69% of the area in question is deemed not to be able to support any caribou habitat. That really leaves no way out for Saskatchewan in order to have any development opportunities.

They currently are allowing only 35% of the habitat to be disturbed, but with fire already disturbing between 49% and 69% of the area, we are not able to carry on any activity in that type of area or to actually have any infrastructure development in Saskatchewan, such as roads or power, to help source growth in the north, whether it be communities or mining development.

Those are some of the issues we're concerned about. We're concerned about the use of a model that was generated in an area which we understand has very high human activity and low fires and translating that information over to Saskatchewan, where the landscape is dominated by a high fire regime and a regime of low human activity impact. Those are some of our concerns.

Mr. Brad Trost: You dealt with the specifics of this problem, but for the purposes of the larger study, what do you think some of the underlying reasons are for this problem to come upon you in a way that could be very harmful to your industry? What are some of the ways in which you think it might be prevented so that responsible development can continue as it has for many years in northern mining in Saskatchewan?

• (1600)

The Chair: Go ahead, Ms. Schwann.

Ms. Pamela Schwann: Thank you very much.

The first thing I'd like to speak to is the Species at Risk Act itself, which is species specific. It doesn't take the whole ecosystem into consideration when they're developing plans for a particular species. You might end up proposing something that's good for one species, such as taking action on all forest fires in an area to create a mature habitat for caribou, but that might be adverse in regard to what would be good for a healthy forest ecosystem or even for other species in that forest. I think the Species at Risk Act actually needs some fundamental restructuring to look at a broader landscape approach.

I think there's a couple of things in terms of what could be done to ensure that Saskatchewan is able to maintain its responsible mining history. We've already undertaken a best management practice with respect to what can be done in terms of managing operations to be respectful of boreal caribou in the area. We have it drafted right now.

I'll turn it over to Ms. Van Lambalgen to see if she has any other comments on what could be done for the caribou habitat.

Ms. Tammy Van Lambalgen (Member, Saskatchewan Mining Association): Other than fully understanding the impact, our perspective is really that focusing on the science and the boreal caribou is not true to the Saskatchewan experience. It's our understanding that there has been a lack of inclusion of the aboriginal community in developing the policy, and it is one of our fundamental concerns.

Mr. Brad Trost: Okay.

Let me then ask another question, since I have two representatives of the uranium mining companies in northern Saskatchewan.

Pam briefly touched on how long it takes for uranium mines to go through the regulatory process. Could either Gary or Tammy comment on the changes you would propose to make the uranium regulatory process more efficient and more competitive with other jurisdictions, such as Kazakhstan and Australia in particular?

The Chair: Who would like to answer that?

Ms. Tammy Van Lambalgen: I can answer.

The Chair: Go ahead.

Ms. Tammy Van Lambalgen: Thank you.

We have some good examples concerning the length of time it takes to get an environmental assessment through the cycle, especially for new projects.

Our Midwest project, if you want to compare it with the Olympic Dam experience—which, as Pam said earlier, was from 2009 with an approval within approximately two years—is an open-pit mine, but not a mill, because we would be using existing infrastructure for the milling side. It is just about at its sixth anniversary of going through the environmental assessment process.

The project description was filed in December 2005, and we just recently submitted our final draft EIS. We're probably into the last year. We're anticipating EA approval in the fall of 2012, subject, of course, to the minister's discretion. That will be a seven-year environmental assessment process.

We have spent many hours reflecting on the cause of that and on where improvements could be found. Of course, we are willing to take some responsibility on the AREVA and industry side of the table, but there are many improvements that could be made in the EA process.

Primarily, the lack of a single process is a problem. We have the provincial environmental assessment process and the federal environmental process running in parallel, and although it's a cooperative process, it isn't a single EA process. In addition, we're finding that the multiple reviews in the federal departments are creating new issues each review time.

For example, in our first technical comment period, we received over 300 comments, and in the next one we received well over 200 comments, many of which were new because we had new regulators on the file. We'd like to see a streamlined review process. We're still looking for it to be rigorous and expansive to ensure the protection of the environment, but we're seeking more efficiency.

• (1605)

The Chair: Thank you, Mr. Trost. Your time is up.

Thank you for the answers.

We go now to Mr. Stewart for up to seven minutes.

Go ahead, please.

Mr. Kennedy Stewart (Burnaby—Douglas, NDP): Thank you, Mr. Chair.

Thank you to our guests for presenting today.

I have a question for the Saskatchewan Mining Association. I'm wondering about your background. When were you founded?

Ms. Pamela Schwann: We were founded more than 45 years ago, in 1955 or 1960.

Mr. Kennedy Stewart: That's great. You currently represent 40 companies?

I'm just wondering—

Ms. Pamela Schwann: It's 40, yes.

Mr. Kennedy Stewart: Yes? How many would you consider fully Canadian-owned out of the 40?

Ms. Pamela Schwann: Well, to be a member of the Saskatchewan Mining Association, you actually have to be doing work and carrying out exploration or mining activity in Saskatchewan. Our main members are PotashCorp, Cameco, and AREVA, and AREVA is a subsidiary. Then we have a number of junior companies: Claude Resources, Golden Band Resources, and Shore Gold.

I would say that when you take the exploration companies into account, we're probably at well over 50%. I believe Sherritt is an international company, but they're Canadian.

Mr. Kennedy Stewart: And where would the other 50% of the companies hail from? Are they mainly American, European...?

Ms. Pamela Schwann: Mosaic is an American-based potash company.

They would be mainly from the United States, Australia, and Great Britain.

Mr. Kennedy Stewart: Thanks.

In terms of your membership, would you say that from 1955 it has been this mix? Or is it moving towards more or less Canadian ownership represented in your organization?

Ms. Pamela Schwann: I think what we've seen in the last probably 15 years is been an increase in the number of Canadian-owned junior mining companies and junior exploration companies that are participating. The Canadian companies are very active globally. However, when you're looking at the large multinational companies, you're looking at more non-Canadian ownership.

Mr. Kennedy Stewart: That's great. Thank you very much.

In the Quebec presentation, we heard a bit about the idea of a triple bottom line: that you measure your success economically, but also environmentally and socially. Can you give us a picture of your organization? How many of your members would follow that broader accounting practice of a triple bottom line?

Mr. Ugo Lapointe: You mention members. We represent mainly civil society, unions, and environmental and citizens groups. We don't have corporate members per se, so I'm not sure whether the question is still valid.

Mr. Kennedy Stewart: I'm sorry. My question was directed towards the Saskatchewan association. Thanks.

The Chair: Ms. Schwann?

Ms. Pamela Schwann: Oh, I'm sorry. I thought initially the question was towards Quebec.

Would you mind repeating that question? I apologize.

Mr. Kennedy Stewart: That's no problem at all.

I was talking about a triple bottom line kind of accounting. You look at economic benefits to your companies, but also at environmental and social benefits, and that is built into your bookkeeping. I'm wondering how many members of your association would follow that practice or something close to it.

Ms. Pamela Schwann: We don't have a program such as the one the Mining Association of Canada has toward sustainable mining, or that sort of accounting, but I would like, if I may, to refer to Gary Merasty with Cameco to talk about some of the corporate social responsibility.

I would say generally, though, that our major companies that are active and producing all look at what you have referred to as a triple bottom line.

The Chair: Go ahead, Mr. Merasty.

Mr. Gary Merasty (Member, Saskatchewan Mining Association): Well, certainly—

Mr. Kennedy Stewart: Just on—

Mr. Gary Merasty: Go ahead.

Mr. Kennedy Stewart: Sorry. I'm trying to learn as much about mining as I can through this committee.

I'm just wondering.... If you were going to pick a poster boy mine or company in terms of this triple bottom line, is there one company you would point out that perhaps follows closely with this economic, environmental, and social accounting, so that I could take a look at the organization and learn a bit more about it?

• (1610)

Ms. Pamela Schwann: I have two of my member companies in the room right now, but if you say "a poster boy", I would say Cameco. I think they have an excellent global reputation, and certainly they have leading practices in terms of first nations and Métis engagement, as well as corporate philanthropy outside of that.

All of our companies have had very good environmental records as well and are profitable. We don't have access to AREVA's books, as they are a corporation of the Government of France, but certainly I would point to Cameco as a leader in this respect.

Mr. Kennedy Stewart: Thank you.

Your work with first nations communities is a very admirable and important thing to do, especially when you're talking about developing the north. Are any of the companies that are members of your organization first-nation-owned or partnered or working with some kind of cooperative agreement? I think you mentioned one. I would like a fuller picture of that.

Ms. Pamela Schwann: One of the members of our exploration section is owned by a first nation: Kitsaki Procon Joint Venture. They do underground mining contracting with Golden Band Resources.

To more fully respond to that, I'd like Gary to respond.

Mr. Gary Merasty: Thanks for the question.

From a Cameco perspective, just to give you an example, from 2004 to 2010 we procured 75% of all the services required at our mine sites from aboriginal-owned or majority aboriginal-owned companies, which equals about \$1.7 billion in that six-year period.

When I say "aboriginal-owned companies", I mean they must be 50% aboriginal owned and they must have senior positions occupied by aboriginal people in the company. They also adopt our requirement for hiring northerners and trying to keep that rate at around 50%, so that one out of every two hires is at least from a northern community. On that front, 50% of the employees in our mine sites are from northern Saskatchewan first nations or Métis. All our contractors are also adhering to that and are also at more than 50%. Between Cameco and our large number of contractors, we have about 1,500 northern and aboriginal employees.

The Chair: Thank you very much.

Thank you, Mr. Stewart, for your questions.

We go now to Mr. McGuinty for up to seven minutes.

Go ahead, please.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chair.

Thank you very much, witnesses.

I will turn right to Ms. Schwann.

Ms. Schwann, thank you for the deck. It's very well prepared, very informative, and helpful in terms of projections. You say that in 2008 mining in Saskatchewan accounted for 12% of GDP in Saskatchewan. What percentage of greenhouse gases is mining responsible for in Saskatchewan in the same year?

Ms. Pamela Schwann: As part of that response, will you allow us to include the reductions of greenhouse gases because we produce uranium that's used worldwide?

Mr. David McGuinty: Well, what is the generic measurement system that the federal Conservative government is using and that presumably you're using as well in Saskatchewan to help the

government achieve its 17% reductions from 2005 levels? Is the federal government counting uranium exports?

Ms. Pamela Schwann: No, unfortunately, they aren't. They are not.

Mr. David McGuinty: So we shouldn't do that here. If we use the target the federal government's using, what are the overall greenhouse gas emissions from Saskatchewan today in mining, given that it's 12% of GDP?

Ms. Pamela Schwann: On greenhouse gas emissions from Saskatchewan, I don't have absolute numbers, but I can tell you that per capita I believe they are the highest in Canada. That's not related necessarily to mining, but that's because our primary source of power in the province is from coal-fired generators. So from mining per se, I don't know, but for the mining byproduct it would be fairly high.

Mr. David McGuinty: Well, you've talked in your brief, and we've danced around fancy words like triple bottom line and corporate social responsibility. You've mentioned species at risk and you've mentioned the need to streamline environmental assessment, all of which is important to address.

Let me ask you, does Saskatchewan have a provincial climate change or greenhouse gas reduction target? I know that Quebec does and Ontario and B.C. do. Does Saskatchewan have one? Where does the mining sector fit within that? This study is all about northern development, not just Saskatchewan's. I'm trying to see how this all fits together. Does Saskatchewan have a target and how does the mining sector in Saskatchewan fit within it?

• (1615)

Ms. Pamela Schwann: The Government of Saskatchewan does have a target. It's very similar to the federal one, but the year that they start looking at baseline emissions is not the same.

Mr. David McGuinty: Okay.

Ms. Pamela Schwann: Is that...? Okay...?

Mr. David McGuinty: Okay. Just so I understand, the Saskatchewan target and plan don't actually fit with the national numbers that the government continues to use, and you're not really in a position to tell us internally in Saskatchewan what greenhouse gases are actually caused by mining alone. Because you mentioned coal-fired generation. I understand that. Do I have that right?

Ms. Pamela Schwann: Mr. McGuinty, I could likely get you that information, if I could forward that to the committee. I just don't have that available. I believe the provincial government, though, does have information on mining, on sector-specific greenhouse gas emissions. I'd be pleased to provide that to you.

Mr. David McGuinty: Okay. But your 40 members, your Saskatchewan Mining Association, you're a major contributor to government revenue and you say there will be \$43 billion in investments in the next 20 years, but at the this stage you don't have a greenhouse gas number or trajectory or plan for the sector? As a trade association, do you have one?

Ms. Pamela Schwann: No, it's not part of our mandate to have that.

Mr. David McGuinty: It's not part of the mandate of the Saskatchewan Mining Association to have a greenhouse gas reduction plan...?

Ms. Pamela Schwann: That's correct.

[Translation]

Mr. David McGuinty: Mr. Lapointe, do you know what the greenhouse gas reduction targets are in Quebec?

Mr. Ugo Lapointe: This is not my area of expertise. I couldn't give you the exact percentage. However, from memory, I would say that it's a more ambitious target than the one in the Kyoto Protocol, which aimed at a reduction of 6% compared to 1990 levels. For 2020, I think it is even more ambitious.

Mr. David McGuinty: In the context of the work you do in collaboration with civil society and in the Coalition Pour que le Québec ait meilleure mine, do you deal with greenhouse gas targets? Do you work with the companies involved?

Mr. Ugo Lapointe: Honestly, I find that this is a very good question and one that has not been given sufficient attention at present.

Mr. David McGuinty: Do you think that it's possible to have a national plan pertaining to the development of resources in the Canadian north without having one that deals with greenhouse gases?

Mr. Ugo Lapointe: An ambitious plan concerned with environmental, social and economic issues should indeed deal with greenhouse gases. It's important.

[English]

Mr. David McGuinty: Ms. Schwann, if I could ask you the same question in English, do you think it's possible for us to be examining a resource development study in northern Canada without examining the implications for greenhouse gases for the country, particularly as we race to exploit an awful lot of wealth in Canada's north, including in Saskatchewan?

Ms. Pamela Schwann: Sorry, Mr. McGuinty. Are you directing the question to me? The first part of the question was cut off, so I didn't hear everything.

Mr. David McGuinty: Do you think it's possible, I was saying, to have a comprehensive study on resource development in northern Canada without at the same time addressing greenhouse gas emissions?

How will the rapid exploitation, the acceleration of exploitation of those resources in the north, contribute to Canada's overall greenhouse gases and their potential reduction? Is it possible for us to do that without embracing this question?

The Chair: Ms. Schwann, just before you answer...

Mr. McGuinty, it seems to me that these are questions these witnesses might be better prepared to answer if they were attending an environment committee meeting. It's really stretching it, I think, to expect them to come prepared to this committee with answers to these questions, but I'll let the witnesses go ahead and answer if they would like.

Go ahead, Ms. Schwann.

Ms. Pamela Schwann: Thank you.

We think it's positive to have additional research into greenhouse gas reductions. Certainly, when you look at what the use of the uranium as an end product is, it's ultimately used to reduce greenhouse gas emission impact, so I think it's very important. I think we also have to put things into a global context, in that there is a need for resources on a global basis, and Canadian mining companies operating in Canada under quite stringent environmental regulations operate responsibly. I would prefer to have the resources developed in Canada rather than elsewhere.

• (1620)

The Chair: Thank you, Ms. Schwann.

Thank you, Mr. McGuinty.

We go now to Mr. Lizon for the start of the five-minute round.

Go ahead, please sir.

Mr. Wladyslaw Lizon (Mississauga East—Cooksville, CPC): Thank you, Mr. Chair.

Good afternoon.

My first question will go to Saskatchewan Mining Association. Can you tell me, out of the 40 members that you have in the mining sector, how many mines are open pit and how many are underground operations?

Ms. Pamela Schwann: Right now, we have three open-pit coal mines and one open-pit uranium...well, it's in a care and maintenance provision, so there's no open-pit uranium mine right now. The only open-pit operations in Saskatchewan are the coal mining. We have a silica sand operation in northern Saskatchewan that you would consider a quarry or an open-pit type of operation and a couple of smaller building stone and clay quarries as well.

Mr. Wladyslaw Lizon: These open-pit mines would operate for how many months of the year?

Ms. Pamela Schwann: They would operate 12 months of the year. They're large strip mines. The lignite is 10 metres below the surface.

Mr. Wladyslaw Lizon: Can you tell me from your experience how the federal government geoscience data provided to the public assists you in attracting exploration investment from private sector?

Ms. Pamela Schwann: I think the programs in geoscience that are particularly helpful are the mapping skill programs as well as the larger-scale airborne geophysical programs. They're particularly helpful to the junior companies that may not have the resources of the larger major companies that would be able to carry out that sort of work. They're quite helpful to the junior companies in Canada; they can access the data and do their interpretation and find targets. So it's both: the airborne geophysical surveys and the detailed mapping that's carried out by, typically, the provincial surveys.

Mr. Wladyslaw Lizon: What would be the reinvestment level by the exploration or mining industry in Saskatchewan at the present time? I understand from your presentation.... I don't know what page it is on, but there is a table of key positions that are required in the mining industry in Saskatchewan until the year 2017. I understand that there's a plan to invest heavily in the mining industry.

If you could answer my first question.... The second question, related to it, will be, how are you planning to meet those requirements in filling the required positions in the mining industry?

Ms. Pamela Schwann: Your first question was with respect to the return on the investment on the mapping and airborne surveys question. I think if you—

Mr. Wladyslaw Lizon: No. I was asking about the reinvestment level by the mining industry and about the exploration. How much of the money they make gets reinvested?

Ms. Pamela Schwann: Okay. If you look at their total profits, I'm not sure I could actually give you that response, but certainly we're looking at the companies investing over \$43 billion in the next 20 years on existing mine operations. That doesn't include the companies like BHP that aren't currently producers and are investing. Right now, BHP has \$2 billion invested.

I would say that the companies that are making money in Saskatchewan are reinvesting that money in their existing operations and expanding them. I'm sorry that I can't give you a hard dollar amount on that.

In terms a response on highly qualified persons, we did a lot of this work on the projections with the Mining Industry Human Resources Council. We have taken this information to our post-secondary ministry and are working with them to develop some plans, both for highly skilled workers in terms of the trades and also for the highly qualified people—engineers—on how to make sure there is appropriate training-to-employment types of programs in both the universities and the college sector.

We will have to be innovative, because these are very large numbers. We need to make sure we're engaging first nations and Métis communities and getting those students into the school programs related to mining. Hopefully, more will become involved in the future workforce.

• (1625)

The Chair: Thank you, Mr. Lizon.

We go now to Mr. Harris up to five minutes. Go ahead, please.

Mr. Richard Harris (Cariboo—Prince George, CPC): Thank you very much, Mr. Chair.

I'd like to go to Mr. Lapointe first, if I may. I want to talk about the regulatory process in Quebec and try to determine whether it's any different from the process in the rest of the provinces, where you have both the federal and provincial governments involved in any type of environmental best practices regulations.

Basically, we have at the outset a two-window process, plus there are windows within each one of those processes. Do you have any more or any less of a two-window process in Quebec for environmental and other DFO issues and things like that?

Mr. Ugo Lapointe: When you refer to the two windows, you refer to both provincial and federal?

Mr. Richard Harris: Yes.

Mr. Ugo Lapointe: Yes, of course, there are both levels at work, but it's primarily the provincial government that implements the environmental regulations. The federal regulations are somewhat complementary, if I can summarize it in a brief fashion. There are different regulations that are applied to different levels during the exploration versus the extraction.

Yes, from my knowledge of other jurisdictions, I believe there are differences at some of those different levels as well.

Mr. Richard Harris: As far as the environmental review panel is concerned, from the federal point of view, mine operations in the west have to go through either a comprehensive review or a panel review. Do you have those same things in Quebec in efforts to open mines there?

Mr. Ugo Lapointe: Yes, if I can summarize the situation in Quebec, you need to look at Quebec in at least two different sections. There's the southern portion of Quebec, where it's mostly the provincial environmental regulations that are being applied, along with the Bureau d'audiences publiques sur l'environnement. Mines that are over 7,000 tonnes per day go through a full environmental impact assessment and full public consultations with BAPE in the southern portion of Quebec. The current Mining Act reform is proposing to reduce that threshold to 3,000 tonnes per day for mines.

In the northern part of Quebec, meaning on treaty lands where the Cree, the Inuit, and the Naskapi first nations are, all new mining projects go through an environmental impact assessment and a review panel. That review panel was designed in a 1975 treaty and includes provincial, federal, and first nations representatives. It's my understanding that for certain projects it can happen that you would have a joint panel, a full comprehensive review with a large involvement from the federal level. I believe the Matoush uranium project on Cree traditional land, for instance, is subject to that. It's one of the projects currently on northern lands or treaty lands that is creating controversy.

Mr. Richard Harris: I have another question.

The DFO manual of regulations and guidelines for dumping waste material from an open-pit mine says that the safest place to dump waste materials is in a natural lake body. Many people would be surprised to hear that. But in fact, because of the shape of it, it's best for protecting the waste from spillage.

Do you know of any mines opened in Quebec, say in the last 10 years, that use a natural lake body for dumping their waste materials?

• (1630)

Mr. Ugo Lapointe: To my knowledge there have been none.

Certainly there may have been, from the 1940s to the 1950s, under schedule 2, which I believe you're referring to. It's highly controversial, as well, in the communities we're working with.

Mr. Richard Harris: Thank you.

I have one question for the Saskatchewan folks, just out of interest. I understand that the mine on the Cigar Lake property has had some considerable water problems recently. I think I have the right mine. Have those been sorted out?

Mr. Gary Merasty: Yes, we have had water inflow issues during the last few years. That has been sorted out, and we're scheduled to enter into production some time in the mid-to-latter part of 2013.

The Chair: Thank you very much, Mr. Harris.

Thank you for your answers, gentlemen.

We go now to Monsieur Lapointe for up to five minutes.

Go ahead, please.

[*Translation*]

Mr. François Lapointe (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, NDP): My first questions are for Mr. Ugo Lapointe.

Thank you for your presentation. You touched on three points that I'd like to look at some more. First, you talked about royalties and control over investments. Was this mainly Quebec, Canadian or foreign investments? I know there's a huge open-pit mine project to be completely financed by Chinese companies. Could you give us more details about the current situation? Could you give us more details about what your organization would like to see?

Mr. Ugo Lapointe: The matter of royalties is first and foremost a matter of provincial jurisdiction. That said, the international agreements signed by Canada are important and may have an effect on future provincial and territorial policies. That's why it's important for you to be concerned.

Basically, the debate and the issues raised in Quebec are about non-renewable resources. As I said earlier, they are being exploited for an approximate value of \$8 billion this year and \$7 billion last year. Of this money, how much profit did the open-pit mines make last year? We can't get these figures from the ministère des Finances du Québec, but the Coalition Pour que le Québec ait meilleure mine estimates that these profits amount to between \$2 billion and \$3 billion. This money goes directly into the pockets of private shareholders.

We say that these are collective resources. They belong not only to all Quebeckers but also to all Canadians. They are non-renewable. Once they've been extracted, they don't come back. So we are responsible, as collective owners and trustees of this resource for our nation and the Canadian nation, to ensure we receive fair compensation.

As things stand, the royalty regimes in Quebec collected \$300 million last year, for profits of \$7 billion, which represents 4.5%. If we add Quebec income tax and other taxes to the royalties, we get a total of \$700 million. So we can say that in all 10% of the gross worth ended up in Quebec's coffers in 2010. I don't have any figures for the federal portion, but it must be between \$100 million and \$200 million, maybe \$300 million, maximum.

The company PricewaterhouseCoopers estimates that profits from the 40 biggest mining companies in the world has increased by 1,000% in the past eight years. We say that, in view of this huge

profit margin, these record profits, Quebeckers and Canadians in general are not getting their fair share of our non-renewable wealth. We suggest basically—

Mr. François Lapointe: Mr. Lapointe, in your members' opinion, what would be a fair share, approximately, concerning royalties and tax rates?

Mr. Ugo Lapointe: Yes, exactly.

In reality, we propose to improve the current royalty regime in Quebec, which applies only to profits. We propose to improve on the rate of 16% on profits by adding a rate on the gross product value. This is done notably in Saskatchewan, where a rate of about 3% is applied, and also in the Australian governments, where a rate is applied on the gross value within a range of 3 to 8%. The first thing to do is to apply a gross value rate. Companies have this sort of agreement among themselves when they sell mining shares. That's the first step.

The second step is to get the provincial governments, notably Quebec, to invest in strategic and profitable projects. This could be a variable access equity participation, for example, 25, 40 or 50%. That can be discussed, but the idea is for Quebeckers or citizens to be represented by their government in some strategic and profitable projects.

● (1635)

Mr. François Lapointe: You gave the example of a rate of 3% on gross value. Is that what the mining industry in Australia does?

Mr. Ugo Lapointe: Yes, that's what the Australian governments do.

Mr. François Lapointe: Does this have a negative effect on investments made in Australia, or has any difference been noticed since implementation of the 3% on gross value?

Mr. Ugo Lapointe: To our knowledge, no. Australia is one of the great mining countries of the world, like Canada. They are probably the two largest mining countries in the world. Investments are booming. Australia is experiencing the same boom as we are these days.

In Australia, the rate is between 3 and 8% of the gross value. However, it is negotiating an additional rate. So a rate of 30% on profits from iron and coal mines would be added to this rate on gross value.

Mr. François Lapointe: I don't know whether you know how Class B shares work; they enable small savers to invest \$100, \$200 or \$300 in big projects in Plan Nord. This type of investment might also be rewarding in that it could ensure us of more profitable diversification of capital and distribution of profits for all Quebeckers and Canadians.

Mr. Ugo Lapointe: I don't know the measure you're talking about. However, for the Coalition Pour que le Québec ait meilleure mine, it seems important to have a crown corporation or a collective intelligence that can target appropriate projects, gather this wealth and redistribute it throughout the community according to defined social and economic priorities. I think that your proposal is aimed more at individualizing this distribution, and we are not at all interested in that.

The Chair: Thank you, Mr. Lapointe.

[English]

Your time is up.

We'll now go to Mr. Anderson for five minutes.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair.

I actually want to follow up on the same line of questioning that Mr. Lapointe mentioned.

I want to talk to the folks in Saskatchewan. Alberta raised the royalties in the petroleum regime, and we know what impact that had in Saskatchewan. It really changed the economy, especially in my area. There's a lot of movement across the border. Folks are moving to Saskatchewan. They've been developing it for the last several years. It has been a great bonus for us.

Mr. Lapointe made the comment that we need to make sure we're compensated for resource development. Do you have any comments to make on that? Are we getting fair compensation for resource development in Saskatchewan? This has been an issue in the provincial election as well, so I'd be interested in hearing your comments.

Ms. Pamela Schwann: Thanks, Mr. Anderson.

As you're aware, we're still in a provincial election.

From an industry perspective, which is what we represent, what's most important is that the royalty rates need to be competitive and industries that are making investments need to understand the rules of the game at the time they're making these investments. The rules can't change midway. If the rules are changed in the middle of the game, companies will certainly take a very hard look at whether they're willing to start making investments when the rules of the game might change.

There's something else that's important to put into this equation. There are literally hundreds of millions of dollars spent on exploration every year on which we never see any rate of return. Exploration is a very high-risk venture, and that's not appreciated by many people. They see successful mines. They don't see the unsuccessful ventures that happen in exploration more often than not.

Only one exploration play in a hundred really has a hope of being turned into a deposit. You then have the hurdles of getting into a deposit, which won't happen in one or two years. You're looking at 10 to 20 years of investment before you might get a rate of return on your investment.

Those are some of the other factors that need to go into the equation.

Mr. David Anderson: I want to take a couple of minutes to talk about the boreal caribou. I need a little more explanation. You say that no more development can take place in the blue areas until 65% is undisturbed habitat. So you're saying that two-thirds of the land needs to be undisturbed habitat under this plan for development to be allowed. Is that right?

Ms. Pamela Schwann: Yes, that's our understanding from direct communication with Environment Canada officials.

Of course, the problem is that they consider fire to be a disturbance in the habitat. We have an area of very high forest-fire regimes—and, by the way, the caribou have adapted to that landscape. It's a fire-dominated regime with only 2% to 4% human habitat. The human habitat doesn't really have any impact at all on the area in terms of the caribou population, but the risk of the plan is that they will stop any type of industrial activity or infrastructure development opportunity related to communities as well.

● (1640)

Mr. David Anderson: You also said that fires account for one-half to two-thirds of the disturbance and human disturbance is only 2% to 4%. But they count natural fires as a disturbance, so it would eliminate development up there if this is carried out to its natural conclusion.

Ms. Pamela Schwann: That's absolutely correct.

Mr. David Anderson: Can you give us some recommendations on where we should go on the issue of the caribou?

Mr. Trost actually asked for some recommendations in terms of uranium development as well. Have you had any more thoughts on that?

If you were going to write a report at the end, do you have specific recommendations on these two subjects for us?

Ms. Pamela Schwann: Under the Species at Risk Act, we would like to see some rethinking and retooling in terms of the ecosystem approach, whereby you would look at the entire landscape rather than one species specifically.

With respect to this plan for the woodland boreal caribou, we really need to think about using a natural process such as fire as an influential part of the model.

In terms of additional uranium development, when you look at what's happening in other jurisdictions that are able to more quickly bring projects on stream, we need to look at a process that is more efficient but not less regimented in terms of environmental protection. We're just looking for a one project-one assessment type of process that will at least allow us to be competitive with other jurisdictions that have similar environmental protection.

Mr. David Anderson: I think I'm out of time.

The Chair: Yes, you are, Mr. Anderson. Thank you.

We'll now go to Madam Day for up to five minutes.

Go ahead, please.

[Translation]

Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP): My first question is for Mr. Lapointe.

Mr. Lapointe, do you have an idea of the current scope of private investment in Quebec's far north?

Mr. Ugo Lapointe: A distinction has to be made between mining exploration, and exploitation and development of a new mine.

Let's talk first about private investment in mining exploration in northern Quebec. More specifically, for 2010, investments in exploration in Quebec amounted to about \$576 million. I couldn't give you exact figures, but the large majority of these investments are for projects in Abitibi-Témiscamingue, in northern Quebec and on the North Shore. These regions account for at least 80% of investments.

I don't know if that answers your question.

With regard to mining operations, in recent years, investments for the development of new mines comes to \$1 billion or \$2 billion a year. It's considerable. Here again, these investments are made mainly in Abitibi-Témiscamingue, in northern Quebec and on the North Shore.

Mrs. Anne-Marie Day: Thank you.

Let's talk about the environment because we know that all economic development has an environmental cost. Is this taken into consideration in the development of northern Quebec?

Mr. Ugo Lapointe: One of the big problems is the enforcement of laws and regulations that already exist, and the follow-up and monitoring of their enforcement. Before talking about tightening regulations, it might be better to tighten up follow-up and monitoring of the laws and regulations that already exist.

I think that it might be advisable to ask about the work of the departments concerned, that is, the ministère du Développement durable, de l'Environnement et des Parcs du Québec and its federal equivalent. There is an unprecedented mining boom in the history of Canada and Quebec. These ministries must therefore have a budget enabling them to have the human and financial resources to ensure real follow-up. Mining goes on in remote territories. So the mines are not very visible and it's important to have these resources.

We're making some advances on another major issue, though. We have to make sure the mines have appropriate and adequate financial guarantees to ensure the reclamation of mining sites once they're finished operating.

The Auditor General of Quebec, in 2009, indicated lots of problems in this connection. We're now making advances regarding a bill, but it still hasn't been passed. So we can't say that it has been given effect.

Still there is progress being made in this area.

• (1645)

Mrs. Anne-Marie Day: My next question is for the representatives of the Saskatchewan Mining Association.

Ms. Schwann, I'd like to talk to you about aboriginal personnel. You say that, of all the people hired, one out of every two is aboriginal. Page 21 of your presentation shows the job categories offered by your sector. Are there aboriginal personnel in all these categories?

Also, you state you are the leaders in recruitment among first nations and Métis. I'd like you to tell me more about this.

[English]

Ms. Pamela Schwann: Certainly. I might ask Mr. Merasty to respond specifically. His company does the hiring of these individuals.

Mr. Gary Merasty: With respect to the one in two, at our mine sites, 50% of our employees are northern first nation and/or Métis people. They are spread out over the different types of positions you see listed there.

Unfortunately, the challenge for us going forward, and for the communities, is not a labour shortage as much as it is a skill shortage. We are running into situations, as the communities are very clearly telling us, with regard to graduation levels from high schools, especially with adequate math and science, where having adequate facilities and adequate funding is putting a strain on the number of high school graduates eligible for trades and the higher science-related professions in the industry....

We work very closely with them on how we can address that. One example of that is that we work with the aboriginal skills employment program in a program established in northern Saskatchewan: northern career quest. Our goals there were to target 3,000 first nations and Métis people as to their career paths and aspirations, put 1,500 of them into training, and employ 750 of them. In the three and a half years that we've been in this program, out of four years, we've exceeded those targets. We now have more than 1,000 people employed in our industry throughout northern Saskatchewan.

But the pressure remains. We are sitting on a huge retirement bubble of skilled people. There are only 40,000 people in the north, half of whom are under the age of 20, and there is a graduation rate that is in the 35% to 42% range. Between the first nations and the mining companies, we have a great interest in working together to increase those numbers.

[Translation]

The Chair: Thank you, Ms. Day.

[English]

We go now to Mr. Calkins for up to five minutes.

Go ahead, please.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair.

I listened quite intently to the presentations that were being made at the start. I think Mr. McGuinty talked about this. Mr. McGuinty and I spent quite a bit of time on the environment committee prior to coming here. I know the chair has admonished some for wandering off topic a little; I'm going to go back to some environmental aspects, but I want to stay onside with the chair.

Pam, I want to thank you for your presentation, in which you talked about the significant barriers the membership of the association faces. Could you go back to your presentation and just repeat that line for me, please? I want to make sure that I got it right. It was something about the barriers you face and providing no environmental benefit, I believe. I would really like to hear you expand on that line, if I heard it the way I thought I heard it.

Ms. Pamela Schwann: Yes. That was actually a quote from the commissioner for environmental and sustainable development. That quote indicated that, really, the federal environmental assessment process suffers from systemic delays and lack of coordination and focuses on expensive and frustrating processes without being able to demonstrate the value to the environment or to society.

Mr. Blaine Calkins: That's a fairly damning and condemning statement if that's a quote right out of the commissioner's report. Then, if those are the commissioner's findings, I'm sure you've included this in your report because your industry association is somewhat sympathetic to that comment. Is that correct?

Ms. Pamela Schwann: Yes.

Mr. Blaine Calkins: That was a no-brainer question.

If that's the case, then, what recommendations can you have for us here? I think most Canadians obviously value jobs. They value opportunities. They value economic development. But we also have one of the best backyards in the world as Canadians: we also value clean water, clean air, and our pristine landscapes.

If we're not providing any tangible benefit through our current policy, other than frustration, maybe, and creating economic investment barriers, what recommendations would you have for this committee to ponder, insofar as streamlining the process or providing compensation when the environment is altered or changed during the exploration and mining processes is concerned?

What kinds of ideas are there, other than simply the idea of the regulatory burden getting in the way? Is there something else we can do for enhancement or whatever the case may be? What recommendations would you have for our committee going forward?

• (1650)

Ms. Pamela Schwann: Thank you for the opportunity.

Firstly, it's very important to say that environmental protection needs to be foremost in people's minds. We're not looking at any mechanism that might shirk any responsibility with respect to the environment or cause environmental harm. What we're looking for are processes that are efficient and that are timely, and we don't think the two are mutually exclusive.

Concerning the assessment process, you have both a provincial assessment and a federal assessment going on, not necessarily at the same time. You also have multiple federal departments that aren't communicating with each other. We'd certainly like to see improvements in the communication ability, and we'd like to see one project and one assessment.

The Major Projects Management Office, which was constructed three years ago, I believe, has potential. Unfortunately, we haven't seen a lot of benefit to it in Saskatchewan yet. We don't see a lot of teeth, if you will, in MPMO, but it might be one way to improve the coordination and the timeliness without any sacrifice of environmental protection quality.

Mr. Blaine Calkins: I know that we already heard from that particular office. My understanding was that they were focused mainly on north of 60 types of activity. Am I to understand that they have a pan-Canadian approach, then, and that you're just feeling they're not doing as much as they can in Saskatchewan?

Ms. Pamela Schwann: I'd like to refer this to Ms. Van Lambalgen, if I can, please.

A voice: [*Inaudible—Editor*]

Mr. Blaine Calkins: Okay. It's my misunderstanding. It's been a while since we've heard from those witnesses.

I'll just draw this to your attention. I don't know whether your association has looked into this at all.

For example, as an Alberta member of Parliament, I visit Fort McMurray on a regular basis. We have a number of opportunities up there to extract bitumen from the oil sands. One of the projects going ahead right now is the Kearl Lake project, which will see the complete removal and destruction of the current Kearl Lake. But in the reconstitution and reclamation process, an even larger lake that bears fish and so on, which Kearl Lake currently doesn't do, is on the books.

So when you take a look at it at the end of the day, there will be a massive number of jobs there, and there will be economic opportunities there for Albertans and for all Canadians. At the end of the day, we're actually going to have more recreational or better environmental opportunities than what Mother Nature seems to have produced herself.

Does your association have any position in regard to this? Is this the way most of your organizations go forward in their reclamation projects or in any of their activities?

Ms. Pamela Schwann: I'm going to refer this again to Ms. Van Lambalgen. I just would say that the footprint of mining is very small in Saskatchewan, but Tammy has some specifics that she can refer to.

Ms. Tammy Van Lambalgen: I can.

Cameco and AREVA both, speaking mostly on the uranium mining side, obviously have to look at fish habitat compensation programs for any habitat destruction we undertake as part of our projects. We are looking, in the context of the Midwest project, at something unique. It took us about four years to get to this point, but we are looking at going off-site to add fish habitat compensation to the Montreal River, which is slightly southwest of La Ronge, where currently a weir built back in the 1940s is a barrier to fish travelling upstream to the Montreal Lake.

We also look at opportunities to benefit the public, and we have the support of our first nation communities in doing that.

The Chair: Thank you, Mr. Calkins. You're out of time.

We go now to Monsieur Jacob, for up to five minutes.

Go ahead, please.

• (1655)

[*Translation*]

Mr. Pierre Jacob (Brome—Missisquoi, NDP): Thank you, Mr. Chair.

My question is for Mr. Ugo Lapointe.

You said that you were in favour of development in the north, particularly northern Quebec. I imagine that you are in favour of sustainable development. You talked about social and environmental problems that would be resolved with more serious, more effective monitoring.

Could you tell us what this more effective monitoring that would be desirable for northern Quebec consist of?

Mr. Ugo Lapointe: You want me to take the environmental point of view mainly?

Mr. Pierre Jacob: And the social point of view.

Mr. Ugo Lapointe: I would direct you to a report that we produced in November 2009, which is available on our Web site: www.quebecmeilleuremine.org. This report, which was prepared with Ecojustice, includes some 25 recommendations, which I haven't listed for you today. I could, however, summarize our chief recommendations.

In fact, we are currently experiencing a problem which is not unique to Quebec. Although it is old, the Mining Act of Quebec very often takes precedence over other uses of the land. There the mining regulations need to be cleaned up, since they allow companies to have easy access to the land and to resources. That gives a lot of power to the mining, gas and oil companies in Quebec. It's time to rebalance the forces between businesses, on the one hand, and the communities and regions affected by these activities, on the other.

Concretely, these laws have to include new elements making better development of the land possible. For example, if a municipality or an MRC wanted to promote some type of economic development, the development of a protected area, hunting and fishing or any other use of the land, it should be able to choose this collectively. Therefore we have to stop always giving precedence to the mining companies.

Actually, if you consult the recommendations contained in our report and the briefs submitted to the Commission de l'Assemblée nationale du Québec, you'll find specific measures in this regard.

As far as the environment is concerned, I have talked a lot about the need to reinforce the role of the departments in follow-up and monitoring. It is fundamental. I've also talked about the need to strengthen financial guarantees to ensure complete reclamation of sites. At present, in Quebec, the bill proposes financial guarantee coverage of 100%, or 50% payable the first year and 50% payable within the first three years of operation. This in itself would be progress.

That said, there are other deficiencies from an environmental point of view, particularly with respect to open-pit mining. At present we emphasize the complete reclamation of open-pit mines. We hope that the new legislation will require companies that propose open-pit mines to analyze various scenarios for reclaiming the pit, including a scenario providing for complete refilling. Some companies said in committee that it would be feasible. The important thing is for them to know in advance so that they can include these scenarios in the design of the project.

There is another important environmental issue which I'd like to stress before our time runs out. I said that the Coalition Pour que le Québec ait meilleure mine was generally in favour of mining

development. However, we have firm positions respecting two mining sectors, the first being uranium. There are not yet any uranium mines in Quebec, but there is a lot of exploration. At present, a moratorium on uranium is being demanded by over 300 municipalities in Quebec. The Cree are opposed to the Matoush uranium-bearing project. We are also opposed to asbestos. We should no longer invest public money to support this declining industry. I should add that, in both the cases I've just mentioned, namely asbestos and uranium, there are much less dangerous alternatives with fewer impacts.

I could still go on for a long time, but I invite you to read the November 2009 report, which has close to 25 recommendations.

Mr. Pierre Jacob: Thank you very much.

I would like to ask a second question. The development of mineral resources in northern Quebec and Canada involves activities liable to have an effect on aboriginal interests. How does the mining industry take into account the interests and concerns of aboriginal peoples?

Mr. Ugo Lapointe: At present, it happens in a voluntary and somewhat anarchical fashion. We allow businesses to judge for themselves the risks with regard to a given area. We also leave it up to them to establish a relationship with the aboriginal community and get along or not with this community.

There is someone doing very relevant research into relations between aboriginal communities and the mining companies in Canada and Australia; his name is Ciaran O'Faircheallaigh. He is doubtless one of the world leaders in the field. I invite you to read his works, which are very relevant. He has studied over 75 agreements concluded between aboriginal communities and mining companies in recent years. One of his big conclusions is that the agreements that we call impact and benefit agreements are not a bad idea in themselves, but there are some very good ones and some very bad ones. So there's a variety. In the end, what makes the difference between a good agreement and a bad one is the political ability of the communities to negotiate with the companies.

To some extent, we have to wonder about the position of the government and the state. I think the governments are shirking their responsibilities. Companies and communities are left to their own devices, knowing there's an imbalance of forces.

There would be an improvement if these agreements were monitored and certain guidelines were suggested. This would ensure that the communities got something out of it, that they were protected and the environment was also protected.

● (1700)

Mr. Pierre Jacob: Thank you.

I still have one short question.

Oh, is it over?

The Chair: Yes. Thank you, Mr. Jacob.

[English]

We go now to Mr. Trost, for up to five minutes.

Mr. Brad Trost: Thank you, Mr. Chair.

Earlier it was noted that Canada has moved from the number one position in uranium production down the list a bit. We've heard about the regulatory issues and problems that could help the industry out, but I was wondering what the other particular reasons are for why Canada has moved down the list. Cigar Lake's coming into production should be helpful.

Both AREVA and Cameco invest outside of Canada. I know that AREVA has looked at Kazakhstan and that you're all over the world, and Cameco has also been putting some money into Australia. What are the reasons why your companies have chosen to invest outside of the country for uranium, rather than in Saskatchewan, Labrador, Nunavut, or in other places in the country?

What has been driving those decisions, and how can we encourage more uranium exploration and development in Saskatchewan and Canada?

Ms. Pamela Schwann: I'm going to defer this to my colleagues.

Ms. Tammy Van Lambalgen: I'll start.

Thank you for the question, Mr. Trost.

There are other factors involved besides regulatory efficiencies. The lack of certainty that's associated with our timelines really restricts our company's abilities to move on projects quickly. The long lead time is an impediment. More regulatory certainty, with efficiency built in, would certainly be an advantage to Canada for the dollars from our company.

The other issue we face is the cost. The rising cost of infrastructure has really made it hard for Canada to compete with other projects. We, AREVA, are currently in environmental assessment for the Midwest project, and we are also in an environmental assessment process with NIRB in Nunavut.

Both of those projects, once they get through the environmental assessment process, are facing some competitive challenges on the economics side of the project. Our costs have greatly increased over the price of uranium; even through uranium is sitting at close to \$50, our costs are in excess of that.

Mr. Gary Merasty: To add to that, certainly we are investing in other areas of the world, but we are also still heavily investing in northern Saskatchewan. Both of our companies are very well represented in the Athabasca Basin, and we're probably the biggest spenders in that area.

In no way are we leaving the north, and the Athabasca Basin in particular. When you look at the uranium pipeline, projecting it out 20 to 25 years, you realize that you have to follow some of that pipeline.

Ms. Tammy Van Lambalgen: Let me add one more comment.

There also is an impediment for AREVA on the side of the non-resident ownership policy. We don't face it at the Midwest project, because we have a long-standing exemption through the only means available, which was the inability to find a Canadian-owned purchaser.

Our Nunavut project currently is 100% foreign owned, and although it's in the environmental assessment process, a development

decision on that project wouldn't be made by the investors with the current policy in place.

● (1705)

Mr. Brad Trost: Do you think that if this policy had been lifted in the past you would have invested more heavily in Canada in the past several years?

Ms. Tammy Van Lambalgen: When we started in 1998 in renewing the Nunavut project, we had to ensure that the public was onside with the concept of uranium mining in Nunavut. Since that time, we've had favourable results, in that it is supported. Going through the environmental assessment process now would be an impediment to the positive decision.

Mr. Brad Trost: I won't ask Cameco to comment on that, since you have a bit of a thing with Rio Tinto over a junior, so I'll leave you out of that one.

Voices: Oh, oh!

Mr. Brad Trost: My next question would be about human resource issues, about looking at some of the key positions required going forward. I can see how some of those positions could be filled relatively quickly. For general labour and things of that sort, skills can be transferred.

But looking at how you're going to ramp up, for example, in engineers, you just can't train a professional engineer in two years, even if you start with someone in the university process. By the time they get their P.Eng. and designation with APEGS or some other organization like that, you're talking about eight, nine, ten, fifteen, or twenty years through the pipeline to get the people you want.

What are the strategies your companies are going to use to get some of these highly technical people who take many years to train? What can the government do to help you in that?

Ms. Pamela Schwann: I might start off answering that question and then ask whether Tammy and Gary have any further comments.

Certainly I think we need to be more innovative. Other jurisdictions in the world are looking at remote mining. Let's use the example of Saskatoon to one of the northern mining sites. It's being tested now. It's possible.

Those are some ways.

Also, there are some tangible things happening right now. For example, at SIASST, which is the Saskatchewan Institute of Applied Science and Technology, they are looking at starting a mining technologist program in 2012. Those graduates will not have the ability to do everything a mining engineer does, but they will be able to do many of the things that currently a mining engineer does. So working more in a team kind of approach with a P.Eng., technicians, and technologists is another approach.

In terms of what the governments could do, programs like ASEP are very important in making sure that first nations and Métis students are entering the workforce. Programs like that are very helpful. Other programs that are piloted by the Mining Industry Human Resources Council, such as accreditation for certain jobs, are very good pilot programs that could be expanded.

Gary alluded to some of the challenges in the K to 12 system in terms of the quantity and quality of graduates. We need to look at some programs that would make for more effective K to 12 education, so that students in those programs are encouraged to stay in school and have access to relevant programing.

There is a program that Cameco has invested in, Credenda, which is a virtual online learning program whereby students have access to math and science programs online from all over the province that are streamed up north to give students better access. Many of the teachers in northern Saskatchewan may not have the appropriate math or science background to be teaching the courses that are necessary.

Those are some of the things that could be supported.

The Chair: Thank you very much.

Thank you, Mr. Trost.

Mr. Harris, you have up to five minutes.

Mr. Richard Harris: Thank you very much.

I want to stay on that subject with Mr. Merasty.

You gave us some numbers earlier about first nations employment and training. Is Cameco the only company that's actively engaged in the training and skills upgrading program for first nations and Métis?

• (1710)

Mr. Gary Merasty: No, we work very closely with AREVA in northern Saskatchewan and with some of the other mining companies. You have to take a bit of an economy-of-scale approach to leverage some of the training opportunities.

Mr. Richard Harris: How long has this program been going on?

Mr. Gary Merasty: The program was a four-year program. It wraps up in March 2012. There is no other program out of ASEP, because ASEP itself is being wound down. The federal government is looking at introducing some other initiatives. One is targeted at mining, education, and training, so we are gearing up with AREVA to look at submitting a proposal and keeping this very valuable initiative going.

Mr. Richard Harris: I imagine that in northern Saskatchewan, prior to the mining companies' being involved in programs like this, or actively having programs under which they're hiring Métis and first nations in particular for their mine sites, jobs could have been fairly scarce up there, particularly for first nations and Métis.

I don't know how many years you can go back to when there was no program like this in existence, to now, and then come up with a number of how many first nations and Métis are actually working in the mining industry now. Of that number, how many, for example, are working as mine labourers, and how many are working in more skilled positions that they've been trained for?

Also, in the short time remaining, have you been able to see a real impact in the quality of life among first nations communities as a result of these new job opportunities within the mining industry?

I think we have 20 minutes, don't we? Go ahead.

The Chair: You have three minutes to answer.

Mr. Gary Merasty: I'll condense the twenty minutes into two.

I grew up in northern Saskatchewan in a community called Pelican Narrows. My family were fishermen and trappers. That was the primary mode of employment and socio-economic activity. There wasn't a lot of mining. There was some in the very far north with the original uranium mining, but aside from that and forestry, it was living off the land.

Also, having been a teacher, that being my first training, I know that the impacts of development have been positive. Now, there are always concerns, and you have to mitigate those concerns about the impact on the environment, about the social impacts, and about all those other impacts that we talk about and study and look at.

But in the last number of years, we have undertaken a study with an economist from the U of S and have determined through that piece of work that, between Cameco and AREVA, one out of every twenty aboriginal jobs in Saskatchewan is with our companies. We know that there's a two-for effect: every time we hire a northern aboriginal person, another position is created somewhere in the north. Also, there is another position created in the south because they go and buy their trucks, flat screen TVs, and other things in the south.

We know that in the next little while it's going to be a challenge to sustain our 50% aboriginal employment number. We're only seeing about 100 to 125 grade 12 graduates a year. Next year we have to hire about 430 people. If you extrapolate that 10 years, we're going to have a major shortage. The last thing we want—and the first nation and Métis communities have told us that it's the last thing they want—is to be left behind. So the training programs that we just talked about are absolutely critical, starting in the K to 12 system and moving on to the college and university level.

As a bit of a response to MP Trost's question, engineering is one of those positions we'd like to get and simply get it started. We are seeing another 20 to 30 years of activity in the mining industry, so let's just get started. We view the aboriginal community as a competitive advantage.

A voice: Let me add that—

The Chair: Actually, we're out of time for Mr. Harris. You may get a chance in response to another question later.

Monsieur Lapointe, you have up to five minutes.

Go ahead, please.

[Translation]

Mr. François Lapointe: Thank you, Mr. Chair.

I'd like to talk a bit more with Mr. Lapointe.

If we had 3% of the gross value, instead of collecting more or less \$700 million for the state's coffers, how much would have been collected, more or less, in your opinion, if this had already been in place two or three years ago?

• (1715)

Mr. Ugo Lapointe: It must be understood that we're talking about improving the current regime with the minimum of the gross value. So we can easily get, for last year, for example, \$200 million or \$300 million more.

We also say that a range of 3 to 8% should be considered. This is one example, that of Australia. This range would be pegged to the price of metals. For example, right now, the price of gold is over \$1,500 an ounce. So we would see an increase in the range.

Here's a concrete example, namely the Éléonore gold mining project belonging to the Goldcorp company in northern Quebec. When Goldcorp purchased the deposit from the company Mines d'Or Virginia, the latter kept a sliding scale royalty, which could rise up to 3.5% if the price of gold went beyond a certain threshold. The concept of a sliding scale depending on price trends is also important.

Mr. François Lapointe: Thank you.

You also noted that it would be important that both levels of government provide a little more financial support for following up on environmental impacts. It was in a section that you presented in English. Could you tell us more and explain to us how financial assistance could help minimize certain environmental consequences?

Mr. Ugo Lapointe: If I remember well, in March 2011, the Auditor General of Quebec tabled a report consisting of several chapters. The one that attracted attention was the one on shale gas. However, another chapter dealt with environmental monitoring by the ministère du Développement durable, de l'Environnement et des Parcs du Québec. In short, it said that this department did not have the means to support its ambitions. It does not have the means to ensure appropriate follow-up and monitoring.

Let us take the example of a former director in this department, for the region of Abitibi-Témiscamingue and northern Quebec, which covers close to two-thirds of Quebec. She says that between 4 and 6% of full-time jobs are designed to ensure follow-up of dozens of operations projects and hundreds of exploration projects. The department simply does not have the staff to ensure follow-up and monitoring of the regulations.

Mr. François Lapointe: Have you observed comparable shortages in human resources in federal organizations working in northern Quebec?

Mr. Ugo Lapointe: I don't have any data for the federal Department of the Environment. However, I imagine the tendency is the same, particularly in recent years.

Mr. François Lapointe: I'd like to make a link between your organization and Ms. Schwann's concerning uranium.

In Quebec, as you said, a moratorium has been demanded. What are the main concerns motivating the population to demand a moratorium?

I'd like to ask Ms. Schwann this question, to find out whether the same concerns exist in northern Saskatchewan.

Mr. Ugo Lapointe: The question is for me, I think?

Mr. François Lapointe: Yes, at least the first part.

[English]

Mr. Gary Merasty: I'll take that question. We're actually one of the uranium companies—

Mr. François Lapointe: Just a second—

Mr. Gary Merasty: I'm sorry. Go ahead.

Mr. François Lapointe: I will take just one minute with Monsieur Ugo Lapointe, if I may, and then I'll see if there is the same problem in Saskatchewan.

[Translation]

Mr. Ugo Lapointe: I think that one of the concerns rightly expressed by the population concerns the long-term management of mine tailings. Every mine, including uranium mines and metal mines in general, generates tailings in large quantities. Typically, metal and uranium ore—depending on the deposit—often leaves contaminants or toxic elements, such as heavy metals, which must be managed. There is always the risk of acidification or acid mining drainage to be considered.

But uranium mines pose an additional challenge, which is that of managing the tailings, which contain significant radioactive material, like thorium and radium, which is left behind. The company takes the uranium, the marketable part that it has to process and send to markets in the south and elsewhere. But then it leaves behind millions of tonnes of mine tailings containing radioactive material.

At present, the best means available to us for managing these tailings are civil engineering infrastructures, such as dikes, that must retain the tailings not just for 10, 20, 30 or 40 years, but even centuries. But it's not true. And it's not just us who are saying so.

Mr. François Lapointe: Thank you, Mr. Lapointe. I can see exactly where you're going as far as potential environmental problems are concerned.

I would like to send my question back to the other side. Does the same concern about the management of uranium tailings exist in Saskatchewan? Earlier, we were told that the duration of uranium operation permits was too long and that all that had to be assessed.

Thank you again, Mr. Lapointe.

•(1720)

[English]

Ms. Tammy Van Lambalgen: Hopefully I'll answer some of that question, but in Saskatchewan I think we're comfortable with companies that... The provincial government requires financial assurances to be posted for the uranium projects, which are either through actual funds deposit or irrevocable letters of credit, and those funds are based on what the cost of decommissioning would be.

The additional safeguard is that down the road, when we've met all our decommissioning requirements and our site is ready to be turned back, it can be turned back to the crown under the Reclaimed Industrial Sites Act, which also has funding requirements both for unforeseen events and for routine care and maintenance activities that might be associated with that project.

So certainly I feel that we have a lot of measures in place in Saskatchewan to ensure that long-term...I don't know...assurance of a site.

A voice: Yes.

[Translation]

Mr. François Lapointe: In principle, the tailings are never—

[English]

The Chair: Mr. Lapointe, I'm sorry, but you're out of time.

Mr. McGuinty, for up to five minutes, please.

Mr. David McGuinty: Thanks, Mr. Chair.

I'm going back to the question of first nations/aboriginal participation in operations, particularly in Saskatchewan. We're told there are over 40 member companies in the Saskatchewan Mining Association. Can someone help me understand...? Back in 1976, Thomas Berger wrote a report which said that ultimately we should be striving to get to a place where equity participation was the norm in terms of first nations folks owning companies.

Of the 40 member companies, including Cameco, AREVA, and those that are part of the Saskatchewan Mining Association, how many of those companies have equity participation by aboriginal peoples?

Ms. Pamela Schwann: Recognizing that the population of northern Saskatchewan is 85% aboriginal, none of our companies would. Province-wide, the aboriginal population is about 15%, so even in the north, which is really the best example in Canada in terms of aboriginal participation both in employment and in business, we're not at equity participation. Great efforts are still being made to get there, but it's certainly not a simple answer. It involves a lot of additional supports in the education system. It's almost a social science question.

Mr. Gary Merasty: Let me add that in northern Saskatchewan, through various panel hearings in the 1990s, the government, northern residents, and the uranium mining companies set a best efforts target at 67%. We're at 50% currently and have been sustaining 50% for the last number of years.

But since 2004, we've increased the number of northern employees by 183%. One out of every two employees hired has only kept us at the 50% mark, and we're running into educational problems.

Mr. David McGuinty: Mr. Merasty, I don't understand. What are you talking about when you talk about 67% and 50% as targets? These were voluntary targets taken on, but they are a percentage of what?

Mr. Gary Merasty: The mining companies in northern Saskatchewan, with the government and the northern community, said of the workforce at the mine sites that we would strive and make best efforts to achieve a 67% employment rate of northerners. That's one fact.

The second fact is that we are at 50%.

The third fact is that in the last six years we have increased the number of aboriginal people employed by 183%.

What we're experiencing as a fourth fact is that we're tapping out the skilled labour population, so the first nation communities and the mining companies are now working together, in an interest-based focus, on how to increase that number.

Mr. David McGuinty: I understand that we're talking around the edges again. We're talking about employment, which is an important thing, and opportunities, or what was referred to as a social science question. I understand that impact benefit agreements keep

emerging. They're evolving, they're improving, and most of them remain confidential, particularly some I've come across in northern Alberta recently that I've tried to get access to information about....

But I want to ask the question again. I don't see educational blockage or, for example, lack of educational opportunities as a necessary block to equity participation; that is, to ownership. For example, why couldn't Cameco enter into a joint venture with equity participation? Or is Cameco in joint ventures with equity participation for folks who live on the ground there?

• (1725)

Mr. Gary Merasty: I'm sorry. I misunderstood your equity question. I thought you meant it from an employment participation perspective.

Mr. David McGuinty: No. I mean ownership in the companies that are exploiting the resources.

Mr. Gary Merasty: Right.

At the current time, the opportunity that we pursue with the communities, based on the communities' direction, is to help build businesses within those communities to provide services to the mine sites, which in the last six years have provided \$1.7 billion in gross revenues. To them, this is a very lucrative opportunity.

Secondly, discussions around equity have not come up because they introduce other risks: cash calls, riding the markets up and down.... What the communities are more interested in is a secure, stable level of funding that they can rely on for the foreseeable future.

The Chair: Thank you, Mr. McGuinty.

We'll go now to Mr. Anderson.

I'd like to take about a minute at the end, if I could, just to bring something up.

Go ahead, Mr. Anderson.

Mr. David Anderson: Thank you, Mr. Chair. Interrupt me when you need to.

I would just like to ask a couple of questions about mining royalties again, because we're going to be writing a report later. How do mining royalties differ among the various provinces and territories? How do they compare with each other?

Ms. Pamela Schwann: I can partly answer that question. In Saskatchewan, the royalties differ based on the type of commodity you're mining. Your royalty structure for potash is different from your royalty structure for uranium, which is different from your coal royalty structure. They typically involve a graduated rate based on the price of the commodity. There are also base payments to ensure a stable form of government revenue as well. There are multiple factors and types of royalties.

I'd also like to mention that there are other opportunities, by means of which government is provided revenue outside of the direct royalty and taxation regime, through income tax related to the number of people who are working at the mine, and corporate tax as well, which is outside the royalty stream.

Mr. David Anderson: It's my understanding that royalties can be applied in a couple of ways: on gross production in some situations—and I think Australia focuses on that, as we talked about earlier—and on profit, which we tend to do more here in Canada.

How do royalties in Canada compare with those of the other major mineral-producing countries? Which type of royalty is most effective, in your mind, in protecting the taxpayers and giving the companies competitive opportunities?

Ms. Pamela Schwann: I'm not sure I can come up with a complete answer. The real trick, and the real point that has to be made, is that the royalty structure has to be competitive for that jurisdiction, recognizing that each jurisdiction has different needs from those of even the ownership position of who—

Mr. David Anderson: Can I rephrase the question? What are the advantages and drawbacks of applying royalties on a gross production value versus profit? Maybe that's a fairer question to you. What are the advantages and disadvantages of the two systems?

Ms. Pamela Schwann: I hate to even take a stab at it. We certainly have our tax specialists, who aren't here today, although I can't speak for Gary.

The issue on the gross production only is that it doesn't have any weighting on the cost. From my own experience with AREVA in the last several years, it's not like our profit margins at the McClean Lake property—which is our mine and is now a shut-down mill—were significant. So if it's just based on a pure pound, it's difficult to recover your costs.

Gary, if you could....

Mr. Gary Merasty: No. That's good.

Ms. Pamela Schwann: We could provide more information.

• (1730)

Mr. David Anderson: One more, Mr. Chair, if you want...?

The Chair: Mr. Anderson, one more short question.

Mr. David Anderson: I have a short question for Mr. Lapointe. We talked a quite a bit about human resources in Saskatchewan. I'm wondering if Quebec is facing those same challenges and what solutions your organization has to deal with them. That's on the

number of positions that will be required, especially in the skilled sectors.

Mr. Ugo Lapointe: It will be a significant challenge for the years to come for the mining industry to recruit workers, especially with the boom we're going through. We don't have a specific mandate to deal with that question, but I can make two points quickly.

That's part of the current debate, especially in the northeastern regions where big iron mining is coming down the pike. People are starting to say that if we can't have our people work there and we are relying on international workers—because we're starting to talk about flying Mexican workers or European workers in and out of those mines—then maybe we need to consider waiting to extract some of the deposits and bring in the benefits in the longer term for the regions and the province.

The Chair: Thank you very much.

Thank you, Mr. Anderson.

Just before we go, I want to remind the committee that we have our regular committee meeting for the first hour on Wednesday. Then we have an informal meeting with the Norwegian delegation for the final hour. It's not a committee meeting as such, but you're all welcome to participate.

We've also had a request from a Russian delegation for some kind of meeting with members of the natural resources committee. The timeframe is between November 22 and 25. We have four witnesses booked for our meeting in that time slot. But if members would like to consider meeting informally with the Russians in some format, I think they would appreciate it. Perhaps you can let me know by e-mail to the clerk. It would be appreciated.

Thank you to the witnesses by video conference.

To the Saskatchewan Mining Association, thanks very much to all of you for your help today. It was very useful.

From Montreal, Monsieur Lapointe, thank you very much. I appreciate it very much. The information you've given has been helpful.

The meeting is adjourned.

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