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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 of resource development in northern Canada.

We have with us today two witnesses we actually had scheduled before but had bumped due to bells. We have from Northwatch, Brennain Lloyd, project coordinator. And by video conference from Whitehorse, Yukon, we have from the Yukon Chamber of Mines, Claire Derome, president.

Welcome.

We're delighted to hear that we're going to be interrupted by bells again.

Monsieur Gravelle, did you want to say something on that?

Mr. Claude Gravelle (Nickel Belt, NDP): Yes. I think we're going to have half-hour bells. So if possible, we'd like to get the two presentations over with before we leave.

And then we'd like to come back. This is the second time this has happened, and it's happening quite a bit lately. So let's come back and listen to these people.

The Chair: Well, let's see what we can do. Hopefully we can get both presentations in before we get too far into the bells.

We'll start with the presentations right away, in the order presented on our notice of meeting.

From Northwatch, we have Brennain Lloyd.

Go ahead, please, with your presentation for up to 10 minutes.

Ms. Brennain Lloyd (Project Coordinator, Northwatch): Thank you, Mr. Chair and members.

I'm very pleased to be with you this afternoon. My name is Brennain Lloyd, and I am here on behalf of Northwatch.

Northwatch is a public interest organization in northeastern Ontario. We were founded in 1988 to provide a regionally representative voice in environmental decision-making and to address concerns primarily with respect to regional activities and initiatives related to energy, waste, mining, and forestry.

Northwatch has done extensive work in forestry and mining, including at a project and a policy level. Our work is primarily in northern Ontario—we are a coalition of groups based there—but

we've also worked at a provincial and a national level primarily on policy legislation and regulation.

We have a long-term and consistent interest in the mining sequence and its social and environmental costs and benefits, including mineral exploration, mine development, operation and closure, post-closure, perpetual care, and metals processing. Personally, my work goes back to the early 1990s and the mining concerns. I have been a member of the Whitehorse Mining Initiative Leadership Council and the Mineral Sector Sustainability Roundtable, and I am currently a member of the national steering committee for the National Abandoned/Orphaned Mines Initiative, which is at the national level. Provincially, I'm on the Ontario minister's Mining Act advisory committee and have been for some years.

I have also participated in numerous project reviews and consultations at a provincial and national level. I am co-author of a number of reports, including “underMining Superior” in 2001 and the “Boreal Below” report on mining activities in Canada's boreal forest region, which was initially published in 2001 and then republished with updates in 2008.

We really welcome the opportunity to come and speak with the standing committee this afternoon. I'll note that our initial expectation, given your study title of “Resource Development in Northern Canada”, was that the discussions would be more broadly scoped and more generally about development in northern regions. In reviewing the evidence from your several meetings to date, it appears to be largely a conversation, so far, about mineral extraction, processing, and the mining sequence and much less one about other forms of development and other resource-based areas of activity and interest.

I understand there is more to come on those other topics, but for today, I'll focus my remarks primarily on the area of discussion to date.

Within that context, I'd like to take a few minutes of our time to speak and add to some of those themes that the standing committee has been exploring during the study review process. I've gone through the evidence and I have identified a couple of what I consider to be overarching themes that are recurring through your discussions: sustainable development, environmental assessment, infrastructure, and revenue.

I think sustainable development is the starting point for these discussions. The references in your study discussion to date on sustainable development are helpful, but I think it's important to avoid the shorthand that's often applied when referencing the concept of sustainable development and its genesis. I think we're all familiar with the genesis of that conversation as the 1987 landmark report by the World Commission on Environment and Development, and we've largely adopted the definition from the Brundtland commission of sustainable development as that which "meets the needs of the present [generation] without compromising the ability of future generations to meet their own needs".

But the definition in the Brundtland commission report did not end there. There is an equally important second sentence to that definition, and it reads:

The concept of sustainable does imply limits—not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities.

The limits referred to in that very important second half of the Brundtland commission's definition of sustainable development are ecological limits or include ecological limits. Like the missing half of that definition, the discussion of ecological limits and the ecological impacts of the mining sequence have been largely missing from this study process to date.

• (1535)

In summary, I'd like to sketch some of those impacts now and give them a more central place in your conversation.

As you're familiar, mining activities move in a mining sequence, a continuum of activities and a continuum of impact, beginning with initial exploration; initial exploration prospecting; and more advanced exploration, where, while not the most extreme set of impacts in the entire sequence, certainly at a site level the disturbance from mineral exploration can be quite extreme, with a complete removal of vegetation and a total loss of ecological function at the site level.

Prospecting and exploration on the ground often also include infrastructure-related impacts related to access, water use, removal of ground cover, excavation, and disruptive noise. The beginning of acid mine generation can occur as early as mineral exploration.

Then the mining process itself requires massive remove of soil and rock to retrieve the valued ore. Their processing reduces large volumes of mine tailings, which are frequently acid generating, so that introduces the phenomenon of acid mine drainage, generally accompanied by metal leaching, which is highly contaminating at a local level.

And then we move on to processing, which has its own attendant set of impacts, largely discharged to air but also to water.

An estimated 40 million hectares of Canada's boreal forests have been used for mining purposes to date. On average, 20 million hectares are staked each year for new mineral claims. Not all of those will go to exploration, and certainly not all of those will go to a developing mine.

Waste rock is created at a rate of one million tonnes per day in Canada. Generally speaking, about 20% of that can be expected to be acid generating, meaning it will produce acid mine drainage and it will leach metals, which will be contaminating to local water bodies and local environments.

Surface water has been shown, in reports, to become contaminated in 70% of case studies, and the groundwater has been shown to become contaminated in 65% of case studies of operating mines. That's from a U.S. Environmental Protection Agency study, but I think we can expect a Canadian corollary to those numbers.

In contemporary terms the discussion of sustainable development includes not just impacts on the environment but is often cast in the context of community sustainability. There are several elements to those discussions, which I think also need to be central to your deliberations. Those are those very real community sustainability measures around food, energy, self-sufficiency, stability. Stability of the community includes demographic, economic, and population stability, and so on.

Those elements I've just listed as elements of a sustainability framework have direct links to the other themes you've been exploring, namely those themes of infrastructure and economic benefits. While inarguably the economic benefits or perceived economic benefits are key motivations for both larger and local community governments to support or even encourage mining, it's important that we have realistic expectations about what those benefits will be and what the implications of a modernized mining sector are for such community interests as employment.

In 2008, we identified a number of trends in "The Boreal Below" report, which are still largely.... We did have a dip in 2008-09. The mining sector generally is back up to about a 2006-07 level of activity, so I think the trends are still generally at play.

We saw a 22% increase in the value of mined commodities from 2005 to 2006, just a two-year span, a 45% increase in value of mineral potential, but only a 7% increase in the number of jobs. So for a community looking at employment benefits, we have to look very carefully at this trend of modernizing mining, and that volume ratio of mine to jobs is shrinking, is shifting.

• (1540)

The number of person-hours paid per tonne mined dropped by one-third between 1995 and 2004. Of the ten largest employer sectors who reported to the National Pollutant Release Inventory in 2002, the primary metals sector ranked number one for total releases per job. These are all factors we need to have very clearly in front of us as we consider those economic benefits. They are real but they have to be practically and pragmatically assessed.

Finally, I'd like to share a couple of thoughts about environmental assessment, because it has been a recurring thread through your conversations. There is a discussion that needs to be had about single project versus regional environmental assessments, given the number of development projects being contemplated. An example is the Ring of Fire area, which is a development area in northern Ontario. It is attracting large attention but has large challenges associated with it. To date, the signals are that the environmental assessments for the Ring of Fire projects will be done as comprehensive studies for each project and its associated activities, including transportation and processing.

There are a number of problems with that in terms of the narrowness of the environmental assessments being proposed and the lack of cumulative and integrated assessments of the cumulative and synergistic effects.

In addition, there is no land use plan in place for that area. To date, there has only been very minimal attention given to climate change and energy use. The effective addressing of cumulative effects is being compromised by the environmental assessment process decisions being made. I expect that you're aware that first nations are very frustrated with the process decisions being made, to say the least.

The popular wisdom is that the chromite and other deposits in the McFaulds Lake area, dubbed the Ring of Fire, is, as Ontario's premier describes it, the most promising mining opportunity in Canada in a century. If we are going to do it, and if we're going to do it big, we had best also do it well. That means improving land use planning, improving environmental assessment, and looking very closely at the relationships between economic benefits, environmental impacts, and long-term sustainability for the communities.

Thank you.

The Chair: Thank you very much, Ms. Lloyd.

Thank you again for coming back a second time to make this happen. I very much appreciate it.

We go now to the second presenter of the day from Whitehorse, Yukon. From the Yukon Chamber of Mines, we have Claire Derome, the president.

Go ahead, please, with your presentation, for up to 10 minutes.

Ms. Claire Derome (President, Yukon Chamber of Mines): Thank you very much.

If my voice is not loud enough, please just interrupt me and tell me so. I'll try to speak louder.

[*Translation*]

My name is Claire Derome. I am the outgoing president of the Yukon Chamber of Mines, as well as a board member. I am here today on behalf of the chamber and our 500 members. I am also the president of Derome and Associates, a consulting firm offering expert advice and services in relation to the socio-economic aspects of project development and management up north.

• (1545)

[*English*]

It's a pleasure to be here today to address the House of Commons Standing Committee on Natural Resources. The focus of your study, resource development in northern Canada, is very timely, and I would like to thank you for undertaking this very important initiative.

The Yukon Chamber of Mines submitted a brief titled "Mining in the North". My speaking notes will be an extract from that brief. My presentation will cover key points. I can offer more detailed information during the question period after my presentation, if we have the opportunity to do so—depending on the bells this time again.

Going ahead, the mining industry is global in its reach and activities. The surge in demand for minerals and metals increasingly spurs the industry to remote regions of the globe for opportunities. In the Canadian north, some regions are less remote than others; however, north of 60 here, we often find there's a view from south of 60 that the north is all the same. I hope to bring a little bit of a perspective on that from Whitehorse, Yukon.

In the Yukon, the mining industry only recently discovered—or I might say "rediscovered"—the value and opportunity awaiting it only a short flight away to the Yukon, including access to highly skilled labour, a stable political environment, and a year-round deep water port with the capacity to handle mined product for shipment to Asian markets.

But the recent successes of the Yukon are not only the result of changes in the global economy; they also have very much to do with the territory's groundbreaking governance advances and changes that have evolved over the last 20 years.

Let me name the key ones: the Umbrella Final Agreement, UFA, signed by Canada, Yukon, and the Council of Yukon First Nations in 1993, provides a framework for the negotiation and implementation of all individual Yukon first nations final and self-government agreements; the settlement of comprehensive land claims agreements and the establishment of self-governments for 11 of the Yukon's 14 first nations; the devolution of land and resource responsibility to the Yukon by Canada in 2003, which gave the Yukon the same power and authority over its lands and resources that a province has; and finally, the establishment in 2003 of a single assessment body under the Yukon Environmental and Socio-economic Assessment Act, YESAA, providing a one-window approach to the territory's development assessment process and subsequently more certainty and transparency in the permitting processes.

I will focus my presentation on the changes experienced over the 10-year period from 2001 to today.

Mining exploration, development, and production activity in the Yukon have all soared in recent years, and the growth of the mining sector has really transformed the Yukon's economic and social fabric.

The Yukon's economy grew 34% over the last 10 years, and most of that growth, or 24%, was achieved over the past five years.

Personal disposable income increased sharply, from approximately \$28,000 in 2001 to \$40,000 in 2011. That's a 52% increase.

In the first part of the last 10 years we saw economic activity picking up momentum, starting in 2004 with increased investment in exploration following the firming up of commodity prices on a global scale.

Exploration spending grew from a low of \$7 million in 2001 to more than \$104 million in 2006, an increase of 1,358% over the period.

With the devolution of land and resources responsibility to the Yukon in 2003...*[Technical difficulty—Editor]*...YESAA.

In 2005 the acquisition of the Minto copper deposit by Sherwood Copper, now Capstone Mining, helped instill even more confidence in the Yukon's economy.

The unemployment rate started to decline from 11.3% in 2001 to a 4.4% rate in 2006.

• (1550)

The second period, from 2006 to 2011, saw a continuing strengthening in investment in the mining sector, both in exploration and in mine development and construction. For example, the Yukon's mineral production is estimated at \$485 million this year, compared to \$46 million in 2006, while exploration expanded significantly to a record high of over \$300 million this year. I would say that in the Yukon now, 10% of all exploration spending in Canada is directed toward Yukon, compared to 2% to 4% before.

The impact on Yukon's economy and communities of the high investment level in exploration and mine development and construction is substantial. Our GDP grew by an average of 5% for each of the past five years, and the mining industry's share of Yukon's economy grew by 270% since 2006 and now represents almost 10% of Yukon's economy, compared to 2% to 3% in 2006. During the same period, the public sector's share of Yukon's economy declined. Because of growth in the size of the economy and the increased share of the mining sector, the public sector share declined to 33.9% of 2011's GDP.

We now have three mines in production in the Yukon—the Minto, Bellekeno, and Wolverine mines—and we have the Eagle project, a new proposed gold mine with construction slated to start next year. Currently, 745 workers are employed at these three mines, and 317 workers, or 43% of the workforce, are local, coming from the Yukon, and that percentage is growing every year. Even more impressive is that 50% of the local workforce is aboriginal, making the mining sector the sector with the largest proportion of first nations employees.

In the last five years, Yukon's population increased 11% to more than 35,000 people, and the labour force reached 20,500, an all-time high. The unemployment rate stayed low, between 4% and 6% over the period, with the most recent figures in November standing at 5%, well below the national average.

Looking forward, what do we see for the next five to seven years? What are the opportunities and challenges?

We expect that five to eight new mines could start construction, representing more than \$5 billion in capital investment, thousands of jobs during construction, and more than 1,900 jobs during operation. During operation, we're expecting that some will have a very long mine life, exceeding 30 years.

To bring these new operations on line, significant investment will have to be made to improve Yukon's infrastructure and the capacity of the government agencies, educational institutions, and local communities, to accommodate the growth. While Yukon is relatively well connected compared with the other two territories, the transportation, communication, and power generation infrastructure will require significant investment in the immediate future and over the next five to ten years, in order to support and allow the development of these projects that are in the feasibility and permitting stages.

Regarding energy, Yukon electrical generation is at capacity as we speak, and significant new energy sources will have to be developed. Failure to address this issue will quickly stifle growth and limit investment in the territory. In all cases, any large energy project will require partnership between the Yukon government, Canada, first nations governments, the mining industry, and other industrial partners, as Yukon does not have the financial capacity to develop such projects on its own.

On transportation and port access, which are key to our industry, we have more than 4,700 kilometres of all-weather roads connecting 13 of Yukon's 14 communities. So our Yukon highways that are in place have capacity for significant growth. However, in the near future the addition of new resource roads will become more pressing to meet the need of new mine development while respecting development timelines.

• (1555)

Critical to the Yukon is continuing access to the port of Skagway in Alaska. The port is located only 175 kilometres south of Whitehorse. Already two of the Yukon mines are shipping their production through Skagway, and according to a recent survey by Deloitte, 90% of the proposed new mines are contemplating using Skagway to ship concentrates.

Training, education, and development of the Yukon workforce are key factors for the continuing well-being of our industry. Over the past five years, the Yukon was able to attract new workers to the territory mostly for work in the retail trades and service sector, and some of those workers have now migrated, taking jobs in our mining industry. The exhaustion of the local workforce pool and the competition with western Canada for skilled workers makes recruitment of new workers very challenging presently.

The Yukon must develop and expand its capacity to absorb, train, and educate a migrating workforce coming to the territory looking for jobs while offering better opportunities to our own youth population. Continuing support funding for training is key, and expanding the capacity of Yukon College to deliver training in trades and in developing technical and higher education programs in earth science, engineering, and environmental science is critical.

A recent funding announcement by CanNor for the proposed Centre for Northern Innovation in Mining and from the Yukon government to develop the first university of the north will help Yukon develop a northern capacity in mining-related education and training programs.

Another area that is very important and needs continuing support is public geoscience. It is fundamental to the recent success of the Yukon mining industry. New gold discoveries, including the raw deposit in 2006, the white gold deposit in 2007, and the Nadaleen Trend in 2010, have resulted in an unprecedented staking rush that is continuing to this day. Without the work of the Yukon Geological Survey, geoscience programs, the knowledge provided by the regional mapping programs, and the geophysical and geochemical regional surveys, these recent discoveries would not have happened.

Hundreds of millions of dollars are spent today in the Yukon on exploration because of these discoveries and the geoscience work conducted by the survey in the past. Renewal of the NRCAN GEM program and continuing support for the CanNor SINED program are critical to the exploration sector in the Yukon.

I'd like to briefly give an excerpt from the website of one resource company, ATAC Resources, where they state that:

In late July 2010, a new discovery of gold mineralization was made 100 km east of the Tiger Zone while following up anomalous arsenic values documented in the Yukon Geological Survey stream sediment geochemical data base. Prospecting and soil geochemical sampling by ATAC has outlined six areas of gold mineralization in bedrock and talus within a 2 km by 3 km area at the east end of a 25 km long belt of anomalous arsenic geochemistry termed the Nadaleen Trend.

This explains a lot of the activity going on in the Yukon today. That is clearly a follow-up on the work that the survey has done in the past.

Finally, it's very important as well that we accommodate growth by also providing for housing and community infrastructure. With the population growth experienced over the last five years, the housing stock and the land stock has been depleted. Vacancy rates are historically low while rent and house prices are trending sharply higher. The lack of housing is a deterrent in attracting workers to the Yukon and is a challenge for the low-income population, who have more and more difficulty finding adequate shelter.

In conclusion, I'd like to say that in this peak time in the exploration and mining industry, the Yukon is emerging as a global destination area for the identification and development of significant new mines. To achieve its full potential, the Yukon will have to ensure that it maintains a balanced approach and seek the collaboration of all its partners, including the continued support of Canada, in order to ensure that additional sustainable infrastructure is developed and the environment is protected for future generations. This collaborative approach will allow Yukon residents and all

Canadians to benefit to the maximum extent possible from the activity in the Yukon.

● (1600)

Thank you very much for your attention.

The Chair: Thank you, Ms. Derome.

Again, it's very unfortunate that we couldn't hear you when you were here in Ottawa earlier, but we're pleased to have your presence with us now.

We'll get directly to questions. I'm going to keep the questions and answers to the time allocated, so that we can get through the first round before the bells.

We'll start with Mr. Trost, for up to seven minutes.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair. My question is to the Yukon Chamber of Mines.

I found very interesting what was not predominant in your presentation. We've heard a great deal of frustration from other territories about their regulatory process, but this did not feature nearly as predominantly in your presentation as it did in others.

So my question is this. Are your member companies by and large satisfied with the regulatory process they have to go through for mine approval and exploration, and if they are, why is it working better in the Yukon than in, say, an adjoining territory?

The Chair: Go ahead, Ms. Derome.

Ms. Claire Derome: I would say that in general, yes, our members are working with the process that is currently in place. It has its ups and downs, like any process, but the difference here in the Yukon comes from the change in governance that has happened over the past 10 years, starting with devolution of lands and resources, and also the implementation of a single assessment body independent of all parties, the Yukon Environmental and Socio-economic Assessment Board, which carries out environmental assessments on behalf of all governments, including first nations governments, the Yukon government, and the Government of Canada.

That process is very transparent. When you file a project proposal, it is posted on a website. A comments period is open to everybody, and the recommendations coming out of these assessments are then taken by the regulatory bodies, which then proceed with issuing licences and permitting.

We see this as working quite well. The timelines are still quite long, but because we are now used to the process, companies understand when they need to enter the environmental assessment process and are better prepared as well. I think that overall the system is working quite well.

Mr. Brad Trost: I'm glad to hear that, but your two basic recommendations, if I heard you correctly, would be that there be a single assessment body and that devolution has helped deal with regulatory issues. Those are the two basic points that you would say have been useful, are they?

Ms. Claire Derome: I think they are tied together, and yes, it is important as much as possible to have people who live in the place handling those processes.

Mr. Brad Trost: One other thing we've heard about, and you mentioned this subject as well, is labour issues. With a population of 30,000 and some people, the Yukon is not going to be able to establish a university with a large engineering faculty or things of that nature. What specific sorts of labour programs would be most helpful for job positions that are most in demand and that could realistically be filled by the Yukon's population? What sorts of programs would these be specifically? Would they be one-year programs, 12-month programs, short courses? What specifically would you look for? That's one question.

Question number two is, what would your members be willing to contribute, since ultimately they are beneficiaries and partnerships have been proven to work in other places?

Ms. Claire Derome: I would maybe disagree with your perspective on having a university in the north based on the actual population and on the need to provide higher education as well. I think higher education should be available anywhere in Canada. It's not because you're living north of 60 that you can't have it close to home. In fact, it is a big deterrent to accessing such education, and also a lower level of education. I would make that comment.

• (1605)

Mr. Brad Trost: Okay. Disagree with me on that, but then go into the other stuff. I have limited time.

Ms. Claire Derome: In the Yukon College, a Bachelor of Science is already offered. There is also a master's program. The idea here is to cover the whole spectrum of what is needed, including trades, a diploma and certification in geological technical science, and eventually to offer some higher degrees—over time; this is not a five-year plan, but is probably going to happen over a longer time period.

Another very interesting approach is that research is taking place in the north. Bringing faculties and researchers to the north offers the opportunity to have higher education in very specialized and specific programs. It offers people the opportunity to work in the industry—not only in mining, but in all aspects of the industry in the Yukon—and to benefit from further specialization and from moving up in the labour force from being an operator to the management level.

To develop and build the capacity to offer that opportunity for the local workforce is very important.

Mr. Brad Trost: The final part of my question is, what have your companies been willing to contribute and what have they done? In anything moving forward, they would be partners.

As someone who has worked in the Yukon, I'm familiar with the fact that a number of them are fairly small.

Ms. Claire Derome: Do you mean the companies?

Mr. Brad Trost: Yes. I used to work up in Whitehorse, so I'm aware that some of the companies are small and cannot do large programs. But what would your membership be willing to contribute, by and large?

Ms. Claire Derome: I think the companies are doing what is possible for them to do. They, especially the mining companies that are now in production, have implemented training programs with the support of the Yukon Mine Training Association and the Yukon College and with the support of the Yukon government and Canada.

What the industry is providing is the availability of their work sites, the contribution of equipment and of trainers, and also jobs after the training has been offered. For example, this summer 52 local residents from the Yukon, mostly first nations residents, were trained in field work for an exploration program, as well as in camp management. All of these graduates found employment in the exploration industry.

The reason we have such a high percentage of the local aboriginal workforce working in the industry is that these entry-level training programs have offered them the opportunity to take on those jobs. What is needed in the future is the possibility for them to acquire further specialization and skills so that they can move from entry-level to more specialized jobs offered in the industry.

The Chair: Thank you, Ms. Derome.

Thank you, Mr. Trost.

We'll go to Mr. Gravelle for up to seven minutes.

Go ahead, please.

Mr. Claude Gravelle: Thank you, Mr. Chair.

Thank you to both witnesses for being here today.

My question is going to be for Ms. Lloyd. Yesterday it was announced in my area of northern Ontario that a Polish company is going to buy out a Canadian mining company. Contrary to what some people will tend to make you believe, the NDP is not against foreign ownership, but we are against foreign takeovers, especially the types of takeovers we've had in Sudbury with Vale.

I have three private member's bills that would make foreign takeovers more transparent, would involve the communities, and would involve workers. Since Vale has taken over Inco, something that never happened in the past is that managers, supervisors, and miners with 10, 15, or 20 years of seniority are quitting. Today they're quitting and are moving away.

In your expertise, can you tell me what effect these types of takeovers have on communities, on workers, and on jobs?

• (1610)

The Chair: Ms. Lloyd, go ahead.

Ms. Brennain Lloyd: Thank you for the question.

I can't reference anything in the literature around this, but I'll answer more from an observational perspective as a resident of northern Ontario. We've seen some of these takeovers recently. You've referenced the takeover of Inco by Vale Inco—now Vale—and Falconbridge by Xstrata, and at an experiential level, these have not been really positive experiences.

It's hard to say whether Falconbridge would have shut shop at the Kidd Met site and moved operations to Quebec. Maybe they would have, or maybe that's the effect of having a foreign owner. It's hard to say if the last strike in Sudbury would have been the kind of strike it was if Inco had still been running the company. It's hard to say whether the very limited responses—Vale's in particular—to the Sudbury soil study, showing high levels of contamination in local soils from the smelting operations, would have been the same if it had still been a Canadian-owned company. There's a sense in the community that when you have decisions being made on an economic basis by people who are further away, the decisions are less beneficial to the community.

Vale's response to the Sudbury soil study is that they'll have to make a business case on a year-by-year basis to improve their dust management at the Sudbury site, and that improving the dust control will reduce the amount of exposure of the residents—the people of Sudbury basin—to the nickel contaminants. When they have to make this on a business case, I am not convinced that's the same dynamic at play when it's a foreign ownership than when it's a Canadian-owned company, and a company that has roots in the community.

I always favour local ownership, local control. How that plays out in the literature, I don't know.

Mr. Claude Gravelle: Thank you for that.

You also mentioned the Ring of Fire in your statement. About a month ago, I met with the chiefs who are affected by the Ring of Fire, and they've stated categorically that they're in favour of the Ring of Fire, but they want to be consulted. In your opinion, what has to happen now for the Ring of Fire to move forward?

Ms. Brennain Lloyd: There are a number of things that should have happened before we ever got to this point, and they certainly need to happen now.

One is that there needs to be a land use planning process led by the Matawa first nations, resulting in a land use plan and a land use strategy, including an industrial, developmental, and economic strategy, for that region—which is owned by the Matawa first nations and the people who are resident in that area.

The second thing that needs to happen is we need to have a very considered approach to how the projects in that area are going to be evaluated, how they're going to be assessed for social, economic, and environmental benefits, as well as dis-benefits, and particularly cumulative effects.

We have the Minister of Northern Development and Mines identifying 35 sets, major players in the area. There are 10 major projects identified to date. There are comprehensive studies announced for two of those, one by one of the major players, Cliffs Natural Resources, and the other by the other major player, Noront.

They are both moving forward right now with very limited studies; basically it's an exchange of papers. It's a very limited review. It doesn't allow the testing and the examination of the proposal in the way a panel review would, a review with a hearing, and there are some pretty obvious problems with this. Noront is proposing an east-west transportation route out. Cliffs is proposing a north-south. We have remote area that could then be accessed by two

different transportation corridors, which will have even more significant impacts in terms of community, environment, wildlife populations, and so on.

We really need an integrated approach, a planning approach, and an environmental assessment is—when done well—a planning tool. For it to be done well, we need an integrated environmental assessment that looks at all of the projects over time, and looks at all of the consequences of these projects.

• (1615)

Mr. Claude Gravelle: A couple of weeks ago we had the minister here at our committee, and he said he would like to streamline the regulatory reviews—as in one project, one review. Can you tell us what impact taking too many shortcuts might have?

Ms. Brennain Lloyd: Yes. Taking too many shortcuts means you don't have a complete review. It means you have a narrow subset of a review where you look at some of the issues. For example, we've just completed a comprehensive study of the Detour Lake Gold Mine re-opening. It has been a paper exchange. There have been a number of open houses where people can go in and look at posters and ask questions on a one-to-one basis, but you don't have the opportunity to really evaluate the project and require a full examination of the alternatives. What are the alternatives of running the project for 16 years at 60,000 tonnes versus 30 years at 25,000 tonnes per day—for community benefits, for managing environmental impacts? You really need a coordinated approach.

In the Ontario permitting process, we have permitting documents that contradict each other going in—one to the ministry of Northern Development and Mines and one to the Ministry of the Environment—and they're describing the same project differently. So I completely support a coordinated approach, but if “streamlined” means “shortcut”, then it does a disservice on all counts.

The Chair: Thank you, Mr. Gravelle.

Mr. McGuinty, go ahead, please.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, Mr. Chair, and my thanks to Ms. Lloyd and Madame Derome for their testimony.

Ms. Lloyd, you said, and I'm paraphrasing, that sustainable development should be the critical overlay for all of the mining activities being contemplated in our northern study. You went on to talk about some of the challenges inherent in this notion of sustainable development, which I appreciate.

Madame Derome, in your brief, you conclude by saying that Canada should have a balanced approach and that the environment should be protected for future generations. In fact, you pretty much finish up your entire presentation on that note.

Now, I want to go back to something I've been looking for, for a while now, in this study. Just two hours ago, the government said in response to questions on the floor of the House that there was a sector-by-sector response, a regulatory sector-by-sector response, to climate change. After all, we are now dealing with the situation in Durban. Madame Derome, as the Yukon Chamber of Mines representative, have you seen a plan for your sector for reducing greenhouse gases, a plan containing effects on anticipated projects?

Ms. Claire Derome: We come from a very low base in greenhouse gas emissions. In 2004 there was absolutely no industrial activity, so we're starting from a base that is going to expand our greenhouse gas production, if we put more operations on line. So that's a fact, and our industry is conscious of this and so is the Yukon government.

Most of the greenhouse gas generation is going to come from energy production. The solution is to make sure we have access to what we would call renewable or greener sources of energy in sufficient form. Eighty per cent of the energy in the Yukon is generated by hydro projects, which are a legacy of older mines that were in production in the past. But we've now reached the capacity of those facilities. To bring us to the next level, we'll need some investment in other hydro projects or in our own natural gas sources in the Yukon. So I think there is an understanding that while we will need more energy, we will also need to be careful about what kinds of energy sources we're going to be using.

Mr. David McGuinty: Madame Derome, I'm not trying to put you on the spot. In the opposition, we're trying to find out what your plan looks like. Do you have a plan? Does the Yukon Chamber of Mines have a plan, in cooperation with the federal government and the territory, to deal with greenhouse gases arising from the expansion of mining activities? Do you have such a plan in your possession?

We're being told over and over again by our national government that there is a sector-by-sector regulated approach to reducing greenhouse gases. Have you seen that sector plan for the mining sector, inasmuch as it affects the Yukon?

• (1620)

Ms. Claire Derome: In Yukon we're working in a more integrated fashion. The Yukon government has a plan for greenhouse gases and is conducting consultations with all sectors. We are involved in that, and others are involved as well.

Mr. David McGuinty: Have you seen the federal plan?

Ms. Claire Derome: I've seen the Yukon plan.

The plan for greenhouse gases has been developed by the Yukon government. It falls under the guidance and policy provided by the federal government. So there is a plan that is currently being developed.

Mr. David McGuinty: Good. So the Yukon plan is part of the national plan.

Ms. Claire Derome: It will certainly fit under the guidance provided at the national level. I don't want to go beyond that because I'm not an expert in that area. But I can tell you that there is a plan.

Mr. David McGuinty: Ms. Lloyd, can you help us understand? You are in the mining sector. You've talked about the importance of sustainable development and the critical overlay of making sure we address greenhouse gases. You used the words "climate change".

Have you seen the sector plan for the mining sector for Canada—a regulated plan that talks about targets, numbers, anticipated growth, reduction strategies, and fiscal incentives? Do you have a plan in your possession? Have you seen one?

Ms. Brennain Lloyd: I haven't seen such a plan or heard reference to such a plan, other than what you've just shared today.

Most of the discussion I've heard in the mining sector has been around the effects of climate change on mining operations versus the contribution of mining operations to climate change.

I'll add that as part of the electricity planning process it has been noted that in Ontario there is no requirement for the mining sector to actually develop energy efficiency and energy conservation plans in the same way they are required in the commercial sector or other industrial sectors. To me it's a signal that at the provincial and federal levels there's a lot to be done in how we look at the contributions of this sector to greenhouse gas emissions and climate change.

Mr. David McGuinty: What is my time, Mr. Chair?

The Chair: You have a minute.

Mr. David McGuinty: Madame Derome, can you help us understand? I've been looking at the question of ownership and the participation of first nations peoples.

Yukon has a very high preponderance of settled land claims. There are only a few outstanding that are working their way through the system.

Is there an attitude or culture in Yukon where first nations are going to become equity participants—owners of major mining projects as they go forward, as opposed to simply employees or subcontractors with small companies providing back-stopping in trucking or kitchen facilities?

You're the only territory or province I know that has a body that talks about socio-economic negotiations. How far along is this in Yukon?

The Chair: Ms. Derome, go ahead.

Ms. Claire Derome: I'm not the expert on everything, but I'll give you my view on where I think things are today.

Each first nation has a development corporation that is very active, and some have been active for quite some time. For example, I don't know if you know of Air North. Air North is our Yukon airline and it's 49% owned by the Vuntut Development Corporation. That was one of their first significant investments.

The Vuntut Gwitchin First Nation in Old Crow is the only community that is not road accessible. They made that investment initially to make sure they would have good service going to their community. It has been very successful for them.

All of the mines currently in operation have concluded comprehensive impact and benefit agreements with first nations in the traditional territories in which they are located. First nations, through their settlement agreements, in some of their category A lands, own the mineral resources, not only the surface resources. So the first mine that was developed in Yukon, the Minto Mine, is located on category A land, and all the royalties payable under the Quartz Mining Act are transferred directly to the first nation.

In the other cases there are agreements between Canada, Yukon, and first nations on sharing those royalties. So when royalties are payable under the Quartz Mining Act, a portion of them is redistributed to the Yukon government and the first nation.

This is something on which our industry, first nations, and the Yukon government are currently in discussions with the federal government. There is a very low cap on those royalties, and it will need to be lifted if we really want to have a broader distribution of the resource royalties that will come from our industry.

•(1625)

The Chair: Thank you, Ms. Derome.

Ms. Claire Derome: I don't know if this answers your question, but yes, there is a lot of participation at various levels from first nations, not only in employment...because we don't have enough people, as some of you noted before, to fill all of these positions. So first nations are really looking to be involved in different kinds of businesses and concepts of business.

The Chair: Thank you.

The bells have just started. By the time we go to vote, I don't think there will be any real time to come back here.

We might have five minutes.

Mr. Claude Gravelle: Can we keep going for another 15 minutes?

The Chair: We can't go for 15. How about we have just one five-minute round on each side?

Is that agreed? Okay.

Mr. Calkins, five minutes, and I will cut the answer or the question off.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair. I'll try not to filibuster myself.

Madam Derome, I was very intrigued by your presentation. My first question to you pertains to the rail line.

This comes on page 7 in the English version that I have in front of me. It starts at the very last paragraph, where you say that critical to the Yukon is continuing access to the port of Skagway, an ice-free, year-round facility. At the bottom of that paragraph you have written that to accommodate the increase in production and in resupply it requires a large investment in the Skagway ore handling capacity, and that there is a potential to revive the historical rail link between Skagway and Whitehorse.

Can you tell me a little bit more about this? Can you elaborate? Do you have more information to offer? How realistic is this? Who is interested in reviving this? Who is driving the potential for this to happen? What's the realistic potential of this?

Ms. Claire Derome: It's an historical rail link, but it's a rail link that exists today. So if you take a trip to Skagway on a cruise ship, you can take the train from Skagway up to Carcross in the Yukon today.

That rail was used for ore transportation by mines up until 1985, so we're not talking about something that was not used in the past. But since it was built in 1898—it's a narrow-gauge rail—it has been upgraded, the bed has been upgraded, but it would need, first of all, to have the track put back in shape between Carcross and Whitehorse, which is about 30 kilometres of track, and it should probably be moved from narrow gauge to standard gauge to make it a more appropriate way to deliver ore to Skagway.

Whether this will happen or not will really...[*Technical difficulty—Editor*]...find its way from Whitehorse to Skagway over time. That's more a business decision that will need to take place. But it's truly possible. It's not that this has not happened in the past and could not be put back in place.

Mr. Blaine Calkins: Who owns the line right now?

Ms. Claire Derome: White Pass owns the rights to hold the line and the rights to it. It's a lease they have. The facilities in Skagway are owned by the borough of Skagway, the City of Skagway, and the ore dock is a lease owned by AIDEA, the Alaska economic development agency.

The Chair: One minute, Mr. Calkins.

Ms. Claire Derome: So it's a complicated ownership structure.

Mr. Blaine Calkins: It's very interesting.

I just want to go back to the chart, then, on page 3. You did mention in your start that the growth in the population of the Yukon has been quite rapid. Can you give us some numbers? Is that migration or is that birth rate? Can you just give us a little bit more on the demographics of the workforce and what they look like? Is it an aging population in the Yukon? Is it a young population? Is it a migrant population?

I just want a little bit of clarification there.

•(1630)

The Chair: All that in 30 seconds, please.

Ms. Claire Derome: It's a mix. The original population is aging, but the migration explains the growth in the population, and it's happening between the 25 to 35 age group mostly.

That's your 30 seconds.

The Chair: Thank you.

Thank you, Mr. Calkins.

Mr. Stewart, four minutes. That's what I gave Mr. Calkins.

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

Thank you both very much for your presentations.

I'll just jump right to questions, to Ms. Lloyd. You talked a lot about sustainable development right at the beginning of your presentation. There are a couple of things I'm interested in.

First is the development of renewables, renewable energy. We're talking a lot about mining here, but I'm wondering about other kinds of exploration in the north. Have you come across projects of a different sort perhaps in regard to developing different sources of renewable energy in the north?

Ms. Brennain Lloyd: Do you mean development of renewable energy projects?

Mr. Kennedy Stewart: Sure.

Ms. Brennain Lloyd: There are a lot, at least on the design board, in northern Ontario, and some in southern Ontario.

If you look at the Ontario Power Authority planning maps—and there is a plan on the minister's desk that has not been moved to the Ontario Energy Board—there are a considerable number of renewable energy projects: some stored power; wind and hydro, particularly on the James Bay coast; the Superior coast; the north shore of Lake Huron; and some on Manitoulin Island. Those are the primary areas for wind. Hydro is more in James Bay.

Some of them are feasible; some of them less so. As the OPA gets further out in its planning horizons, it's less easy to judge how viable the projects really are.

Mr. Kennedy Stewart: Do we have much of that development up there at all? What could we do as a federal government to help kick-start some of those projects? Perhaps better balancing the extraction of non-renewables with something like this up in the north, that kind of development?

Ms. Brennain Lloyd: I think what the federal government could do to kick-start renewable energy is to go to the biggest source, which is the megawatt. The emphasis right now needs to be on conservation and efficiency.

In the mining sector, there's tremendous potential for co-generation, the capture of waste heat. I don't see much attention or investment in that area at all.

We really favour regional demand and supply planning, balance of demand and supply at a regional level. There needs to be much greater emphasis on conservation, particularly in southern Ontario, and co-generation in all regions but particularly in northern Ontario.

When you're looking at the forest product sector, support for co-generation might make some of our not very viable operations right now more viable, and that would be very important at a community level and a regional level for a bunch of reasons.

Mr. Kennedy Stewart: I have one minute left? Okay.

Is there anything you'd like to add on that aspect—maybe not to do things the way we're doing them now, but rather thinking about how, as a federal government, we might help to facilitate that kind of dream scenario in the future?

Ms. Brennain Lloyd: We really need integrated planning and integrated strategies. In northern Ontario we'll get an electricity supply plan crafted in Toronto with all the arrows moving south, to pull every electron south. What we don't have is an industrial strategy for northern Ontario, and I think the same might be the case in other regions. So we need integrated planning that looks at what of our resources we can keep in the region longer—forest, metals, people—and how we then power the projects to take us to the greatest value-added possible. There's a role for the province, the communities, and the federal government in that because there's a range of jurisdictions and overlapping interests. That would be the place to start.

I think this should happen before we make very constrained decisions, isolated decisions, on projects that are going to have significant impact and could foreclose other options; for example, around McFaulds Lake, the Ring of Fire development.

• (1635)

The Chair: Thank you, Mr. Stewart.

Thank you to both of today's witnesses, Ms. Lloyd and Ms. Derome, for very helpful presentations and for allowing us to get a lot of information in a short time. Thank you again for coming back.

The meeting is adjourned.

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