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## **Standing Committee on Natural Resources**

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**EVIDENCE**

**Wednesday, November 2, 2011**

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**Chair**

**Mr. Leon Benoit**



## Standing Committee on Natural Resources

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• (1535)

[English]

**The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):** Good afternoon, everyone.

We're here today to continue our study of resource development in northern Canada.

Before I get to the witnesses, though, I have a short item for the committee to deal with. Apparently the Norwegian delegation, which will follow in an informal meeting following this one-hour meeting we have today, has indicated they will present a gift, in which case we should reciprocate. To do that, we have to pass a motion to allow the clerk to officially buy this gift to reciprocate.

Is it agreed that we do that?

Mr. Trost, don't be difficult, although why would I expect anything different?

Mr. Trost, go ahead, please.

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

The chair keeps getting gifts. This is amazing.

**The Chair:** It is amazing, and thank you for your agreement to this.

(Motion agreed to)

**The Chair:** Now let's get to the witnesses here today.

We have with us today, from MiningWatch Canada, Ramsey Hart, co-manager, Canada Program. Welcome, Mr. Hart.

**Mr. Ramsey Hart (Co-manager, Canada Program, MiningWatch Canada):** Thank you.

**The Chair:** And from the Mining Association of Canada is Pierre Gratton, president and chief executive officer.

Mr. Meyers, are you with the Mining Association of Canada as well? Very good.

We'll have the presentations today of 10 minutes or less, and preferably less, if you can possibly manage that, so we have enough time for ample questions.

Could we start with Mr. Hart from MiningWatch Canada?

Go ahead, please, sir, for up to 10 minutes.

**Mr. Ramsey Hart:** Thank you very much, Mr. Chair and other members of the committee. It's a pleasure to be with you today.

MiningWatch Canada is national non-profit organization. Our mandate is to improve mining practices and policies both here in Canada and where Canadian mining companies operate internationally, which I'm sure you know is pretty much around the world.

My own background is in ecology and environmental science. I've been with MiningWatch since 2008 as the Canada Program coordinator. In that capacity I am involved in environmental assessments, policy development, and support to communities that are trying to understand proposed mining projects. Occasionally we support communities that are trying to enforce their right to say no to projects, but we also support communities that are trying to grapple with the implications of projects that are advancing.

Some of our current work in the north includes very active participation around Ontario's Ring of Fire, looking at environmental assessment processes for that major new development. We're working on the Kiggavik uranium environmental assessment and facilitating a new network of academics and NGO folks who are looking at the impacts of mining on women in the far north. We do information sharing and exchanges across the country and work on broad policy initiatives, such as the Canadian environmental assessment review that is taking place shortly.

Mining is certainly having a profound impact in the north. While a large share of mineral investment is still going to southern Canada, the relative impact of mining in the north is much greater, given the overall smaller economies and smaller population in the north.

Most communities we work with, by and large, though not exclusively—we do recognize the importance of communities' right to say no—are looking at mining with optimism and welcoming arms for the economic opportunities it can advance. However, no one wants mining to be forced on them or, as Chief Gagnon said—who I was just speaking with—to be shoved down their throats. So it's important that we have processes in place to engage communities, to ensure adequate review of proposed projects, and to effectively have participation in the review of projects.

Mining in the north has a variety of unique social circumstances: a small population, and the fact that we're not talking about the development of new mining towns but more and more fly-in camps. The training deficit in the north is a major challenge to be overcome. There are a variety of social challenges, which although not unique to the north are perhaps more extreme in the north: housing crises, suicide, and substance abuse. Also we have indigenous cultures that are still strong. In some places they're being revived and adapted to the modern age, and this includes a strong reliance on wildlife resources for sustenance and maintenance of culture.

We have minimal infrastructure in many places, and we have unique and sensitive environments, especially with the changing climate. We already know that the north is suffering from climate change more than any other regions of Canada, and issues such as permafrost melting and disappearance of sea ice are major challenges to grapple with. We also have relatively new government institutions that are trying to find their way in this context.

One of our main messages to this committee in your study is the hope that we will pursue a strong and rigorous environmental and socio-economic review process for extractive projects. In our case, we're particularly interested in mining.

The basic structures are there: we have the Canadian Environmental Assessment Agency, the Nunavut Impact Review Board, the Mackenzie Valley Environmental Impact Review Board, and the Yukon Environmental and Socio-economic Assessment Board. None of these is perfect. They can all use some fine tuning, and they all need more resources to do their jobs effectively.

We would encourage the committee to consult the recent—from spring of this year—studies by the Mackenzie Valley Land and Water Board and the Government of the Northwest Territories on potential improvements. In those documents they clearly identify the gaps that need to be filled to complete those systems.

We're very concerned about the cuts to the Canadian Environmental Assessment Agency, given the increased workload that agency is experiencing.

• (1540)

I wonder about the addition of bureaucracies to the review process. I know an audit is being done of the major projects management office and I will be very curious to see what that audit tells us. For somebody from the outside, the addition of a layer of bureaucracy is a bit confusing to understand. How does that lead to greater efficiencies? It means I have to check two websites to find out where documents are posted. That's a relatively minor inconvenience, but certainly in terms of costs and efficiencies I wonder where that leads us.

The federal government has made important commitments to establishing regional monitoring networks that can contribute to understanding broad regional issues that can then facilitate individual project applications and environmental assessments. These commitments have not yet been fully met.

In the south we've had review panels, which have given opportunities for communities to have their voice heard in the development of projects. Unfortunately, we have seen a trend

recently toward removal of those processes, or a reduction in the number of those processes.

I think there's a cautionary tale here regarding Ontario's Ring of Fire. This is a potential mineral development that is unprecedented in recent decades. People have likened it to the scale of Sudbury: massive mineral potential in an area that currently has very little infrastructure.

Many first nations would be affected by proposed developments in the region, part of the Matawa as well as the Mushkegowuk first nations. These nations are interested in development. They see opportunities here, but they want to proceed in a way that respects their culture and ensures the protection of their environment to the greatest degree possible. After consideration, they have developed positions that suggest a review panel would be the best way to move forward. They asked the government to engage with them to negotiate a process to review the projects and they were turned down flat. Instead the government suggested a comprehensive study would suit their needs, or the needs of the companies or the needs of government. I'm not sure whose needs they thought would best be suited to that process. Certainly it wasn't the first nations' perspective on what was needed.

So we've gone from having a climate of opportunity and potential development to one of conflict, potential legal suits, and something that will inevitably draw out the process in a very unproductive way.

There are a few lessons to be learned from operating mines. With respect to impact benefit agreements, there are a lot of differing experiences, some positive and some negative. We can look to the mines of northern Saskatchewan that have admirable levels of employment of indigenous people, but it's taken a lot of effort; it doesn't just happen.

Employment at the Meadowbank Mine in Nunavut has had a high turnover rate, which is of concern. And access to jobs is a real issue, as well as a ceiling for people because they don't necessarily have the training and background to obtain higher-level positions.

Another area we're quite concerned about is the closure of mines in the north in particular. Thinking about mine closure at the beginning of the process has become institutionalized from the industry perspective, but we still don't know who and how we're going to take care of many of these sites for the hundreds of years they will need to be looked after. The Raglan Mine in Nunavut was not predicted to be a major concern post-closure, but now that the mine is operating, we know it will likely require water treatment long into the future.

A number of research gaps need to be addressed in terms of technical issues like impacts of climate change on mine infrastructure, the social issues around community benefits and well-being related to mining, and ecological issues in terms of wildlife population baseline studies.

There are a tremendous number of challenges to face as mining moves forward in the north. There are opportunities here. We only have a chance to do it right once, and I hope the government pursues a path of rigorous review and engages the populations that will be most affected by these projects.

Thank you very much.

• (1545)

**The Chair:** Thank you very much for your presentation, Mr. Hart.

We go now to the Mining Association of Canada, Pierre Gratton, president and chief executive officer.

You will be making the presentation, sir?

**Mr. Pierre Gratton (President and Chief Executive Officer, Mining Association of Canada):** Yes. I've handed out copies to everyone. I'm going to flip through it rather quickly, in light of the time constraints.

I did want to start by first off acknowledging a lot of Ramsey's comments. It may surprise some of you, but I'm going to support a lot of the comments he's made today. I think we're in agreement on a broad range of issues.

I'll set out a bit more context for you. First, we are the national organization representing the producing side of the mining business. Those who have mines in production or almost in production make up our membership. We currently have about 36 full members and a bunch of associate members that represent the supply side of the business.

The industry, as I'm sure all of you know, is a fairly large part of the Canadian economy, and it has been for quite some time. With the run-up in commodity prices that we've seen over the past five or six years, with a dip in 2008 that turned out to be quite short term for our sector, there is a large degree of optimism in our industry that we're in for a cycle of growth we haven't seen in generations. For example, we do an annual tax study, and we found that in 2010 there was a 65% increase in payments to governments that year. That doesn't happen every year, but what it does underscore is how quickly the mining industry turned around from the 2008 economic crisis.

If there is a key message for you, it's that ours is a very important engine of growth right now in a time of global economic uncertainty.

We are the largest private sector employer of aboriginal Canadians across the country. To Ramsey's point, there are certainly areas where there has been more success than others. I think every new project tends to bring with it strong commitments to aboriginal employment and business procurement, and we're seeing increasing trends in that area.

You'll find that our industry right across the country has a broad range of commodities. Most of what the world needs can be found in different parts of Canada.

There's a quick slide here where I report back what you have said about the industry in terms of our environmental performance. Ours is an industry that has a significant, albeit local, impact on the environment. We have made major strides in the last few decades in trying to better manage those impacts. The job is not done. There is

ongoing work and improvements that can continue to be made with respect to environmental management.

In addition to the commitments we make with respect to meeting regulatory obligations, we have a program called Towards Sustainable Mining. This program is a condition of membership, which includes member companies reporting on site performance at the facility level, and that is subject to external verification of performance every three years. It's an initiative that has won MAC awards, and it has been recognized as best in class across the country. It is a demonstration of our industry's commitment to continuous improvement and to earning our social licence.

To put what's happening globally into context a little more, the China factor, which we are all aware of—it's primarily China at this point, but Brazil, India, Mexico, and other countries are having an impact on the global economy, particularly with the demand for commodities.... We've seen 30 consecutive years of 8% to 15% growth. While China's impact in the 1980s was minimal, today it is huge. They consume 30% of the world's commodities today.

We've seen major run-ups in commodity prices. This table shows results from June 2011. There has been a bit of a dip since then, but prices have remained pretty robust. Copper was most recently at \$360 per pound. That would have been beyond our wildest dreams a decade ago.

• (1550)

In this context, there is a race around the world for developing and finding new projects, and Canada is well positioned to benefit from that. Obviously we want to do so responsibly, but at the moment, for example, we are attracting the largest share of global exploration spending. We've estimated some \$137 billion in potential new investment in Canada over the next five to ten years in different projects or in project expansions across the country.

We expect that to continue. Why? Because in the U.S., 76 out of every 100 persons has a car or a computer; in China, it's 10 and 4, respectively. As their middle class grows and starts to want the things that we have, the demand for commodities will continue.

In terms of opportunities across the country, there are a lot in every region. We've highlighted for you those projects that are in advanced stages in the territories, with significant capital expenditures there. The impact we've had in the north over the last decade, particularly in the Northwest Territories around the diamond industry, has been significant. We represent 30% of GDP in the Northwest Territories. We are the largest employer of aboriginal people. There has been some \$4 billion in business procurement with aboriginal businesses in the Northwest Territories. So we have had a significant and potentially transformative impact.

This is not how the industry used to do business in the north. The experiences with Giant are very different from the way they are today with the diamond mines and with the way I think we will see Meadowbank unfold.

To turn to some of the issues that Ramsey raised, and where I think there is also some broad agreement about the challenges facing the north, we too recognize that aboriginal training and employment are challenges. We are very committed to and have been very big supporters of the aboriginal skills and employment partnership program with the federal government. The mining sector has been the biggest user of this program, and it has helped to provide training and on-the-job work experience for aboriginal people in Canadian mines. The most successful of these has been based in Yellowknife, but there are other initiatives like that across the country.

We also agree that there is definitely a need for infrastructure going forward. Investments in roads and ports in order to facilitate the kinds of investments we are talking about will be important.

We too believe in a strong and robust environmental assessment process. We want it to be efficient, but we do not argue in any way for a lessening of the quality of environmental review. The amendments to the CEAA are a case in point, and we'll be presenting our views to the environment committee shortly, in the next couple of weeks. But in our view, what those amendments did was put the Canadian Environmental Assessment Agency in charge of environmental assessment. They have made harmonization with the provinces possible and they have shortened the front-end delay, which was really associated with just getting the federal government to agree to start the process. With those amendments, the feds now start immediately. It has not in any way, in our view, compromised the quality of environmental assessment, but it has made it more efficient and has allowed for a better use of resources devoted to environmental assessment.

We share the views that Ramsey expressed on the potential cuts to this program. There haven't actually been cuts yet. There have been rumours of potential cuts. We've been advocating that funding be renewed in the upcoming budget, not only because of the demand coming from our sector in particular but also in general to implement effective and efficient environmental assessment.

There are a number of issues unique to the north as well. We've been very involved with the various boards and agencies in the Northwest Territories and in Nunavut. We've been strong proponents of advancing Nunavut legislation and are very supportive of the progress made there.

We think there is tremendous opportunity in northern Canada. There is, at this point, just one operating mine in Nunavut. There is potential for more. I don't foresee a huge number coming in rapid succession, but I think Nunavut itself would welcome some additional mining projects to help support its economy. So we look forward to the years to come and the possibilities in northern Canada.

• (1555)

I'll stop there, because I'm sure there will be lots of opportunity to expand on these topics through questions.

**The Chair:** Thank you very much for your presentation, Mr. Gratton.

We'll go directly now to questions.

We'll start with Mr. Lizon. You have up to seven minutes, please.

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

**Mr. Claude Gravelle (Nickel Belt, NDP):** May I interject for a second?

In order for everyone to get some time in this hour, could we reduce our rounds to five minutes?

**The Chair:** I requested that, and there isn't agreement.

Let's go ahead with the normal questioning procedure.

**Mr. Wladyslaw Lizon:** Thank you very much, Mr. Chair.

Thank you, gentlemen, for coming to our committee this afternoon.

The first question I have is for Mr. Ramsey Hart. I listened to your presentation carefully. Can you tell us exactly what your position is and where your organization fits in the whole process of exploration, etc.? Who do you represent, who do you advocate for, and what powers does your organization have, if any, to enforce certain issues?

**Mr. Ramsey Hart:** Thanks for the question.

MiningWatch formally is a coalition of 20 different organizations, including first nations, conservation groups, faith groups, human rights groups, and international development groups. We get our mandate partly from those groups, but also partly from communities that approach us, largely to help them explore mining issues. We engage when we are asked to engage on specific projects. That may be at the exploration phase. We may help, for example, the Barriere Lake Algonquins to say no to an exploration project on their traditional territory because the federal and Quebec governments have not respected an agreement that they've had going for 20 years now.

We respond to requests. That's how we become engaged. That may be anywhere in the cycle but more typically at the stages from exploration to new mines, not so much operating mines, though it could well be at that stage. Also, we get involved around mine closure. So it's right across the mining sequence.

As to whether we have any power or not, we have some. We gain most of our power through networks by taking principled positions and by using the media, approaching investors, and things such as that.

**Mr. Wladyslaw Lizon:** If there is a proposed project, whether it's for exploration or building a mine, and you're against it, what exactly would you do? It would be up to the regulatory bodies to make the final decision.

**Mr. Ramsey Hart:** Absolutely, it would be, and that's the way it should be.

First of all, we try to make sure the regulatory agencies are doing their job. They don't always do their job according to the law. Lawsuits against CF, for example, that MiningWatch has launched have been successful in pointing that out.

We may also participate actively in such regulatory processes as environmental assessments. I note that we don't take a position against a mine or an exploration project unless it's on the request of affected communities.

**Mr. Wladyslaw Lizon:** Thank you very much.

The next question is to the Mining Association of Canada.

In your presentation you mentioned that you have 40 members, if I remember correctly.

**Mr. Pierre Gratton:** We have 36 full members at the moment.

• (1600)

**Mr. Wladyslaw Lizon:** Would that be across Canada?

**Mr. Pierre Gratton:** Yes.

**Mr. Wladyslaw Lizon:** Would they be operating mines or would they be both exploration and mining companies?

**Mr. Pierre Gratton:** It is for the most part operating mines.

We have some members who are in very advanced stages of development. Take, for example, Newmont, which is a global international mining company but which has within Canada an advanced project in Nunavut, but not actually an operating mine.

Actually, I think they're still a full member, now that I think of it. But it would be that kind of example—a company that is not yet in production—that would be an associate member.

**Mr. Wladyslaw Lizon:** How many non-members would be operating in Canada?

**Mr. Pierre Gratton:** It depends on how you define a Canadian company. There are estimates of some 1,400 companies listed on the Toronto Stock Exchange. They don't all operate in Canada, and a lot of them are junior exploration companies. There is an organization called the Prospectors and Developers Association of Canada, which represents the junior exploration business, the front end, the ones who go out and find these projects. We're the ones who, once they're found, develop them and mine.

**Mr. Wladyslaw Lizon:** We've been doing this study for some time now. We've heard from different witnesses, and we have heard about the challenges that both exploration and mining face, especially in the north. We heard from people who do geomapping.

As you know, the federal government finances some geomapping. Could you elaborate on the challenges of geomapping and how your members would benefit from these programs?

**Mr. Pierre Gratton:** Public geoscience is one of the most fundamental building blocks of any minerals economy, to be honest. It is one of the things that will influence a company's desire to invest in the jurisdiction. I say public geoscience; it's the first phase of work to try to identify where the minerals are.

In northern Canada in particular, most of the territories have not been mapped at all from a geological perspective. It was actually this current government that relaunched some renewed geomapping with geoscience funding for northern Canada a few years ago, which was a long time coming and way overdue. I think 80% of Nunavut was considered unmapped, and now we're starting to make some real headway.

The way we would put it in simple terms is that finding an exploration project that will become a mine is like finding a needle in a haystack. For every 1,000 exploration plays, one of those might become a mine. In the north of Canada, we don't know where the haystacks are. Geoscience allows us to identify those haystacks. It allows us to say, here's a zone that has some identifiable copper; you might want to go and explore there to see whether there's enough of it to make a mine.

That's what the preliminary mapping does, so it is vitally important. It's been Canada's advantage for years, but through the deficit-cutting years of the 1990s we scaled back a lot of that funding, to the point that we were losing some of our competitive edge. Now we're starting to regain it.

**Mr. Wladyslaw Lizon:** Are you able to name some of the successful projects that benefited directly from this public geomapping?

**Mr. Pierre Gratton:** I can give you a really good example. It comes from British Columbia. In this case it was a provincial program, but it illustrates the point. I used to work in B.C. until recently; that's why it's familiar to me.

There is an operating mine, Huckleberry Mine, which is a copper-gold mine that has been operating for some 11 or 12 years. It was scheduled to close this past spring. As a result of some geological mapping in the area, they were able to identify additional resources on their mine site property that they weren't aware of that are going to extend that mine for another 11 to 12 years.

So the expenditure of a few hundred thousand dollars is going to extend the mine life for 11 years and provide direct employment for 400 people every year and a lot of spinoffs in royalties to government. There's a huge payback just from that one example of geoscience spending.

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

We go now to the New Democratic Party, to Monsieur Gravelle and, if there's time, Monsieur Lapointe.

**Mr. Claude Gravelle:** I'm splitting my time with Mr. Stewart.

**The Chair:** Oh, you're sharing with Mr. Stewart. All right.

**Mr. Claude Gravelle:** This question is for Mr. Hart.

I notice that you mentioned the Ring of Fire in your presentation. We've brought up before the lack of proper legal consultation with aboriginal people, and at this time I'd like to recognize Chief Gagnon, who is at the back of the room and whom I met with earlier today.

It is very important that we hear from the first nations during this study. I met with the chief of Neskantaga First Nation, Peter Moonias, this morning. He said that the Ring of Fire has some of the world's biggest chromite deposits and will play a huge role in the Canadian and world economy for decades. The chiefs made it very clear that they're not opposed to this mine and that they welcome the opportunities for economic development and co-management.

They do have some serious concerns about the environment and the lack of proper consultation. CEAA is carrying out a comprehensive EA study, but the chiefs wanted a joint review panel environmental assessment, which allows more time for community consultation and consultations with first nations with a longer time permitted.

Duty to consult is in the Canadian Constitution Act 1982, section 35. CEAA had said they would agree to a joint review panel assessment if there were any of three conditions. The conditions were: significant adverse effects to the environment; significant public concern; infringement on aboriginal treaty rights.

Can you comment on this?

•(1605)

**Mr. Ramsey Hart:** Thank you for the question.

All three of those conditions are met over and over again for this project. It's a project in a remote area of Ontario where there currently are no permanent roads. There's no permanent rail line. It's a complex ecological area on the edge of the world's third largest wetland, the Hudson Bay Lowlands.

It's a core area to woodland caribou, which is a primary conservation concern. It's complex socially, given the number of first nations that are potentially affected by it. It is exactly the kind of project one envisions a review panel process being conducted on. From my position, the first nations have continued to be incredibly reasonable in their demands to have a process that they agree to develop for review of the project. I think it's a real shame that their reasonableness has been returned by ignoring their requests.

**Mr. Claude Gravelle:** Thank you.

**The Chair:** Mr. Stewart, you have about four minutes.

**Mr. Kennedy Stewart (Burnaby—Douglas, NDP):** Thanks very much.

Thank you to the presenters today.

I have a question for the Mining Association of Canada. You say you have 36 full members. I'm wondering how many of those are Canadian-owned companies. I'm trying to get a sense of the structure of your organization.

**Mr. Pierre Gratton:** To be honest, off the top of my head, I don't know the answer. A good number of them.

We do have as members some of the major multinationals you've heard of, Xstrata and Valley, but we also have Teck, and we have a number of...IAMGOLD, Inmet, Barrick. There's a range of major Canadian producers as well, as well as a lot of smaller companies.

Certainly more than half are Canadian-owned.

**Mr. Kennedy Stewart:** Okay. That's good enough. Thanks very much.

I've been talking to some folks about temporary foreign workers, and I see in your slide here you say there are about 300,000 employees, but you're talking about the whole mining industry. I'm wondering about the role a temporary foreign workforce plays in your member companies, at least the section of the industry you're representing.

**Mr. Pierre Gratton:** Outside of Alberta, which has made more use of that, at this point, I'll be honest, not a lot. We think there's the potential for it to become very important in the future. We face a major human resources shortage right now. We have one of the oldest workforces in the country. It's partly our own fault. We went through a very difficult decade in the 1990s and we weren't attracting a lot of people to the industry, so there's a big gap in our sector between those over 40 and those under 30. There aren't a lot of 30- to 45-year-olds. We're facing a real crunch.

Over the past number of years, our focus has been on increasing aboriginal participation, getting more youth into schools, getting youth more interested in mining, and also increasing the participation of women. We have also recognized that foreign workers may also become a necessary solution if we're going to be able to operate some of these mines.

India and China produce more college graduates than the United States and Europe combined, so it's going to become a reality that we may need to look to those countries to help fill some of the spots if we can't find them here.

**Mr. Kennedy Stewart:** Can you elaborate on what kind of role temporary foreign workers play now in the companies you represent?

•(1610)

**Mr. Pierre Gratton:** It can vary. I don't have a lot of detail.

The shortages are across all categories of worker, whether it's an engineer, a geologist, or a truck driver. It's everything.



I think a lot of the foreign workers have tended to be more on the professional level, but going forward it could be broader than that. It will depend. The best solution is to train and hire our workers here, but if we have gaps and the choice becomes being able to open a mine or not, I think we'll want to look elsewhere.

**Mr. Kennedy Stewart:** A quick question for Mr. Hart.

We've heard a lot about how you represent communities that are pushing back against various mines, or at least making them fit better with the community. I'm wondering if you would recommend some mining projects. I'm learning about this industry, so is there an interaction with the community that would be worth studying in terms of best practice?

**Mr. Ramsey Hart:** In terms of a northern example, I think the QIA, which is one of three Inuit regional organizations, is following a really strong process for the Baffinland project. They've had adequate funding to resource local communities, to host meetings, and discuss projects. The QIA is submitting some really comprehensive briefs to the Nunavut Impact Review Board, so that would be one example I would point to.

**Mr. Kennedy Stewart:** Okay, thank you.

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

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

**Mr. David McGuinty (Ottawa South, Lib.):** Thanks, Mr. Chair.

Thank you very much for being here, gentlemen. Mr. Gratton, it's good to see you again.

Mr. Gratton, I've been asking a series of probative questions of witnesses who are here as to how this overall study of northern Canada fits in with the Government of Canada's promises to reduce greenhouse gases by a certain percentage, 17% by 2020.

I want to start by congratulating your sector and you for actually referring to and putting in your deck greenhouse gas emissions, in your environmental performance quotation. Thank you for doing that, and thank you for the leadership you and your sector are showing in this regard.

Can you tell Canadians who might be following or reading this transcript... You talk about the wonderful contributions made domestically by your members: 300,000 employees, \$8.4 billion in taxes, \$20 billion in capital invested annually—all very important stuff—and being major contributors to clean technology sectors. But you left out what the contribution to Canadian greenhouse gases of your members is on an annual basis.

**Mr. Pierre Gratton:** Do I include the oil sands or not? We're at about 2%, not including the oil sands. Of course, it's quite a bit bigger when you include the oil sands.

**Mr. David McGuinty:** You're saying that the sector in Canada contributes about 2%.

**Mr. Pierre Gratton:** Yes.

**Mr. David McGuinty:** Okay. That's terrific.

Are your member companies, the larger companies, the more progressive companies, now reporting to their shareholders in their... whatever they want to call them—corporate social responsibility reports is one title, or environmental performance reports? Are they

now regularly disclosing to investors what their GHG performance is?

**Mr. Pierre Gratton:** We as an association have been reporting member company GHG emissions for over a decade, and on a site basis too, not just an aggregate basis. We also have, as part of Towards Sustainable Mining, a specific performance indicator dealing with greenhouse gas management, and members report on that. It is subject, as I mentioned earlier, to external verification as well. So there are some definite drivers within the industry.

I would say that the larger facilities do better than the smaller ones. Energy is a huge input cost for the industry. So for smelters, we've seen an overall net reduction—not just on a per unit basis, but an actual total net reduction—in greenhouse gases from our smelters over the past, say, 15 years.

**Mr. David McGuinty:** Hearing your testimony, you and I would probably agree—many of us would agree at this table—that greenhouse gases are not merely a sort of marginalized environmental issue. They're pretty much mainstream economic, aren't they?

**Mr. Pierre Gratton:** If you're an energy-intensive industry like ours, there are a lot of built-in incentives to reduce your greenhouse gases, because really you're reducing your costs.

**Mr. David McGuinty:** So greenhouse gas reduction is really all about energy efficiency, isn't it?

**Mr. Pierre Gratton:** It is mostly, yes.

**Mr. David McGuinty:** Let me ask you, then, about one of the things I've also been searching for. I take at face value the government's promise that it's going to reduce GHGs by 17% in the next eight and a half years. We've walked away from the previous sets of targets; we'll be paying penalties in this regard internationally. But when you set out with your members to achieve certain reductions, are you working within the larger context?

I guess the question I have for you is, do you have a copy of the plan the government has prepared and that has a direct bearing on your sector in terms of reducing by 17% by 2020?

• (1615)

**Mr. Pierre Gratton:** At this point, our drivers are mostly internal. In Canada as a whole—not the federal government or the provinces—there are mixed signals. It's an uncertain policy climate and has been for a number of years.

**Mr. David McGuinty:** So if we take the federal—

**Mr. Pierre Gratton:** But independent of that, it's an issue that even at the global level, the International Council on Mining and Metals has been very engaged on, climate change policy issues. They have a statement. So it's an issue that—

**Mr. David McGuinty:** No doubt, but I'm just trying to look at the Canadian context, for this overall northern development study that we're pursuing here.

Mr. Harper gave a foundational speech in London some five years ago. It was his first big speech in Europe. He called it the energy superpower speech, in which he said that by 2014 to 2016 he was going to be pricing carbon dioxide emissions at \$65 to \$67 a tonne.

What kind of bearing would it have on your sector? What kind of bearing would it have on investment in the north? How are you preparing for the \$67 per tonne charge?

**Mr. Pierre Gratton:** I'd be speculating to give you a precise answer.

I'll go back to what I said earlier. Just as there's a built-in incentive to reduce energy, because it's a major cost, and therefore reduce greenhouse gas emissions, a price on carbon can also be a disincentive to investment, potentially. But the issue of carbon taxes or a cap and trade.... For us it's important that any approach be international in scope, because you can disadvantage one jurisdiction against another, potentially.

I come from B.C., where there is a carbon tax. They've tried—not, I would say, with complete success—to make it revenue-neutral. It hasn't been to such an extent that it has put B.C. at any kind of disadvantage relative to other provinces, but the risk is there. Any government that pursues this has to do so very carefully.

**Mr. David McGuinty:** I just need to get a really clear answer, though.

**Mr. Pierre Gratton:** I don't think I'm going to give you a clear answer, because you have a very precise question that I don't have the answer to.

**Mr. David McGuinty:** Okay. Just let me know...if you don't have an answer to this, I just need to hear it again: you can't produce for our committee here a copy of a comprehensive plan for greenhouse gas reductions that have a direct bearing on your sector and that supports or underpins the government's 17% commitment to reduce emissions by 2020?

**Mr. Pierre Gratton:** No, not at this point; I don't have something with me, no.

**Mr. David McGuinty:** Okay. Here is a last question for you.

Has your sector quantified the magnitude of economic opportunity that exists in Canada and globally for precisely the kind of clean technology and energy efficiency technology that many of your member companies are devising? The mining sector in Canada is very well known internationally, with major players and lots of wealth to be had. Have you looked at all at how much money we can make by devising technologies and exporting them globally to reduce greenhouse gases?

**The Chair:** It will have to be a very brief answer.

**Mr. Pierre Gratton:** That's not our business line. We produce commodities; we don't necessarily produce the commodities.... There is research under way to develop more energy-efficient mills in Canada; there's research at UBC, for example. When we do that, the technology ends up being used and exported, but it's not typically owned, necessarily, by the industry; it's owned by those who develop it at universities and so on. But there is work going on in that area, for sure.

**The Chair:** Mr. McGuinty, in terms of your request of the witness for information on the greenhouse gas plan, that's something that

would be better asked I think at the environment committee. I don't expect witnesses would come prepared to provide it at this committee.

**Mr. David McGuinty:** Mr. Chair, I don't really want to enter into a public debate now, with witnesses, but I think it would be important for us to have.

This is the second time that you refer to questions I've asked of witnesses as more deservedly, you say, placed at the environment committee.

• (1620)

**The Chair:** Exactly.

**Mr. David McGuinty:** With all due respect, sir, I think you're wrong, and I'm prepared to have that debate and discussion with you and other members of the committee at any time. We can enter into it now, but I think it would be important for us to make very clear where the beginning, the middle, and the end of the questions that can be posed by members actually is. I don't subscribe to the view that I think you may have—I don't know—or that other members may have, that an exploration of Canada's northern development potential must not, by necessity, embrace climate change.

**Mr. Claude Gravelle:** On a point of order, Mr. Chair, could we have this discussion at a later time, so that we don't take up too much time?

**The Chair:** I agree. We have to get on with the questioning.

We have nine minutes left. That's three minutes for each of the next three questioners.

**Mr. David McGuinty:** Mr. Chairman, on a point of order, can we just now schedule a time for this discussion? I don't want to have to deal with interruptions again on issues that I believe to be probative and important with respect to this study.

**An hon. member:** Your time is up.

**The Chair:** Yes, your time is up.

**Mr. David McGuinty:** No, this is a point of order, Mr. Chair.

**The Chair:** I haven't stopped you from asking your questions, Mr. McGuinty. I believe my position, that these questions would be better asked at the environment committee, is valid.

Mr. Anderson.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Gravelle has asked that we discuss future business here.... I think probably next week we'll be doing that.

**The Chair:** Yes, exactly.

**Mr. David Anderson:** We have the schedule for a couple of weeks. Why don't we discuss it when we talk about future business?

**Mr. David McGuinty:** Thanks, Mr. Anderson.

**The Chair:** We go now to Mr. Trost, Mr. Harris, and Monsieur Lapointe.

Go ahead, Mr. Trost. You have three minutes.

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

The question is to MAC. This is predominantly about northern Canada. There are things we can't do to change the climate, the competitiveness with the weather and so forth and the remoteness of northern Canada. However, in three minutes or less, what would be your three top priorities? What could we do to increase the competitiveness of our mining sector in northern Canada?

**Mr. Pierre Gratton:** We could continue geoscience investments and continue to invest in the capacity of the various resource boards and agencies to do their jobs efficiently, as per Ramsey's point earlier.

The government established the northern project management office, which is new but has the potential to deliver a more timely and efficient process. Continue to support that.

Lastly, infrastructure: there are some pretty critical investments in northern infrastructure, which our industry often ends up being a partner in. Have a good look at what the long-term infrastructure needs of the region are and develop a strategy around that.

Those would be the three areas I would focus on.

**Mr. Brad Trost:** With regard to infrastructure, energy is always a big issue: diesel, things of that nature. There has been some suggestion that LNG or other technologies should be introduced. Have any of your members who work in the north given any thought to issues such as that, because you always need a lot of power when you set up a mine?

**Mr. Pierre Gratton:** You're right.

**Mr. Rick Meyers (Vice-President, Technical and Northern Affairs, Mining Association of Canada):** Let me put it this way. We're not aware of projects proposing to use LNG. There are experiments and tests going on, on wind energy, which is starting to look as if it could support development, depending on the size of the development, and make a contribution to it, but it certainly won't replace the current situation. If you look at development across the north, it's not just mining, but every community in the north runs on fossil fuel for energy as well. They are all tied in.

**Mr. Brad Trost:** Are there any particular human resources, labour training programs that have worked together, and is there anything the industry itself has done? This does frustrate government members sometimes, when business comes to us and asks us to train all their workers for them, without always cooperating or being a part of it.

**Mr. Pierre Gratton:** If you look at the aboriginal skills and employment partnership program, the total federal contribution in the end is about 10% to 15%. The rest comes from industry or from other partners, educational institutions, and so on. It's been the most successful aboriginal-focused training initiative in the country, in my view.

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

Mr. Harris, you have up to three minutes.

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

Thank you, gentlemen.

Mr. Hart, I have been on the committee for a while, and I have seen your presentations to the committee. It appears for the most part

that your organization is fairly critical of the mining industry. I don't mean to be flip in my next question, but I need to ask if you've ever met a mining project you liked. If so, could you tell me which ones they are and why you like them—Canadian ones, for example?

• (1625)

**Mr. Ramsey Hart:** It's not our job to promote the industry; the industry has a lot of resources behind it to do that.

**Mr. Richard Harris:** Just let me clarify. As I say, I've heard a lot of criticism about mining practices in Canada, environmental or otherwise. I'm wondering if any mining projects stand out in your mind that are in what you would call your good books. You like these developments because they are doing things environmentally and with their practices that you actually like. If there are any, can you tell me which ones they are?

**Mr. Ramsey Hart:** There are aspects of projects that I like. I don't think we have a perfect example of the totality of any one project out there yet, but I like certain aspects of things. It gets complicated, because we have partners internationally that may have a lot of concerns about what, for example, Goldcorp is doing in Guatemala. If I go on the record and say Goldcorp is doing great things in Canada, our Guatemalan partners get very upset with us.

**Mr. Richard Harris:** I'm trying to zero in on Canadian mining projects for which there are mountains of regulations, both environmentally and otherwise, and hoops they have to jump through. I'm looking for a point in your organization's life when you said yes, you like what they are doing here and this company can be an example to other mining companies. Can you put anyone in that category, and which mine is it?

**Mr. Ramsey Hart:** I think the Troilus Mine in Quebec has been a good example in terms of its relationship with the Cree. I'm not suggesting it's a perfect mine. I haven't reviewed all of its environmental performance, for example, but that would be one good example.

The Raglan Mine in Nunavik has excellent relationships with the Inuit, by and large. There is a major environmental liability at that site, so—

**Mr. Richard Harris:** So you have criticisms, even though they're.... Okay.

That's all I have, Mr. Chair. Thank you.

**The Chair:** Thank you.

Monsieur Lapointe, you have up to three minutes.

[Translation]

**Mr. François Lapointe (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, NDP):** Thank you, Mr. Chair.

On June 9, 2009, the Standing Committee on Aboriginal Affairs and Northern Development heard from Neil McCrank. He came before the committee as an individual. The report he presented suggested steps for simplifying regulations, especially in order to facilitate obtaining an operating licence.

Mr. McCrank also recommended—and this is important for my questions that will follow—that the MacKenzie Valley Land and Water Board be the sole authority in charge of decisions. According to him, that would put an end to there being different regional boards, including those in Sahtu, Wek'eezhii and Gwich'in.

**In the 2009 annual report by the Mining Association of Canada, the section on the diamond committee says the following:**

In October 2009 Minister Chuck Strahl referred to the creation of the new Canadian Northern Economic Development Agency (CanNor) and the Northern Projects Management Office as the department's main initiatives so far.

However, as important as these new agencies are, neither has the mandate or the resources to implement the major components of the McCrank report.

It can therefore be concluded that the Canadian Mining Association would go ahead with that recommendation.

However, several aboriginal chiefs spoke out against the idea of restructuring proposed in the report. They pointed out that land and water boards in Sahtu, Wek'eezhii and Gwich'in, in the Northwest Territories, are protected by land claims agreements, so as to ensure that aboriginals can keep control of their land.

Mr. Gratton, does your association worry that this disagreement with aboriginals will cause problems? Could those problems affect mining projects?

Mr. Hart, what would be the potential consequences of those agreement problems between the organizations and the aboriginal groups?

[English]

**Mr. Rick Meyers:** First of all, the Mining Association, in collaboration with the Prospectors and Developers Association of Canada and the NWT and Nunavut Chamber of Mines, was consulted and had some input when Mr. McCrank was carrying out his study, and ultimately when he produced his report.

We supported most of the recommendations because they pointed towards streamlining the regulatory process, but the fact that he talked about restructuring boards took us a little bit by surprise. We really didn't expect that to happen. In fact, I was at a meeting last

week in Yellowknife that was held by Aboriginal Affairs and Northern Development, looking at the possibility of making some amendments to the Mackenzie Valley Resource Management Act. The restructuring you're referring to would come under that legislation.

If you had asked us 10 years ago whether we thought the boards needed restructuring and other streamlining, if you like, we would have said yes. But in the last decade or so, the boards have taken a much more professional approach. They've improved their capacity technically and professionally; they've developed environmental policies and guidelines for industry that have helped industry; and they've worked with industry, government, and the aboriginal groups. And you understand that the boards have been established out of land claims agreements. We understand that.

• (1630)

[Translation]

**Mr. François Lapointe:** So, you agree that land and water boards would be protected under land claim agreements.

Do you agree with the aboriginal chiefs on that matter?

[English]

**The Chair:** It will have to be a very brief answer.

**Mr. Rick Meyers:** We agree that the land claims and what has come out in the Mackenzie Valley Resource Management Act is fundamental to the land claims agreements. Yes, we do.

[Translation]

**Mr. François Lapointe:** Thank you very much.

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

[English]

Thank you all for coming here today and giving us information that is very helpful to our study. Mr. Hart, with MiningWatch Canada, and Mr. Gratton and Mr. Meyers, from the Mining Association of Canada, thank you very much.

The meeting is adjourned.







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