

DRAFT --- FOR DISCUSSION ONLY

Parks Canada Policy

**Program Policy Group
Parks Canada**

February 1978



**Indian and
Northern Affairs**

Parks Canada

**Affaires indiennes
et du Nord**

Parcs Canada

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PROGRAM POLICY GROUP
PARKS CANADA

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PARKS CANADA POLICY

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INTRODUCTION

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A. Evolution of Policy

The Parks Canada program is based on the conviction that places of natural and cultural significance constitute a national inheritance which should be protected. This conviction led to the designation of the first national park in 1885 and although attitudes, circumstances and interpretations have changed it remains the basis for present and future policies.

1885-1930

In 1885 the federal government set aside a 10-square-mile area of the Rocky Mountains, including the Banff hot springs. This was the beginning of Canada's system of national parks. Even in these early years federal policy affirmed that these lands represented public resources which, because of their outstanding scenic beauty, should not be privately owned. The Rocky Mountains Parks Act of 1887 stated that the area was reserved as "a public park and pleasure ground for the benefit, advantage and enjoyment of the people of Canada".

By 1914, four classes of parks were being considered: "scenic parks, historic parks, animal parks and parks located specially to provide for the congested centres of population". The national parks system evolved from the "scenic and animal" parks. In 1917, Fort Anne became the first National Historic Park when it was transferred from the jurisdiction of the Department of the Militia to the Dominion Parks Branch. In 1919, the federal government set up the Historic Sites and Monuments Board of Canada to advise the Minister concerning the national historic significance of persons, places or events. The federal government has administered historic and natural parks as a single program emphasizing the common themes of national inheritance and public ownership.

1930-1960

In 1930 Parliament approved the National Parks Act. This Act is important for two reasons: first, it provided legislative protection for national park lands and second, it clarified that these places were to be used by the public so as to leave them unimpaired.

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Section 4 of the 1930 Act stated:

"The Parks are hereby dedicated to the people of Canada for their benefit, education and enjoyment, subject to the provisions of this Act and the Regulations, and such Parks shall be maintained and made use of so as to leave them unimpaired for the enjoyment of future generations."

In 1953 the Historic Sites and Monuments Act was passed. This Act formally established the Historic Sites and Monuments Board as an advisory body to the Minister and gave the Minister statutory responsibility for developing and implementing a national program commemorating persons, places and events of prime national historic and prehistoric interest.

1960-1970

In the 1960's Canadians became more aware of their natural environment and developed a renewed interest in their history. The number of visitors to national and historic parks increased sharply leading to a growing concern about park protection and appropriate use. As a result, policies were prepared and issued for national parks in 1964 and national historic sites in 1967. These policies reflected changing times; greater emphasis was placed on protection of natural and historic resources, interpretation and educational activities, and professional planning. For the first time Canadians could refer to published policies based on legislation providing for protection and use of these places of natural and historic importance.

During the 1960's consideration was also being given to an expanded classification of "national areas". For example, the 1964 policy for national parks suggested that five classes be considered: national parks; national shorelines; national recreation areas; national nature preserves, sites or monuments; and national historic sites, features or areas. The proposed classification attempted to resolve conflicts between preservation and use, and to provide for greater flexibility in meeting overall federal responsibilities.

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B. Need for a New Policy

Since the 1964 and 1967 policies were published there has been a rapid expansion of the traditional activities of national parks and national historic parks and sites. The amount of land within the national parks system has more than doubled and now includes areas in every province and both territories. The number, scope and complexity of national historic parks and sites have also increased.

Increases in the numbers of parks and sites are not the only changes. The responsibility for certain historic canals was transferred from the Ministry of Transport to the National and Historic Parks Branch in recognition of the fact that their primary importance had shifted from their use as commercial routes to their status as historic and recreational resources. Also, a series of new initiatives was proposed in the 1972 publication of "Byways and Special Places" -- national landmarks, wild rivers, national marine parks, historic land trails, historic waterways and scenic and historic parkways was proposed.

Other new activities arose from a new perception of the importance of our human as well as our natural heritage: the launching of Heritage Canada, the Canadian Inventory of Historic Buildings, the Canadian Engineering Heritage Record and, most recently, the proposed Canadian Register of Heritage Property. These initiatives represent a desire to find new and flexible ways of identifying, protecting and presenting heritage resources.

Many Canadians now regard places preserved for their natural or historic significance not as isolated monuments or scenic places but as a means of learning about, and understanding dynamic natural and historic environments in which earlier generations lived. Older buildings are being restored and incorporated within modern urban environments. One of the most important challenges facing Parks Canada is to accommodate these new directions in its policies.

Parks Canada's policies must also be seen in the light of changing capabilities and priorities of both federal and provincial governments. The federal role requires clarification particularly as it relates to provincial responsibilities for outdoor recreation and heritage conservation, so that complementary and co-operative programs can be developed among all government agencies.

Recent international developments also have implications for Parks Canada's policies. Canadians are beginning to appreciate that protecting heritage resources is part of their international responsibility as dwellers on planet Earth. At the international level, the UNESCO World Heritage Convention emphasizes the interrelationship of the natural

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and cultural heritage, an emphasis demonstrated by the traditional combination of natural and historic parks within Parks Canada.

C. The Purpose of the New Policy

The main purpose of the new Parks Canada policy is to provide an integrated and comprehensive statement of broad principles to serve as a guide for future initiatives and undertakings. As such, the policy contains both revised versions of existing, now separate policies, as well as a number of new policies, set within the context of an overall program objective. A further purpose of producing a program policy for Parks Canada is to provide other agencies and the public with a consolidated statement of overall objectives for the program as a whole and for individual activities within it.

This document is divided into three parts: Program Policy, Activity Policies, and "Toward a Policy for Co-operative Heritage Activities". The first part is an overall policy for the Parks Canada program -- the broad common principles underlying existing and futures Parks Canada activities.

In the second part, a policy has been developed for each activity in the Parks Canada program. Each activity is regarded as an independent means of achieving the overall program objective. Thus, policies for the traditional activities of national parks and national historic parks and sites have been revised to meet current and foreseen needs and to illustrate their contribution to the overall Parks Canada objective. In addition, separate policy statements for historic parks and historic sites have been introduced. Two new activity policies, national landmarks and heritage canals, have been added as well. Implicit in this part is the assumption that in the future new means of contributing to the program objective may be developed. At that time, each new activity would require a policy statement.

Activity policies offer guidance for planning and managing each activity element (park, site, area, etc.) They will be implemented at each element of the Parks Canada system through the planning process of which public participation is a part. They also serve as guidelines for the development of more specific management directives which guide the day-to-day efforts of field personnel.

The third part includes descriptions of those activities which require close co-operation with other agencies and/or individuals, and suggests a policy for "Cooperative Heritage Areas". This represents another new segment in the Parks Canada policy.

While policies may change, the results of past decisions based on former policies will continue to be evident.

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Today's decisions will, in turn, lead to different results tomorrow. While today's policies are based on expanded information, additional research and changing public attitudes they also re-emphasize the approach which originated in 1885 -- protection of significant natural and cultural places as a vital part of the heritage of all Canadians and their descendants.

P A R T I

PARKS CANADA PROGRAM POLICY

Program Objective

Program Policies

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Program Objective

PROGRAM OBJECTIVE

To encourage public understanding and enjoyment of Canada's natural and cultural heritage by protecting for all time places which are significant examples of this heritage.

The word "heritage" means an inheritance or a legacy; things of value which have been passed from one generation to the next.

What is the Canadian heritage we all share? We share our geography -- the prairies, the forests, the lakes, the mountains, the coastlines, the tundra. We also share a history -- from prehistoric man, native cultures, early exploration and settlement by Europeans, the founding of the nation up to yesterday's events.

Certain places representative of Canada's natural and cultural heritage are of importance to all Canadians. These special places should be given the highest degree of protection and managed for the benefit of all Canadians within a national system. Parks Canada, through the Parliament of Canada, is charged with this responsibility. Such places provide benchmarks for Canadians to understand their country and its cultures; to reinforce national unity through an appreciation of the diversity of Canada and its people; and, to enjoy opportunities for education, recreation and inspiration.

Program Policies

1. PUBLIC UNDERSTANDING AND ENJOYMENT

1.1 Communications

Parks Canada will undertake a variety of information and interpretation programs to encourage public understanding and appropriate use of heritage resources.

Program information -- Parks Canada will inform the public of its programs, activities, policies, plans and management practices;

Heritage interpretation -- Parks Canada will undertake interpretation programs within parks and through extension programs to illustrate the meaning and value of heritage resources;

Visitor information -- Parks Canada will provide information to make visitors aware of opportunities for the enjoyment of heritage resources.

1.2 Public Participation

Parks Canada will provide opportunities for public participation at national, regional and local levels, in the development of policies and plans.

If Parks Canada is to serve all Canadians, then public participation in the development of policies and plans is essential. While many Canadians have a vital interest in the protection and presentation of their heritage no matter where it is located, local residents may be more directly affected and, therefore, may have special concerns.

Parks Canada provides opportunities for public participation in a variety of ways. These may include public information meetings, workshops, questionnaires, interviews, public hearings, or advisory councils. In addition, Parks Canada's staff at national, regional and local levels are available to discuss comments and suggestions from public organizations or individuals. The ultimate responsibility for decisions and their implementation rests with the Minister responsible for Parks Canada.

Another important forum for the expression of public views which influence Parks Canada is the Parliament of

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Canada. Legislation, setting the mandate for Parks Canada, can only be passed and amended by Parliament. To implement this legislation, the Minister responsible for Parks Canada recommends policies, programs, and associated budgets to Parliament for consideration and approval.

There is also an increasing desire on the part of individuals and local non-profit organizations to volunteer their services to assist in interpretation, planning or other aspects of the Parks Canada program. Wherever feasible, such volunteer efforts will be encouraged and assisted.

1.3 Recreation

Parks Canada will provide opportunities for recreation within the Parks Canada system as means for present and future generations to understand and enjoy heritage resources in ways consistent with protection of these resources.

Parks Canada's primary concern is to protect and present heritage resources of national significance. Thus public demand for outdoor recreation opportunities in a particular locality cannot alone justify Parks Canada's participation. Provincial governments and their agencies have a specific mandate for recreation. Private organizations and individuals also play a role in meeting these demands.

However, recreation activities offer a valuable means for enjoying and understanding heritage resources. Parks Canada will encourage those recreational uses which are directly associated with, and dependent on, heritage resources subject to requirements for resource protection, visitor safety or protection of the rights of other visitors. Within these constraints a variety of recreational uses in different seasons will be offered.

Parks Canada can fulfil only some of the recreation needs of Canadians. Other needs can be met in places which do not have national heritage significance. Provincial, municipal and private agencies will be encouraged to develop complementary recreation activities and facilities.

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1.4 Facilities and Services

Parks Canada will ensure that those facilities and services which are essential and appropriate for public access, understanding and enjoyment are provided and maintained to an appropriate standard.

Certain facilities and services are essential for public access, understanding and enjoyment. When appropriate, such facilities and services will be developed within elements of the Parks Canada system. The type, location, scale, design and means by which such facilities and services are provided will be appropriate to the particular circumstances e.g. construction materials, energy requirements, architectural motif. Facilities and services may be provided by Parks Canada or by contract with private enterprise. The level of service and the quality of facilities will be maintained to standards set by Parks Canada.

1.5 Finance

Parks Canada will finance its activities from that portion of federal tax revenues allocated to it by the Parliament of Canada; may charge fees for specific services; and under certain circumstances may receive gifts or donations in order to meet its objective.

Since 1885, the federal government has accepted that protection and presentation of the Canadian heritage is a worthwhile investment for present and future generations of Canadians. Therefore, Parks Canada is financed by federal tax revenues allocated to it by the Parliament of Canada.

Specific fees are charged for special services such as the use of certain facilities, motor vehicle access, publications, concession privileges, land uses, etc. Such fees will reflect the need for the federal treasury to recover a portion of the costs of operation and maintenance but will not be so high as to discourage public enjoyment of heritage resources.

Canadians may wish to contribute to the protection of their heritage by donating monies, lands or objects to Parks Canada. Such gifts or donations will be accepted under clearly stated conditions which ensure that their

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use furthers the work of the program for the benefit of all Canadians.

2. PROTECTING HERITAGE RESOURCES

2.1 Protecting Natural and Cultural Resources

Parks Canada will make protection of heritage resources its primary consideration.

Protection of heritage resources is fundamental to their use and enjoyment by future generations. Therefore, ecological and historical integrity are Parks Canada's first considerations and must be regarded as prerequisites to use.

The various factors which contribute to deterioration of heritage resources will be analyzed by means of thorough research and protection will be offered in ways appropriate for the type, significance and sensitivity of the resources. Parks Canada recognizes a responsibility to encourage public understanding and enjoyment of heritage resources. The means of doing so in a particular situation will depend upon the constraints which are necessary to ensure the perpetuation and protection of such resources.

2.2 Selecting Heritage Resources

Parks Canada will select heritage resources for possible inclusion in the Parks Canada system that are of national significance.

Parks Canada will undertake studies and inventories of Canada's heritage resources. Using certain criteria, heritage resources of national significance will be identified and specific examples will be selected for possible establishment as elements in the Parks Canada system.

2.3 Man/Land Relationships

Parks Canada will protect and present heritage resources in ways which reflect the interrelationships between man and nature.

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A distinction is sometimes made between cultural heritage, which denotes the works of man, and natural heritage which refers to the natural environment. But man and his environment cannot be separated. Efforts to preserve natural areas should not destroy or ignore evidence of the ways in which man has lived within a particular environment and efforts to protect historic resources should recognize that geography and climate have been significant factors in Canada's development and history.

2.4 Research

Parks Canada will conduct and encourage research for the identification, protection, understanding and use of Canada's heritage resources.

Research is essential for an understanding of heritage resources so that they can be identified, protected, restored, enjoyed and presented in a responsible and effective manner. Identification of heritage resources of Canadian significance requires intensive studies and inventories of natural regions and historic themes. Protection of heritage resources requires continuing research into techniques of conservation and resource management. Meeting public needs often requires surveys and analyses to identify these needs and to determine how best to respond to them. Accurate interpretation programs must be based on competent research.

Essential research will be undertaken either directly by Parks Canada or by contract with qualified individuals or organizations. The time, place and nature of research activities will be regulated to ensure the protection of heritage resources and the safety and enjoyment of the public. Research information will normally be made available to the public.

3. ROLES AND RELATIONSHIPS

3.1 Federal Context

Parks Canada will take a lead role in federal government activities related to protecting and presenting places representative of Canada's natural and cultural heritage.

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Parks Canada is concerned with original and authentic places of national heritage significance.

Other federal agencies are responsible for different aspects of Canada's heritage such as museum objects, the arts, archival material or endangered species. In addition several "non-heritage" agencies of the federal government have objectives which relate indirectly to the mandate of Parks Canada, e.g., tourism, regional economic development, public works, urban affairs, broadcasting, film, fitness and amateur sport. Co-operation among federal agencies is essential to ensure the maximum contribution to Canada's heritage objectives and to avoid conflict and duplication. Parks Canada can serve as an adviser on matters calling for its special expertise, and as a catalyst initiating co-ordinated programs.

3.2 Federal-Provincial Relations

Parks Canada will concentrate its efforts on heritage resources of national significance and will carry out its mandate in cooperation with provincial governments and so as to complement the efforts of provincial governments in related fields.

The natural and cultural heritage of Canada includes places of local, regional, provincial, and national significance. Therefore Provinces and local governments have major roles to play in preserving Canada's heritage. Complementary and co-operative efforts will result in more successful programs than any one agency or government could sponsor alone. Parks Canada recognizes that in order to achieve its objectives, the support and cooperation of other levels of government is often essential. For this reason, particular emphasis will be placed by Parks Canada on encouraging intergovernmental coordination and cooperation in the protection and presentation of heritage resources of national significance.

3.3 Regional Integration

Parks Canada will seek to integrate elements of the Parks Canada system with surrounding regions so as to have a positive social economic and physical impact.

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Parks Canada is aware of the potential impact, both positive and negative, on adjacent areas. Economic development and employment result directly and indirectly from park establishment and operation. Inevitably there are social consequences, particularly when traditional land uses and employment are affected or when large numbers of visitors are attracted to a particular location. There may be physical impacts as a result of facilities provided for visitors or actions required to protect heritage resources.

Concern for the impact of its actions does not imply that Parks Canada is primarily a program of regional, social or economic development. By acting in a manner sensitive to local concerns and in close collaboration with other government agencies Parks Canada will strive to fulfill its mandate in ways which will be beneficial to, and ensure the best possible integration with, surrounding regions. Local communities and citizens cannot be asked to bear a disproportionate share of the costs of protecting and presenting the national heritage of all Canadians. Therefore, Parks Canada will co-operate with provincial and municipal agencies responsible for the planning of this "zone of influence" so as to resolve social, economic and physical impacts in a fashion compatible with Parks Canada's objectives.

3.4 International Role

Parks Canada will assume a leading role in fulfilling Canada's international responsibilities for the protection and presentation of places representative of the world's natural and cultural heritage.

Parks Canada's work is part of a worldwide endeavour to protect and present aspects of the heritage which we share with all mankind. Canada has much to learn from other nations, and, in turn, can offer valuable assistance.

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PART II

PARKS CANADA ACTIVITY POLICIES

National Historic Sites

National Historic Parks

National Parks

National Landmarks

Heritage Canals

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**NATIONAL HISTORIC SITES
POLICY**

NATIONAL HISTORIC SITES POLICY

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BACKGROUND

One of the most effective ways to stimulate popular interest in, and understanding of, Canadian history is to focus attention to those specific locations most directly associated with historic persons, places or events.

Since 1923, the federal government has erected plaques or monuments to commemorate persons, places or events which are considered to be of national historic significance. Locations where such commemoration takes place are called national historic sites and there are now over 600 commemorative plaques and monuments at national historic sites across Canada. In special cases, places of national historic significance may be commemorated by means of a cost-sharing agreement for the protection of an historic structure.

Commemoration by a plaque or monument does not directly ensure the protection of historic resources but it does identify and afford formal recognition to the location and significance of certain aspects of Canadian history.

PARKS CANADA OBJECTIVE FOR NATIONAL HISTORIC SITES

To encourage public understanding of Canada's historical heritage by identifying persons, places and events of national historic significance and commemorating them through plaques, monuments or cost-sharing agreements.

1. IDENTIFYING PERSONS, PLACES AND EVENTS OF NATIONAL HISTORIC SIGNIFICANCE

Only those persons, places and events which are of historic significance on a national level will be commemorated by Parks Canada as national historic sites. The identification of persons, places and events of national historic significance is based on recommendations of the Historic Sites and Monuments Board of Canada which serves as an advisory body to the Minister responsible for Parks Canada. The Board is assisted by Parks Canada's staff through its studies of broad historical themes and research on specific persons, places or events.

- 1.1 Parks Canada will identify and undertake studies of the major themes of Canadian history and prehistory within which persons, places and events of national historic significance will be identified.
- 1.2 Parks Canada will undertake inventories of existing historic resources related to certain themes of Canadian history (e.g., architecture) to assist in identifying the historic significance of specific persons, places and events.
- 1.3 Parks Canada will undertake detailed research into historic significance of persons, places and events to assist the Historic Sites and Monuments Board of Canada.
- 1.4 Written submissions from the public to the Historic Sites and Monuments Board of Canada concerning persons, places and events which might qualify as being of national historic significance are welcomed.
- 1.5 The Historic Sites and Monuments Board of Canada receives written submissions, studies background research, and advises the Minister responsible for Parks Canada of those persons, places and events which it considers to be of national historic significance.
- 1.6 Persons, places and events of national historic significance will be identified according to the following general criteria:

- i) persons who have had a significant impact on Canadian history irrespective of the country in which all or part of their achievements occurred; or
- ii) events or movements which have shaped Canadian history or which illustrate effectively the broad cultural, social, political, economic, or military themes of Canadian history; or
- iii) places which shed light on or illustrate effectively the culture of a prehistoric people, or are associated with important archaeological discoveries; or
- iv) structures which embody the distinguishing characteristics of an architectural and engineering type exceptionally valuable for the study of a style or method of construction of its period or which are examples of the work of a master builder, designer, engineer or architect.

1.7 The following will not be eligible for consideration as being of national historic significance:

- i) cemeteries and graves, except those of the Fathers of Confederation and those having archaeological significance;
- ii) structures that have been moved from their original location;
- iii) places outside Canada;
- iv) living persons;

2. COMMEMORATION AT NATIONAL HISTORIC SITES

2.1 General Policies

2.1.1 Persons, places and events identified as being of national historic significance will be commemorated.

2.1.2 The Historic Sites and Monuments Board of Canada recommends to the Minister the appropriate form and location for commemoration in accordance with policies 2.2 and 2.3.

2.2 Location for Commemoration

2.2.1 Persons of national historic significance will be commemorated at a place within Canada which is closely associated with their contribution to Canadian history.

2.2.2 Events of national historic significance will be commemorated where they occurred.

2.2.3 The places at which persons, places and events of national historic significance are commemorated

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will not necessarily be owned by the federal government.

2.3 Forms of Commemoration

2.3.1 Plaques

- 2.3.1.1 The standard form of commemoration will be by means of a plaque.
- 2.3.1.2 The appropriate text for the inscription on a commemorative plaque will be recommended to the Minister by the Historic Sites and Monuments Board of Canada.
- 2.3.1.3 The text on all plaques will appear in both official languages and in other language(s) if appropriate.
- 2.3.1.4 The presence of a commemorative plaque at a place not owned by the federal government does not guarantee that Parks Canada will protect or assist in the preservation of the place or any historic resources located thereon.

2.3.2 Monuments

- 2.3.2.1 Monuments may be erected to commemorate persons, places or events of exceptional importance in Canadian history.
- 2.3.2.2 The design of such monuments should convey to the public the theme to be emphasized in connection with the person, place or event.
- 2.3.2.3 Proposals for the design of distinctive monuments may be invited from artists of the particular region of Canada where the monument is to be erected.

2.3.3 Cost-Sharing Agreements

- 2.3.3.1 Parks Canada may provide financial and technical assistance to municipal and provincial governments as well as private non-profit organizations, e.g., local historical societies, to acquire and restore structures of national historic significance which deserve more than a commemorative plaque, but

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which do not warrant acquisition by Parks Canada as a national historic park.

2.3.3.2 Cost-sharing agreements are considered an appropriate form of commemoration:

- i) where there are existing historic resources which are not adequately protected; and
- ii) where there is a local organization which is willing to share the costs of acquisition and protection and to undertake continuing operation; and
- iii) where the planned use of the preserved historic structure is appropriate.

2.4 Co-operation

2.4.1 Parks Canada will co-operate with provincial governments and other agencies responsible for commemorative historic plaques to avoid unnecessary duplication.

2.4.2 Parks Canada will co-operate with local and provincial (territorial) governments and other interested groups, including local historical societies, in making arrangements for formal ceremonies to unveil a plaque or monument.

2.5 Information

Parks Canada will inform the public of the location and significance of national historic sites.

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**NATIONAL HISTORIC PARKS
POLICY**

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BACKGROUND

Historic resources in Canada are scarce, often unique, non-renewable, tangible relics of man's past. They range from archaeological evidence of man's earliest presence on this continent to recent architecture and technology; from archaeological and ethnographic specimens, through documents and antiques to buildings and large tracts of land. All are in some measure creations of the human mind and hands; illustrations from the past which, if preserved, will benefit present and future generations. They are easily destroyed and, once gone, can never be replaced.

Each year, some of Canada's historic resources are destroyed by natural causes such as erosion and age and it is probable that the destruction caused by man himself is even more serious. The demands of an industrial society and a growing population mean that historic resources are increasingly vulnerable.

The protection of historic resources in Canada is a responsibility which is shared by different levels of government and which can be accomplished in a variety of ways. For example, museums and historic parks are each valid and complementary ways of protecting historic resources and helping people to understand their history. Museums deal primarily with the collection, preservation and display of cultural objects; not with the acquisition and protection of actual sites. Historic parks focus directly on certain places in terms of their relevance to Canadian history, either by concentrating on one period or, sometimes, by illustrating historical evolution. Historic parks attempt to provide a realistic environment where historic resources can be seen in their natural and cultural context. Through the complementary efforts of historic museums and parks of national, provincial and local interest the important historic resources of Canada can be protected and the many themes of Canadian history can be illustrated.

National historic parks are the means by which outstanding historic resources of importance to all Canadians can be protected by the federal government and made accessible to the public in their original location and in an authentic setting. National historic parks complement efforts by other agencies and individuals to protect and commemorate aspects of Canada's history. Three factors distinguish a national historic park:

- national (not merely provincial or local) historic significance
- protection and interpretation at the original place and in an authentic setting; and
- establishment, protection, interpretation and management by the federal government.

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Canada's national historic parks system began in 1917 with the establishment of Fort Anne as a national historic park. Since then many other national historic parks have been developed, particularly in the 1960's and 1970's, representing a variety of historical themes in different locations across Canada.

Public interest in our history is evident from the large numbers of people who visit Canada's national historic parks each year. Lower Fort Garry, near Winnipeg, the Fortress of Louisbourg in Cape Breton, Dawson City in the Yukon, Fort Langley in British Columbia, les Forges du Saint-Maurice near Trois-Rivières and the Halifax Citadel are well-known examples of national historic parks.

And although national historic parks illustrate some of the themes of Canadian history, there is still much work to be done. For example, the early emphasis on military history is being balanced by attention to social and industrial themes. In fact, the system of national historic parks will never be complete, because each day we are living what will be history tomorrow.

There are many benefits of national historic parks. They serve as tangible and enduring reminders of the human heritage of Canada, and indicators of the achievements and lifestyle of our ancestors. By visiting the parks, Canadians can better understand and appreciate their past. They are a source of enjoyment for those involved in leisure-time activities. As well, satisfaction can be gained just from knowing that future, as well as present generations, can visit these areas. Their creation may also result in increased employment and tourism industry development in adjacent areas.

PARKS CANADA OBJECTIVE FOR NATIONAL HISTORIC PARKS

To encourage public understanding and enjoyment of Canada's historical heritage by protecting for all time historic resources at places associated with persons, places and events of national historic significance in a system of national historic parks.

1. THE NATIONAL HISTORIC PARKS SYSTEM

Each of Canada's national historic parks illustrates an important part of the history of Canada. A system of national historic parks can underline the associations among different historic places, periods and themes and thereby encourage a deeper understanding of Canada's past.

Parks Canada strives to establish such a system of national historic parks at locations across Canada where historic resources of national significance deserve protection and interpretation. The essential prerequisite for the establishment of a national historic park is the identification of persons, places and events of national historic significance, based on the recommendations of the Historic Sites and Monuments Board of Canada. This board serves as a advisory body to the Minister responsible for Parks Canada.

Most persons, places or events identified as of national historic significance will be commemorated by a plaque or monument at a national historic site. National historic parks, however, will only be established in certain circumstances to ensure that the system of national historic parks is of the highest quality and reflects a balance among historic themes and geographical regions.

1.1 Identifying persons, places and events of National Historic Significance

Policies for the identification of persons, places and events of national historic significance are the same as in Section 1. under National Historic Sites Policy.

1.2 Selecting National Historic Parks

1.2.1 National historic parks will be selected by Parks Canada according to the following criteria:

- i) The place will have been identified as being of national historic significance or as being prominently associated with persons or events of major national historic significance; and

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- ii) The place will possess integrity, will include the original site, and, ideally, at least some original materials and workmanship. Intangible elements such as feelings and associations may be important in judging the integrity of an historic place; and
- iii) The place will be related to a theme of Canadian history which does not already have sufficient representation in the system of national historic parks; and
- iv) The place will have excellent potential for illustrating Canadian history; and
- v) The place will include significant authentic historic resources; and
- vi) It will be possible to protect the historic resources, including their authentic environment within the lands available and at an acceptable cost.

1.2.2 In selecting national historic parks consideration will be given to:

- i) the advice of the Historic Sites and Monuments Board of Canada as to the appropriate form of commemoration of a person, place or event of national historic significance; and
- ii) the degree to which the historic resources are currently protected or threatened; and
- iii) geographic balance of national historic parks throughout Canada; and
- iv) the activities and capabilities of other public and private agencies responsible for preserving aspects of Canada's historic heritage; and
- v) international criteria for the protection of historic resources.

1.3 Establishing National Historic Parks

- 1.3.1 Parks Canada will prepare and periodically update a long-range system plan to guide the priorities for establishment and development of national historic parks.
- 1.3.2 Parks Canada will acquire land required for the establishment of a new national historic park by purchase, long-term lease or other agreement.
- 1.3.3 Parks Canada will consult with provincial (territorial) and local governments and with the public concerned prior to the establishment of new national historic parks.

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- 1.3.4 Each new national historic park will be formally established under federal legislation.

2. PUBLIC UNDERSTANDING AND ENJOYMENT OF NATIONAL HISTORIC PARKS

National historic parks are one means of enabling Canadians to experience important aspects of their history in an original setting. Besides protecting heritage resources, Parks Canada has a responsibility to make visits to national historic parks enjoyable and educational and to foster awareness and appreciation of Canada's history. This can be accomplished by disseminating information about the location and importance of national historic parks; by interpreting historic resources and their wider significance to both visitors and non-visitors; by providing opportunities for visitor use; and by providing essential facilities and services.

2.1 Information and Interpretation

- 2.1.1 Accurate information about national historic parks and the opportunities which they provide will be made available to the general public and to park visitors.
- 2.1.2 The interpretation program for a national historic park will be based on the historical resources at the park and the themes of Canadian history which they illustrate.
- 2.1.3 Physical aspects of the historic environment may be restored or recreated as an interpretation tool (e.g., restoration or reconstruction of structures, use of period furnishings, restoration and maintenance of the appropriate natural landscape) within the conditions for the protection of heritage resources outlined in Section 3.
- 2.1.4 Living historical interpretation such as guides in period costumes, role playing, authentic craft demonstrations, etc. may be undertaken:
 - i) when sufficient information is available to ensure accuracy; and
 - ii) when it is appropriate to and enhances the park story; and
 - iii) when the cost can be justified in relation to historic significance and interpretive potential.
- 2.1.5 National historic parks will be presented, wherever possible, as they actually existed rather than as "typical" examples.

- 2.1.6 Modern interpretation techniques may be used to give park visitors historical background, detail and perspective.
- 2.1.7 Special interpretation programs may be developed to meet the needs of particular audiences such as school groups.
- 2.1.8 Where appropriate, aspects of the natural environment may be interpreted in terms of their historical association or their significance as natural features.

2.2 Visitor Use of National Historic Parks

- 2.2.1 The primary purpose of visitor use of national historic parks is to encourage an understanding and enjoyment of Canada's history and of historical resources.
- 2.2.2 Recreational activities which are inspired by the historical or natural features will be encouraged to the extent that they do not intrude unduly on the historic environment or jeopardize the protection and direct enjoyment of historic resources.
- 2.2.3 Access of visitors to particular parts of a national historic park may be limited to protect historic resources or to ensure visitor safety and enjoyment.
- 2.2.4 Special events staged in historic parks by outside organizations will be permitted only when such events are closely related to the theme of the park, when they do not jeopardize the integrity of the historic or physical environment, and when they do not detract from public enjoyment of the park.

2.3 Visitor Services and Facilities

- 2.3.1 Parks Canada will provide directly or by concession those services and facilities which are essential to public enjoyment of a particular national historic park in ways which do not intrude upon the historic environment.
- 2.3.2 Whenever possible without impairing the historic atmosphere, visitor and administrative services will be housed in surviving period buildings unless these buildings are required for use in period interpretation.

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2.3.3 Food services may be provided within national historic parks:

- i) when such services are part of the historic environment; or
- ii) when such services are essential because no reasonable alternative exists outside the park, or because a visit to the park normally requires several hours.

2.3.4 Campgrounds will only be developed in national historic parks under exceptional circumstances such as:

- i) when there are no campgrounds available in the vicinity; and
- ii) when it is not feasible for other public or private agencies to develop campgrounds in the vicinity; and
- iii) when there is adequate land within the national historic park to permit campground development without jeopardizing the historic or significant natural environment.

2.3.5 Permanent visitor accommodation facilities may be developed within certain national historic parks in exceptional circumstances, such as:

- i) where there are suitable restored or reconstructed buildings which are not essential for primary park purposes, such as park interpretation centres, or for visitor or administrative services; and
- ii) where such visitor use is an additional means of enhancing visitor understanding of the historic environment.

3. PROTECTING HERITAGE RESOURCES IN NATIONAL HISTORIC PARKS

Heritage resources in national historic parks may include historic structures, historic artifacts, the historic environment and, in certain cases, natural resources. In national historic parks, Parks Canada will attempt to create and maintain an authentic historic setting by preserving existing historic resources and, where necessary, by accurately restoring or reconstructing aspects essential to an understanding of the site history.

Protection and interpretation of historic resources can be accomplished by three types of treatment:

- Preservation: measures designed to maintain the existing form, integrity and material of historic resources.
- Restoration: recovery of the historic form and details of historic resources by removing later additions and replacing

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- Reconstruction: the missing original elements as accurately as possible. accurate reproduction of historic structures or objects.

3.1 Protection of Historic Resources

The preservation of historic resources in their existing form will always be given first consideration over restoration or reconstruction.

3.2 Documentation

Comprehensive records will be established and maintained in the form of a complete dossier for all historic resources (places, structures, objects) related to national historic parks.

3.3 Historic Structures

Historic structures are works of man, created to serve some human activity and are usually by nature or design immovable. Examples are buildings, dams, canals, bridges, fortifications, gardens and roads.

3.3.1 Preservation

3.3.1.1 An historic structure will be stabilized or maintained in its existing form:

- i) when the structure, upon acquisition already possesses the integrity and authenticity required; or
- ii) when restoration or reconstruction is required or desirable but, for reasons of cost or lack of sufficient data, must be postponed; or
- iii) when the structure has been restored or reconstructed by Parks Canada and requires ongoing maintenance.

3.3.1.2 Modern techniques and devices (such as for fire, temperature and humidity control) may be used when essential to protect historic structures and objects, and to ensure visitor safety but should intrude as little as possible on the historic atmosphere.

3.3.2 Restoration

- 3.3.2.1 Full or partial restoration of historic structures will only be undertaken under the following conditions:
- i) when it is essential for public understanding of the historical associations and appearance of the national historic park; and
 - ii) when the existing structure is in good condition and retains most of its original details; and
 - iii) when sufficient data exist to permit accurate restoration; and
 - iv) when the cost of restoration can be justified in relation to the historic significance and interpretive potential of the structure.
- 3.3.2.2 Restoration of structures will be undertaken in such a way that the original historical fabric is safeguarded.
- 3.3.2.3 Restored or replaced material will be accurately recorded but should be indistinguishable from the original in order to maintain a realistic historic environment.
- 3.3.2.4 Subject to the availability of data, structures will normally be restored to their most significant historic period but earlier or later components of the structure may be preserved if they are of historic or artistic merit and can be of value in interpreting the evolution of the structure.

3.3.3 Reconstruction

- 3.3.3.1 Reconstruction of a vanished historic structure will only be undertaken under the following conditions:
- i) when reconstruction is essential to public understanding of the historical associations and appearance of the national historic park; and

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- ii) when no appropriate alternative action can create such public understanding; and
- iii) when there are no significant preservable remains which will be obliterated by reconstruction; and
- iv) when sufficient historical and architectural data exist to permit an authentic reconstruction; or
- v) when the cost of reconstruction can be justified in relation to the historic significance and interpretive potential of the structure.

3.3.3.2 Reconstructed structures will be identified as such.

3.3.3.3 Reconstruction will be on the original site except where foundations are of historical merit and cannot be incorporated into the reconstruction; in such cases reconstruction if necessary may be adjacent to the original foundations.

3.4 Historic Artifacts

An historic artifact is material modified by man to produce an object of artistic, utilitarian or symbolic significance, attributed to past culture.

3.4.1 Conservation

Historic artifacts properly recorded, given appropriate conservation treatment and stored, transported, handled and exhibited in ways which ensure their continued survival with minimum deterioration.

3.4.2 Restoration

3.4.2.1 An historic object may be fully or partially restored:

- i) when sufficient data exist to permit accurate restoration; and
- ii) when the object is necessary for an interpretive display but cannot be properly understood without restoration; or

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- iii) when restoration is necessary for the survival of the object.

3.4.3.3 Replacement material will be accurately recorded but should be indistinguishable from the original.

3.4.3 Reproduction

3.4.3.1 Artifacts may be reproduced:

- i) when sufficient data exist to permit accurate reproduction; and
- ii) when the object is essential for public understanding through interpretation of the park story; and
- iii) when no original exists, or an original that may exist is unobtainable or too delicate or too valuable for the use intended.

3.4.3.2 Reproduced artifacts will be identified as such.

3.5 Historic Environment

3.5.1 Parks Canada will preserve or restore the environment of a national historic park to its authentic historic form with a minimum of modification to suit modern tastes.

3.5.2 Where possible the natural environment, including gardens and landscapes, will be restored and maintained to resemble the appropriate historic period, except as outlined in section 3.6.

3.5.3 Administrative and visitor facilities and services which are required within a national historic park will be located and designed so as to minimize their intrusion on the historic environment and will, where possible, be housed in historic buildings.

3.5.4 Buffer zones should be established adjacent to national historic parks by land purchase, easements, lease or local zoning to prevent undue intrusions into the historic scene.

3.5.5 Efforts will be made to ensure that park operations, visitor use, safety measures, interpretation and other services do not unnecessarily disturb the historic environment.

3.6 Natural Resources

3.6.1 Evolution of the natural environment without interference may be appropriate:

- i) when natural resources are of particular significance and/or interest to the public; and
- ii) serious disturbance to the authentic historic environment will not occur.

3.6.2 Significant natural resources within national historic parks may be managed according to the appropriate policies for national parks.

4. RESEARCH

Research is the key to accuracy in all work related to national historic parks, from the initial determination of national historic significance to restoration of historic details and information in the park brochure.

4.1 Parks Canada will encourage and conduct that historical, architectural, archaeological and socio-economic research which contributes directly to the identification, protection, development, interpretation, planning and managing of historic resources within national historic parks.

4.2 Development at national historic parks will not normally take place until adequate research has been completed.

4.3 Actions which reduce the potential for future research on historic resources will be avoided whenever possible.

4.4 Use of park resources, research files and collections of artifacts by scholars is encouraged where it is compatible with visitor activities but it is not the intention of Parks Canada to establish permanent research centres in national historic parks.

4.5 Research information will be made available to the public and where appropriate, research activities on site will be interpreted to enhance public understanding of historic resources.

5. MANAGEMENT PLANS

The development and management of a national historic park will be based on a carefully conceived management plan which states how important historic resources are to be protected and outlines those opportunities that will be provided for visitors' understanding and enjoyment. This management plan is the means of implementing Parks Canada's policies in national historic parks.

- 5.1 A management plan will be prepared to guide the development and management of each national historic park.
- 5.2 Interim management guidelines will be prepared shortly after the establishment of a national historic park to guide initial management and development and to ensure that future options are not prejudiced.
- 5.3 The management plan will contain a clear definition of the themes of Canadian history to be illustrated and the objectives of the particular national historic park.
- 5.4 Opportunities will be provided for the public to participate in the planning for national historic parks.
- 5.5 Parks Canada will co-operate with other levels of government, private organizations and individuals responsible for such facilities as transportation and accommodation of visitors to ensure that national historic parks are integrated into the surrounding region so as to have a positive social, economic and physical impact.

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NATIONAL PARKS POLICY

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BACKGROUND

Canadians live in a country rich in natural beauty. The shores of three oceans, the Great Lakes, mountains, prairies, thousands of lakes and rivers, forests and tundra - these are some of the natural treasures we have inherited.

For centuries this landscape was affected mainly by natural forces. But more recently, with the advent of an agricultural then and industrial society, human activities have been altering the natural environment at an accelerating pace.

National Parks are a means of preserving in a natural state areas which are representative of the major natural environments of Canada. They are special places which protect part of the heritage of all Canadians, now and in the future. They offer a range of outdoor activities and opportunities to learn about the natural environment in a system of national parks which is a common heritage of all Canadians. In order to enable the continued protection of these areas, it is necessary to ensure that visitor activities do not result in harmful changes to the landscape. To this end, zones are identified within each park which reflect the degree of resource protection required and the type and intensity of visitor use that is appropriate. These zones provide the means by which the appropriate balance can be drawn between visitor use and nature preservation in different areas of the parks.

The first national park in Canada was established in 1885 to protect the newly discovered Banff Hot Springs for public use. At that time, Banff was several days travel by rail from most population centres and was therefore accessible only to a small number of wealthy travellers. Today, Banff is at the doorstep of a metropolitan area and is enjoyed by millions of visitors each year from all over the world. The national park system now covers 1.3 per cent of Canada's land mass, including areas in each province and territory.

A national park is an investment in the future. The identification and protection of our important natural heritage areas cannot await or accommodate the advance of competing land uses. Decisive action is required while the opportunities exist if the heritage of the past is to be passed on to the future. Although a variety of landscapes is now represented in Canada's national park system, certain elements are missing; for example, arctic and sub-arctic natural regions and the seascapes of the three oceans. Foresight in preserving such areas will bring many future rewards even if access is difficult today.

On the international level, Canada's national parks are an important component of a world-wide endeavour to protect

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outstanding natural areas. Within Canada, the national parks are part of a family of parks administered by different levels of government and capable of serving different public needs. Within this Canadian family of parks, the national parks are distinct because they are of Canadian significance, because they are protected by federal legislation and because they are financed by and dedicated to all Canadians.

There are many benefits of national parks. Some are intangible values such as knowing that future generations will be able to appreciate areas of untouched natural beauty. Others are more tangible benefits such as the enjoyment of a refreshing family holiday visiting national parks across Canada. There are also benefits which can be measured in terms of jobs created and tourism industry development. There is no simple way to calculate the value of national parks, except perhaps in the desire of Canadians to visit these special places and to ensure their protection for the future.

PARKS CANADA OBJECTIVE FOR NATIONAL PARKS

To encourage public understanding and enjoyment of Canada's natural heritage by protecting for all time representative natural areas of Canadian significance in a system of national parks.

1. THE NATIONAL PARK SYSTEM

Parks Canada has divided the land and water areas of Canada into 48 natural regions as shown on the accompanying two maps. Within each natural region, certain natural areas are identified which include the greatest diversity of natural themes (biologic, geologic, physiographic, geographic and oceanographic) and which are therefore representative of the natural region. These areas are referred to as "representative natural areas of Canadian significance". Each of the natural regions of Canada should be represented in the system of national parks so that examples of the diversity of our landscape and seascape are preserved for the benefit of present and future generations.

Parks Canada cannot, however, protect all of these areas identified as being representative natural areas of Canadian significance. By establishing and making public a register listing all of the identified areas, Parks Canada hopes to encourage other public agencies and appropriate private organizations to share responsibility for their protection.

Potential national parks are selected from among the "representative natural areas of Canadian significance". Public interest and support as well as the co-operation of provincial and territorial governments is essential for the establishment of new national parks or the expansion of existing park areas. The process of establishment may take several years including joint discussions and feasibility studies by the federal and provincial (territorial) governments; agreement on terms of establishment and park boundaries; public involvement; resolution of land-use conflicts; land assembly; and amendments to the federal legislation under which national parks are established. When this last step has been taken, Parks Canada can formally plan for the protection of the area and for public enjoyment of the park's natural heritage resources.

The federal-provincial agreement to create a new national park is one of the most significant steps in the process of national park establishment. It is a joint agreement, and as such, commits two levels of government to a common objective: to protect the park area and encourage public understanding and enjoyment of the area both at the time the park is

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established and in the future. Without the support of the provinces (territories) and the public, the federal government cannot meet its responsibility to protect the natural heritage of all Canadians.

1.1 Identifying Representative Natural Areas of Canadian Significance

1.1.1 Representative natural areas of Canadian significance will be identified within each land and water natural region of Canada according to the following criteria:

- i) The area must portray the diverse geological, physiographical, oceanographical and biological themes of a natural region; and
- ii) The area must have experienced minimum modification by man or, if such modification has occurred, must have potential for restoration to a natural state.

1.1.2 Representative natural areas of Canadian significance will be identified regardless of their current protected status or jurisdiction.

1.1.3 Parks Canada will list all representative natural areas of Canadian significance in a public register.

1.2 Selecting Potential National Parks

1.2.1 Potential national parks will be selected according to the following criteria:

- i) the area will be a representative natural area of Canadian significance; and
- ii) the area will be within a natural region which does not already have sufficient representation in the system of national parks; and
- iii) the area will be of a size and configuration so as to:
 - a) include a definable ecological unit(s) whose long term protection is feasible; and

- b) offer opportunities for public understanding and enjoyment; and,
- c) result in minimum long term disruption of the social and economic life in the surrounding region.

1.2.2 In selecting potential national parks consideration will be given to:

- i) the degree of protection or threats to the natural environment of the area; and
- ii) the geographic balance of national parks throughout Canada; and
- iii) the location and objectives of other protected natural areas; and
- iv) international criteria for national parks.

1.2.3 Potential national parks will be selected in consultation with provincial (territorial) governments and with the interested public.

1.3 Establishing New National Parks

1.3.1 Parks Canada will develop and keep up-to-date a plan for the system of national parks to assist in setting priorities for the establishment of new national parks.

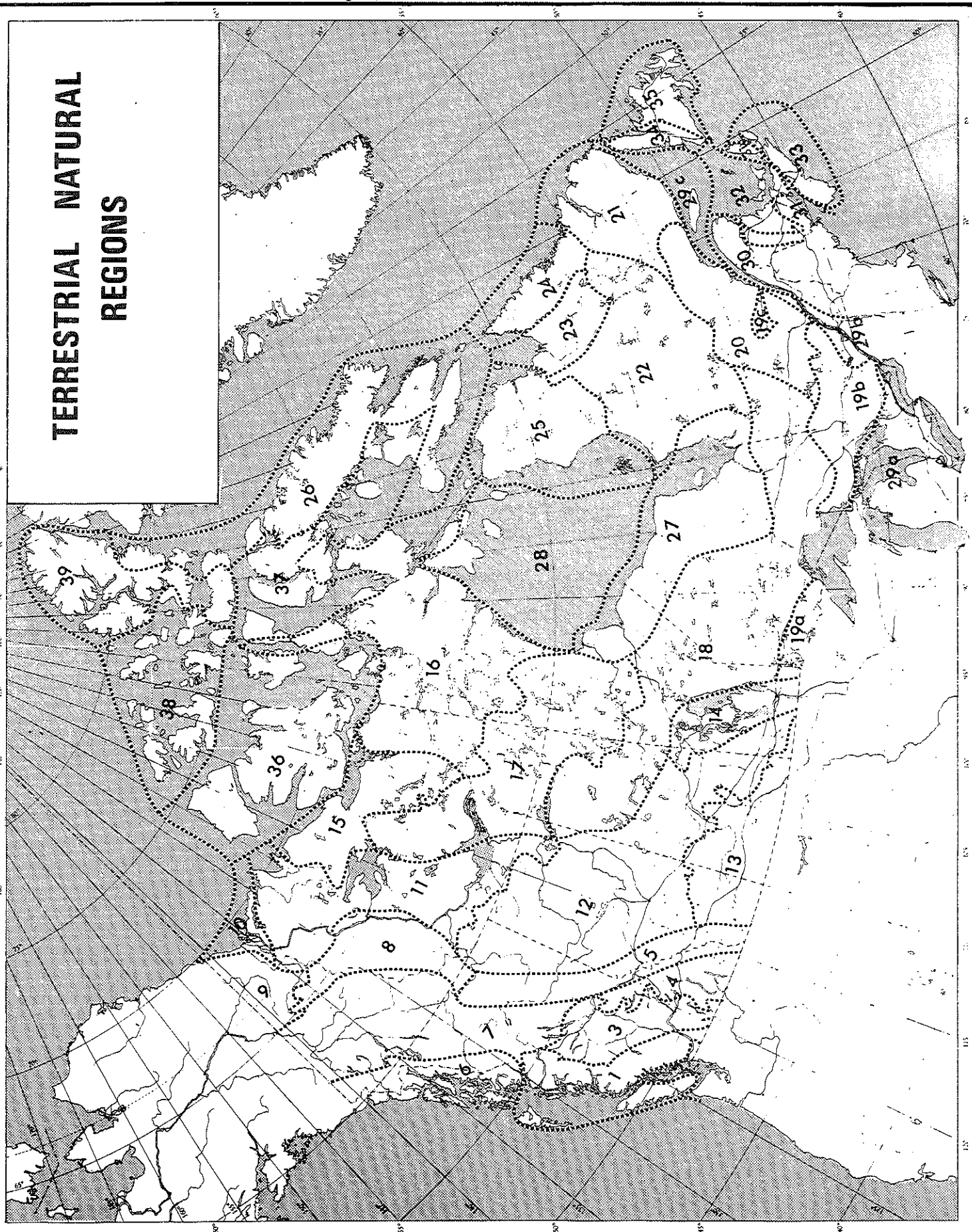
1.3.2 National Parks will be established according to an agreement between the Government of Canada and the government responsible for administration and control of any lands required for a national park.

1.3.3 The agreement will set out the terms for transfer of administration and control of required lands to the Crown in right of Canada.

1.3.3.1 The agreement will include provision that private lands and interests will normally be acquired through negotiated settlement.

1.3.3.2 The agreement will include provision that private lands and interests will be expropriated only when a negotiated settlement cannot be reached and when the lands are essential for park purposes.

TERRESTRIAL NATURAL REGIONS



TERRESTRIAL NATURAL REGIONS

(See Accompanying Map)

WESTERN MOUNTAINS

1. Pacific Coast Mountains
2. Strait of Georgia Lowlands
3. Interior Dry Plateau
4. Columbia Mountains
5. Rocky Mountains
6. Northern Coast Mountains
7. Northern Interior Plateaux
and Mountains
8. Mackenzie Mountains
9. Northern Yukon Region

INTERIOR PLAINS

10. Mackenzie Delta
11. Northern Boreal Plains
12. Southern Boreal Plains
and Plateaux
13. Prairie Grasslands
14. Manitoba Lowlands

CANADIAN SHIELD

15. Tundra Hills
16. Central Tundra Region
17. Northwestern Boreal
Uplands
18. Central Boreal Uplands
19. (a) West Great Lakes -
St. Lawrence
Precambrian Region
- (b) Central Great Lakes -
St. Lawrence
Precambrian Region
- (c) East Great Lakes -
St. Lawrence
Precambrian Region
20. Laurentian Boreal Highlands
21. East Coast Boreal Region
22. Boreal Lake Plateau
23. Whale River Region
24. Northern Labrador
Mountains
25. Ungava Tundra Plateau
26. Northern Davis Region

HUDSON BAY LOWLANDS

27. Hudson-James Lowlands
28. Southampton Plain

ST. LAWRENCE LOWLANDS

29. (a) West St. Lawrence
Lowland
- (b) Central St. Lawrence
Lowland
- (c) East St. Lawrence
Lowland

APPALACHIAN

30. Notre Dame - Megantic
Mountains
31. Maritime Acadian Highlands
32. Maritime Plain
33. Atlantic Coast Uplands
34. Western Newfoundland Island
Highlands
35. Eastern Newfoundland Island
Atlantic Region

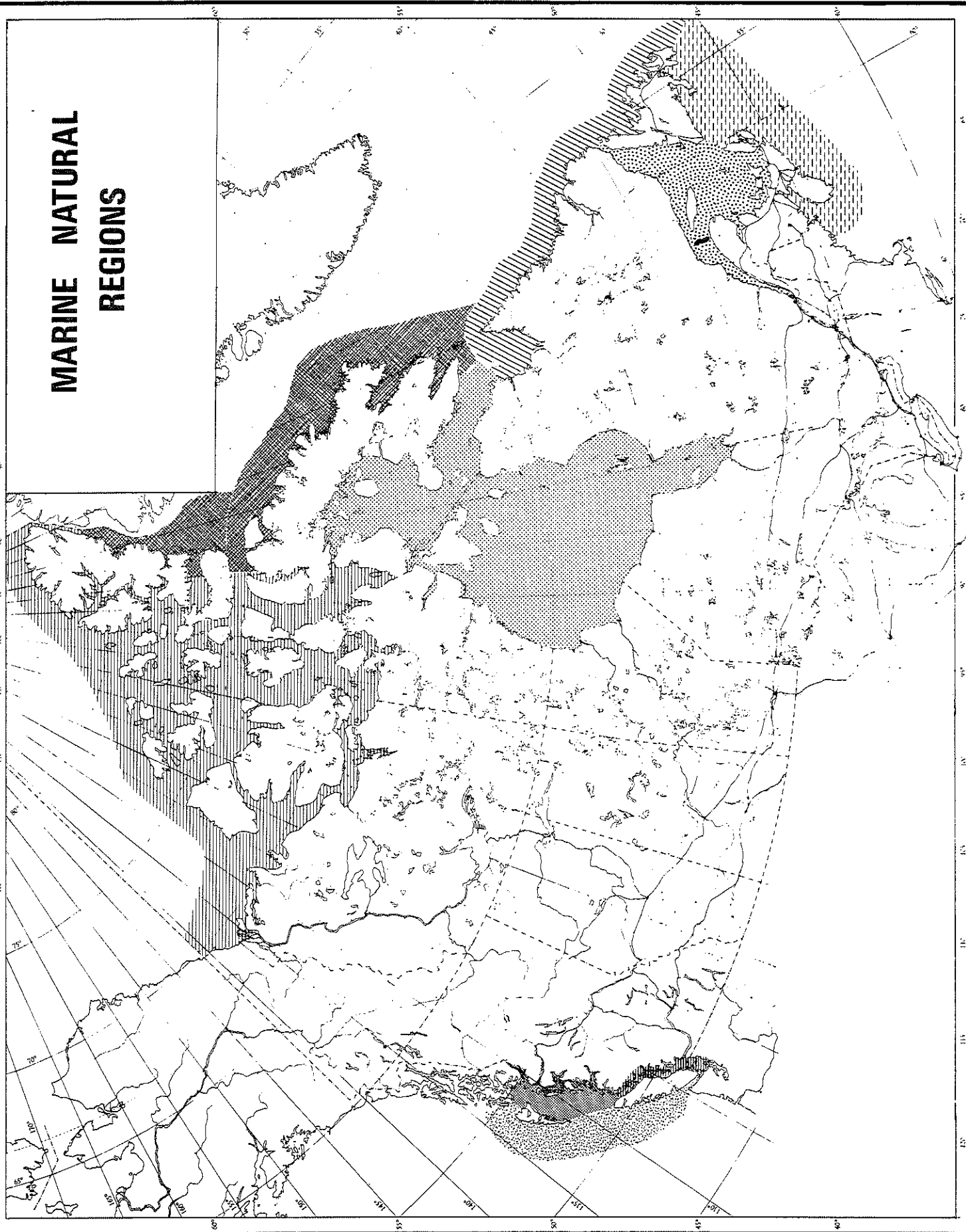
ARCTIC LOWLANDS

36. Western Arctic Lowlands
37. Eastern Arctic Lowlands

HIGH ARCTIC ISLANDS

38. Western High Arctic Region
39. Eastern High Arctic Glacier
Region

MARINE NATURAL REGIONS



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MARINE NATURAL REGIONS

(See Accompanying Map)

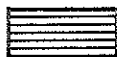
PACIFIC



Pacific West Coast



Queen Charlotte Sound

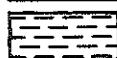


Vancouver Island Inland Sea

ATLANTIC



Labrador Sea

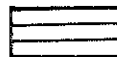


Atlantic Southeast Coast



Gulf of St. Lawrence

ARCTIC



Arctic Archipelago



Subarctic



Hudson Bay Inland Sea

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1.3.3.3 The agreement may include special provisions to reduce the immediate impact of park establishment on occupants or other users of lands acquired for a national park.

1.3.4 Adjustments to the boundaries of existing national parks will be determined according to the policies outlined in 1.2.

1.3.5 Parks Canada in conjunction with the provincial government, will consult with the interested public concerning the establishment of a new national park or the adjustment of boundaries of an existing national park.

1.3.6 National parks will be formally established under legislation enacted by the Parliament of Canada.

2. PUBLIC UNDERSTANDING AND ENJOYMENT OF NATIONAL PARKS

National parks are special places where examples of Canada's natural heritage are protected for all time. Canadians are encouraged to visit national parks and Parks Canada has a responsibility to provide opportunities for the public to enjoy and appreciate these special places in ways which are compatible with the long term protection of their natural values.

In responding to visitor needs for services, facilities and recreation activities, Parks Canada must act with caution and imagination. All Canadians have a right to experience their natural heritage but the means of doing so will depend on the sensitivity of the environment to human impact. In some park zones intensive development may be undertaken, while in others direct use may be strictly limited.

Parks Canada also has a responsibility to inform the Canadian public about their national parks and to provide programs which encourage a better understanding of these natural areas of Canadian significance.

2.1 Visitor Use

2.1.1 Parks Canada will provide for a variety of recreation activities which are a means for park visitors to enjoy and understand the park's natural environment.

2.1.2 Parks Canada will encourage those recreation activities which are dependent upon a park's

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natural resources and require a minimum of man-made facilities.

- 2.1.3 Provision will be made for a range of recreation activities in which visitors of diverse interests, ages and skills can participate.
- 2.1.4 Wherever feasible, recreation opportunities will be provided throughout the year.
- 2.1.5 Parks Canada will encourage private organizations to provide skill development programs (e.g. canoeing, wilderness travel, cross-country skiing) and, when necessary, will directly provide such programs for visitors.
- 2.1.6 Parks Canada may regulate the amount, kind, time and location of recreation activities to protect park resources, or to ensure visitor safety and enjoyment.
- 2.1.7 No new golf courses and downhill ski areas will be developed in national parks. In parks where these facilities exist, they will be permitted to develop to the capacity of their defined physical limits.

2.2 Visitor Services and Facilities

- 2.2.1 Parks Canada will ensure that facilities and services essential and appropriate for public understanding and enjoyment of national parks are provided and maintained at an appropriate standard.
- 2.2.2 The scale, site, form and character of buildings within national parks will be as unobtrusive as possible so that park architecture is compatible with the natural surroundings.
- 2.2.3 Park Access and Circulation
 - 2.2.3.1 Access to and circulation within national parks will be encouraged so as to provide the public with the opportunity of understanding and enjoying the park.
 - 2.2.3.2 Parks Canada may assist in providing transportation and access to and within national parks.

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2.2.3.3 In choosing a particular method, or mix of methods of circulation and in locating and constructing circulation systems, consideration will be given to:

- protecting park resources
- providing a quality park experience for visitors of diverse interests, ages and skills
- taking advantage of interpretive and scenic opportunities
- park location, size and configuration
- minimizing visual impact
- conserving energy
- providing for a variety of uses in different seasons
- ensuring public safety
- controlling costs.

2.2.3.4 Non-motorized means of transportation will be used in national parks wherever feasible. Where motorized transportation is required, preference will be given to public transportation.

2.2.3.5 Air transportation will not be permitted within national parks except where small aircraft are necessary for visitor enjoyment of a remote northern roadless park. Efforts will be made to restrict aircraft to specific flight lines and altitudes.

2.2.3.6 Aircraft landing sites will be developed only in remote northern roadless national parks.

2.2.3.7 Communication, transportation and utility corridors will not be routed through national parks unless such corridors are judged to be in the national interest and no reasonable alternative routings exist.

2.2.4 Location of Visitor Services and Facilities

2.2.4.1 Commercial services and facilities such as hotels, stores and service stations and park administration buildings will, where feasible, be located in communities adjacent to national parks.

2.2.4.2 Facilities and services directly related to public understanding and enjoyment of park resources, or which are essential to serve basic visitor needs, will be located within national parks.

2.2.4.3 Facilities and services which are essential to serve basic visitor needs within national parks will normally be grouped together in visitor service centres for public convenience, energy conservation and protection of park resources.

2.2.4.4 Facilities and services directly related to public understanding and enjoyment of park resources will be situated at appropriate locations throughout the national park.

2.2.5 Visitor Accommodation

2.2.5.1 Accommodation facilities which enhance visitors' appreciation and enjoyment of the parks' natural values may be provided in national parks.

2.2.5.2 In large or remote national parks it may be necessary to provide more substantial accommodation facilities because alternatives are either too distant or are not available.

2.2.5.3 Campgrounds in national parks will be developed in ways which provide visitors with the greatest possible opportunity to experience the natural environment and require a minimum of support facilities and services.

2.2.5.4 All accommodation facilities within national parks will be available for

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use by the general public. National park lands will not be available for the development of private cottages, camps or condominiums.

2.2.6 Land Tenure

2.2.6.1 The Government of Canada will own all land within National Parks.

2.2.6.2 Limited tenure may be granted on national park lands in the form of leases, concessions or licenses of occupation for the provision of essential services and facilities for park visitors.

2.2.6.3 Holders of land tenure agreements for the use of national park lands will normally pay an economic rent.

2.2.6.4 Existing leasehold interests in national parks may be acquired by negotiation if the lands or facilities are needed for public purposes.

2.2.7 Residency

2.2.7.1 Residency in national parks will be limited to those who are providing essential services and who cannot reasonably live outside the park.

2.2.7.2 Residents of national parks will normally live within a visitor centre or a townsite if such exists.

2.2.7.3 Parks Canada will levy charges on residents of visitor centres and townsites, in cases where local government does not exist, to recover an equitable portion of the costs of developing and maintaining municipal services.

2.2.8 Banff and Jasper Townsites

2.2.8.1 Existing townsites (Banff and Jasper) will be limited to the boundaries established by regulation.

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2.2.8.2 No new townsites will be developed within national parks.

2.2.8.3 Parks Canada will continue to own all land and administer land-use planning in national park townsites.

2.2.8.4 The formation of local government to administer townsite services and certain facilities will be encouraged.

2.2.9 Private Sector

2.2.9.1 Parks Canada will encourage involvement of the private sector whenever appropriate in the development and operation of services and facilities for visitors in national parks.

2.2.9.2 Facilities and services provided by the private sector within national parks will be controlled to ensure that rates charged are comparable to those outside of national parks for similar services and that the services provided are of an appropriate quality.

2.3 Information and Interpretation

2.3.1 Accurate information about national parks and the opportunities which they provide will be made available to the general public and to park visitors.

2.3.2 Interpretive programs will be provided to encourage an understanding and enjoyment of the park's natural values and to develop an awareness of man's relationship to and dependence on the natural environment.

2.3.3 The park story will reflect the historical and cultural heritage of the park area and its relation to the natural environment.

2.3.4 Parks Canada will encourage and may assist other organizations and individuals to communicate accurate information to the public about the role of national parks and the opportunities they provide.

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3. PROTECTING NATIONAL PARK RESOURCES

Land management within National Parks differs markedly from that of most other lands where effort is directed toward modifying or controlling nature, producing crops or extracting natural resources. Within National Parks, however, effort is directed towards protecting our natural heritage by maintaining the natural environment in as natural a state as possible. This fact has far-reaching implications to the resource management of National Parks in that many concepts or ideas which are relevant or essential to the successful management of other lands have limited relevance to the management of National Parks. Therefore, caution should be exercised before any active manipulation of park resources is undertaken with preference almost always given to allowing natural processes to function unless they have been clearly altered or made inoperative by man-induced changes.

The management of national parks should not, however, be in isolation from the regions in which they are located. Few, if any, land uses can occur without there being both beneficial and detrimental effects on the surrounding lands, therefore, cooperation with other land management agencies is essential.

Through careful protection of a park's natural resources, Parks Canada can ensure that examples of our natural heritage are passed on intact for the benefit of future generations.

3.1 Resource Protection

Natural resources within national parks will be given the highest degree of protection to ensure the perpetuation of a natural environment essentially unaltered by human activity.

3.2 Resource Management

3.2.1 Natural Resources within national parks will be protected and managed with minimum interference to natural processes to ensure the perpetuation of naturally evolving land and water environments and their associated species.

3.2.2 Manipulation of natural processes e.g. fire, insects, disease, may take place after monitoring has shown that:

- i) there may be serious adverse effects on neighbouring lands; or
 - ii) public health or safety is threatened;
- or

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- iii) major park facilities are threatened;
or
- iv) natural processes have been altered by man and manipulation is required to restore the natural balance; or
- v) a major natural control is absent from the park; or
- vi) the continued existence of a plant or animal species, which is rare or endangered or which is critical to representation of the natural region, is threatened by a natural cause such as insects or disease; or
- vii) the population of an animal species or stage of plant succession which has been prescribed in the objectives for a park, cannot be maintained by natural forces.

3.2.3 Where active resource management is necessary, techniques will duplicate natural processes as closely as possible.

3.2.4 Resource management in each national park will take into account factors such as park size, park objectives, geographic location and the nature of activities occurring in surrounding areas.

3.2.5 Habitat critical to the survival of an animal or plant species may be provided by acquisition, agreement with other agencies or habitat manipulation within the park.

3.2.6 A species of plant or animal which has been native to, but which is no longer present in the park area, may be reintroduced:

- i) if the effect on other plants and animals is acceptable; and
- ii) if such action is compatible with park objectives; and
- iii) if such action does not pose serious problems for neighbouring land uses.

3.2.7 Non native species of plants and animals will not normally be introduced into a national park.

3.2.8 Sources of pollution affecting park resources will be identified and Parks Canada will seek to minimize their impact in cooperation with other agencies.

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3.2.9 Extraction of natural resources in a national park will not be permitted except for:

- i) certain existing extractive activities being phased out during the establishment of a new national park; and
 - ii) traditional subsistence hunting, fishing and trapping by local native people as agreed at the time of establishment of certain parks; and
 - iii) selected activities which are of cultural value in portraying a traditional relationship between man and the land in the park area as part of the park experience; and
 - iv) sport fishing;
- in any case, such activities must not destroy the natural values for which the park was established.

3.2.10 Historical, cultural and archaeological resources within national parks will be protected:

- i) when such resources are of particular significance and/or interest to the public; and
- ii) when they do not conflict with the protection of significant natural values.

4. RESEARCH

Research is essential at all stages in the establishment, development and management of the national parks system. Parks Canada strives to learn about the natural environment so that national parks can be identified, protected and accurately interpreted to the public. In addition, research is important to assess public needs and the impact of visitor uses and facilities.

National Parks also offer opportunities for basic research into natural environments which have not been substantially altered by human activity. As such they serve as benchmarks for ecological research and for studies of the effects of modern technology on lands outside park boundaries.

- 4.1 Parks Canada will encourage and conduct research into natural phenomena, public needs, visitor use and impacts so as to contribute directly to the identification, selection, establishment,

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protection, development, interpretation, planning and managing of national parks.

4.2 Other research in national parks which will enhance understanding of natural processes and enjoyment of natural areas will be authorized:

- i) when use of a national park environment is essential; and
- ii) when research is undertaken or sponsored by a qualified individual or organization.

4.3 Development of permanent facilities in national parks will not normally take place until adequate research and planning has been completed.

4.4 Research activities and facilities within national parks will be controlled by Parks Canada to protect natural resources and to ensure that such activities do not detract from visitor enjoyment.

4.5 Research facilities may be located within national parks for the use of Parks Canada and to encourage compatible research by other agencies.

4.6 Research information will be made available to the public and where appropriate, research activities will be demonstrated and interpreted to enhance public understanding of the natural environment.

5. MANAGEMENT PLANS

A management plan is a guide by which Parks Canada manages the resources and uses of a particular national park. It is an expression of Parks Canada's policies at the park level and, as a public document, it informs the public of the opportunities which are available to enjoy the park and of the degree of protection which is necessary for different zones within the park.

The preparation of a management plan involves defining park objectives, gathering basic information on natural resources and visitor needs, preparing and examining alternative approaches, involving the public, and taking decisions.

5.1 A management plan will be prepared for each national park as an expression of Parks Canada's policies and as a guide in park management.

5.2 Interim management guidelines will be prepared shortly after the establishment of a national park to guide initial development and management and to ensure that future options are not prejudiced.

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- 5.3 The management plan will contain a statement of the approved park objectives which will reflect Parks Canada's objective for national parks, and the role of the park in the system of national parks and in the area in which it is located.
- 5.4 As part of the management plan, land and water areas of all national park lands will be classified according to a zoning system ranging from strict resource protection to intensive visitor use.
- 5.5 Each national park will have at least one protection zone and one visitor use zone.
- 5.6 Opportunities will be provided for the Canadian public to participate in the planning of national parks.
- 5.7 Parks Canada will co-operate with other levels of government, private organizations and individuals responsible for the planning of areas adjacent to national parks and for the provision of facilities and services in communities which are external park visitor service centres to ensure that national parks are integrated in a positive manner with their surrounding regions.

6. NATIONAL WILDERNESS PARKS IN THE NORTHWEST TERRITORIES AND YUKON

Purpose of This Statement

To clarify how the national parks policy could be applied to protect wilderness areas in the Yukon and Northwest Territories for the benefit of all Canadian now and in the future with special regard for the traditional way of life of native peoples.

Background

There are currently three national park reserves in Canada north of 60°: Kluane, Nahanni and Auyuittuq. In addition, an area on the east arm of Great Slave Lake was withdrawn in 1970 for the purpose of future development as a national park. Recently, five other natural areas of Canadian significance in the northern territories have been identified which merit protection within the national parks system: they are in the Northern Yukon, on Banks Island, at Wager Bay, at Bathurst Inlet and on Ellesmere Island. These areas in the far north are the last frontier: relatively inaccessible from southern Canada and virtually untouched by industrial man. They contain vast and delicate ecosystems which, because of the harsh climate, are slow to recover if they are altered. At the same time, these areas are part of the northern

homeland of native peoples who have traditionally depended on the land and its resources for their survival. Their culture reflects this fundamental relationship and lands which have been traditionally used by native people are the subject of unresolved native land claims. Because of these distinctive factors, if the areas are to be appropriately protected within the national parks system, they must be planned and managed in a way which reflects these special circumstances. An appropriate balance must be maintained between the rights of the public to understand and enjoy Canada's natural heritage, the rights of local people to continue traditional subsistence uses and the requirement to protect the wilderness of the area.

6.1 Selection

6.1.1 National Wilderness parks would be selected only in places in Canada's north which are identified as representative natural areas of Canadian significance.

6.1.2 The opportunity to protect critical habitat for renewable resources upon which local people have traditionally depended would be a selection consideration.

6.2 Establishment

6.2.1 National Wilderness parks would be selected and established in consultation with the territorial government, native associations, local communities and the interested Canadian public.

6.2.2 Boundaries of a national wilderness park would not be finally established in legislation until a settlement of relevant native claims is reached. As an interim measure such areas may be set aside as "national wilderness park reserves".

6.2.3 The boundaries of national wilderness parks would be drawn to exclude permanent communities.

6.2.4 All lands within national wilderness parks would be vested in the Crown in the right of Canada.

6.3 Protection

6.3.1 Appropriate legislation would be required for national wilderness parks to ensure exclusion of all activities inconsistent

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with the preservation of the wilderness character of the landscape and its natural and cultural values.

6.4 Public Use, Understanding and Enjoyment

- 6.4.1 Local people would be guaranteed the right to continue traditional subsistence resource uses within parts of national wilderness parks where they have traditionally done so on a subsistence basis, subject to the requirement to protect the ecosystems and to maintain viable populations of wildlife species.
- 6.4.2 National wilderness parks would be planned and managed to provide a wilderness experience for park visitors.
- 6.4.3 Visitor activities would be permitted which are compatible with a park's natural and cultural resources and require no man-made facilities or motorized transportation.
- 6.4.4 Interpretive facilities and services intended to help Canadians understand and appreciate the natural and cultural values would normally be located outside the park.

6.5 Planning and Management

- 6.5.1 Each national wilderness park would contain only protection zones (i.e. zones I and II of the 5 class zoning system used for national parks).
- 6.5.2 National wilderness parks would be managed by Parks Canada as part of the national parks system.
- 6.5.3 Planning and management strategies for each national wilderness park would be developed jointly by representatives of local communities and Parks Canada. These strategies would, among other things, define:
 - 6.5.3.1 what traditional subsistence resource uses have taken place and in what areas;
 - 6.5.3.2 who would qualify to continue traditional subsistence resource uses;

6.5.3.3 what level of traditional subsistence resource use would be appropriate;

6.5.3.4 what methods of transportation, harvesting, etc., would be appropriate;

6.5.3.5 what research would be essential to manage the continuing traditional use of renewable resources;

6.5.3.6 under what circumstances local people could live temporarily within a national wilderness park.

6.5.4 A variety of means would be used to ensure the maximum possible opportunities for local residents to find employment in the management of national wilderness parks.

6.5.5 Close cooperation would be essential between Parks Canada and those responsible for managing adjacent lands and resources.

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NATIONAL LANDMARKS POLICY

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NATIONAL LANDMARKS POLICY

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BACKGROUND

Throughout Canada there are many exceptional natural features and phenomena. They too are an important part of our national heritage and should be protected for their educational and scientific value. Natural wonders such as meteor impact craters, dinosaur fossil sites, rare or endangered species habitats, subterranean caverns, volcanic cinder cones, glacial moraines and coral reefs often cover only a small area and are found in isolation from national parks. National landmarks are the means by which many of these significant natural values will be identified, highlighted and protected.

National landmarks differ from national parks in a number of respects. They are sites containing one or more unique, rare or exceptional natural features or phenomena of Canadian significance, rather than areas encompassing representative natural ecosystems. They are generally small in size compared to national parks. While like national parks they have high potential for public interest and appreciation, national landmarks have particularly important scientific value. Because they are small and rare or unique in Canada, they can be subject to less use than national parks. The nature and level of visitor use is more strictly controlled, with greater emphasis being given to educational activities. Research activities, on the other hand, are encouraged provided they are compatible with the need to protect the natural values.

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PARKS CANADA OBJECTIVE FOR NATIONAL LANDMARKS

To encourage public understanding and appreciation of Canada's natural heritage by protecting for all time unique natural sites of Canadian significance in national landmarks.

1. CANADA'S NATIONAL LANDMARKS

The first step in the establishment of national landmarks is the identification of "unique natural sites of Canadian significance", based on a Canada-wide survey. This survey involves studies of natural themes which are refinements of the following broad environmental categories: geology, landforms, vegetation, wildlife, climate, rivers and lakes, oceans and marine life. The suggestions and opinions from the public and from the scientific community are of great value in assessing and identifying "unique natural sites of Canadian significance".

Parks Canada will not be able to protect all such unique sites. By establishing and making public a register listing all "unique natural sites of Canadian significance", it is hoped that other public and private organizations will, wherever possible, undertake or contribute to protection of these special places.

Potential national landmarks will be selected from among the "unique natural sites of Canadian significance". Provincial/territorial government co-operation and support will be essential before sites can be designated as national landmarks.

National landmarks may be found in isolation from, or integrated with, other conservation land uses. For example, a site which satisfies the requirements for a national landmark may be contained within a broader area which has the potential to become, or already is, a provincial park or other type of conservation reserve. This should not preclude its establishment as a national landmark but would, in fact, offer a beneficial buffer zone. When there is no existing buffer, it may be desirable to create one by such means as co-operative agreements or provincial land-use zoning.

1.1 Identifying Exceptional Natural Sites of Canadian Significance

- 1.1.1 Exceptional natural sites of Canadian significance will be identified across Canada according to the following criteria:

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- i) The site must contain a natural feature or phenomenon which is unique or rare in Canada or the world, or the site must be the best example of a particular natural theme component in Canada; and
- ii) The site must have experienced minimum modification by man or, if such modification has occurred, the main feature must be unaffected and the site must have potential for restoration to a natural state.

1.1.2 Exceptional natural sites of Canadian significance will be identified regardless of their current protected status or jurisdiction.

1.1.3 Parks Canada will list all exceptional natural sites of Canadian significance in a public register.

1.2 Selecting Potential National Landmarks

1.2.1 Potential national landmarks will be selected according to the following criteria:

- i) the site will be an exceptional natural site of Canadian significance; and
- ii) the site will be of high scientific value and public interest; and
- iii) the site will be of a size and configuration so as to:
 - a) encompass a natural feature or phenomenon whose long-term protection is feasible; and
 - b) offer opportunities for research, public understanding and appreciation.

1.2.2 In selecting potential national landmarks consideration will be given to:

- i) the degree of protection or threats to the natural environment of the site; and
- ii) competing land uses; and
- iii) geographic balance of national landmarks throughout Canada; and
- iv) the location and objectives of other protected natural areas; and
- v) appropriate international criteria.

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- 1.2.3 Potential national landmarks will be selected in consultation with provincial (territorial) governments and with the interested public.

1.3 Establishing National Landmarks

- 1.3.1 National landmarks will be established according to an agreement between the Government of Canada and the government responsible for transferring administration and control of any lands required for a national landmark to the Crown in right of Canada.

- 1.3.2 National landmarks will be established under appropriate federal legislation.

2. PUBLIC UNDERSTANDING AND APPRECIATION OF NATIONAL LANDMARKS

National landmarks will provide Canadians and others with unique opportunities to observe, learn about and appreciate the Canadian natural heritage. Intensive use and development will not usually be appropriate at national landmarks because of their small size and unique features. Local communities adjacent to landmarks will be encouraged to provide accommodation and food services.

2.1 Visitor Use

- 2.1.1 Parks Canada will provide for day-use activities which are a means for park visitors to appreciate and understand the unique natural site.
- 2.1.2 Interpretation, research and other educational uses will be encouraged at national landmarks.
- 2.1.3 Visitor activities will be those which are dependent upon a landmark's natural resources and require a minimum of man-made facilities.

2.2 Visitor Services and Facilities

- 2.2.1 Parks Canada will ensure that those facilities and services essential and appropriate for public understanding and appreciation of national landmarks are provided and maintained at an appropriate standard.

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2.2.2 Controlled access will normally be provided to the main landmark feature. This will, in most cases, be by public transit or walking trails.

2.2.3 Facility development at national landmarks will be restricted to that required for visitors' basic needs and for interpretation and study purposes.

2.3 Information and Interpretation

2.3.1 Accurate information about national landmarks and the opportunities which they provide will be made available to the general public.

2.3.2 Interpretive programs will be provided to encourage an appreciation and understanding of the landmark's natural feature and phenomenon.

3. PROTECTING NATIONAL LANDMARK RESOURCES

Within national landmarks, resource management will be directed primarily at the protection and preservation of a single natural feature or phenomenon. Management may therefore be required when natural conditions threaten to alter or eradicate the protected feature or phenomenon.

3.1 Resource Protection

Natural Resources within national landmarks will be protected to ensure the perpetuation of the main landmark feature or phenomenon.

3.2 Resource Management

3.2.1 Natural processes will normally be allowed to proceed without interference unless monitoring has shown that:

- i) the main landmark feature or phenomenon is threatened; or
- ii) there may be serious adverse effects on neighbouring lands; or
- iii) public health or safety is threatened.

3.2.2 Surface extraction of natural resources in a national landmark will not be permitted.

3.2.3 Subsurface extraction, from outside a national landmark, of mineral, oil or gas resources located under the surface of national landmarks may be permitted in

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special cases if the activity will not impair the landmark.

4. RESEARCH

National landmarks are exceptional sites of high scientific value which offer excellent opportunities for research into natural features and processes. Research will be essential to identifying national landmarks and planning for their protection and for public appreciation.

- 4.1 Parks Canada will encourage and conduct research necessary to identify unique natural areas of Canadian significance and to select national landmark sites.
- 4.2 Parks Canada will encourage and conduct research at a national landmark which contributes to an understanding of natural features and processes and to planning and managing the national landmark.
- 4.3 Research information will be made available to the public and where appropriate, research activities will be demonstrated and interpreted to enhance public understanding of the natural environment.

5. MANAGEMENT PLANS

A management plan is a guide by which Parks Canada manages the resources and uses of a particular national landmark. It is an expression of Parks Canada's policies at the site level and it is a public document which informs the public of the opportunities which are available to understand and appreciate the landmark and of the degree of protection which is necessary.

The preparation of a management plan involves defining objectives, gathering basic information on natural resources and visitor needs, preparing and examining alternative approaches, involving the public, and making decisions.

- 5.1 A management plan will be prepared for each national landmark as an expression of Parks Canada's policies and as a guide in the management of the site.
- 5.2 Opportunities will be provided for the Canadian public to participate in the planning of national landmarks.
- 5.3 Parks Canada will co-operate with other levels of government, private organizations and individuals responsible for the planning of areas adjacent to national landmarks and for the provision of

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facilities and services in nearby communities to ensure that national landmarks are integrated in a positive manner into their surrounding regions.

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HERITAGE CANALS POLICY

HERITAGE CANALS POLICY

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BACKGROUND

In the early part of the last century, British North America embarked with great enthusiasm on a period of canal-building. Constructed prior to the development of railroads and highways, these early canals were intended to facilitate the flow of trade along waterways or, in some cases, to provide alternative routes in case of war. At Confederation the canals came under the jurisdiction of the federal government because of their importance in the transportation system of the new nation.

Since that time the role of these canals as commercial trading routes has diminished and, more recently, their use as recreational waterways has increased dramatically. In addition, the canals have taken on new significance as historic examples of early engineering technology in Canada and as scenic corridors.

In 1972, in recognition of these changes, the responsibility for certain canals was transferred from the Ministry of Transport to Parks Canada. The transfer was made on the understanding that future management of these canals would emphasize not only transportation but the protection, enjoyment and interpretation of their natural and cultural heritage values. These "heritage" canals are now operated and maintained by Parks Canada: Rideau, Trent-Severn, Murray, Carillon, Ste. Anne, Chambly, St. Ours and St. Peters. These heritage canals are now an important part of the overall Parks Canada program.

PARKS CANADA OBJECTIVE FOR HERITAGE CANALS

To encourage public understanding and enjoyment of Canada's natural and cultural heritage by protecting for all time the heritage resources of certain federally operated canals and by operating these canals for recreational use.

1. ENCOURAGING PUBLIC UNDERSTANDING AND ENJOYMENT

Heritage canals can provide a variety of opportunities for the public to enjoy recreational activities on land and water, and to appreciate aspects of Canada's natural and cultural heritage.

- 1.1 Information and interpretation programs will be developed by Parks Canada to provide canal users, visitors and the general public with an appreciation of the heritage values of each canal.
- 1.2 Parks Canada will ensure the provision of services and facilities which are essential to maintaining navigation routes, public land access, safety, enjoyment and understanding of heritage features.
- 1.3 A variety of compatible recreation activities will be encouraged so that the land and water resources of heritage canals can be used in all seasons wherever possible.

2. PROTECTING HERITAGE RESOURCES

Heritage Canals are navigation routes which include a variety of cultural, natural and recreational resources. Canals illustrate the evolution of man/land relationships and serve as a resource for contemporary recreational use.

- 2.1 Navigation along heritage canals will be maintained as an inherent part of their heritage value.
- 2.2 In the operation and maintenance of heritage canals and in the development of facilities and services for visitors, Parks Canada will protect the heritage character and original historic appearance of each canal. Exceptions may be approved under special circumstances for the mechanization of dams for the efficient control of water levels within the watershed.
- 2.3 Parks Canada will protect and interpret heritage resources which illustrate man's use of natural

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features for transportation, settlement or economic development.

- 2.4 Historic resources which have been identified as being of national historic significance will be protected according to the policies of National Historic Parks, while recognizing the special requirement for the maintenance of navigation.
- 2.5 Significant natural features on federal lands along heritage canal systems will be protected according to the policies of national landmarks.
- 2.6 Parks Canada may limit the level, type and location of use of heritage canals to protect heritage resources or to ensure visitor safety and enjoyment.
- 2.7 Canals will be maintained and operated in a manner that minimizes adverse effects on water quality and shoreline property.

3. PLANNING FOR PROTECTION AND USE OF HERITAGE CANALS

Parks Canada is responsible for the federally-owned heritage canals and associated lands. The development and management of each heritage canal and its associated lands should be based on a plan which provides for present and future use and ensures that the character of each heritage canal is protected.

Lands bordering canal waterways may be owned by provincial or municipal governments or by private owners. The planning for those areas which are exclusively federal responsibility must be closely co-ordinated with the planning of adjacent lands by other responsible agencies or individuals to ensure integration of canals with their environment.

- 3.1 Parks Canada will prepare plans to guide the development and management of those aspects of the heritage canals which are a federal responsibility.
- 3.2 Opportunities will be provided for the public to participate in the planning for heritage canals.
- 3.3 Parks Canada will co-operate with provincial and municipal governments as well as other groups and individuals responsible for the planning of lands adjacent to heritage canals; this will normally be accomplished through a cooperative agreement between the parties concerned.

P A R T I I I

TOWARD A POLICY FOR CO-OPERATIVE HERITAGE ACTIVITIES

Cooperative Heritage Areas

Inventories and Records of Heritage Resources

Other Cooperative Activities

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BACKGROUND

All levels of government, as well as private organizations and individuals are concerned with the protection of aspects of Canada's heritage. A co-ordinated approach is necessary to avoid duplication and to ensure that limited resources are applied where they are most needed. At the same time, the responsibilities and priorities of different governments, organizations and private citizens must be respected.

As the federal government agency most directly concerned with places of heritage significance, Parks Canada can encourage, assist and support the development of co-ordinated or co-operative heritage programs which are complementary to its objective.

There are many co-operative activities which may be both possible and desirable, and it is hoped that present and future discussions among all those concerned with the Canadian heritage will lead to beneficial initiatives and activities.

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A. CO-OPERATIVE HERITAGE AREASBACKGROUND

Certain areas of natural and/or cultural heritage significance can best be protected and presented by Parks Canada, acting in conjunction with provincial governments, other public and private organizations and individuals and co-ordinating the actions of other federal departments. Besides conservation and recreational significance, these areas generally have a substantial physical, economical and social impact on the region. The cooperative approach makes it possible to meet the combined objectives of the various participants through a joint agreement. It is broader in scope and more effective than unco-ordinated actions by individual agencies.

The process has been called "Agreements for Recreation and Conservation". Because Parks Canada does not control or own all of the physical areas for which such an agreement exists, the areas are referred to as "co-operative heritage areas".

Co-operative heritage areas may be of several types. In some cases there may be a variety of distinctive natural and cultural resources concentrated in an area which, taken together, are of Canadian significance. In other cases there may be an example of one particular type of heritage resource which is considered to be of national significance, e.g., historic land and water routes, urban conservation areas, rural cultural landscapes or wild rivers, and whose preservation requires co-operative action.

The first such co-operative heritage area is covered by the CORTS Agreement signed in February 1975. Several other agreements are being negotiated between Parks Canada and different provinces. While there are some similarities between these agreements, each one focuses on a particular combination of heritage resources and is specifically designed to achieve the objectives of the participants.

PARKS CANADA OBJECTIVE FOR CO-OPERATIVE HERITAGE AREAS

To encourage public use, understanding and recreational enjoyment of certain heritage areas and to protect significant natural and cultural resources within these areas by acting in conjunction with other governments, organizations and individuals.

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1. Selecting Co-operative Heritage Areas

Co-operative heritage areas will be selected in co-operation with federal and provincial (territorial) agencies and interested organizations and individuals. Parks Canada's assessment of potential co-operative heritage areas will be based on the following criteria:

- (i) Heritage Resources: The area will contain natural and/or cultural heritage resources which are of Canadian significance because of their quality and/or quantity; and
- (ii) Heritage Protection: The heritage resources will be in such condition and setting that continuing protection will be possible; and
- (iii) Need for Co-operation: The area will be such that the development of its heritage potential will require the participation and co-operation of other agencies with Parks Canada through agreement; and
- (iv) Agreement: It will be possible to accommodate the objectives and co-ordinate the independent actions of the participating agencies; and
- (v) Parks Canada System: The area will complement other elements in the Parks Canada system.

2. Joint Action in Co-operative Heritage Areas

Co-operative heritage areas require the commitment of participating agencies to joint action in a process that involves research, planning, negotiation, development and management.

- 2.1 Establishment of a co-operative heritage area will require the commitment of participating agencies to joint action through an agreement or series of agreements.
- 2.2 The agreement will clearly state the objectives and responsibilities of the participants.
- 2.3 The participants will jointly determine the strategy for the development and management of agreed activities by outlining the means of utilizing and integrating the authorities and resources of all participants.
- 2.4 Participating agencies will agree to undertake independently certain aspects of the agreed strategy.
- 2.5 Proposals for the protection and development of co-operative heritage areas will be evaluated on an on-going basis in terms of Parks Canada's policies

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for co-operative heritage areas and in reference to the original criteria and rationale by which the particular area was selected.

2.6 Planning for a co-operative heritage area is a joint process which produces an integrated plan defining co-ordinated action.

2.7 Public participation in the planning process for co-operative heritage areas will be encouraged.

3. Encouraging Public Understanding and Recreational Use

3.1 Parks Canada's contribution in a co-operative heritage area will emphasize those information and interpretation programs, recreational activities, facilities and services which foster an appreciation and understanding of the heritage resources.

3.2 Depending on the nature of the co-operative heritage area, a wide range of uses and recreational activities will be encouraged to meet the objectives of the participants as stated in the joint agreement.

3.3 In certain circumstances, appropriate contemporary uses may be integrated into the heritage area, e.g., recycling of restored buildings for modern use.

4. Protecting Heritage Resources in Co-operative Heritage Areas

4.1 Natural and/or cultural heritage resources within a co-operative heritage area will be given appropriate protection by the participant who is responsible under the joint agreement.

4.2 National parks, national landmarks, national historic parks or canals within a co-operative heritage area will be administered by Parks Canada according to its policies for that particular activity.

4.3 Activities and uses within a co-operative heritage area may be controlled to protect heritage resources or to ensure public safety and enjoyment.

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B. INVENTORIES AND RECORDS OF HERITAGE RESOURCESBACKGROUND

Comprehensive conservation action in Canada must be based on accurate knowledge of those heritage resources which exist; on informed judgements of their relative value; and on public support for their protection. There is a need for a Canada-wide agency such as Parks Canada to undertake or co-ordinate inventories and records in a systematic and consistent fashion on a national basis.

Also, because it is sometimes impossible to protect all of our heritage there is a need to preserve, through comprehensive recording, the natural and technological heritage of Canada. Many nationally significant sites or structures cannot be acquired, but can be recorded. The drawings, photographs and written records can be used to stimulate awareness, educate, and most important, become the official archival record of natural and cultural heritage resources.

PARKS CANADA OBJECTIVE FOR INVENTORIES AND RECORDS OF HERITAGE RESOURCES

To encourage public understanding of Canada's natural and cultural heritage by undertaking inventories and establishing permanent public records of places which are examples of this heritage.

1. Canadian Register of Heritage Property

In co-operation with provincial and territorial governments, Parks Canada is seeking to establish a record of Canada's significant heritage properties in the form of a Canadian Register of Heritage Property. It would be a means whereby older properties of architectural, cultural and historic merit, an irreplaceable heritage, could be recognized. It would also be a means whereby justified financial assistance could be provided to owners of registered heritage properties which are in need of exterior or structural rehabilitation. Federal-provincial (territorial) agreements would be concluded before the Registry came into force.

Heritage properties would be nominated by participating Provincial (Territorial) Register Committees in accordance with agreed national criteria. A central record would be maintained and published by the Canadian Register Secretariat provided by Parks Canada.

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Provincial (Territorial) Register Committees would select those registered heritage properties which qualify for financial assistance and determine the total amount of financial assistance in each case. Financial assistance from Parks Canada and from the provincial (territorial) government would be in the form of direct grants to heritage property owners, subject to their acceptance of certain conditions to be authorized under provincial legislation.

2. Other Inventories and Records

(a) Canadian Inventory of Historic Building

The Canadian Inventory of Historic Building was designed to assist in the identification and evaluation of structures of national historic significance, and to serve as a source of basic information for all those who are interested in architectural history or conservation. The first phase of the Inventory involves the recording of exterior details of 200,000 historic structures. Phase two involves the recording of interior details from a small percentage of phase one structures, selected on the basis of style and historical interest. In phase three, detailed research will be carried out on selected structures.

(b) Canadian Engineering Heritage Record

Parks Canada, in co-operation with the Engineering Institute of Canada, has carried out a pilot project -- "The Canadian Engineering Heritage Record" -- to identify and record tangible evidence of Canadian technological achievement - bridges, dams, railways, machines etc.

(c) Wild Rivers Survey

In 1971, Parks Canada launched a major survey of Canada's remaining wild rivers. The survey covering 10,000 miles along 65 rivers is now complete and the information gathered is available to the public in a series of booklets.

(d) Register of Representative Natural areas of Canadian Significance

Parks Canada proposes to establish and periodically update a public register listing all representative natural areas of Canadian significance not only to assist in the selection of new national parks, but also to provide information for other governments

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and agencies interested in the protection of Canada's natural heritage.

(e) Register of Unique Natural Sites of Canadian Significance

Parks Canada proposes to establish and periodically update a public register listing unique natural sites of Canadian significance not only to assist in the selection of natural landmarks but also to provide information for other governments and agencies interested in the protection of Canada's natural heritage.

C. OTHER CO-OPERATIVE ACTIVITIES

1. International Activities

(a) World Heritage Convention

In July 1976 Canada acceded to the World Heritage Convention, a UNESCO convention providing for the protection of the world cultural and natural heritage. Parks Canada has been designated as the primary agency responsible for fulfilling Canada's obligations under this convention. The principal Canadian obligations are:

- (i) to identify and delineate heritage properties within Canada;
- (ii) to ensure that effective measures are taken for the protection, conservation and presentation of the cultural and natural heritage of Canada;
- (iii) to contribute to the World Heritage Fund an amount equivalent to one per cent of Canada's contribution to the regular budget of UNESCO;
- (iv) to strengthen public appreciation of, and respect for, the cultural and natural heritage, and;
- (v) to submit to the World Heritage Committee an inventory of heritage property which might be suitable for inclusion in the World Heritage List or the List of World Heritage in Danger.

(b) International Organizations

Parks Canada participates in the following other international organizations concerned with protection of the natural and cultural heritage:

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- (i) International Union for the Conservation of Nature and Natural Resources (IUCN) (state member);
- (ii) International Council for Monuments and Sites (ICOMOS) (institutional associate member);
- (iii) International Centre for the Study of Preservation and Restoration of Cultural Property (The Rome Centre) (joint state membership with the National Museums Corporation).

(c) Bilateral Agreements

- (i) Exchanges of Information and Personnel
- (ii) Technical Assistance.

(d) International Parks

Parks Canada has varying degrees of responsibility for these natural and historic parks located along the Canada-U.S. Border:

- (i) Klondike Gold Rush International Parks (Yukon/BC);
- (ii) Waterton-Glacier International Peace Park (Alberta);
- (iii) International Peace Garden (Manitoba);

(e) UNESCO Man and the Biosphere Program

Under the UNESCO Man and the Biosphere Program protected areas known as Biosphere Reserves are being created in many countries to conserve the diversity and integrity of plant and animal communities within natural ecosystems. The three basic purposes are the maintenance of genetic diversity, provision of areas for ecological and environmental research and monitoring and provision for education and training. Biosphere Reserves include natural or relatively undisturbed core areas, as well as areas that may have had considerable human impact. Parks Canada is considering the possibility of designating sites within selected Canadian national parks to be core areas of Biosphere Reserves.

2. Cost-Sharing at National Historic Sites

Parks Canada can, under certain circumstances, assist municipal and provincial governments as well as private non-profit organizations, e.g., local historical societies, to acquire and restore structures of national

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historic significance. See National Historic Sites Policy, Section 2.3.3.

3. Federal Advisory and Co-ordinating Committee on Heritage Conservation (FACCHC)

A Federal Advisory and Co-ordinating Committee on Heritage Conservation (FACCHC) was formed in May 1975 and includes senior representatives of all federal departments and agencies concerned with preservation of the Canadian architectural and historic heritage.

The purpose of this Committee is to guide developments and strategies for new federal historic heritage conservation activities and to co-ordinate federal programs in historic area heritage conservation.

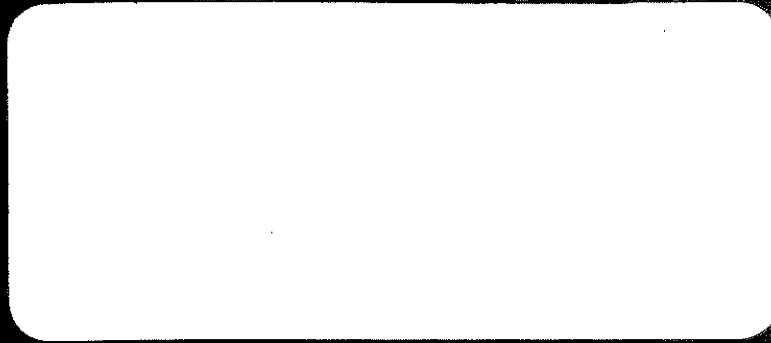
4. Affiliated Areas

- (i) National Battlefields (Quebec City)
- (ii) Point Pleasant Park (Halifax)

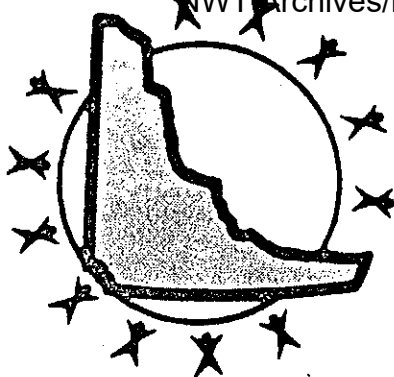


TOGETHER TODAY... FOR OUR CHILDREN TOMORROW

COUNCIL FOR YUKON INDIANS



YUKON RESOURCE POLICY WORKSHOP
Vancouver, B.C.
November 19, 1982



COUNCIL FOR YUKON INDIANS

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YUKON RESOURCE POLICY WORKSHOP

Vancouver, B.C.

November 19, 1982

To All Participants:

On behalf of the Council for Yukon Indians, I would like to express our appreciation for the efforts you have made to participate in today's discussions. Such occasions are extremely valuable in that they allow for the exchange of views essential to the achievement of a productive resource policy for the Yukon Territory.

During today's meeting, the Council for Yukon Indians will be providing you with an update on the progress of the land claims negotiations and presenting our proposal regarding a new Yukon resource policy.

Both are issues which we know interest you greatly and, therefore, I would urge you to ask any and all questions you may have. You can be assured a candid response.

In return, I would request that should you, after contemplating the matters raised today, find merit in the CYI's proposals, that you convey your thoughts to your colleagues and to the governments in Ottawa and Whitehorse.

In any event, I anticipate an interesting and productive meeting, and once again I would like to thank you for attending.

Sincerely,

Harry Allen
Chairman
COUNCIL FOR YUKON INDIANS

A. Background

Almost a decade ago, in 1973, the Yukon Indian people tabled to the Prime Minister a document entitled "Together Today For Our Children Tomorrow". This was the first comprehensive statement of native claims to be submitted to, and accepted by, the Government of Canada, and it marked the beginning of the Yukon claims settlement process.

Today, nine years later, there exists very good prospects that a comprehensive agreement-in-principle will be attained. Indeed, it is not unrealistic to expect that this may occur well before spring 1983, and perhaps as soon as Christmas. To date the negotiators have successfully concluded well over thirty separate agreements-in-principle, many of which represent significant breakthroughs on issues which had previously defied numerous attempts at resolution. There are only a few key matters which remain unresolved and one of these, perhaps the most important, is the issue of the future disposition, management and beneficial use of Yukon resources.

The Council for Yukon Indians' proposals regarding resolution of resource issue are detailed in the next section. First, however, it would seem appropriate to briefly outline the evolution of the CYI's policies concerning this and related issues. From the early 1970's up to the summer of 1980, the CYI espoused a policy whereby a settlement of land claims would involve extremely large land selections (+50,000 sq. mi.) by the Yukon Indian people, title to all sub-surface resources on "Indian lands", exclusive management of Indian lands, and a substantial royalty accruing to Yukon Indians from any resource development on non-Indian lands. Additionally, the Yukon Indian people sought significant participation in a proposed body which would manage development activities on non-Indian lands.

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Prior to the commencement of negotiations on these matters, the CYI decided that the foregoing position, if adhered to, would protract the negotiations considerably and, ultimately, might be unachievable. It was decided, therefore, to modify the position by degree, rather than by direction. In other words, the magnitude of the proposed demands were reduced, but the basic nature of the demands remained unchanged.

In the spring and summer of 1980 the Council took another hard look at the resource policies. During this review a number of fundamental problems were identified which suggested there was a need to discard the resource proposals and develop totally new policies. In essence, the basic flaws were as follows:

- * First, that the old proposal would generate stiff, perhaps irreconcilable, opposition from both industry and non-native Yukoners;
- * Second, that the proposal did not reflect the existence of a strategically important national interest in Yukon resources; and
- * Third, that ultimately the proposals may not be in the best interests of the Yukon Indian people insofar as the Indian sub-surface holdings might never be developed due to a lack of interest on the part of private industry, and a lack of capital on the part of the Indian people.

In response to the foregoing, the CYI decided to develop new proposals based upon principles which the CYI considers absolutely essential. These are:

FIRST, THAT THE MANAGEMENT AND DEVELOPMENT OF NON-RENEWABLE RESOURCES IMPINGES ON ALMOST EVERY ASPECT OF LIFE IN THE YUKON, ON THE LIVES OF INDIVIDUAL YUKONERS, AND ON THE POLITICAL, ECONOMIC AND SOCIAL STRUCTURE OF THE TERRITORY, NOW AND IN THE FUTURE.

SECOND, THAT EXISTING NON-RENEWABLE RESOURCE CONTROL AND REVENUE SHARING ARRANGEMENTS BETWEEN CANADA AND THE PEOPLE OF THE YUKON ARE NOT STRUCTURED IN SUCH A WAY AS TO PROMOTE THE EFFICIENT, TIMELY DEVELOPMENT OF NORTHERN RESOURCES.

THIRD, THAT THE CURRENT ARRANGEMENTS MUST BE SUBSTANTIALLY MODIFIED TO OFFER YUKONERS, INCLUDING THE YUKON INDIAN PEOPLE, THE REAL OPPORTUNITY TO PARTICIPATE IN THE MANAGEMENT AND DEVELOPMENT OF THE YUKON'S NON-RENEWABLE RESOURCES; AND

FINALLY, THAT THE YUKON'S NON-RENEWABLE RESOURCE RESERVES ARE OF STRATEGIC NATIONAL SIGNIFICANCE BY VIRTUE OF THEIR VARIETY, QUANTITY AND QUALITY. THEIR STATUS AS STRATEGIC NATIONAL RESERVES CLEARLY PRECLUDES THE ATTAINMENT IN THE YUKON OF THE TYPE OF RIGHTS AND RESPONSIBILITIES ENJOYED BY THE PROVINCES IN REGARD TO RESOURCES.

In accordance with these principles, the CYI designed, in the autumn of 1980, resource policies which remain intact today.

B. THE CYI RESOURCE POLICY PROPOSALS

The CYI resource policy contains two highly interdependent components, one addressing oil and gas, and one addressing minerals.

1. Oil and Gas

With respect to oil and gas, the CYI recommends that Ottawa negotiate with Yukon an arrangement based upon the agreement signed by Ottawa and Nova Scotia on March 2, 1982. This agreement established the Province's management and revenue-sharing role in respect of oil and gas activities in the offshore "Canada Lands" adjacent to Nova Scotia's coast.

Using the Nova Scotian model and taking into account the unique social, political and economical aspects of the Yukon Territory, the CYI proposes an agreement which would include the following features:

- a) The Yukon, including Yukon Indians as a discrete group, would receive 100% of all public revenues (except corporate income tax) from oil and gas production occurring both in the Yukon and in the offshore Canada Lands adjacent to the Yukon coast.
- b) The Yukon would continue to receive 100% of the revenues described in (a) up to a point at which the per capita fiscal capacity of both native and non-native Yukoners achieves a level to be determined through negotiation. Upon reaching this level the revenues accruing to Yukon would begin to gradually decline, while the share accruing to Canada would increase correspondingly.

- c) Native and non-native Yukoners would enjoy a preferential opportunity to purchase a portion of the Federal "carried interest" in oil and gas development. The total amount available for purchase would equal 50% of the carried interest in gas, and 25% of the carried interest in oil.
- d) Native and non-native Yukoners would also enjoy a preferential opportunity to purchase up to 50% equity in any oil and/or gas transmission system employing a Yukon land corridor.
- e) A management regime for oil and gas exploration and development activity would be established and structured in such a fashion as to allow for meaningful Yukon participation.

2. Mining

The mining component of the CYI resource policy recommends the creation of a corporate entity which, with the assistance of certain restricted preferential rights, would be expected to gradually assume a major role in the Yukon mining industry. The salient features of the Yukon Resource Corporation, as it is called, are as follows:

- a) The Corporation would enjoy a once only right to purchase equity in all new mineral developments. New mineral developments refers to those properties (not in production) at the time of the Agreement in Principle.
- b) The time frame in which the Corporation could exercise its right to acquire equity would be restricted and tied to the level of expenditures made on a given mineral

property. For examples, as was the case in Saskatchewan until recently, the Corporation could be made to either exercise or forego its option to buy in prior to the interest holder spending \$10,000.00 on his property in any given year. This would not apply to small placer operations.

- c) The maximum level of equity available to purchase by the Corporation would be fixed through negotiation. Notwithstanding this, however, the CYI believes that the figure should be less than 50%.
- d) With respect to existing mineral operations, the Corporation would enjoy no special rights whatsoever.
- e) The Federal Government would establish a Development Fund which could be drawn upon by the Corporation to purchase equity. The monies drawn from the fund would be repayable from Yukon Indian revenues generated by oil and gas production. The initial O. & M. funds required for the operation of the Corporation would flow from the land claims settlement.

C. RATIONALE

In reviewing and contemplating the Council for Yukon Indians resource policy proposals, government and industry should consider the following:

- 1) The oil and gas and mining components of the proposal are interdependent. The prospects of receiving oil and gas revenues in the future allows the CYI to reduce considerably the special rights required to ensure the long term viability of the mining corporation.
- 2) The oil and gas component is not structured so as to exist in perpetuity. Instead, it is designed to provide Yukoners with a clearly finite flow of guaranteed revenues and the means to acquire, through purchase, a longer lasting revenue flow.
- 3) The resource revenues accruing to Yukon will be reinvested in Yukon in community and infrastructural improvements, in new resource development opportunities, in manpower training, and in other social programs. In short, the revenues will be used to enhance, from the perspective of both the investor and resident, the quality of life in Yukon.
- 4) While neither impairing or jeopardizing the strategic national interest in northern resources, the CYI proposal would clearly satisfy the major aspirations adhered to by both native and non-native Yukoners; a reasonable share of the revenues and some input on decisions respecting the nature and pace of development are the objectives which the CYI proposals are designed to achieve.

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- 5) Finally, the resource policy proposals if accepted would guarantee, to the extent possible, that the land claims settlement would succeed, thus allowing the Yukon Indian people to sever their ties with the Department of Indian Affairs and enter the mainstream of Yukon society.

November 18, 1982



The Mining Association of Canada

Suite 705, 350 Sparks Street, Ottawa, Ontario K1R 7S8

Tel: (613) 233-9391

Telex 053-3732

December 19, 1984

*File
Nunavut -
MRC*

MEMORANDUM TO: Managing Directors - Northwest Territories Chamber
of Mines
- Yukon Chamber of Mines
- B.C. & Yukon Chamber
- Alberta Chamber of Resources
- W. James
- M. N. Anderson
- J. D. Foreman
- D. Emery
- K. Blower

FROM: Roy M Woodbridge, Director of Mineral Economics

SUBJECT: Draft Position Paper on Northern Mineral Policy

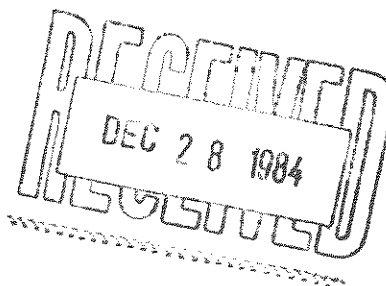
Would you please substitute the attached page 14 in your copy of this draft, and remove the existing page which was inserted in error.

Kindly note, also, that the numbering of the pages in the draft begin on page 4, following the recommendations; this will be amended in the final copy.

Thank you -- and best wishes for the holidays.

:pjm

Enclosure - By Hand



*Callan has written
in Dec 31/84 idly I
received this & gave
comments re. Asst Deputy Minister
of D/M - a Special Commission
and future of NWT as
an institution rather than planning
groups.*

*Plus suggestions
employment of services
increasingly with Crown.*



The Mining Association of Canada

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December 18, 1984

MEMORANDUM TO: Managing Directors - Northwest Territories
- Chamber of Mines;
- Yukon Chamber of Mines;
- B.C. & Yukon Chamber
- Alberta Chamber of Resources

FROM: C. George Miller, Managing Director

SUBJECT: Draft Position Paper on Northern Mineral Policy

As discussed after the NMAC meeting in Whitehorse, we are proceeding with the preparation of an industry Position Paper on Northern Mineral Development that will represent the consensus views of the four Chambers and MAC.

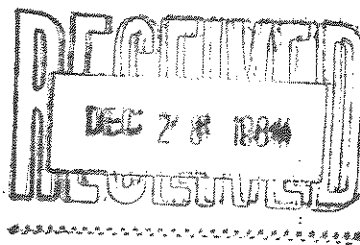
A draft of this paper, prepared by Roy Woodbridge and Dave Nutter, is enclosed for your review.

There is considerable urgency in receiving your comments. We hope to have an updated version of the paper, along with several others, finalized at a meeting of the MAC Executive Committee on January 7, in anticipation of meetings with federal Cabinet Ministers on January 21-22. Thus, to ensure that your views are incorporated in the re-draft, could you telephone or telex them to us by **noon of December 28th.**

Once the slate of meetings with Ministers is confirmed, I will want to discuss with you the question of structuring the delegation to meet with the Hon. D. Crombie.

Enclosure

cc: W. James
M. N. Anderson
J. D. Foreman
D. Emery
K. Blower



POSITION PAPER ON NORTHERN MINERAL DEVELOPMENT

Prepared By The Mining Association of Canada

DRAFT - December 1984.

*(copy)***SUMMARY AND RECOMMENDATIONS**

This paper targets on a variety of actions governments can take to complement industry efforts to improve competitiveness and to build a stronger, self-sustaining Northern economy.

Mining is a unique industry; it requires a particular set of operational conditions to flourish. Mining's relation to the North is also unique, for it has been the basic engine of growth for over --- years. Recently, its leading position in the Northern economy has slipped. The reasons for this are primarily due to the manner in which changes in patterns of international minerals demand and supply have been aggravated by the slowdown in global economic activity. It is also attributable, in a substantially lesser degree, to a variety of domestic factors that have diminished the relative appeal of Canada's Northern mineral investment climate.

The industry has responded to the challenge of tougher international competition in the only way possible - by cutting costs and improving productivity. Consequently, the industry is now in a much better position to benefit from economic upturns than at any time in the past two or three years.

This is as true for Canada's Northern Territories as it is for any other area in the country. The land area is vast; the mineral potential high; the industry is committed to Northern development, and the continued profitability of some operations, even in the face of extremely adverse economic conditions, attests to the long-term viability of Northern mining.

The first section of the paper deals with the problems of land use and tenure that are so critical to the confidence of potential mineral investors. At the present time, there is considerable uncertainty over the future emphasis to be placed on mining in the overall government policy framework. This results from unresolved native land claims, actual and potential alienation of mineral lands through the establishment of parks, conservation areas and International Biological Preserves, and a general emphasis on single-use concepts in land use planning efforts. Suggestions are advanced for dealing with these issues in a way that will confirm a positive role for mining in the future economic and social fabric of the North.

The second section very specifically addresses the effects of higher-cost structures on the competitive position of Northern mineral producers. Suggestions are advanced for more effectively targeting government expenditures on infrastructure, for modest corporate tax reform, for tax-based incentives to attract and retain skilled manpower, for creating increased opportunities to more fully involve Northern residents, including native peoples, in the economic life of the North, and for expanding geoscientific efforts to build an information base on Northern resource potential.

The final section is essentially administrative housekeeping. Proposals are advanced to streamline and simplify the project approvals process, to eliminate administrative duplication, to ensure that efforts at regulatory reform take account of the devolution of political and administrative powers to the Territorial governments, and to strengthen the arrangements for on-going government/industry consultation.

Most of the recommendations made in the paper involve policy decisions and administrative changes that are designed to create a more favourable climate for Northern mineral development and to streamline regulatory processes. On the other hand, notably in the area of tax incentives for Northern residents and for a stronger commitment to

infrastructure development, some increase in government expenditure is proposed. It is difficult to quantify these costs, since they will depend ultimately on the specific arrangements that are put in place. Regardless, direct contributions to industry are likely to be small and, over time, more than offset by increased revenues associated with greater mineral investment.

In advancing proposals for increased government expenditures on Northern development, the industry is aware that the North is now the most heavily subsidized region in the country. There are reasons for this, including the need to spread the costs of government services and infrastructure over a small population and the high level of subsidy for native peoples. Regardless of the explanation, however, the pattern of dependency cannot be broken unless economic development in the North is accelerated. In the last analysis, the case for extending incentives to encourage greater industrial activity is based on the expectation that, if successful, the level of per capita subsidy will eventually decrease.

*new funding
subsidy to*

Specific Recommendations are as follows:

1. Land Use and Tenure

- High priority must continue to be given to the objective of rapidly settling outstanding native land claims in a fair and equitable manner
- Amend the legislation governing National Parks to open existing parks to mineral exploration activity, with subsequent developments being subject to site-specific negotiations respecting terms and conditions

- iv -

- Introduce a fifteen-year moratorium on the creation of new National Parks North of 60°. During the moratorium, the development of new park proposals should proceed in concert with more structured geological assessment of target areas, conducted by private-sector contractors under the direction of the GSC and paid for by Parks Canada. In association with this decision, guarantees should be provided that claims staked in eventual Park areas will not be cancelled on a retroactive basis.
- In areas where a compelling case can be made for the establishment of an IBP site but no decision has been taken, mineral exploration and mine development should be allowed to proceed on the basis of appropriate performance agreements negotiated by the project proponent and the government.
- Adopt multiple-use concepts to guide land-use planning decisions
- Establish as a guiding principle, the "right to develop" mineral deposits in areas where exploration activity has been authorized, regardless of subsequent land-use decisions (i.e. give binding assurances to exploration companies that future land-use decisions will not jeopardize their investment on a retroactive basis).

- v -

2. Operating Costs and Requirements

- Create a more structured, ongoing opportunity for industry to participate in the setting of priorities for government expenditures on infrastructure development
- Change the Act governing the operation of the NCPC to permit pre-building of capacity with the extra costs to be borne from general revenue
- Extend the current Remission Order, deferring taxation of Northern allowances, on a permanent basis to all Northern mines; or, make personal tax deductions of comparable value available to all residents of Northern and isolated posts
- Continue cooperative industry/government efforts to develop improved skills training programmes for Northern residents
- Support the proposals outlined in the MAC submissions on mining tax reform and the management of non-profit taxes
- Match the provisions for treatment of exploration expenditures currently in place in the Province of Quebec
- Develop an expanded program for geoscience data collection and mapping in consultation with industry

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3. Regulatory Requirements and Consultation

- Allow new project proponents and other interested parties, as appropriate, an opportunity to negotiate the terms and conditions that must be met before they are "cast in stone" by the bureaucracy

- Create a single administrative capability within INAC to:

act as a point of first entry into the project approvals process and to provide comprehensive information on general requirements, departmental responsibilities and contacts;

coordinate bargaining related to the terms and conditions of approval, and

facilitate and help speed up the overall processing of applications.

- Set time limits for government responses to critical points in the approvals process.
- Update and consolidate information presently available from several sources into a single booklet on the regulatory process that outlines the steps required to gain approval for a "typical" mining project. The manual should specify planning timeframes, and include a list of permits required, with samples of typical permits. All Ministries and contact persons should be listed in the booklet

- vii -

- Integrate the processes for permitting and enforcement of land use and water use activities
- Grant Water Licenses for mining operations for the full term of the corresponding mineral lease
 - If the proposed Northern review is to proceed, it should be implemented quickly
 - it should not delay implementation of the previous recommendations;
 - it should address the evolving role of the Territorial governments, and
 - management of the study should be turned over to an independent agency
- Consideration should be given to restructuring the NMAC.

1. Land Use and Tenure

Uncertainty surrounding government intention regarding land use constrains investment in mineral exploration and development activity. Mining companies are unwilling to begin exploration efforts in areas where development might eventually be curtailed. This problem is particularly acute in Canada's North. In the Yukon, for example, some 18 to 19 per cent of the total land area has now been withdrawn from claimstaking as a result of the establishment of parks and the settlement of native land claims. The disposition of other areas is in question.

Clarification of industry's long-term access to land for exploration purposes and the provision of reasonable guarantees for the subsequent right to develop, are necessary conditions for a major expansion of mineral investment in Canada's North.

a) Native Land Claims

The mining industry recognizes the validity of native peoples demands for a degree of political control over land areas eventually ceded to them, for provisions that protect traditional hunting and fishing activities and for access to employment opportunity associated with industrial development activity throughout the North. It must be recognized, however, that mineral investment in the North will be deterred until such time as native land claims are settled and the terms and conditions of development in areas now in dispute made known.

Recommendations

- High priority must continue to be given to the objective of rapidly settling outstanding native land claims in a fair and equitable manner.

Chairman's report

Mineral rights remain subject to claim of native title of aboriginal title

b) Parks

There are now more proposals for new parks North of 60° than can reasonably be evaluated over the coming decade.

Prevailing policy, which is enshrined in legislation, is to exclude mining development within park boundaries. Consequently, once parks are established, any potential mineral development opportunities are effectively lost, regardless of the quality of the mineral potential that might exist, and in spite of growing evidence that policies of multiple land use need not undermine the achievement of park objectives.

At the present time, little effort is undertaken to assess mineral resource potential before decisions on park boundaries are reached. This most recently happened with the establishment of the Northern Yukon Park boundary that was linked at the last minute to the COPE settlement. The result was that the Mount Sedgewick area was incorporated within the Park, at the expense of possible further mineral development.

It must be acknowledged that mineral resource assessment is strongly influenced by both economics and by advances in exploration techniques and extractive metallurgy. For example, the cost/benefit assessment of known deposits can be sharply enhanced by changes in infrastructure that take place over time (e.g. transportation, power availability and cost). The delineation of ore bodies may also have to await the development of more effective exploration techniques.

For these reasons, the type of evaluation that should be done in association with decisions on new park areas will normally be indicative rather than definitive. Nevertheless, in relation to the minimum acceptable standard, this prior resource evaluation work is now inadequate. It is funded out of the operating budget of the Department of Energy, Mines and Resources. Expenditure of these funds appears to be governed by a timetable dictated by Parks Canada, rather than by

consideration of the time required to conduct a proper resource evaluation programme. The effort is hampered by an undisciplined and inconsistent process for designating target areas and an overall, rather hasty decision-making process. This situation persists, in part, at least, because geological resource assessment is not fully accepted as a necessary and legitimate element in the evaluation of new park proposals.

Recommendations

- Amend the legislation governing National Parks to open existing parks to mineral exploration activity, with subsequent developments being subject to site-specific negotiations respecting terms and conditions
- Introduce a fifteen-year moratorium on the creation of new National Parks North of 60. During the moratorium, the development of new park proposals should proceed in concert with more structured geological assessment of target areas, conducted by private-sector contractors under the direction of the GSC and paid for by Parks Canada. In association with this decision, guarantees should be provided that claims staked in eventual Park areas will not be cancelled on a retroactive basis.

c) International Biological Preserves

Some one hundred odd potential International Biological Sites have been tentatively identified in the North. These Sites have no official status and their evolution and eventual confirmation will likely be a long-term activity. In the meantime, their existence

raises a serious question mark in the minds of many potential developers about security of their right to develop in or adjacent to these areas. This is particularly crucial with respect to mineralized areas with easy access to tidewater, which is an essential element in ensuring the economic viability of many Northern mineral deposits. It has been a factor, together with extensive land use surveys and planning procedures, in deferring industry initiatives to follow-up on the success of the Nanisivik and Polaris projects.

Recommendations

- In areas where a compelling case can be made for the establishment of an IBP Site but no decision has been taken, mineral exploration and mine development should be allowed to proceed on the basis of appropriate performance agreements negotiated by the project proponent and the government.

d) Land-Use Planning

Indian and Northern Affairs Canada (INAC) has for a long time been debating the merits of establishing a major land use planning activity for the entire area North of 60°. There may well be long-term benefits from this type of initiative. However, the underlying planning assumption appears to be that once information on potential uses is collected, the North can be "zoned" for particular types of activity. This reasoning is faulty when it comes to geological assessment.

The industry recognizes that economic development may be restricted or even prohibited in certain areas. However, industry is opposed, in principle, to the withdrawal of areas from exploration on the basis of single-purpose land use planning decisions. It is particularly important that these decisions take into account the potential for future mineral development. This creates a dilemma for

mineral exploration is dependent on the confidence investors have in their eventual right to develop. As well, as suggested above, today's resource evaluations can be indicative, but seldom "final".

Thus, the land use planning process requires solid data on competing economic opportunities if it is to be meaningful. Yet the process itself deflects the investment required to collect the data. Then, to the extent that data is available at a particular point in time, it may vastly understate the long-term mineral development potential of an area. For these reasons, the single purpose emphasis in the debate surrounding land-use planning adds greatly to the uncertainty that already exists in the North over the longer-term status of mineral investment.

Recommendations

- Adopt multiple-use concepts to guide land-use planning decisions
- Establish as a guiding principle, the "right to develop" mineral deposits in areas where exploration activity has been authorized, regardless of subsequent land-use decisions (i.e. give binding assurances to exploration companies that future land-use decisions will not jeopardize their investment on a retroactive basis).

2. Operating Costs and Requirements

Market pressures are forcing Canadian mining companies to cut costs and enhance productivity in order to remain internationally competitive. Companies are doing this by closing uneconomic operations, slashing costs, emphasizing technological innovation and associated upgrading of worker skills, shifting exploration efforts towards commodities having a higher demand potential and extending and diversifying international marketing efforts. As a result, the Canadian industry today is becoming leaner and more competitive.

Recognition of these international market realities and the necessary industry response are particularly important in the formulation of government policies respecting Northern development. Canada's North is generally at a disadvantage relative to other parts of the country with respect to the cost of goods and services, transportation and communication infrastructures and power. Labour costs are higher due to the cost of living and the greater difficulty companies have in attracting and retaining skilled workers. The availability and quality of basic geological information is also less extensive. These factors combine to narrow the potential range of economically-viable mineral deposits in the North.

The following paragraphs provide suggestions for alleviating some of these constraints to Northern mineral development.

a) Infrastructure

Southern-based industry is heavily dependent on national transportation and communication systems and the services of government-owned or regulated utilities. In contrast, most remote Northern operations satisfy their own power requirements and provide a substantial portion of the transportation network required, both for the delivery of critical supplies and the export of mineral products. In recent years, there has been little evidence of a government commitment to expand the availability or to lower the cost of these infrastructure requirements.

With respect to road development, spending has been frozen for some time now at the unrealistically low level of approximately \$20 million per year. Much of this funding goes to support the maintenance and extension of urban road networks. Spending on mining area access roads has also been constrained by unnecessarily high construction standards and rigid cost-sharing requirements. Industry efforts to alter spending priorities have not been successful, in part at least because of the enormous number of government agencies that must be consulted in the decision-making process related to road construction.

The situation is not much better with respect to decisions regarding upgrading of dock facilities in existing Northern ports, nor have previous industry proposals for construction of an icebreaker fleet to extend the Northern navigation season been acted upon. Many existing airstrips are also in need of upgrading and other air transport services could be improved. Communication costs can also be quite onerous, as for example in the case of Cullaton Lake's telephone link to the outside world via satellite which adds approximately one dollar to the cost of each ton of processed ore.

With respect to power, the mining industry is a large consumer of electricity and thus is interested in the supply of low-cost hydro. However, the legislation under which the Northern Canadian Power Commission (NCPC) operates, may add unnecessarily to industry operating costs. The Act prohibits the construction of power generating capability in advance of demand and specifies that the NCPC cannot run a deficit. This means that the NCPC is prohibited from constructing excess capacity to service new developments, particularly in remote areas, in advance of demand. Thus, new mines have to be within existing hydro plant service areas to benefit from low-cost power. The result is that many mines must operate their own diesel power generating facilities. In addition to adding to industry power costs, inefficiencies in the Northern grid system result.

The industry recognizes the financial limitations that exist on government spending for infrastructure facilities. This should create pressure for streamlining the decision-making process respecting infrastructure development and for allocating funds in the most efficient manner to potential revenue-creating activities. The industry would welcome the opportunity to cooperate more fully in this process of setting priorities.

Recommendations

- Create a more structured, ongoing opportunity for industry to participate in the setting of priorities for government expenditures on infrastructure development
- Change the Act governing the operation of the NCPC to permit pre-building of capacity with the extra costs to be borne from general revenue

b) Labour Costs and Availability

There are two problems with respect to the costs and availability of labour that must be addressed. The first relates to the historical problem the mining industry has had in attracting and retaining highly-skilled labour in Northern locations. The second is the problem of increasing opportunities for participation of Northern residents, including native Northerners, in resource development activities.

In order to attract workers to the high-cost, often isolated environment in Canada's North, a variety of allowances in the form of subsidized housing and travel have traditionally been required. The government has indicated its intention to tax these allowances. Although such incentives are at least temporarily protected in existing operations until the end of 1985, similar provisions are now taxable in all new developments, thus adding significantly to new mine operating costs.

The government has indicated its intention to review these arrangements and to consult with interested parties during the coming year, with a view to establishing a more permanent regime. In this respect, while anxious to see current practice continued and extended to current operations, the industry recognizes that government policy now benefits some Northern residents, but not others. Thus, a regional allowance embodied within the Income Tax Act might be the most equitable solution to recognition by the government of the North's higher living and operating costs.

The task of increasing opportunities for Northerners to participate in mineral development is really a question related to the development of appropriate skills and to the creation of mechanisms for equity involvement in new projects. The settlement of native land claims will accentuate the need for progress in these areas, as Canada's indigenous people appear increasingly anxious to move on to involvement in economic development activities.

The industry has been working with government for several years now to implement a modular training scheme which has been implemented by some Northern mine operators. As well, considerable industry effort has been made to involve native peoples in the mining labour force and to accommodate their investment aspirations through company-specific negotiations. The industry is prepared to continue with these efforts to expand the involvement of Northerners in the process of economic development.

Recommendations

- Extend the current Remission Order on a permanent basis to all Northern mines; or, make personal tax deductions of comparable value available to all residents of Northern and isolated posts
- Continue cooperative industry/government efforts to develop improved skills training programmes for Northern residents.

c) Tax Policy

Overall, the industry believes the present federal mining tax provisions are fair, equitable and appropriate. Exceptions to this agreement include the uncertainty over the taxation of Northern allowances, discussed above, and the growing imbalance between profit tax burdens and the imposition of non-profit taxes

Separate industry position papers have been prepared on mining tax reform and the problem of non-profit taxes. Proposals in these papers will benefit Northern mineral development. In particular, the paper on tax reform stresses the favourable impact of extending flow-through provisions applicable to exploration expenditures and advances suggestions for streamlining the administration of these provisions. The paper on non-profit taxes urges governments to control the growth of these cost burdens, for they impact directly on industry operating costs and competitiveness.

In addition to the tax proposals referred to above, consideration might also be given to creating added incentives for Northern mineral exploration. In this respect, the federal government has all of the powers of a province North of 60°. Consequently, it is in competition for exploration expenditures with other provincial jurisdictions, including the Province of Quebec where the super-depletion provisions have been enormously successful in encouraging increased mineral exploration within that Province.

Recommendations

- Support the proposals outlined in the MAC submissions on mining tax reform and the management of non-profit taxes.
- Match the provisions for treatment of exploration expenditures currently in place in the Province of Quebec.

d) Geoscience

The Northern Territories occupy the largest land block in Canada, yet these Territories are the least explored and most poorly-mapped regions of the country. Large areas have only been mapped on a regional basis (i.e. eight miles to the inch) and federal expenditures are considerably below comparable provincial funding.

The Canadian North has tremendous potential for mineral development. The government can accelerate the identification of potential areas of mineral wealth by increasing their investment in more detailed geoscience activities. In turn, the allocation of these funds can be made more effective, if industry is consulted more extensively in the development of geoscience programmes.

Recommendation

- Develop an expanded program for geoscience data collection and mapping in consultation with industry.

3. Regulatory Requirements and Consultation

In a separate paper on Regulatory Reform, MAC has argued that the regulatory framework in which the industry must operate can be modified and improved in ways that will give full protection to the interests of society, while liberating the private sector to more fully contribute to national economic well-being.

This is equally true of regulatory requirements North of 60°. In this respect, the major areas requiring adjustment are in the project approvals process, in water and land-leasing arrangements, and in sorting out the respective roles of the Territorial governments in concert with the trend towards devolution of political and management responsibilities. Dealing with these issues, together with ongoing discussion of the issues referred to in the above sections, create a requirement for effective government/industry consultative mechanisms.

a) The Project Approvals Process

Recent experience in several provinces suggests that the approvals process for new mine development can proceed rapidly, without hitches, unanticipated delay, or unnecessary cost. This has not been typical of the situation over the last ten years. In general, the process has been unduly time-consuming, complex, unpredictable, vague, and costly.

The costs of delay may be as significant as the costs of engineering and other studies required to ensure compliance. Typical examples of delay might include being told of a requirement to conduct baseline studies of fish populations when it is too late to conduct such studies in the limited summer season, or failure to receive a permit to build an access road in time to take advantage of the summer (or winter) construction period. Delays of this type, which can

easily postpone investment decisions and planning implementation by a full year, can have a serious impact on the rate of return on capital already invested and undermine the ability of developers to raise additional funds. As well, deferral of the final decision to proceed can prevent the project sponsors from committing to final design and the purchase of equipment. This can also add months to the timing of project implementation.

The approvals process places particularly onerous burdens on smaller companies. Most major firms are able to carry specialist staff and generally have learned to live within the existing regulatory environment. Moreover, they tend to have the financial flexibility to schedule project implementation in ways that more easily accommodate the regulatory process. Small companies, on the other hand, have to purchase outside expertise to help negotiate project approval and often have a severely restricted ability to hold project financing together when faced with unanticipated delay.

To some extent, unnecessary project approval costs appear to arise from a lack of awareness on the part of regulatory authorities about the fragility of many start-up operations. Government decision-makers frequently are unresponsive to the investment urgency related to windows of market opportunity and to problems of scheduling work. If new mine development is impaired at the wrong time, it can destroy the viability of projects and the willingness of investors to proceed.

On the other hand, some of these problems may be attributable to a lack of awareness on the part of industry, particularly in the case of smaller companies, of the government's regulatory system, the nature of the approvals required, and how and when to approach governments. It may also reflect a limited ability on the part of some companies to maintain continuous dialogue with each regulatory authority throughout the entire approvals period.

This latter point is particularly important. The regulatory process involves bargaining between groups with different, but not necessarily irreconcilable interests. Yet, the institutional structures for administering regulations derive from adversarial law and so tend to promote confrontation and conflict, rather than to encourage discussion of how different interests can best be met. For these reasons, it is essential that the project proponents have direct, ongoing access to individual responsibility centres within government during the entire approvals process. Continuous dialogue with those in authority is necessary if information flows are to be timely and complete.

It also needs to be stressed that a good deal of informed judgement is required to arrive at acceptable terms and conditions under which a mining project may proceed and the actions that must be taken by companies to satisfy these conditions. Thus, involving project proponents in the discussions leading to a statement of requirements could help to ensure that companies are aware of the rationale for each condition and possibly avoid the imposition of overly extensive and costly requirements.

Recommendations

- Allow the project proponent and other interested parties, as appropriate, an opportunity to negotiate the terms and conditions that must be met before they are "cast in stone" by the bureaucracy;

- Create a single administrative capability within INAC to:

act as a point of first entry into the approvals process and to provide comprehensive information on general requirements, departmental responsibilities and contacts;

coordinate bargaining related to the terms and conditions of approval and

facilitate and help speed up the overall processing of applications¹.

- Set time limits for government responses to critical points in the approvals process.
- Update and consolidate information presently available from several sources into a single booklet on the regulatory process that outlines the steps required to gain approval for a "typical" mining project. The manual should specify planning timeframes, a list of permits required, and samples of typical permits. All Ministries and contact persons should be listed in the booklet;

¹N.B. Great care must be taken to ensure that the "single window" set up to facilitate the approvals process does not itself become a bottleneck. In this respect, governments must recognize that unless the basic departmental legislation is modified to give the central body overriding authority, the single window can only be an easy point of first entry into the regulatory system. It is vital that the project proponents have continuous access to those having the final responsibility for issuing specific permits.

b) Water and Land Leasing Arrangements

The MAC Position Paper on Regulatory Reform drew attention to the problem of securing permits for the industrial use of water that results from the single-purpose character of the Fisheries Act.

The strength of this legislation creates considerable uncertainty with respect to the application of water quality standards by the Department of the Environment and the granting of water use permits for industrial purposes by the Territorial Water Boards. Consequently, the industry is seeking an amendment to the Fisheries Act to allow industrial development compatible with the maintenance of the fishery to proceed more easily and to limit DFO's participation in the project approvals process to that of an intervener.

In addition, project proponents may be forced into costly duplication of effort while seeking regulatory approvals. For example, environmental restoration measures required under the Water Board licensing process and the Land Use Permit review are generally very similar. They are both ultimately submitted to DIAND, and are a clear case of duplication of effort and costs. As well, Water Licenses are usually only issued for a period of up to three years, rather than for the life of a project. In this respect, the Northern Inland Waters Act provides that Water Licenses may be amended on application by either the Water Board or the operator. Thus, there is ample opportunity to amend long-term Licenses where substantive changes occur in water use or waste disposal.

Recommendations

- Integrate the permitting and enforcement of land use and water use activities
- Grant Water Licenses for mining operations for the full twenty-one year term of the corresponding Mineral Lease.

c) Political Devolution and the Review of Regulatory Requirements North of 60°

A proposal to review regulatory requirements North of 60 has been under consideration for some time in INAC. The MAC has previously supported this proposal, with the proviso that it be conducted by persons who have no vested interest in the present system.

The specific recommendations made in the two preceding sections will go a long way to solving regulatory problems in the Territories. However, the development of a durable regulatory framework cannot proceed independently of decisions respecting the future role of the Territorial governments.

As the Territorial governments attempt to satisfy the desire of their constituents for local control of their political, social and economic future, resource development policies and review programmes are being formulated which duplicate the federal process. In addition, there is a growing desire for more decentralized control at the municipal and regional levels.

Recommendations

- If the regulatory review is to proceed,
it should be implemented quickly;

it should not delay implementation of
the previous recommendations;

it should address the evolving role of the
Territorial governments, and

management of the study should be turned
over to an independent agency.

d) Government/Industry Consultation

Government/industry consultation is valuable to both sides. Industry views will be helpful to government in their efforts at policy formulation, while the long lead times for mineral investment make it essential that industry knows the "rules of the game". Thus, some form of ongoing, structured dialogue between industry and the federal and Territorial governments and Ministers responsible for northern development is desirable.

Consultation takes place with governments at the level of individual companies and through the activities of the Chambers of Mines and The Mining Association of Canada. In addition, more formalized contacts have existed for the past six years through the Northern Mineral Advisory Committee (NMAC). The purpose of this Committee was to provide a source of independent advice to the Minister on Northern mineral policy issues and to act as a forum for the exchange of views and information between industry and government officials. The Mineral Advisor in the Minister's office acted as Secretary to the Committee.

The recent change in government and the termination of the position of Mineral Advisor place the status of the NMAC in question. As well, although the Committee has had a valuable and constructive role to play, industry support has waned in recent years. This is accounted for by the belief that the NMAC has had only a limited impact on the development of Northern mineral policy.

*Revised
D/M 11
see also 11/10/97
Ministry
of Northern
Development
+ 1/10/97
Success
H. Brown*

On the other hand, as the previous discussion suggests, there are many areas where continuous consultation on specific subjects is highly desirable (e.g. setting priorities for infrastructure development, geological assessment, Northern employment and training arrangements). Thus, some restructuring of the NMAC to give it a more practical mandate might be in order. This could entail reconstituting it essentially as an industry committee. Substantive work could be done through subcommittees, with the general Committee meeting more infrequently with government officials to establish the work programme and to liaise directly with the Minister on an annual or "as required" basis.

Recommendations

- Consideration should be given to restructuring the NMAC as outlined above.



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D. J. EMERY

June 11, 1985

JUN 13 1985

MEMORANDUM TO: (See attached list)

FROM: C. George Miller, Managing Director

SUBJECT: MAC Response to DIAND Discussion Paper,
"The Northern Mineral Sector:
A Framework for Discussion"

*Need
File*

Enclosed is a copy of the DIAND discussion paper on Northern Mineral Policy, along with a draft response.

We would appreciate receiving your comments on the proposed reply by **June 28**.

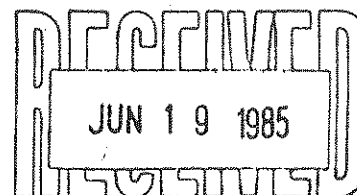
The DIAND paper is the latest of the recent flood of government discussion papers that MAC has had to react to. Since the question of northern mineral policy has been around for some time, MAC's views are well known. Nevertheless, several issues are raised in the paper that we have not fully addressed in the past and on which your advice would be particularly welcome. These issues are summarized below.

Taxation and Royalty Structures

In general, MAC has consistently argued for the full carryover of allowable expenses (e.g. exploration costs) and the elimination of escalating mining taxes. By revising the tax regimes in the North, the federal government could encourage provinces having undesirable mining tax systems to follow suit. On the other hand, any changes are likely to increase the effective taxation rate. Existing low tax rates are a helpful inducement to encouraging northern development and the tax holiday in the Northwest Territories is quite attractive. Thus, companies operating in the North may feel the present system is quite acceptable. What should MAC's position be?

Human Resource Development

The issue here is whether or not the industry can increase the involvement of Northern peoples in its activities. The reply, as drafted, suggests the opportunities for doing this may be limited. Can the industry really do more?



- 2 -

Legislative Base

The question of whether or not to revise the existing legislative base for northern mining is another long-standing issue. Concern has been expressed that once the issue is opened, the industry is potentially subject to greater controls, particularly at the exploration stage. Others argue that the industry can't really avoid having to adjust to the full set of social concerns in the North and have encouraged adoption of a uniform set of mining regulations North of 60. What should the MAC position be?

What Next?

The mood in DIAND seems to be to finally bring the dialogue on Northern Mineral Development policy to a conclusion. However, if they are to do this quickly, the industry runs a major risk of having policy decisions restricted to the set of non-controversial issues over which the DIAND Minister has exclusive decision-making authority. Substantive questions such as land alienation may not be adequately dealt with.

To avoid this result and still bring the policy process to a head, we may wish to consider calling for a major "Northern Mineral Policy Decision-making Workshop" that would ensure a disciplined process of dialogue between interested parties. The intent would be to have the workshop present specific recommendations to the Minister on those issues where a consensus can be reached and to identify the options on more controversial issues that require Ministerial adjudication. To be effective, the Workshop would have to be seen by all participants as the culmination of the policy process. It should be called by the Minister of DIAND who would commit in advance to receive the report of the Workshop and to produce a Northern Mineral Policy by a fixed date. The time lag between the Workshop and the release of the policy should allow sufficient time for Ministers to reach a consensus on the full slate of issues.

From the industry perspective, we would have to prepare carefully for such a process. Do you favour such an approach and would you be prepared to participate?

Enclosure

Distribution List:

Chambers of Mines

- B.C. and Yukon
- Yukon
- Northwest Territories
- Alberta

MAC Companies:

Falconbridge - W. James
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MAC Executive Committee



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APR 22 1985

Dr. C. George Miller
Managing Director
The Mining Association of Canada
Suite 705
350 Sparks Street
Ottawa, Ontario
K1R 7S8

Dear Dr. Miller: *George*

Thank you for your letters of March 20 in which you provide details on your proposal to extend the applicability of flow-through shares to mine development costs and associated depletion, and your preliminary reaction to the paper, The Canadian Minerals and Metals Sector: A Framework for Discussion and Consultation.

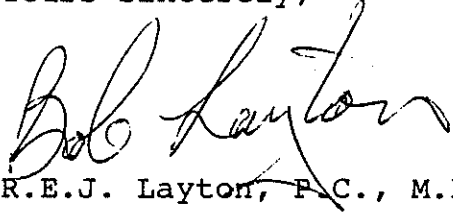
The idea of allowing the flow-through of development costs and associated depletion as a means to stimulate investment activity in the mineral sector has several attractive qualities, as you point out in your letter. This idea, among others, is currently being examined by my department in the context of a review of government policies affecting the industry, and considering the financial constraints faced by the federal government. Your comments on the development cost flow-through proposal are appreciated and will be considered in our evaluation of the policy options currently under study.

I also appreciated receiving your comments on the discussion paper. These comments were comprehensive and clearly well-considered, especially in view of the short time you had to put them together. I welcome your offer to work with Energy, Mines and Resources in the development of practical and effective policies to strengthen the mining sector. Clearly this task will be a long-term effort and will require some compromise from both sides. At present my officials are reviewing the list of priorities that the MAC has advanced for consideration.

- 2 -

I look forward to further consultations and exchanges with you and your organization on the development of efficient mineral policies that will help to provide the conditions required for the economic renewal of the sector.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Bob Layton". The signature is written in dark ink and is positioned above the printed name.

R.E.J. Layton, P.C., M.P.



The Northern Mineral Sector: A Framework for Discussion

MARCH, 1985

THE NORTHERN MINERAL SECTOR:
A FRAMEWORK FOR DISCUSSION

INDIAN AND NORTHERN
AFFAIRS CANADA

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Hon. David E. Crombie, P.C., M.P.,
Minister of Indian Affairs and
Northern Development,
Ottawa, 1984.

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A MESSAGE FROM THE HONOURABLE DAVID CROMBIE

Mining has always made an important contribution to Canada's economic well-being. Nowhere is this more true than north of 60, where the main engine of social and economic growth has been the mineral industry. Entire communities, including the transportation systems that link them and the energy that powers them, have been founded upon the resourcefulness and initiative of this sector.

In recent years, difficult market conditions have hampered industry's performance. Yet despite this uncertain operational environment, many mines continue to perform well, largely through increased productivity and reduced costs. The challenge is to enhance mining's competitive position over the long-term. Government can help industry meet this objective by providing a clear and consistent policy and program framework.

Such a framework cannot be developed in isolation in Ottawa. Great changes are in store for Yukon and Northwest Territories, changes which will fundamentally alter the relationship between the territories and the rest of Canada. Intergovernmental issues such as the shared responsibility for natural resources will have a direct impact on the future health and viability of the northern mineral industry. Therefore, we must ensure that the process of change is sensitive to both the traditional and potential roles of this sector.

All Canadians have a stake in ensuring that these issues are addressed. That is why I am issuing this paper as the first step in a consultative process which will lead eventually to the development of a northern mineral policy. Such a policy will help shepherd the industry safely through the period of change which lies ahead.

I invite you - industry, labour, government, concerned Canadians - to contribute to the decision-making process. Please send your written suggestions and comments to me at the address listed below by April 30, 1985.



David Crombie
Minister
INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT
OTTAWA, Ontario
K1A 0H4

The Northern Mineral Sector:
A Framework for Discussion

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I. INTRODUCTION

1. A New Direction for Canada

On November 8, 1984, the Minister of Finance presented an Economic and Fiscal Statement which drew the attention of Canadians to the new realities and new challenges that must be met to reclaim the future of Canada. One of the key concerns identified was the need to revitalize the private sector, especially the resource sector, to secure sustainable growth and create jobs.

Government has a role to play to encourage risk taking and entrepreneurship and to promote greater flexibility and adjustment in the economy. In the past, government may have been seen as becoming too big and too intrusive, distorting the entrepreneurial process through the measures it took in some areas, or through lack of vital support in other areas. The appropriate role for government must be developed in an atmosphere of co-operation and consultation with all Canadians.

A framework to focus the consultation process has been outlined in the paper A New Direction for Canada: An Agenda for Economic Renewal. Two major concerns are addressed: promoting growth in the private sector and restoring fiscal flexibility. There are a number of approaches to foster private sector growth and overcome obstacles through appropriate changes in a broad spectrum of policy areas. Major areas for promoting private sector growth include R & D, innovation and technology diffusion, export markets and financing, private sector investment, and labour markets and human resources. Economic strength and adjustment at the national, regional and individual levels should be looked at in terms of adapting to economic and technological change and sharing and drawing upon the inherent strengths of all regions in Canada. The appropriate role for government in economic regulation and intervention requires close scrutiny. Energy policy is a separate issue of particular importance. Further issues may be identified in the course of discussion.

This paper examines how these concerns apply in particular to the mineral sector in the Northwest Territories (NWT) and Yukon.

2. A New Direction for the North

The mineral industry is a key sector of the Canadian economy. This is especially true in the two territories where the mineral industry is the leading producer of new wealth. Before the recent downturn in the industry in Yukon, it accounted for more than 80 per cent of the total value added by all goods-producing industries in both Territories. Northern Canada, with less than 1 per cent of Canada's population, contributes 8 per cent to the national metallic mineral production. Even this is well below the north's potential considering that it comprises 40 per cent of the Canadian land mass. Figure 1 illustrates changes in the value of production by territory over the period 1973-1984.

In southern Canada, the direct responsibility for regulating the mineral industry rests with the respective provincial governments. In the northern territories, the Crown owns the resource and the federal government has placed the mandate for its management with the Minister of Indian and Northern Affairs Canada who at present exercises many duties similar to those of a provincial government. Some responsibilities (e.g. roads) are performed jointly by the federal and territorial governments, others (e.g. education and training, and, in the NWT, mining safety) by the latter alone.

At the national level, as distinct from the specifically local or regional level, the federal Department of Energy, Mines and Resources plays a lead federal role related to mining.

Northern political directions are changing as territorial governments and native people seek a greater influence over the course of northern development by acquiring new powers and increased governmental responsibilities. Northerners want to assume their place within the mainstream of Canadian political life. But with the acquisition of provincial-type powers will come the need to strengthen the North's economic base.

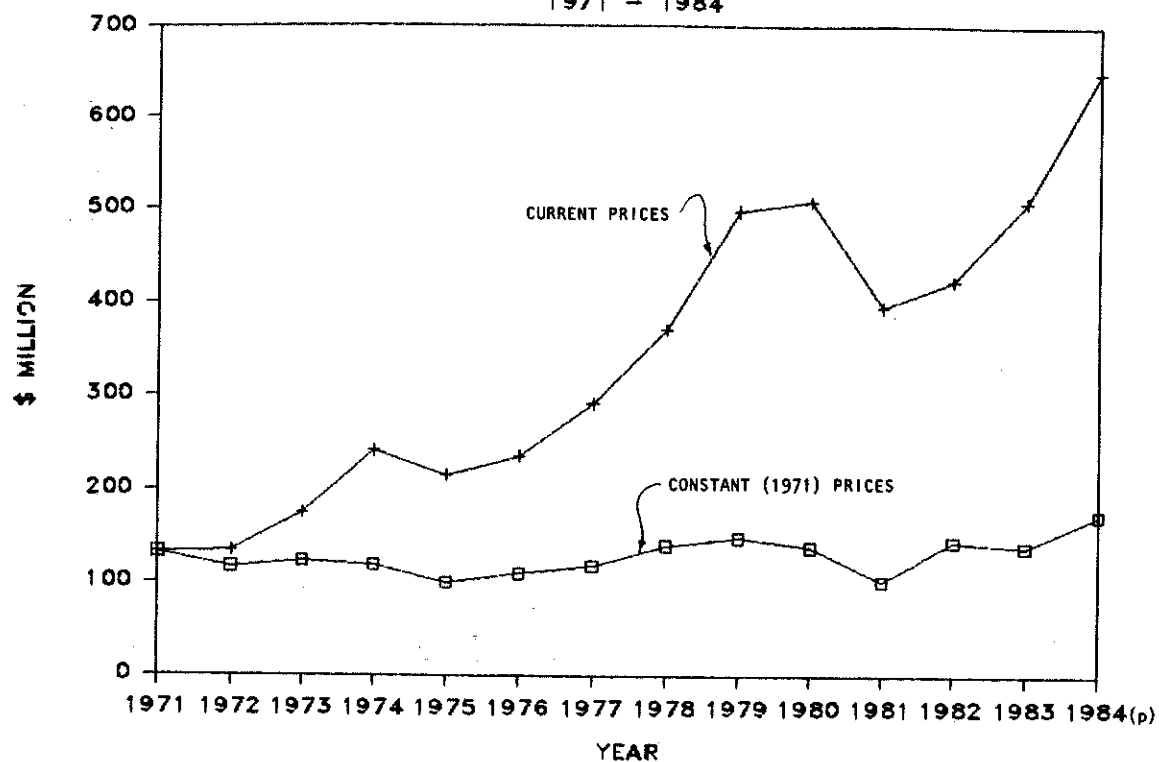
In the remainder of the 1980s, the economic environment for the northern mineral industry will be constrained by increased international competition in mineral production and modest growth in world demand for most mineral commodities. The efficient mines will survive, just as they did during the recent recession.

The mineral sector offers one of the few options for an increase in the financial viability of government in the North. Without non-renewable resource development, the economic base needed to support the rising aspirations and increasing political autonomy of the territorial governments is unlikely to be attained, and resource revenues which could be shared with the territorial governments will simply not materialize.

Figure 1

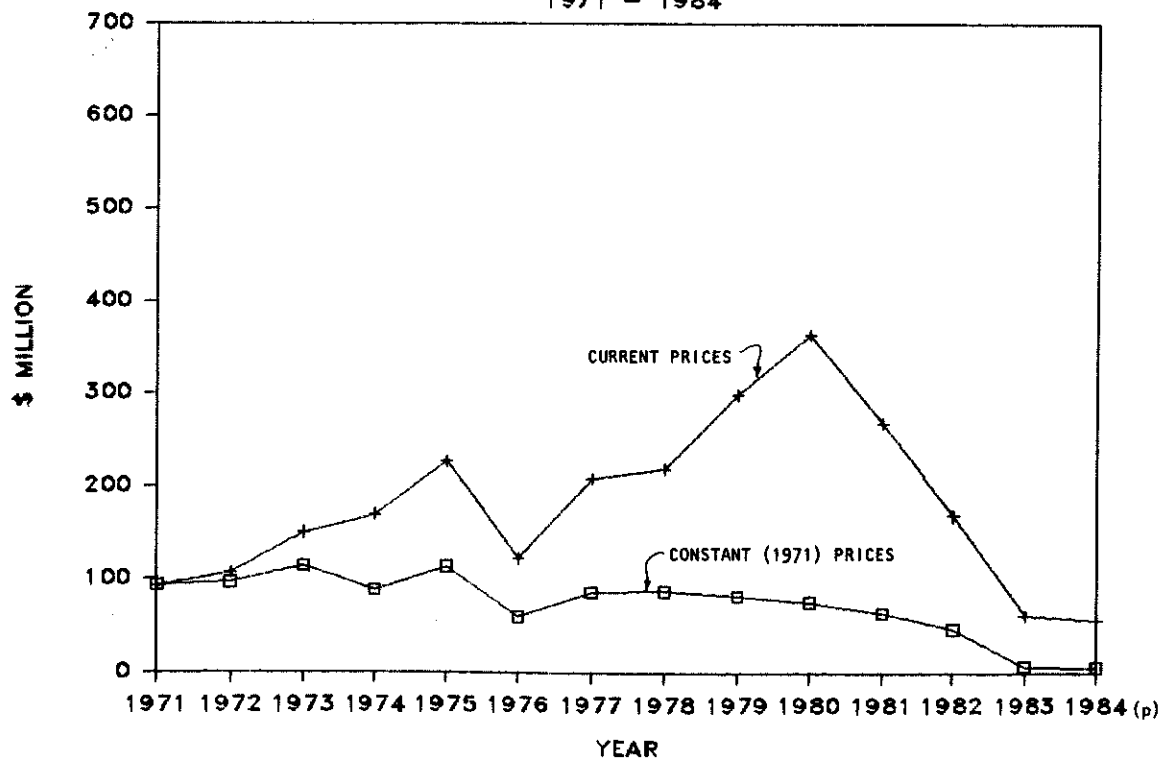
VALUE OF MINERAL PRODUCTION – NWT

1971 – 1984



VALUE OF MINERAL PRODUCTION – YUKON

1971 – 1984



On the other hand, it is doubtful if direct revenues from minerals could of themselves significantly affect the financial viability of the territorial governments. A review of current statistics bearing on federal-territorial financial relations clearly highlights the problem. The economic reality is that people who live in southern Canada comprise the majority of the de facto northern tax base. The nation as a whole bears a very much larger proportion of the costs of public services and administration in the territories than in any other part of Canada. Deficit grants from the federal government to both territorial governments in the 1983-84 fiscal year were \$450 million, or about \$6,400 for each of the 70,000 territorial residents. These transfers comprised 73 per cent of the budget of the Government of the Northwest Territories (GNWT) and 59 per cent of the budget of the Government of Yukon. These ratios have not improved since, nor would any improvement appear likely in the foreseeable future. With increasing pressures for devolution not only to the territories but within the territories, this fiscal dependency on the south is likely to increase significantly during the next decade unless major indigenous sources of revenues are found. Even if a very optimistic view of such revenues is taken, large subsidies are likely to be required by the territories until well into the next century. Given the enormous demands that structural and demographic change throughout Canada will place on federal resources during coming decades, anything that can be achieved to decrease the costs and increase the viability of Canada's most marginal regions, such as the territories, will be a positive step.

A major challenge in the North therefore will be to keep the northern mineral industry competitive in world markets by increasing productivity and reducing costs. In order to achieve this, a broad spectrum of issues concerning government/industry interrelationships must be addressed to ensure that government uses its limited resources to play an appropriate and effective role in northern mineral development. This means freeing up the system without adding new costs. Not surprisingly, the issues facing northern mining can be readily identified with those set out in the strategy for economic renewal. They are discussed in more detail in subsequent sections of this paper.

None of the major social and economic problems that confronts the industry can be resolved unless government, industry and northern interest groups work together. The task facing all those concerned is no longer to argue how to divide an automatically expanding pie but to ensure that the pie continues to expand and that in an increasingly competitive world a viable industry is maintained. This can only be achieved by reducing costs, including those imposed by government, and by promoting simplicity, equity, savings and investment. The debate and discussion this paper will initiate is part of the process of facilitating needed adjustment to the new economic realities and arriving at a consensus on new directions.

II. OVERVIEW

1. Northern Mineral Resource Base

Yukon and the Northwest Territories comprise 40 per cent of Canada's land area. This vast region contains a wide variety of geological environments with mineral potential similar to the geological provinces of southern Canada.

In 1983, the 16 hard rock mines and numerous placer mines in the Yukon and Northwest Territories produced 7.3 per cent of Canada's metallic mineral production with a value of \$590 million. Two of these mines, both small silver producers, operated only in 1983. Figure 2 shows the mines operating in 1984.

The northern mineral industry is in an early stage of development and much of the mineral potential remains to be identified by exploration. Our knowledge to date points to the conclusion that the northern mineral resource base will not be a main limiting factor in realizing more fully the potential of the mining industry to create more jobs and to contribute in many other ways to the northern economy. However, under current metal market conditions only a few of the identified mineral deposits in the north have the potential to be brought into production over the next few years (Figure 3). For the longer term, there is a substantial inventory of major deposits of lead, zinc, silver, gold, tungsten, uranium and other mineral commodities which could be developed for production under favorable economic conditions (Figure 4).

a) Zinc and Lead

The North contains four of the seven largest zinc-lead-silver mines in Canada, although one of the largest zinc-lead mines, Cyprus Anvil Mining Corporation's mine in Faro, is currently closed. The three operating mines produced 23 per cent of the zinc and 27 per cent of the lead produced in Canada in 1983.

Figure 2

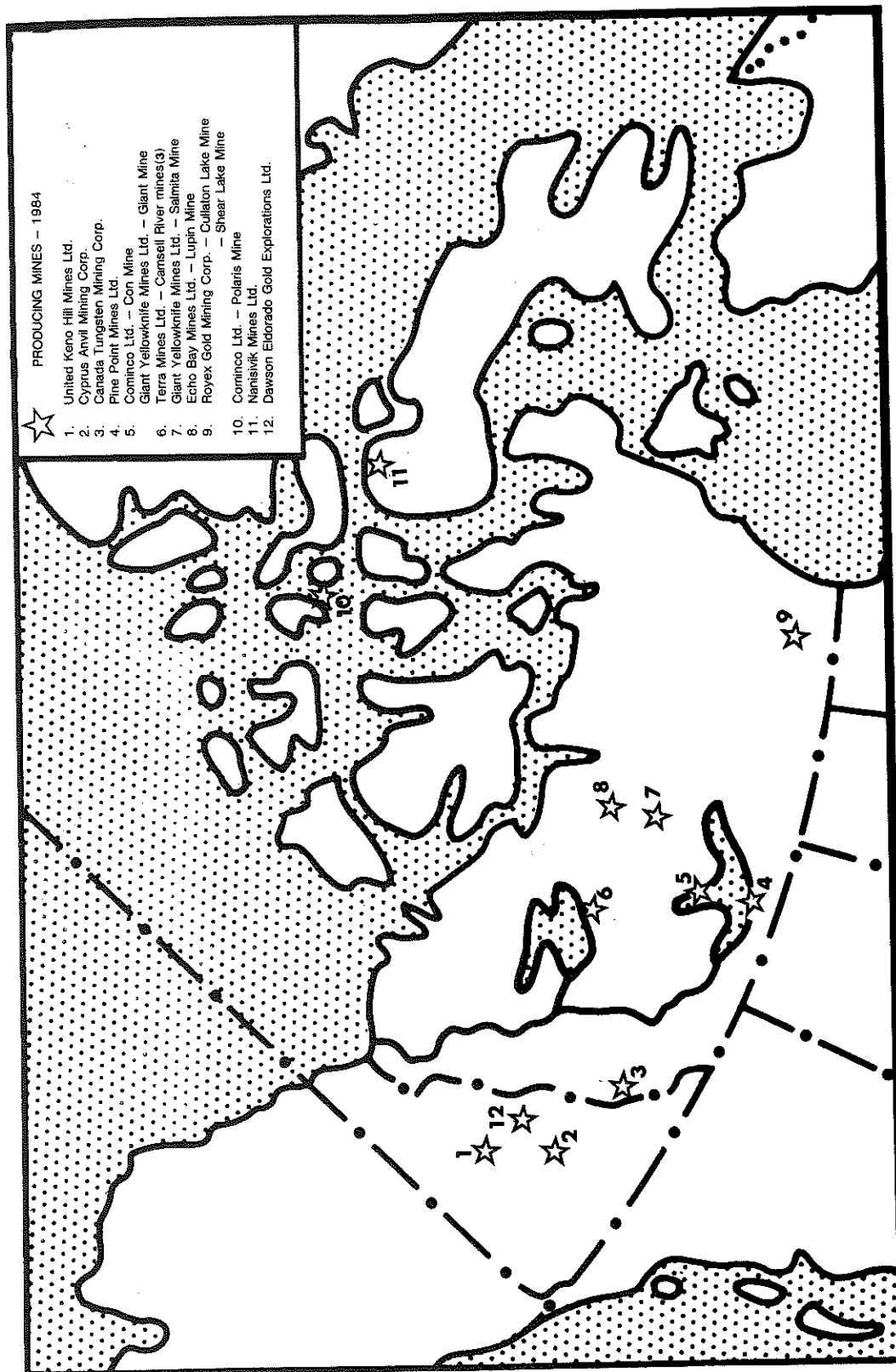
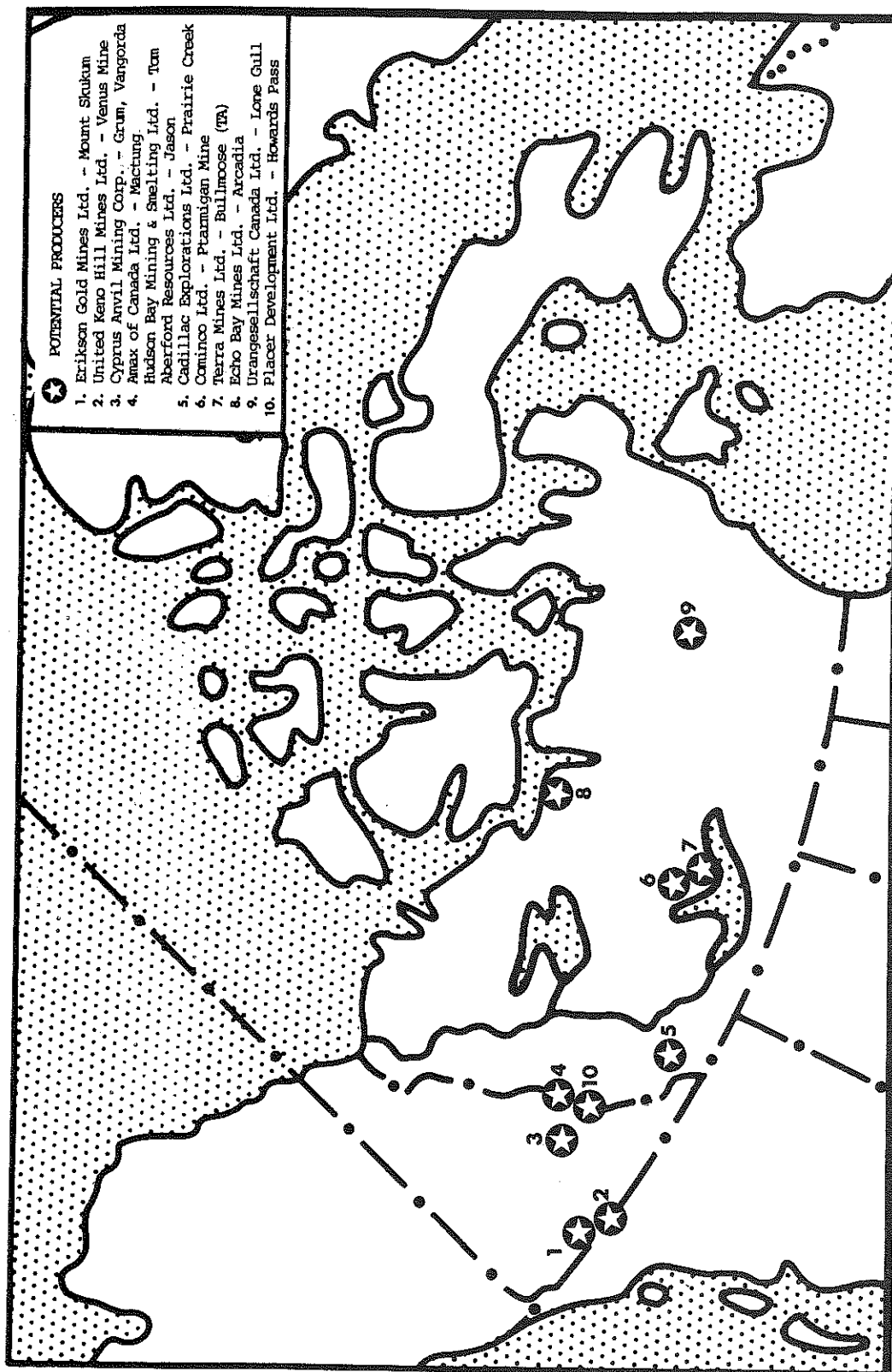
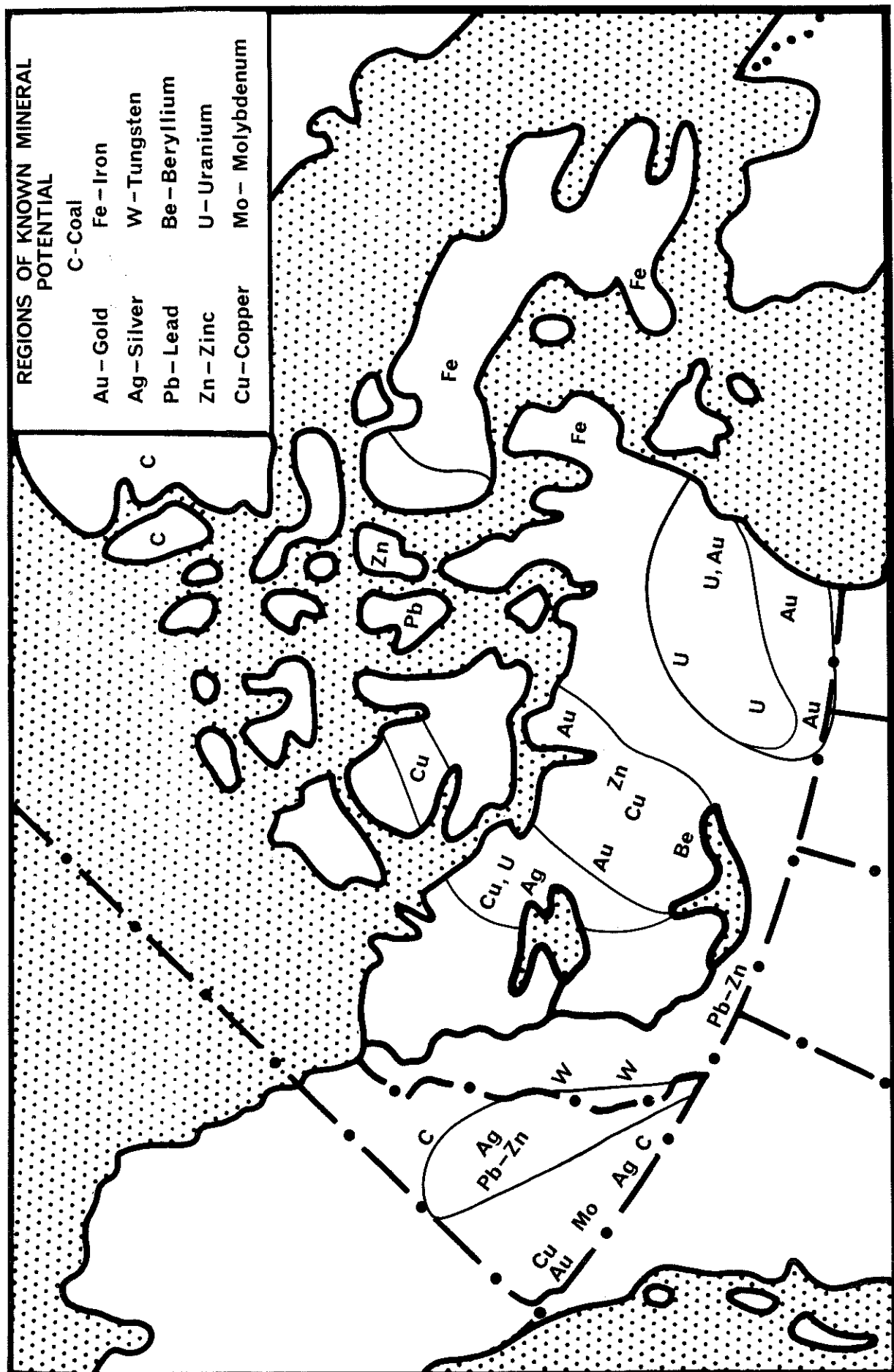


Figure 3





b) Gold

The five gold mines in the Northwest Territories and over 200 placer mining operations in Yukon produced, in total, 17.2 per cent of the 1983 Canadian gold production. This sector was the most active in exploration and development in 1984.

c) Silver

The five silver mines along with the by-product silver production from zinc-lead and gold mines in Yukon and the Northwest Territories produced 6.2 per cent of the 1983 silver production in Canada.

d) Tungsten

Canada Tungsten Mining Corporation, once Canada's only tungsten mine and until recently North America's largest producer, produced 96.9 per cent of Canada's tungsten in 1983. The world's second largest tungsten deposit at MacMillan Pass on the Yukon-NWT border is expected to be brought into production in the late 1980s.

e) Coal and Other Minerals

Coal is not currently mined in the North, but coal resources are large.

Numerous deposits of various minerals containing barite, beryllium, molybdenum and uranium have been defined. They could be developed under favourable economic scenarios.

2. The Economic Impacts of Northern Mining

Since the turn of the century, exploration and mining have played a major role in the political and economic development of both territories. These activities have contributed significantly to the development of the transportation and power generating infrastructure and led to the development of several communities.

Because of the relatively simple structure of the territorial economies and the restricted range of other economic opportunities, mining plays a more important role there than in other areas of Canada. For example, if the two territories are considered together, it is estimated that mining's direct contribution to Gross Domestic Product (GDP) in 1982 was 18 per cent. This is three times greater

than mining's contribution in Newfoundland (six per cent) and about 15 times greater than most other mining provinces in Canada. Similarly, mining's contribution to regional employment in the two territories averaged almost 16 per cent over the period 1976-1981 or about nine times the Canadian average. Clearly, the future health of the mining industry will have a major impact on the growth of the territorial economies.

However, significant differences in the role of mining can be observed when the territories are examined individually. In Yukon, it is estimated that mining's total direct, indirect and induced contribution to the Gross Domestic Product over the period 1971-1975 averaged 46 per cent, declining to about 33 per cent in 1977-1978. (Statistics Canada is currently preparing estimates to 1982). This share has declined significantly with the permanent closure of Whitehorse Copper Mines and the indefinite suspension of production at Cyprus Anvil's Faro mine, resulting in adverse impacts throughout the Yukon economy, including reduced employment opportunities and the shut-down of the White Pass and Yukon Railway (Figure 5).

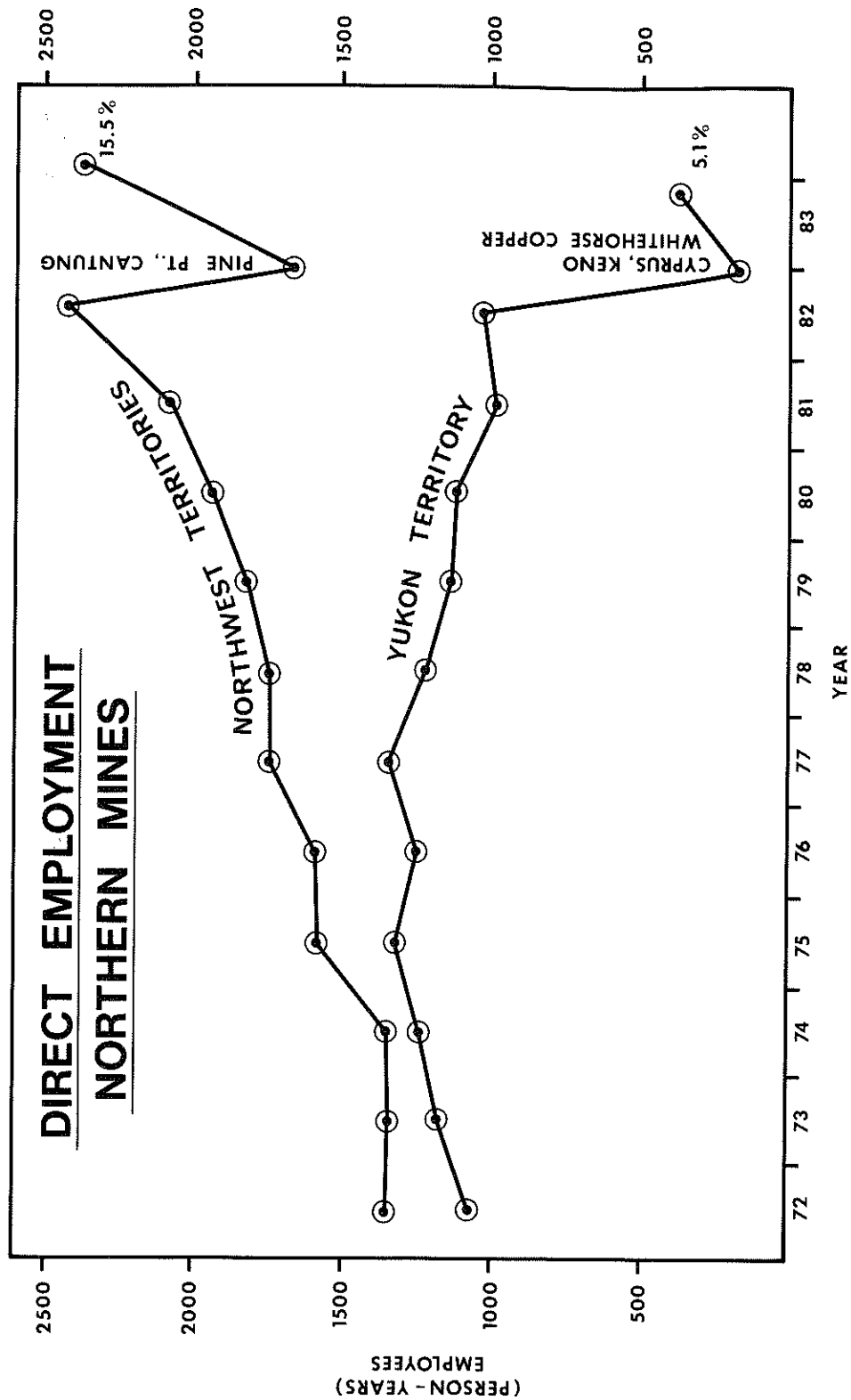
In contrast, the mining industry in the Northwest Territories is healthier, consisting of 13 operating mines in 1984. Mining's total share of GDP was estimated at about 40 per cent over 1971-1975 and about 44 per cent in 1978. In spite of the health of the industry and the opening of new mines, mining's share may decrease as oil and gas projects come into production and contribute a greater share to the GDP.

The impacts of mining vary considerably with the type and location of projects and the structure of the regional economies. Large interior base metal mines, such as Cyprus Anvil and Pine Point, generate most northern benefits through the development of new communities and their requirements for major transportation and power infrastructure. Remote developments, such as remote interior gold mines or base metal mines located on tidewater, have fewer local impacts but do provide significant benefits to southern Canada through their demands for goods and services. It is estimated that over the period 1978-1982 the Northwest Territories' mining industry spent on average about 28 per cent of its annual expenditures (wages, salaries and taxes) in the Territories while the balance was spent 58 per cent in the rest of Canada and 14 per cent outside Canada. Northern mines also contribute significantly to the Canadian balance of payments since much of northern mineral production is exported.

3. Competitiveness of Northern Mining

World cost-rankings in the early 1980s showed Canadian mines on average as the lowest cost producers of zinc in the world and our northern mines - excluding Cyprus Anvil - among the lowest-cost

Figure 5



producers in Canada. Analysis of cash flows from six northern mines indicates a range of internal rates of return similar to other regions in Canada. Producers of the metals mined in the region (zinc, lead, gold, silver, tungsten) face international competition and currently depressed prices as do mines in southern Canada. Because of the mix of metals produced in the North, the industry does not face the problems experienced by copper and nickel producers where much of the competition is state-owned and less profit-oriented. In fact, in the NWT, the value of production has set record highs for the last three straight years.

Because of the vast distances and harsh climatic conditions, high development and operating costs for labour, power and transportation place northern mines at a distinct disadvantage to mines in southern Canada. Thus to be successful they have required larger, richer orebodies with favourable mining and concentration characteristics, or other advantages such as proximity to tidewater. Not surprisingly the only zinc/lead orebodies developed in Canada during the last decade are close to tidewater in the Arctic.

Precious metal exploration has not been so restricted by the vastness of the northern region and limited infrastructure. Mining in the North started with precious metals, during the Klondike gold rush. Precious metals still account for the majority of the mines, and are by-products in most of the others. While not having the lowest mining costs in Canada, these mines are able to compete because of a favourable combination of factors such as size and ore grade, (for example, the Lupin mine) or because they are old established operations such as the Giant-Yellowknife mine.

At the present time it is probably an understatement to say that the international mining industry generally is in a state of depression with surplus capacity and low product prices in terms of U.S.A. and Canadian currency. There is little Canada can do in regard to international production and metal prices. Although there are negative impacts on other parts of the Canadian economy, weakness of the Canadian dollar in relation to the U.S. dollar generally helps the Canadian mining industry. Thus, while existing northern mines may be glad that they are not involved in copper and nickel, the outlook is definitely not optimistic for a return to buoyant cash flows and activity in the immediate future, particularly with recent trends in the prices of silver and gold. While potential for development undoubtedly exists, the present economic environment is not conducive to bold decisions on development with long lead times, and large capital outlays.

In the past, northern mining has been successful. For it to remain competitive in the future, both government and industry must take steps to ensure that the right blend of resources, capital and human skills is available to develop the mineral potential of the North.

III. KEY ISSUES

Many issues and problems are common to the mineral industry across Canada. However, ongoing consultation on northern mining operations has identified a number of key issues which are of particular importance to - in some cases unique to - the northern mineral industry.

In order to help focus the discussion these issues are addressed in the following sections in broad groupings which relate generally to the items identified in A New Direction for Canada: An Agenda for Economic Renewal. Obviously, any decision on the devolution of resources to the territorial governments could have major implications for many of these issues.

1. Roles of Private and Public Sectors

a) Government Framework

The northern mining industry has expressed the concern that the federal government does not assign to mineral development in the Northwest Territories and Yukon a priority appropriate to its role in the economic development of the North and Canada. This concern was spelled out clearly in the report of the Northern Mineral Advisory Committee on northern mineral policy and implementation strategies, presented to the Minister of Indian and Northern Affairs Canada in August 1979. The Committee recommended as a first policy principle that the federal government foster, promote and encourage prospecting, exploration and mining in Yukon and Northwest Territories in recognition of the fundamental role of non-renewable resources in the economic and social development of the North.

GIVEN THE MINERAL INDUSTRY'S PAST ACCOMPLISHMENTS AND THE NORTH'S MINERAL POTENTIAL, HOW CAN GOVERNMENT ENCOURAGE NORTHERN EXPLORATION AND MINING DURING THE CURRENT PERIOD OF INTENSE INTERNATIONAL COMPETITION AND GOVERNMENT'S FISCAL CONSTRAINT?

b) Infrastructure for Transportation and Power

The mining industry has sought clarification regarding the government's role in the provision of infrastructure to encourage mineral development. Primary concerns of the mining industry

have been the lack of adequate infrastructure and the uncertainty associated with cost-sharing. The industry maintained that it was unfair to ask potential developers to share costs when the industry already pays corporate taxes, royalties, fuel taxes and licensing fees. Cost-sharing is seen as a factor retarding development rather than promoting it.

In most cases, the cost of infrastructure is the most significant in the total cost of mining projects. In the case of Pine Point, for example, infrastructure accounted for about 78 per cent of the total project cost (\$112.9 million), whereas at Cyprus Anvil and Nanisivik the amounts were in the order of 23 per cent (\$117.5 million) and 26 per cent (\$93.8 million) respectively.

Government's role in the provision of infrastructure in support of mining has varied with changing government objectives and priorities. A flexible approach has been taken with all mining developments being considered on a case-by-case basis. Its contribution has ranged from not providing any assistance (Polaris and Lupin Mines), to cost-sharing (access roads), to cost recovery (Great Slave Lake Railway, Nanisivik dock), to providing infrastructure without cost recovery (construction of or upgrading of the territorial road network), to taking equity in the mining venture in return for the provision of infrastructure (Nanisivik). In recent years, the trend has been towards a greater degree of cost-sharing and/or cost recovery.

WHAT METHODS AND CONDITIONS OF COST-SHARING OR COST-RECOVERY ARE PREFERRED FOR THE PROVISION OF INFRASTRUCTURE?

The costs of construction and reconstruction of roads in the North are high, but the distances are great and difficult environmental conditions pose problems. It is not unusual for a development road to cost between \$150,000 and \$500,000 per kilometre across difficult terrain. In the North, federal funds have been expended in the expectation that the North as well as Canada will benefit. The railway to Hay River and Pine Point and the extension of the road network to Faro provided essential transport linkages for communities and regional development, including tourism. Provinces, often with help from the federal Government, have contributed to or funded roads and/or railways leading to resource developments.

At present, the total capital budget for the Northern Roads Program funded by the federal government amounts to \$19.2 million per year. This covers all new roads and the reconstruction of

all inter-territorial roads, bridges and ferries in an area that covers 40 per cent of Canada. Not all of this funding contributes directly to mining developments. It also covers main highways, some of which promote the hydro-carbon industry, tourism and community access.

In addition, the territorial governments are allotted \$100,000 per year through their capital grants for resource exploration access. The GNWT has discontinued this program and utilized the resources for other priorities. The Government of Yukon has budgeted \$30,000 of the \$100,000 for resource exploration access in 1984-85.

Although the federal government has taken the role of leader in the provision of infrastructure, this has required the direct and indirect involvement of many others such as the territorial and municipal governments, local interest groups, communities and business. The number of players involved, all usually with their own - often conflicting - objectives, complicates decision-making (Figure 6). Other perceived constraints to the speedy provision of roads and airstrips have been: limited funding, lengthy and costly environmental processes, claims by native groups and, in some cases, opposition to development by groups seeking environmental preservation.

The provision of infrastructure for the generation and transmission of electricity for mining is another matter of concern. Some companies in remote areas generate their own electricity, but most companies buy it from the Northern Canada Power Commission (NCPC) at rates that reflect the cost of generation and transmission. Some long-term considerations include the cost of electricity for industrial consumers and the provision of adequate generation facilities to meet the future electrical demand.

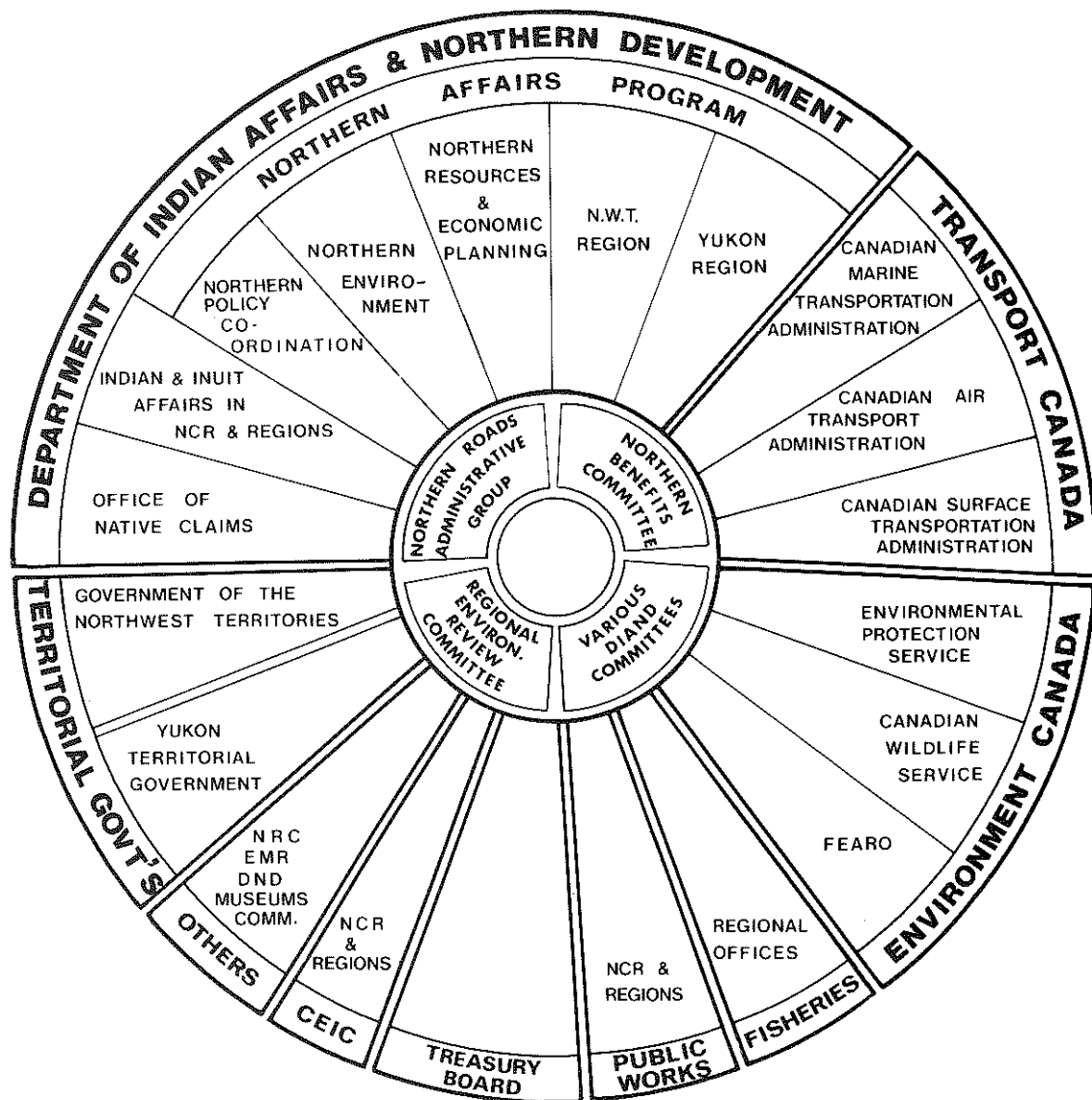
WHAT IS THE MOST EFFECTIVE WAY OF SPEEDING UP AND IMPROVING DECISIONS REGARDING THE PROVISION OF INFRASTRUCTURE, GIVEN THE INVOLVEMENT OF SO MANY PLAYERS? HOW CAN INDUSTRY HELP?

c) Taxation and Royalty Structures

The northern mining royalty or taxation regimes have not been changed significantly in recent years. In Yukon, the placer mining tax on gold is 37.5 cents an ounce, payable only upon export of the gold from the territory. Other metal mining royalty levies in Yukon are contained in the Yukon Quartz Mining Act which was enacted in 1924. This tax is based upon profit of

Figure 6

**GOVERNMENT PARTICIPATION IN PROVISION
OF TRANSPORTATION INFRASTRUCTURE**



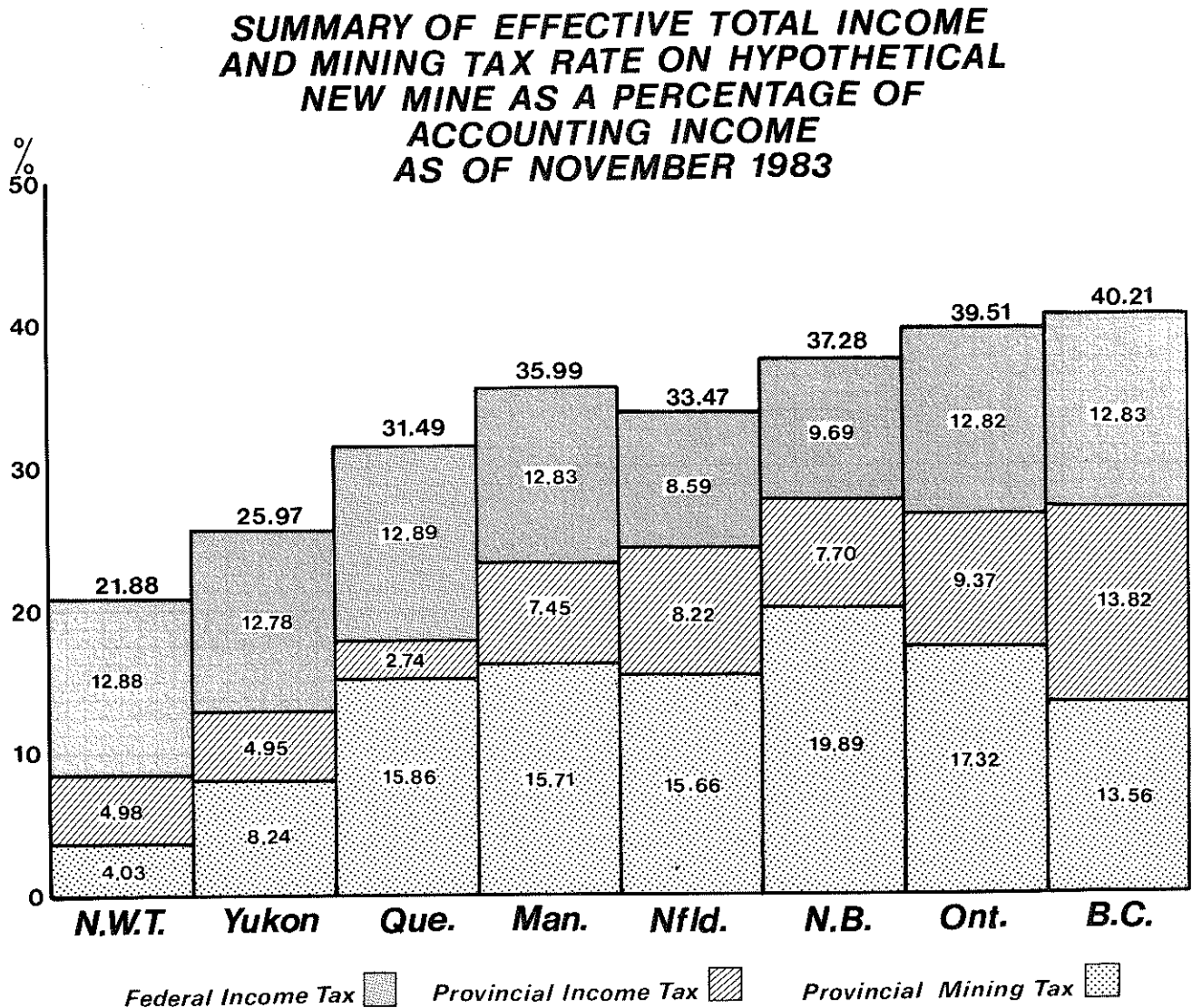
the mine as determined by section 95 of the Act. It provides for mining taxes generally lower than in the provinces, but may be in some way inequitable because it does not authorize deductions for some costs which today are generally considered necessary expenses directly related to the cost of mining, for example, those relating to subsidized housing and recreation facilities in isolated communities. Exploration and development costs may be deducted only in the year they are made. The burden of mining royalty or taxation in the Northwest Territories has been lower than in Yukon largely because of a three-year tax-free period and a maximum rate. Recent interpretations of the meaning of certain sections of the Yukon legislation may significantly reduce future royalties. The Northwest Territories royalties are set out in section 65 of the Canada Mining Regulations.

Although in the north there are no special provincial tax incentives for exploration such as exist in Quebec, the tax burden on profitable mines is generally lower than in the provinces. Based on legislation in effect September 1, 1983 and using as a model a \$100 million mining project with a 10-year life and annual net revenue of \$25 to \$45 million, a Price Waterhouse study indicated that total income-based taxes in B.C. and Ontario amounted to about 40 per cent, in Quebec 31 per cent, while taxes in NWT and Yukon were 22 per cent and 26 per cent respectively (Figure 7).

The level of taxation and mineral royalty in the territories may appear low by provincial standards, although the open-ended incremental Yukon rate structure would sharply increase the royalties payable with inflation and on large profitable projects. The structure of the present royalty provisions has been criticised because they do not fully allow for depreciation, pre-production costs, processing allowances, the value of capital and allowable expenses such as taxes and townsite costs. While room appears to exist for additional taxation, it may be argued that northern development is heavily dependent on mining for year-round employment and that a differential in relation to the provinces may be appropriate, particularly in view of the higher risks in northern mining. The effect of the level of mineral taxation on the level of economic mining activity could be an important factor in the consideration of any change.

SHOULD THE TAXATION AND ROYALTY STRUCTURES IN THE TERRITORIES BE MODIFIED TO TAKE ACCOUNT OF THE RISKS INHERENT IN THE OPERATION OF BOTH ESTABLISHED AND NEW MINES?

Figure 7



d) Mechanisms for Government Consultation

Ongoing consultation between the federal government and the northern mineral industry on issues and concerns of common interest is essential. Since 1978, the Northern Mineral Advisory Committee (NMAC) has been the formal channel of communication with the Minister of Indian and Northern Affairs Canada. The Committee is made up of representatives from the Northwest Territories Chamber of Mines, the Alberta Chamber of Mines, the B.C. and Yukon Chamber of Mines, the Mining Association of Canada and representatives of the federal and territorial governments. The Yukon Chamber of Mines withdrew from the Committee in November 1984, citing dissatisfaction with its effectiveness. From the formation of the NMAC until September 1984, there was in the Minister's office a senior mining advisor who also acted as Executive Secretary of the Committee. In addition to this formal mechanism, there is ongoing consultation at the ministerial and officials level with industry organizations, companies and individuals on specific issues.

SHOULD THE NORTHERN MINERAL ADVISORY COMMITTEE BE
RESTRUCTURED OR REPLACED?

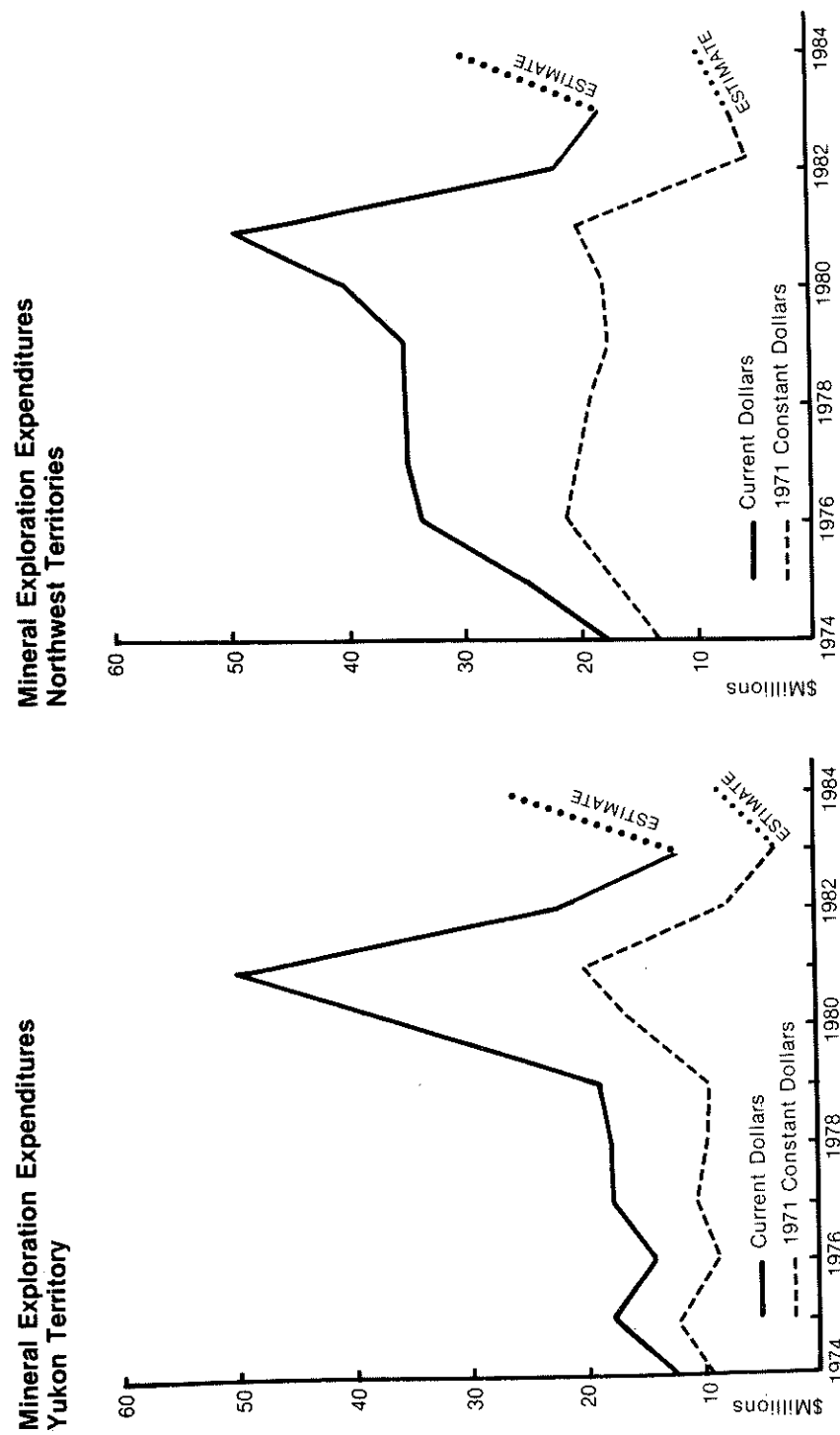
e) Support for Exploration

Over the long term, Yukon and the Northwest Territories offer considerable potential for growth in the industry if private investment in mineral exploration is maintained at an adequate level. Trends in exploration expenditures are shown in Figure 8.

Historically, government has supported mineral exploration by provision of basic geological and survey maps, which have increased in detail over time. More recently, reports of exploration activities have been required as a condition under which stakers may acquire the rights to Crown minerals. This information is added to the data base and is available for later research. Resident geologists are employed to provide expert local knowledge for the assistance of those planning exploration activities.

Since the 1950s, Canadian provincial geological surveys have assumed a larger role in the provision of geological services to support private-sector mineral exploration. Complementary to this, the Geological Survey of Canada (GSC) has directed its activities increasingly towards a diversified geoscientific role to provide both broader and in-depth knowledge of Canada's geology and mineral/hydrocarbon resources rather than a provincial-type survey role in direct support of mineral exploration activities. INAC and GSC officials meet annually to co-ordinate their respective field activities. In terms of the

Figure 8



level of geological services and outputs, the geological services provided by INAC in Yukon and the Northwest Territories have lagged behind those of the provinces, perhaps reflecting the frontier nature of exploration in the North. Indeed the budgeted resources in each Territory are lower in terms of dollar expenditures and person years than any of the provincial geological surveys of Canada, including those of Newfoundland, Nova Scotia and New Brunswick, based upon published 1982-83 comparisons. However, in 1983 the Northwest Territories ranked fifth in the total value of metallic minerals produced. The results of a comparative analysis are shown in Table 1. Table 2 shows federal expenditures. Furthermore, unlike some provinces, the federal government does not offer direct assistance for exploration. During 1985-1989, the resources allocated for INAC'S geological services in Yukon will be increased by a planned \$1.1 million under the Canada-Yukon Subsidiary Agreement on Mineral Resources. There are no similar plans to augment INAC'S geological services in the NWT.

WHAT SHOULD INAC'S ROLE BE IN SUPPORT OF MINERAL EXPLORATION AND DELINEATION?

COULD THE GOVERNMENT FUNDS AVAILABLE FOR SUPPORT FOR EXPLORATION BE ALLOCATED IN A MORE EFFECTIVE MANNER?

2. Human Resources

a) Human Resource Development

Many northerners are adjusting to significant changes in their lifestyle. They are making efforts to increase their understanding of the resource developments that are likely to offer them new opportunities. A recent example of their initiative was a seminar on mining, given by INAC (December 1984) at the request of the Council for Yukon Indians.

Meanwhile the federal government has been seeking methods of helping native northerners to develop the skills required for an increasingly sophisticated technological society. It appears that until the training of northerners in appropriate skills is accomplished there will be a need to bring southerners to fill the highly-skilled and senior managerial positions.

IS THE CURRENT RESPONSE BY INDUSTRY AND GOVERNMENT TO THE NEED FOR SKILLED PERSONNEL ADEQUATE?

Table 1

**COMPARISON OF PERSONNEL RESOURCE ALLOCATION BY
NATIONAL PROVINCIAL AND TERRITORIAL GEOLOGICAL SURVEYS**

SURVEY AND REGION	PREDOMINANT OBJECTIVE	MINERAL PRODUCTION VALUE PER PERSON YEAR (\$ MILLIONS/PY)	AREA PER PERSON YEAR (KM²/PY)
GSC: NORTH OF 60	GEOSCIENTIFIC RESEARCH	2.5	15,900
GSC: CANADA TOTAL		11.8	11,900
DIAND: N.W.T.	GEOLOGY IN SUPPORT OF MINERAL DEVELOPMENT	35.5	270,500
DIAND: YUKON		21.1	59,800
QUEBEC	GEOLOGY IN SUPPORT OF MINERAL DEVELOPMENT	7.8	6,200
ONTARIO		10.0	3,600
BRITISH COLUMBIA		17.0	12,700
MANITOBA		9.3	13,900
SASKATCHEWAN		23.0	13,600
ALBERTA		2.9	3,200
NEW BRUNSWICK		16.2	2,700
NOVA SCOTIA		0.9	692
NEWFOUNDLAND		6.1	3,600

Table 2

**INAC REGIONAL GEOLOGICAL SERVICES
BUDGET ALLOCATION 1984-85**

ACTIVITY	YUKON	N. W. T.
ADMINISTRATION	214,000	180,000
CORE LIBRARY	10,000	30,000
FIELD WORK		
BEDROCK MAPPING	273,000	563,000
SURFICIAL MAPPING	86,000	4,500
OFFICE GEOLOGY		
MINERAL INVENTORY AND ANALYSIS	96,000	170,000
PUBLICATIONS	19,000	230,000
EDUCATION	5,000	6,000
TOTAL	703,000	1,184,000

The Geological Survey of Canada has budgeted approximately \$35 million for direct scientific activities of which over one third is allocated to projects related to the Territories. The Territories make up about 40 per cent of Canada's land mass.

Both territorial and federal governments have responsibilities for vocational training. In Yukon, industrial training is the responsibility of the Department of Education while the Canadian Employment and Immigration Commission (CEIC) takes care of other types of training. In the NWT, all training sponsored by government is funded by CEIC though the GNWT administers some programs. Training for mining is normally undertaken by the mining companies in co-operation with the territorial governments and CEIC, which is investigating a new approach to the organization of training.

Modular training systems, career counselling services and co-operative in-service training courses sponsored by a group of companies with mines in close proximity are some methods that have been attempted. Courses are offered at vocational schools and in universities in larger centres and in southern Canada, but the small isolated mines in the North cannot always take advantage of this institutionalized training.

HOW CAN MORE NORTHERNERS BE ENCOURAGED TO DEVELOP SKILLS FOR A CAREER IN MINING?

b) Labour-Management Relations

Labour-management relations in the North are similar to those in southern mines. However, few of the newer northern mines are unionized. It is too early to determine whether there is a long-term shift towards non-unionization; such a development could bring a major change in labour-management relations.

Workers, whether union members or not, are affected both directly and indirectly by the successes and failures of the businesses for which they work. In mining the risks are great.

The principle of labour and management working together to achieve increased productivity has been advanced both in Canada and abroad. This was apparent in the northern mining industry over the past two years when new approaches were developed by labour and management in order to keep some mines in operation in spite of severely depressed metal markets. For example, at Cyprus Anvil's Faro mine, a unionized mine, labour and management co-operated to facilitate productivity improvements in implementing the stripping program which began in June 1983. It is believed these improvements were the major factor in a 30 per cent reduction in unit mining costs. However, at the end of 1984, contract negotiations broke down, the company imposed a lock-out and the mine remains shut down. High productivity has also been achieved in non-unionized operations, e.g. at the Nanisivik mine in the high Arctic.

Few native people have chosen to become union members and consequently most natives do not enjoy the same privileges with regard to job opportunities as union members. Furthermore, some unions have resisted the idea of government awarding negotiated contracts, but it is by these that government can provide native entrepreneurs with opportunities to gain experience and enhance skills.

c) Mining Community Development

Mining communities have a special characteristic in that they are frequently temporary settlements. Like other resource communities, they are normally dominated not only by a single industry but also by a single enterprise. The dominance of a company in the social life as well as in the work life of workers, though not necessarily undesirable, can result in an imbalance both economically and socially.

The temporary nature of single-industry settlements may lead to a feeling of insecurity among workers and their families. It is due to not only insecurity of employment, but also the associated difficulties in provision of continuity of education and health care for families. Whether companies own the houses or individuals buy them, there is a perception that in some mining towns conditions do not match those of more established communities. In northern Canada most of them reap the benefits of isolation from other communities, but also suffer the disadvantages.

In order to reduce costs, increase employee well-being and to reduce turnover rates, companies are giving serious consideration to the fly-in/fly-out concept. In this respect, the Government of the Northwest Territories has announced a policy that would discourage construction of single resource towns with an anticipated life span of fewer than twenty years. The Government of Yukon would also encourage fly-in/fly-out operations provided that the origin of the flights is within Yukon.

Conditions vary so much that it is questionable if a formula could be used to determine whether to establish fly in/fly out operations, to construct new towns, to promote growth centres or to expand existing settlements.

WHAT SHOULD GOVERNMENT DO TO CUSHION THE IMPACT OF MINE CLOSURES ON SINGLE-INDUSTRY COMMUNITIES?

SHOULD GOVERNMENT RESPOND TO PRESSURES FOR MORE OR LESS GOVERNMENT INVOLVEMENT TO SMOOTH THE BOOM AND BUST CYCLES?

3. The Regional Dimension

a) Placer Mining

The Yukon placer gold mining industry involves the working of large quantities of silt, sand or gravel in, or adjacent to, streams and rivers to separate out the valuable heavy gold particles. In 1984 the industry consisted of about 200 operations which employed several hundred persons seasonally. Most of the operations are small or family concerns with only a few employees, who are following the tradition of those independent entrepreneurs who made this industry symbolic of Yukon's culture, its way of life and its roots. They feel mining is their right and see themselves as upholding a last frontier of freedom for those wishing to retreat from an over-regulated world.

The fundamental factors influencing the placer industry, as in all mining, include the price of gold and the cost of mining. The first cannot be controlled by government unless trade restrictions and price controls are introduced. The cost of mining can be influenced by the operational standards imposed on the industry in response to pressures from the tourist industry and conservation organizations seeking to limit the adverse environmental effects of placer mining.

Sections 31 and 33 of the Fisheries Act contain provisions protecting fish habitat and prohibiting the deposit of waste in waters containing fish. The placer miners are uneasy because the administration of these provisions often calls for discretionary decisions by local fisheries officials.

Attempts by the federal government and the Yukon Territorial Water Board since 1973 to develop a regime to improve environmental management of the industry have created fears among placer miners for the future of the industry. In January 1984, a Public Review Committee held hearings in Yukon into proposed guidelines for placer mining operations. The committee concluded that the guidelines were generally appropriate but should not be invoked for 12 years, unless new research demonstrates the economic viability of the placer mining operations under such requirements. The federal and Yukon governments are funding research directed towards these ends. Meanwhile, interim measures were taken to allow water licences to be issued by the Yukon Territorial Water Board until 1987. The issue falls

within the respective mandates of Indian and Northern Affairs Canada, the Department of Fisheries and Oceans and the Department of the Environment.

WHAT STEPS SHOULD BE TAKEN TO PROVIDE A SUPERIOR MANAGEMENT RÉGIME WHICH WOULD ENSURE LONG-TERM ENVIRONMENTAL STANDARDS AND ADEQUATE LEGAL CERTAINTY FOR PLACER MINERS?

b) Spin-Offs from Mining

In the past, when a company applied for a licence to export ore and/or for financial assistance, the project was reviewed in terms of government's northern and national objectives to identify potential spin-off benefits such as employment, small business opportunities, purchasing of goods and services and further processing. In consultation with the developer, an agreement was negotiated which set out how these spin-off benefits could be realized. To ensure compliance with the terms and conditions of these agreements, a monitoring process was put in place. All projects were considered on a case-by-case basis. However, there is no specific legislation setting out the assessment process, formulation of agreements, etc.

Some feel that caution must be used in imposing requirements on industry so as to avoid creating onerous situations where industry would no longer wish to develop in the North. Others feel that maximum benefits should be assured before mining is allowed to proceed, since few other downstream benefits accrue to the Territories.

IS GOVERNMENT INTERVENTION JUSTIFIED TO ACHIEVE "SPIN-OFF" BENEFITS FROM MINING IN THE NORTH?

c) Taxation of Benefits

The mineral industry is an important beneficiary of remission orders governing the taxation of housing, travel and other benefits received by northern employees. Benefits initiated prior to November 13, 1981 are not taxed, while housing and travel benefits initiated after this date are taxed up to certain limits. The remission orders are in place until the end of 1985. In the interim, the government will consult with interested parties toward establishing in law a more permanent regime. It was estimated that revenues forgone by all levels of government from the non-taxation of benefits in 1981 amounted to \$39 million. A study undertaken in 1983 revealed that taxing the benefits paid by all northern employers would have a substantial financial impact on the mineral industry.

The taxation of benefits is a controversial topic. There is no question that current remission orders introduce inequities into the taxation system. Employees who fall under the old (prior to November 13, 1981) remission order are treated differently from those falling under the new one. All benefits recipients are treated more favourably than the many northerners who must meet their own equally high housing and travel costs. Because many northerners, especially native people, do not earn enough income to pay taxes, the issues arising from the taxation of benefits are of particular concern to more affluent northerners.

HOW CAN PRESENT INEQUITIES IN THE NORTHERN TAXATION SYSTEM BE OVERCOME WITHOUT A SIGNIFICANT NEGATIVE EFFECT ON NORTHERN INDUSTRIAL COSTS?

IS THE TAXATION SYSTEM AN APPROPRIATE VEHICLE FOR PROMOTING NORTHERN DEVELOPMENT? WHAT ALTERNATIVES EXIST?

4. Land Use Constraints

a) Availability of and Access to Land

Although the northern mineral industry generally supports the principle of maintaining ecological integrity, it is concerned that tenure of mining lands and access to mining properties in the North could be eliminated or reduced by withdrawals of land for single or limited use purposes.

Under the National Parks Act mineral development is prohibited in national parks. INAC in cooperation with Energy, Mines and Resources (EMR) has an assessment process in place to evaluate the mineral potential of lands before they are withdrawn and dedicated for exclusive use such as for national parks. To achieve a balance by limiting the amount of land dedicated to non-mining, conservation purposes, the national parks planning system limits to 5 per cent of the northern lands the total area proposed for national parks. Other areas in which mining activity is restricted or prohibited include wildlife and migratory bird sanctuaries, which at present are estimated to involve an additional 2.5 per cent. Approximately the same amount again (7.5 per cent) is under consideration for International Biological Program (IBP) sites.

Industry fears that if substantial areas of land are dedicated to uses which are incompatible with mining, the total resource base of mining will be proportionally reduced and long-term regional exploration programs could be curtailed before an economic discovery is made but after substantial investment

cost has been incurred. The creation of large, private, freehold estates, for which access to or across must be negotiated, may affect mining, exploration and development costs. Industry is concerned that the development of identified economic mineral deposits may be prevented if transportation or electrical transmission corridors or access to tidewater are pre-empted.

The basic difficulty is that mineral resource inventories are by their very nature undefined until the time of discovery. The recent discovery of the Hemlo gold deposits in Ontario is a reminder that economic mineral deposits can be found in areas previously considered to be of low potential.

Historically, Canadian jurisdictions have opted to balance the competing rights to the use of the surface by mineral rights owners and others by legislation defining the rights, obligations and privileges of the several owners. These pieces of legislation, commonly called Surface Rights Acts or Entry Arbitration Acts, provide for entry to the surface by miners and procedures for the settlement of damages. Access to and across lands is generally provided by establishing public roads or road allowances on a one-mile grid.

Alternatively, issues of rights and access can be resolved through common law or through negotiation with binding arbitration where necessary.

WHAT ARE THE MOST APPROPRIATE METHODS FOR AVOIDING OR RESOLVING APPARENT OR REAL LAND USE CONFLICTS?

b) A Land Claims Perspective

The settlement of northern land claims is important both to the native beneficiaries seeking greater control of their own lives, and to developers hoping for clearer rules for development.

The settlement of claims will provide certainty with respect to ownership of northern lands. It will also have an impact on third parties such as mining companies and individuals who hold legal title to Crown lands.

The existence of the comprehensive claims process, which embraces the four major groups of northern native people, has created a desire for and expectation of greater participation in decision-making on activities with environmental impact; this would involve sharing in a more direct way and to a greater extent in the immediate benefits from those activities.

The Agreement-in-Principle with the Council for Yukon Indians and, to an even greater extent, the Committee of Original Peoples Entitlement (COPE) Final Agreement provide natives with a significant role in reviewing development proposals and formulating recommendations to the Minister of INAC on whether or not activities should proceed and, if so, on what basis. So far, both Tungavik Federation of Nunavut (TFN) in the Eastern Northwest Territories and the Dene/Métis in general discussion indicate a similar desire on their part to exercise a controlling voice in management structures and to impose considerably more stringent tests of environmental and social acceptability of development proposals.

Based on the example of the COPE settlement and the Council for Yukon Indians negotiations there may be extensive private ownership of former Crown lands in the North. Many of these privately-held lands might include freehold mines and minerals.

On these lands, it is possible that claimants will seek higher surface land rentals and royalties for exploitation of subsurface resources, and possibly more stringent conditions related to environmental impact mitigation and physical site restoration. In addition, claimants may seek related financial benefits in the form of employment, equity participation and entrepreneurial concessions. Such features are in large measure beyond the control of government since they are attached to the nature of private ownership of land and, where applicable, sub-surface resources as well.

It can be assumed that the conditions of use or access over these lands could vary from one claimant to the other.

HOW BEST CAN NATIVE PEOPLES AND INDUSTRY WORK TOGETHER TO MAXIMIZE THE VALUE OF THE HUMAN, FINANCIAL AND LAND RESOURCES NEWLY AVAILABLE AS A RESULT OF LAND CLAIMS SETTLEMENTS?

c) Legislative Base

Indian and Northern Affairs Canada administers six legislative items which deal with the disposition and administration of mineral rights (excluding oil and gas) in the North to ensure the orderly development of mining and related operations. Over time, the political, economic and social environment for legislation changes, as does the technology of exploration and development. This should be taken into account when considering northern mining legislation.

In Yukon, the legislative base is old: for example, the Yukon Placer Mining Act dates from 1906 and all details are locked into statutes. This inhibits timely responses to changing circumstances.

In the Northwest Territories, extensive regulations such as the Canada Mining Regulations have been made under the enabling power of the Territorial Lands Act and the Public Lands Grants Act.

The outdated wording of the taxation (royalty) sections of the Yukon Quartz Mining Act pertaining to lode mining does not fit modern mining and accounting practices, so that varying interpretations continually change the taxation differential between the territories and the provinces. The problems inherent in the outdated Yukon legislation could be solved either by the introduction of one Yukon Minerals Act which could administer all mineral rights in the territory, or alternatively by modern individual acts. Although a long list of inadequacies in the outdated Yukon legislation can be compiled, industry has in the past generally resisted change, fearing that if the statutes were amended to provide administrative or technical improvements, governments could not resist imposing new and more extensive regulatory constraints on the industry. A further issue is the regulatory system for the placer mining industry in the Yukon, which has evolved overlapping and contradictory regulatory jurisdictions. For instance agencies concerned with the use of water by placer miners include the Yukon Territorial Water Board, the Department of Fisheries and Oceans, the Department of the Environment, several branches within Indian and Northern Affairs Canada and the Government of Yukon.

By contrast, the mining instruments applicable to the Northwest Territories are contained in regulations, and thus can be amended relatively quickly. Over a longer term, a new Northwest Territories Mines Act could be established with administrative details provided by regulation. Such a statute could dispel uncertainties respecting possible frequent change to elements such as tenure, Canadian ownership requirements and taxation levels.

DO THE INADEQUACIES OF EXISTING MINING LEGISLATION
SIGNIFICANTLY IMPEDE MINERAL DEVELOPMENT?

d) Regulatory and Approval Processes

Over the past two decades, a national consciousness awakened to environmental issues has led to the establishment of new relationships between developers and regulators. The regulatory and approval processes applied to the mining industry in the North are perceived by industry to be more complex than those of the provinces, and thus to add to already high costs of exploration, development and production. The application of federal environmental measures enacted in the early 1970's, particularly under the Northern Inland Waters Act and Regulations, the Fisheries Act and the Territorial Land Use Regulations, has in some instances been criticized. Industry perceives stringent application of some regulations as adding unnecessary costs to mining projects and placing environmental protection ahead of the economic benefits of mining. (At INAC'S request, industry has provided three case studies in support of this contention, and these are currently being assessed to determine whether or not industry is in fact being subjected to unnecessary costs or delays). Mining operations are subject to screening and approval under the Environmental Assessment and Review Process (EARP). While no northern mining project has yet been referred to the federal Environmental Assessment and Review Office (FEARO) for a full public review, nor been turned down as a result of screening, many in the mining industry feel that the outcome of EARP is not predictable, the process is slow and the costs involved in preparing environmental impact statements or evaluations are onerous and time-consuming. However, such regulations are intended to serve the needs of all northerners.

DO FEDERAL ENVIRONMENTAL MEASURES IMPOSE A FAIR AND REASONABLE COST BURDEN ON INDUSTRY?

Regulatory processes appear to many in industry to be contradictory, unclear or duplicative. The use of water and the regulation of waste discharge in mining operations fall under the authority of the Northern Inland Waters Act (NIWA) and the Fisheries Act. Licensing under the provisions of NIWA has sometimes involved protracted hearings and controversial conditions owing to the absence of clear guidelines or standards, legal uncertainty, and weak data on renewable resource values. In the Northwest Territories, mining exploration activities are subject to the Territorial Land Use Regulations which may involve community consultations on environmental and socio-economic impacts, and impose conditions or restrictions during and after the life of the project.

In addition, the GNWT is becoming increasingly involved in the regulation and approval of mining activities.

The existing process which requires companies to submit complete project proposals for review and criticism as the initial step may lead to confrontation, whereas alternatives which would allow negotiation before the company develops detailed proposals might encourage co-operation and reduction of costs.

One idea which has been considered is for INAC to assign a senior official at an early stage in a new mining project to act as a pathfinder or guide during the proponent's interaction with government agencies. He could make the company aware of all requirements and processes and intercede, where necessary, to help bridge the gap between different federal departments, agencies and levels of government. An important element in this approach would be to have sound administrative backing to provide support and continuity to the pathfinder role.

HOW CAN NORTHERN ASSESSMENT AND REGULATORY FUNCTIONS BE CHANGED TO REDUCE DELAYS AND UNCERTAINTIES IN ORDER TO HELP INDUSTRY GENERATE ECONOMIC GROWTH CONSISTENT WITH BROADER OBJECTIVES? SHOULD THE PATHFINDER CONCEPT BE IMPLEMENTED FOR NORTHERN MINING PROJECTS?

IV. WHAT NEXT?

The northern mineral industry has urgently requested that the federal government establish a clear, strong policy and legislative framework in support of northern mineral development over the next decade. It is particularly important now, in the face of increased international competition, that the mining industry clearly know the rules of the game. In this paper, we have documented how closely mineral development is associated with social development in the North. Therefore, others who are concerned with, or affected by, mining must also have an opportunity to express their views.

This discussion paper is the first step towards this end. It has presented some facts - the results of several years' research and data collection by INAC - and posed some questions. However, this is only the beginning of the consultative process. The questions asked here are by no means definitive or all-inclusive: they are put forward as a starting-point for public discussion on the future of northern mining. It is hoped that the responses to this document will determine which are the issues of most concern to the interested sectors of Canadian society, and that they will form an important element in the development of a Northern Mineral Policy.



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Le secteur minier dans le Nord : cadre de discussion

MARS 1985

LE SECTEUR MINIER DANS LE NORD :
CADRE DE DISCUSSION

AFFAIRES INDIENNES ET DU NORD CANADA

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l'hon. David E. Crombie, c.p., député,
ministre des Affaires indiennes
et du Nord canadien,
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MESSAGE DE L'HON. DAVID CROMBIE

L'exploitation minière a toujours été l'un des facteurs importants permettant d'améliorer la situation économique du Canada. Cela est d'autant plus vrai au nord du 60^e, où le principal moteur de l'essor économique et social a été l'industrie minière. Des communautés entières, pourvues de moyens de transport et de sources d'énergie, ont été créées grâce à la présence de ressources naturelles et de l'initiative du secteur minier.

Ces dernières années, les conditions difficiles du marché ont entravé le rendement de l'industrie. Cependant, malgré ce climat d'incertitude, bien des mines ont continué à produire surtout en raison d'une productivité accrue et des coûts réduits. Le défi consiste à augmenter à long terme le caractère compétitif de l'industrie minière. Le gouvernement peut aider ce secteur à atteindre ses objectifs grâce à une politique et à un cadre de travail valable.

Un tel cadre ne peut être mis en place par Ottawa seul. De grands changements sont en vue pour le Yukon et les Territoires du Nord-Ouest, changements qui modifieront radicalement la relation entre les territoires et le reste du Canada. Des questions intergouvernementales, tel le partage des compétences au chapitre des ressources naturelles, auront des répercussions directes sur l'avenir et la viabilité de l'industrie minière dans le Nord. Nous devons donc veiller à ce que ces changements influent à la fois sur le rôle traditionnel et sur le rôle éventuel de ce secteur.

Il est dans l'intérêt de tous les Canadiens de s'assurer que toutes ces questions sont soulevées. C'est pourquoi j'autorise la publication de ce document, première étape d'un processus de consultation, consultation qui devrait conduire éventuellement à la formulation d'une politique minière pour le Nord. Une telle politique permettra de guider sans risque l'industrie au cours des années à venir.

Je vous invite tous - le secteur privé, le secteur public et tous les Canadiens intéressés - à participer au processus de prise de décisions, et ce, en me faisant parvenir par écrit, à l'adresse suivante avant le 30 avril 1985, vos suggestions et vos commentaires.



David Crombie
Ministre des Affaires indiennes
et du Nord canadien
OTTAWA, (Ontario)
KLA OH4

Le secteur minier dans le Nord :
cadre de discussion

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I. INTRODUCTION

1. Une nouvelle orientation pour le Canada

Le 8 novembre 1984, le ministre des Finances, dans sa déclaration portant sur l'économie et les finances, a attiré l'attention des Canadiens sur les réalités et les défis nouveaux auxquels ils doivent faire face pour améliorer l'avenir du pays. L'une de ses principales constatations était le besoin de revitaliser le secteur privé, particulièrement celui des ressources naturelles, afin d'assurer une expansion soutenue et de créer des emplois.

L'État doit encourager l'esprit d'entreprise ainsi que les sociétés qui prennent des risques, et permettre plus de souplesse afin d'apporter les changements qui s'imposent dans l'économie. Par le passé, il a pu prendre trop de place et intervenir trop directement par des mesures touchant la libre entreprise, ou a fait preuve d'un immobilisme inopportun. Le rôle qui lui convient doit donc être défini dans un climat de collaboration et de consultation avec tous les Canadiens.

Le document Une nouvelle direction pour le Canada : Un programme de renouveau économique délimite le cadre de cette consultation. Deux grandes questions y sont traitées : l'essor du secteur privé et l'assouplissement du régime fiscal. Il existe un certain nombre de moyens pour encourager l'expansion du secteur privé et surmonter les obstacles, et ce, grâce à des changements pertinents dans de nombreux domaines de la politique, les principaux étant : la recherche et le développement; l'innovation et la diffusion des connaissances techniques; les marchés d'exportation et le financement; l'investissement dans le secteur privé; le marché du travail et les ressources humaines. Il faut donc redonner force à l'économie et faire des concessions aux niveaux national, régional et personnel en s'adaptant aux conditions techniques et économiques et en misant sur les forces propres à chaque région du pays. Le rôle dévolu à l'État au chapitre de l'intervention et de la réglementation de l'économie requiert un examen minutieux. Ajoutons que la politique énergétique est un sujet distinct d'une importance particulière et que d'autres questions pourraient être relevées au cours des discussions.

Dans le présent document, on examine comment ces questions touchent en particulier le secteur minier au Yukon et dans les Territoires du Nord-Ouest.

2. Une nouvelle orientation pour le Nord

L'industrie minière est un secteur clé de l'économie canadienne. Cela est particulièrement vrai au Yukon et dans les Territoires du Nord-Ouest où elle est le principal facteur de la prospérité nouvelle. Avant la récente régression au sein de l'industrie minière au Yukon, ce secteur représentait plus de 80 p. 100 du total de la valeur correspondant à toutes les industries de biens de ces deux territoires. Du Nord, qui ne compte que 1 p. 100 de la population du Canada, nous vient 8 p. 100 de la production nationale des minéraux métalliques, ce qui est très inférieur aux possibilités de cette région, qui couvre 40 p. 100 de la superficie du pays. La figure 1 indique les fluctuations de la valeur de la production de chaque territoire, de 1971 à 1984.

Dans le sud du Canada, la réglementation de l'industrie minière relève directement de chaque province, tandis que dans le Nord, les ressources naturelles sont la propriété de la Couronne; le gouvernement fédéral en a confié l'administration au ministre des Affaires indiennes et du Nord canadien, dont les attributions recoupent en grande partie celles d'un gouvernement provincial. Certains domaines de compétence comme les routes, relèvent à la fois des autorités fédérales et territoriales, et d'autres, comme l'éducation, la formation et, dans les T.N.-O., la sécurité dans les mines, relèvent uniquement du gouvernement territorial.

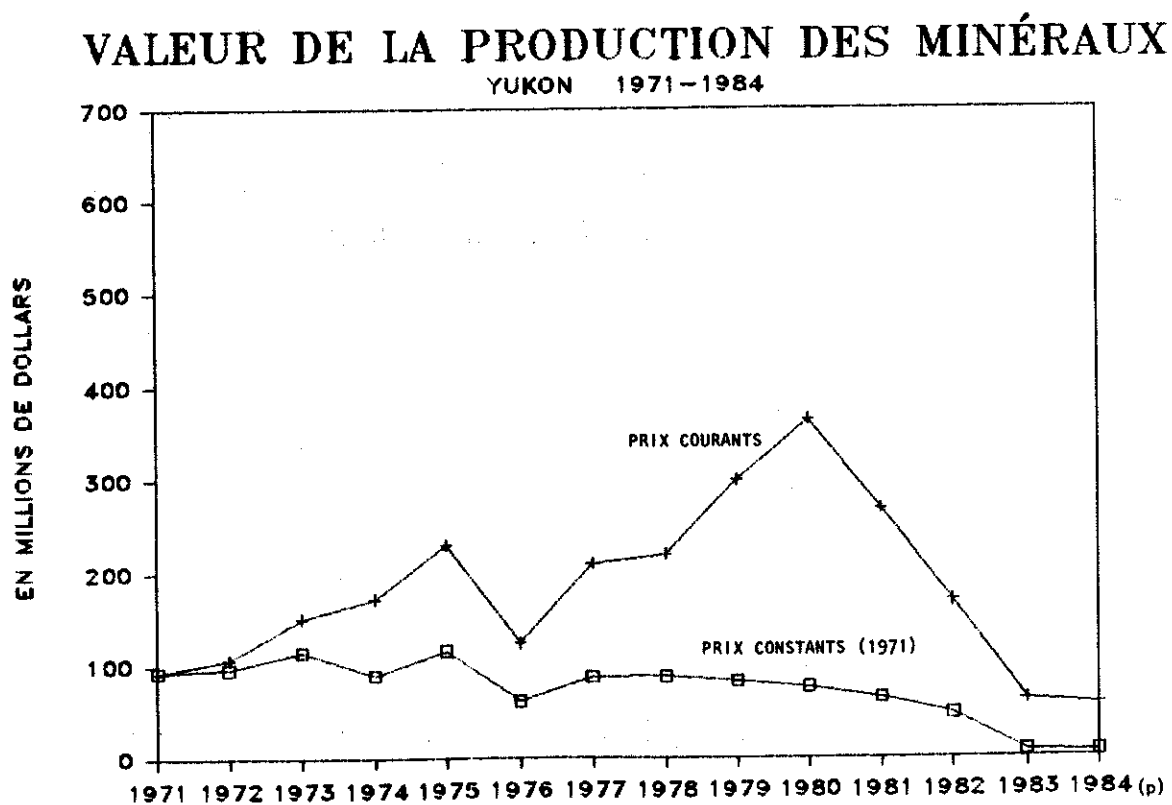
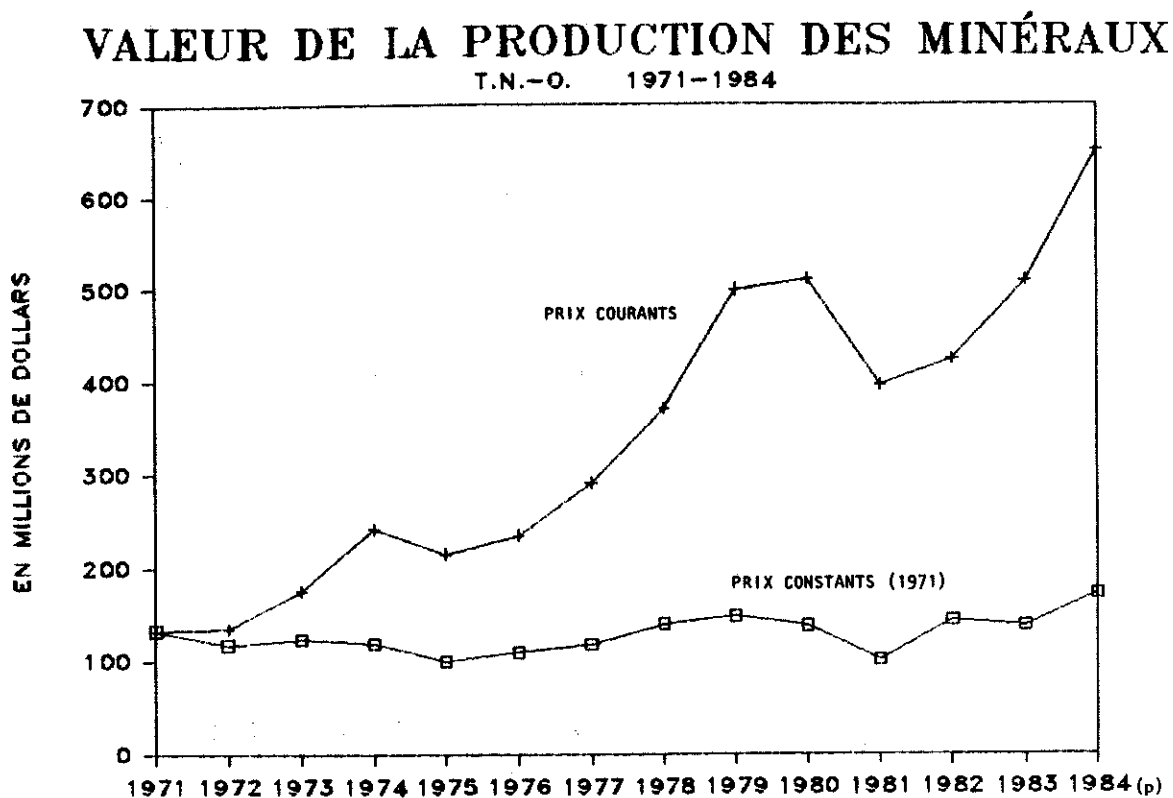
A l'échelle nationale, qu'il convient de distinguer des niveaux local et régional, le ministère fédéral de l'Énergie, des Mines et des Ressources joue un rôle de premier plan dans la mise en valeur des ressources minérales.

A mesure que les gouvernements territoriaux et les autochtones tentent d'exercer une plus grande influence sur la mise en valeur du Nord en cherchant à obtenir de nouveaux pouvoirs et à instaurer un gouvernement plus responsable, les orientations politiques du Nord évoluent. Les habitants du Nord souhaitent occuper la place qui leur revient dans la société canadienne et jouer un rôle vital dans la vie politique du pays. Mais l'obtention de pouvoirs analogues à ceux des provinces s'accompagnera de la nécessité de consolider l'assise économique du Nord.

D'ici la fin de cette décennie, la concurrence internationale sans cesse croissante et la faible augmentation de la demande de minerais sur les marchés mondiaux créeront des conditions économiques peu favorables à l'industrie minière du Nord. Les mines bien exploitées survivront, tout comme elles ont survécu au cours de la récente récession.

Le secteur minier offre l'une des rares possibilités dont on dispose pour améliorer la situation financière des gouvernements dans le Nord. Si les ressources non renouvelables ne sont pas exploitées, il est peu probable que l'on puisse mettre en place l'assise économique nécessaire pour donner suite aux aspirations grandissantes et à l'autonomie accrue des gouvernements territoriaux et pour garantir des revenus liés à l'exploitation des ressources que les gouvernements territoriaux pourraient se partager.

Figure 1



D'autre part, il est peu certain que des recettes provenant directement de l'exploitation minière puissent à elles seules influencer sensiblement sur la situation financière des gouvernements territoriaux. Un examen des statistiques actuelles portant sur les relations financières entre le gouvernement fédéral et les gouvernements territoriaux fait clairement ressortir le problème. La réalité est que les revenus des personnes vivant dans le sud du Canada assurent de facto la plus grande partie de l'assiette de l'impôt calculée pour le Nord. La population canadienne dans son ensemble assume une partie beaucoup plus grande des coûts entraînés par l'administration et les services publics dans les territoires que dans toute autre région du Canada. Les subventions destinées à combler les déficits et que le gouvernement fédéral a versées aux deux gouvernements territoriaux au cours de l'exercice 1983-1984 se sont élevées à 450 millions de dollars, soit 6 400 \$ pour chacun des 70 000 résidents des territoires. Ces transferts équivalaient à 73 p. 100 du budget du gouvernement des T.N.-O. et à 59 p. 100 de celui du gouvernement du Yukon. Ces proportions n'ont pas changé depuis, et ne changeront vraisemblablement pas dans un proche avenir. Considérant les pressions de plus en plus vives exercées pour parvenir à une décentralisation des pouvoirs en faveur des territoires et de certaines régions des territoires, il faut s'attendre à ce que la dépendance financière du Nord à l'égard du Sud augmente sans aucun doute au cours de la prochaine décennie, à moins que d'importantes sources de revenus ne soient trouvées sur place. Même si l'on est très optimiste quant à cette dernière possibilité, les territoires auront probablement encore besoin de subventions importantes bien après l'an 2 000. Comme les changements démographiques et généraux qui se produiront partout au Canada entraîneront une demande considérable sur les ressources du gouvernement fédéral au cours des prochaines décennies, toute mesure visant à réduire les dépenses engagées dans les régions les plus éloignées, comme les territoires, et à y améliorer les conditions économiques, constituera un pas dans la bonne direction.

Le principal défi qui se posera donc dans le Nord consistera à conserver la place compétitive occupée par l'industrie minière sur les marchés internationaux, en augmentant la productivité et en réduisant les coûts. Pour ce faire, il faut trouver, aux nombreux problèmes que soulèvent les relations entre l'industrie et le gouvernement, des solutions propres à s'assurer que ce dernier utilise ses ressources limitées de manière à jouer un rôle valable dans l'exploitation des richesses minérales du Nord, ce qui revient à assouplir le système sans en augmenter les coûts. Il n'est donc pas étonnant que les difficultés auxquelles fait face l'industrie minière dans le Nord puissent facilement se confondre avec celles qui sont exposées dans la stratégie relative à la reprise de l'économie. On trouvera d'ailleurs plus loin une description détaillée de ces questions.

Aucun des grands problèmes sociaux et économiques auxquels se heurte l'industrie ne peut être résolu sans une collaboration entre l'État, l'industrie et les groupes d'intérêt du Nord. Il ne s'agit plus de trouver les moyens de se partager les profits que rapporte une activité en perpétuelle croissance, mais bien de s'assurer que l'activité en question continue à prendre de l'ampleur et de veiller au maintien d'une industrie viable dans un monde de plus en plus compétitif. On ne parviendra à cette fin qu'en réduisant les coûts, ce qui inclut les coûts imposés par l'État, et en encourageant la simplicité, l'équité, l'épargne ainsi que l'investissement. Les débats et les discussions que suscitera ce document contribueront à faciliter l'adaptation nécessaire aux nouvelles réalités économiques ainsi que l'obtention d'un consensus quant aux nouvelles orientations.

II. APERÇU

1. Richesses minérales du Nord

Le Yukon et les Territoires du Nord-Ouest couvrent 40 p. 100 de la superficie du pays. Cette vaste région renferme une grande variété de formations géologiques ainsi que des réserves minérales semblables à celles que l'on trouve dans les provinces géologiques du sud du Canada.

En 1983, on avait extrait de 16 mines de roche dure et de nombreux placers situés au Yukon et dans les Territoires du Nord-Ouest, 7,3 p. 100 de la production totale de minéraux métalliques au Canada, ce qui représentait une valeur de 590 millions de dollars. Deux de ces mines, productrices d'argent en faible quantité, n'ont été exploitées qu'en 1983. La figure 2 indique les mines en activité en 1984.

L'industrie minière dans le Nord commence à se développer et une grande partie des réserves restent encore à être délimitées grâce à la prospection. Jusqu'à ce jour, nos connaissances en ce domaine nous portent à conclure que les richesses minérales du Nord ne constitueront pas un facteur important limitant la possibilité, pour l'industrie minière, de créer plus d'emplois et de jouer un rôle dans l'économie de la région. Toutefois, compte tenu de la situation actuelle du marché des métaux, seul un petit nombre des gisements minéraux connus ont des réserves suffisantes pour être exploités au cours des prochaines années (Figure 3). Quant à des prévisions à long terme, on connaît déjà un bon nombre de gisements de plomb, de zinc, d'argent, d'or, de tungstène, d'uranium et d'autres minéraux qui pourraient être mis en valeur dans des conditions économiques favorables (Figure 4).

a) Zinc et plomb

On trouve dans le Nord quatre des sept plus importantes mines de zinc-plomb-argent du Canada, même si l'une des plus grandes mines de zinc-plomb, soit celle de la Cyprus Anvil Mining Corporation à Faro, est actuellement fermée. En 1983, les trois mines en activité produisaient 23 p. 100 du zinc et 27 p. 100 du plomb au pays.

b) Or

En 1983, 17,2 p. 100 de la production nationale provenait des cinq mines d'or des Territoires du Nord-Ouest et de plus de 200 placers exploités au Yukon. C'est dans ce secteur que l'activité a été la plus intense en 1984 au chapitre de la prospection et de l'exploitation.

Figure 2

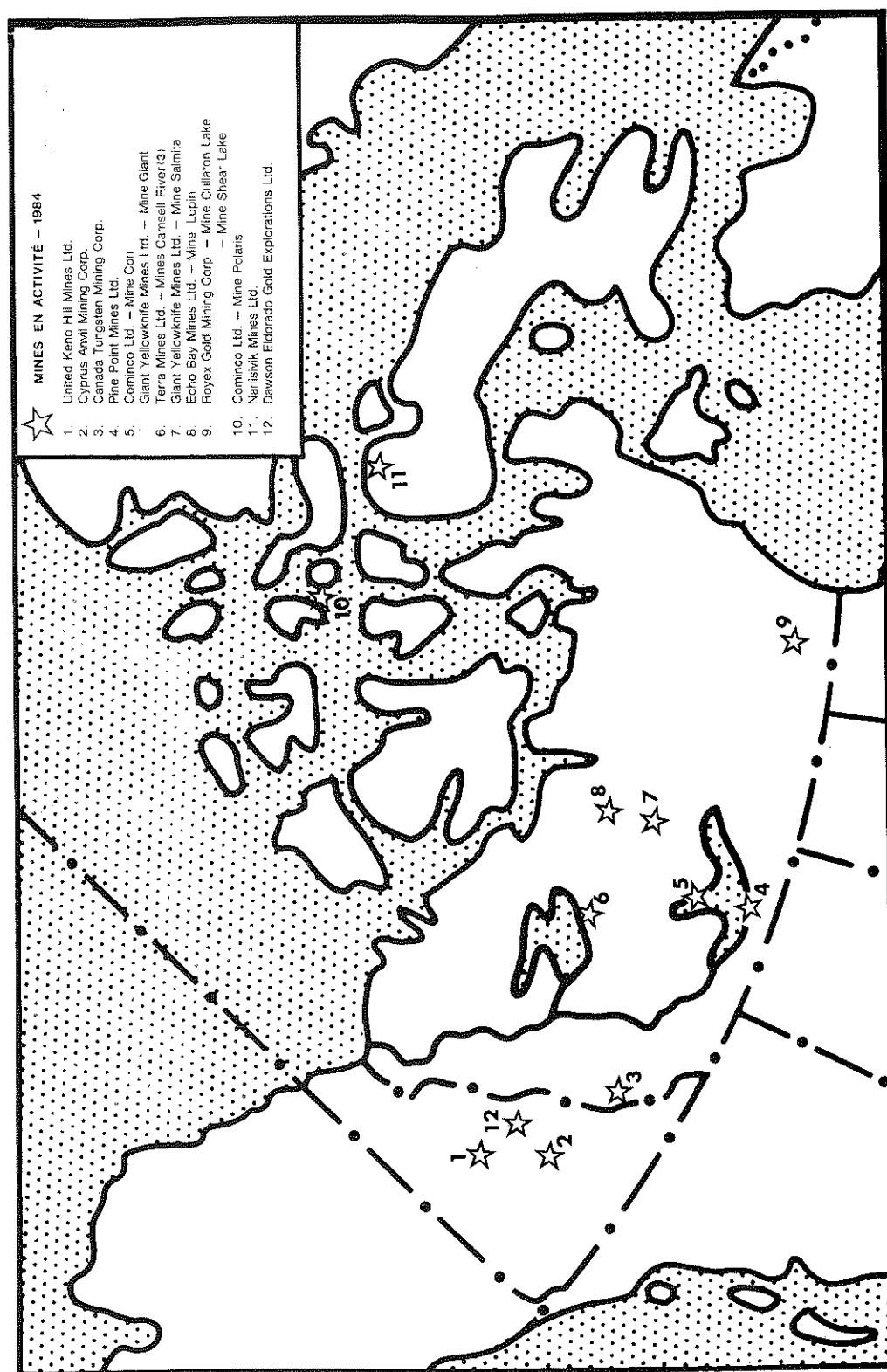


Figure 3

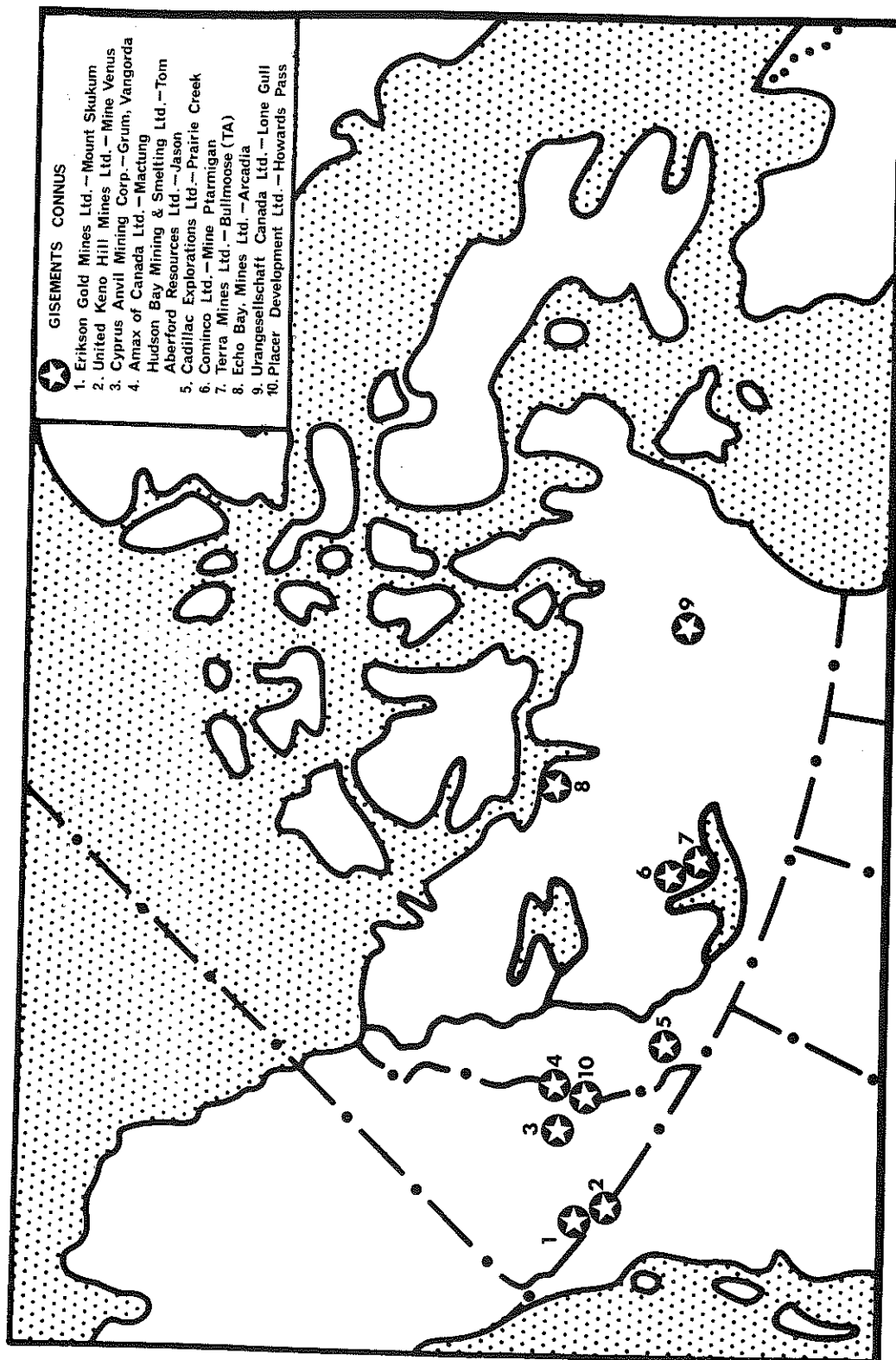
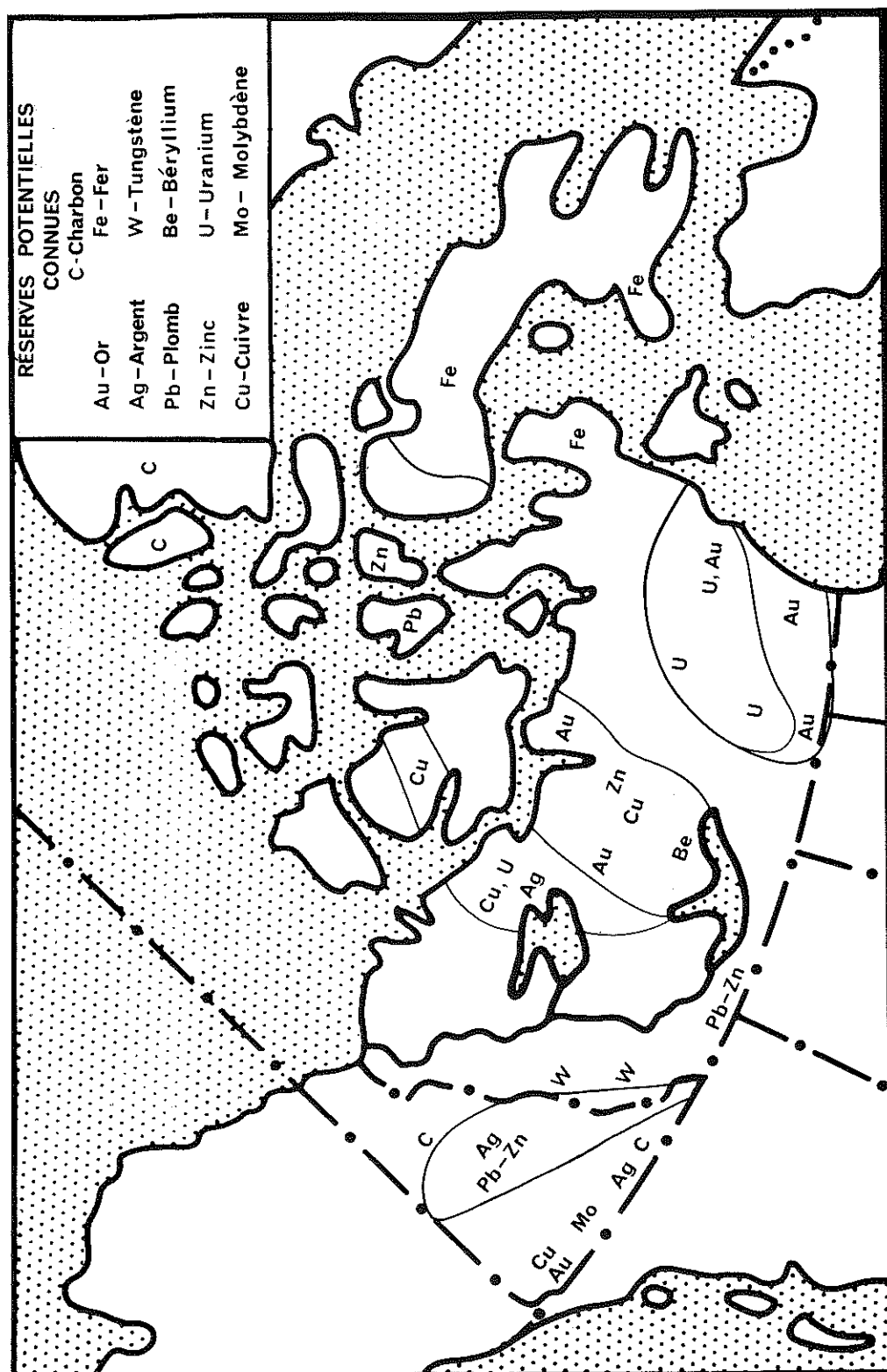


Figure 4



c) Argent

En 1983, 6,2 p. 100 de la production nationale provenait de l'exploitation de cinq mines d'argent de même que de la récupération de l'argent dans les mines d'or, de zinc et de plomb du Yukon et des Territoires du Nord-Ouest.

d) Tungstène

En 1983, la Canada Tungsten Mining Corporation, autrefois le seul producteur de tungstène au pays et jusqu'à tout récemment, le premier producteur en Amérique du Nord, a fourni 96,9 p. 100 de la production totale du Canada. Le gîte de tungstène situé dans la région de la passe MacMillan, à la limite du Yukon et des Territoires du Nord-Ouest, et le deuxième au monde en importance, devrait commencer à produire à la fin des années 80.

e) Charbon et autres minéraux

Actuellement, on n'extraît aucun charbon dans le Nord, mais les réserves connues sont importantes.

Enfin, de nombreux gîtes renfermant divers minéraux, dont la barytine, le béryllium, le molybdène et l'uranium ont été délimités et ils pourraient être exploités si le climat économique était plus favorable.

2. Répercussions économiques de l'exploitation minière dans le Nord

Depuis le début du siècle, la prospection des minéraux et l'exploitation minière ont joué un rôle très important dans l'évolution politique et économique du Yukon et des T.N.-O. Ces deux activités ont contribué notablement à l'aménagement de l'infrastructure requise pour le transport et la production d'électricité et ont même conduit à la création de plusieurs localités.

En raison de la simplicité relative de l'économie des territoires et du nombre restreint des autres possibilités économiques, l'industrie minière joue dans cette région un rôle plus important qu'ailleurs au Canada. Ainsi, dans les territoires pris dans leur ensemble, on estime que la contribution directe de cette activité au produit intérieur brut (PIB) était de 18 p. 100 en 1982, ce qui est trois fois plus qu'à Terre-Neuve (6 p. 100) et environ 15 fois plus que dans les autres provinces minières. De même, la contribution de l'industrie minière dans le domaine de l'emploi au niveau régional dans les deux territoires était en moyenne de quelque 16 p. 100, de 1976 à 1981, c'est-à-dire neuf fois la moyenne canadienne. Il est évident que l'avenir de cette industrie influera énormément sur la croissance de l'économie des territoires.

Toutefois, on peut constater des différences notables dans le rôle joué par l'industrie minière dans chaque territoire. Au Yukon, on estime que la contribution totale, directe et indirecte, de ce secteur au PIB de 1971 à 1975, était en moyenne de 46 p. 100 et qu'elle est passée à environ 33 p. 100 en 1977 et en 1978. (Statistique Canada prépare actuellement les données jusqu'en 1982.) Cette participation a beaucoup diminué en raison de la fermeture permanente des installations de la Whitehorse Copper Mines et de l'arrêt indéterminé des activités à la mine de la Cyprus Anvil à Faro; ces événements ont nui à l'ensemble de l'économie du Yukon, entraînant ainsi une réduction des possibilités d'emploi et la fermeture du chemin de fer de la White Pass and Yukon Railway (Figure 5).

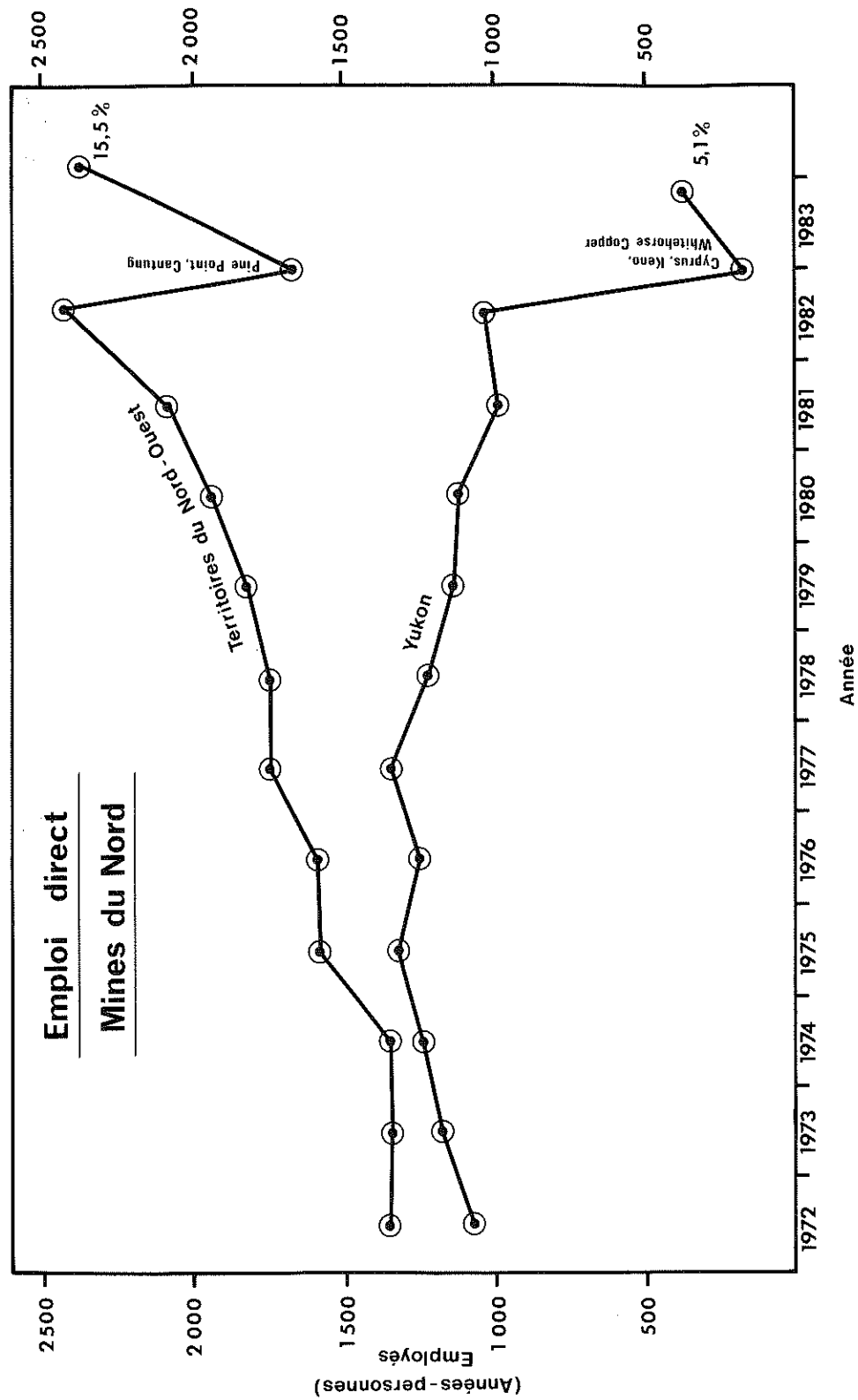
Par contre, la situation est plus stable dans les T.N.-O. où 13 mines étaient en activité en 1984. La part totale de ce secteur au PIB était évaluée à environ 40 p. 100 entre 1971 et 1975, et à environ 44 p. 100 en 1978. Malgré la stabilité de cette industrie et l'ouverture de mines, cette participation pourra décroître à mesure que les projets d'exploitation des hydrocarbures se concrétiseront et contribueront davantage au produit intérieur brut.

Les répercussions de l'exploitation minière varient considérablement selon le type et l'emplacement des mines, et selon l'économie régionale. Les mines importantes de métaux communs de l'intérieur, telles que celles de la Cyprus Anvil et de la Pine Point, sont à l'origine de nombreuses retombées économiques pour le Nord, de la création de localités et de l'aménagement de l'infrastructure requise pour le transport et la production d'électricité. Les exploitations éloignées, telles que les mines d'or de l'intérieur ou les mines de métaux communs situées près de la côte, ont peu de répercussions sur le plan local, mais profitent notablement au Sud, en raison de la demande de biens et de services. On estime en moyenne que, de 1978 à 1982, environ 28 p. 100 des dépenses annuelles (salaires et taxes) de l'industrie minière dans les Territoires du Nord-Ouest étaient faites sur place, tandis que 58 p. 100 étaient faites ailleurs au Canada et 14 p. 100 à l'étranger. Les mines du Nord jouent un rôle considérable dans la balance canadienne des paiements, puisque la plus grande partie de leur production est exportée.

3. Situation compétitive du secteur minier du Nord

D'après les coûts d'exploitation déterminés à l'échelle mondiale pour le début des années 80, les mines canadiennes sont en moyenne celles qui produisent le zinc au moindre coût; cela est encore plus vrai pour les mines du Nord, à l'exclusion de celle de la Cyprus Anvil. Une analyse de la marge brute d'autofinancement de six mines du Nord indique que leur taux interne de rendement est semblable à celui qu'on observe dans d'autres régions du pays. Les producteurs de métaux provenant de cette région (zinc, plomb, or, argent, tungstène) ont à faire face à la concurrence internationale et à des prix actuellement très bas; il en est de même pour les mines exploitées dans le reste du Canada. En raison de la variété des minerais extraits dans le Nord, l'industrie minière ne connaît pas les difficultés éprouvées par les

Figure 5



producteurs de cuivre et de nickel ailleurs au monde; en effet, pour ces derniers, la concurrence est dirigée dans bien des pays par l'État et, par conséquent, elle est moins orientée vers le profit. En fait, dans les T.N.-O., la production de chacune des trois dernières années a atteint une valeur record.

Dans le Nord, les importants investissements nécessaires en raison des grandes distances et des conditions climatiques rigoureuses, les coûts élevés de la main-d'œuvre, de la production de l'électricité, du transport et des installations placent les mines de ces régions dans une situation défavorable par rapport aux mines du Sud. Pour être rentables, elles ont dû être aménagées sur des corps minéralisés plus importants, plus riches, bien situés, se prêtant facilement à l'extraction ou présentant d'autres avantages telle la proximité de l'océan. Il n'est donc pas surprenant que les seuls corps minéralisés de zinc et de plomb exploités au Canada au cours de la dernière décennie soient localisés près de l'océan Arctique.

L'étendue du Nord et son infrastructure insuffisante n'ont cependant pas arrêté la prospection des métaux précieux. L'exploitation minière a débuté par celle des métaux précieux à l'époque de la ruée vers l'or au Klondike. La majorité des mines produit encore des métaux précieux, qui dans bien des cas sont des sous-produits de la plupart des minerais extraits. Les coûts d'exploitation de ces mines ne sont pas les moins élevés au Canada; toutefois, ces mines peuvent encore se faire concurrence à cause d'un ensemble favorable de facteurs, tels que l'importance du gîte ou la teneur en minerai (par exemple, la mine Lupin) ou la durée de vie de ces exploitations, comme la mine Giant-Yellowknife.

A l'heure actuelle, le moins que l'on puisse dire est que l'industrie minière connaît en général, à l'échelle internationale, une période de crise, en raison d'une surproduction et du faible prix des produits miniers calculé en devises américaines et canadiennes. Le Canada ne peut guère intervenir au chapitre de la production des pays étrangers et du prix des métaux sur le marché international. Même si cela entraîne des répercussions négatives sur d'autres secteurs de notre économie, la faiblesse du dollar canadien par rapport au dollar américain favorise, dans l'ensemble, l'industrie minière canadienne. Les sociétés qui exploitent actuellement des mines dans le Nord se félicitent peut-être de ne pas produire du cuivre et du nickel, car on ne s'attend absolument pas dans l'immédiat à ce que la monnaie circule comme auparavant et que le marché redevienne ferme, compte tenu notamment des récentes tendances des prix de l'argent et de l'or. Il existe sans aucun doute des possibilités en matière d'exploitation minière, mais la situation économique actuelle ne favorise pas la prise de décisions audacieuses et d'importantes dépenses en capital.

Par le passé, l'exploitation minière dans le Nord a été florissante. Pour qu'elle reste compétitive, le gouvernement et l'industrie doivent prendre les dispositions nécessaires pour s'assurer que les ressources, les moyens financiers et les compétences sont réunis pour mettre en valeur les richesses minérales du Nord.

III. QUESTIONS CLÉS

Bien des questions et des problèmes abordés dans ce document sont communs à l'ensemble de l'industrie minière canadienne. Toutefois, grâce aux consultations tenues actuellement sur les activités de ce secteur dans le Nord, il a été possible de déterminer une série de questions clés qui sont d'une importance toute particulière, voire unique, pour l'exploitation minière dans cette région.

Afin de condenser cet exposé, ces questions ont été soulevées dans les sections suivantes par grands thèmes qui se rapportent en général aux points relevés dans le document Une nouvelle direction pour le Canada : Un programme de renouveau économique. Évidemment, toute décision relative au transfert des ressources aux gouvernements territoriaux pourrait avoir d'importantes répercussions sur bon nombre de ces questions.

1. Rôles des secteurs public et privé

a) Cadre étatique

Dans le Nord, l'industrie minière s'inquiète de ce que le gouvernement fédéral n'accorde pas la priorité voulue à la mise en valeur des minéraux dans les Territoires du Nord-Ouest et au Yukon, secteur qui joue un rôle de premier plan dans l'expansion économique du Nord et du pays. Cette opinion a été clairement exprimée dans le rapport sur la politique minière dans le Nord et les plans d'action qui s'y rattachent, préparé par le comité consultatif de l'exploitation minière dans le Nord; ce document était soumis au ministre des Affaires indiennes et du Nord canadien en août 1979. Le comité recommandait alors comme premier principe que le gouvernement fédéral encourage et protège la prospection, la recherche et l'extraction des minéraux au Yukon et dans les Territoires du Nord-Ouest en reconnaissance de la place fondamentale qu'occupent les ressources non renouvelables dans l'essor socio-économique du Nord.

ÉTANT DONNÉ LES RÉALISATIONS ANTÉRIEURES DE L'INDUSTRIE MINIÈRE ET LES RÉSERVES MINÉRALES DU NORD, COMMENT LE GOUVERNEMENT PEUT-IL ENCOURAGER LA PROSPECTION ET L'EXTRACTION DANS LE NORD EN CETTE PÉRIODE DE GRANDE CONCURRENCE INTERNATIONALE ET DE CONTRAINTES BUDGÉTAIRES?

b) Infrastructure pour le transport et la production d'électricité

L'industrie minière a demandé des précisions sur le rôle de l'État dans l'aménagement d'une infrastructure qui favoriserait ses activités. Ses principales préoccupations touchent l'absence d'une infrastructure adéquate et l'incertitude quant au partage des coûts. Selon elle, il n'est pas juste de demander aux entrepreneurs éventuels de partager les coûts reliés à l'aménagement de cette infrastructure, lorsque l'industrie s'acquitte déjà de l'impôt sur les sociétés, et

paie des redevances, des taxes sur le combustible et des droits pour l'obtention des permis. Le partage des coûts est perçu comme un facteur qui retarderait l'expansion au lieu de l'encourager.

Dans la plupart des cas, les coûts reliés à l'aménagement de l'infrastructure sont ceux qui pèsent le plus sur l'exploitation minière. Dans le cas de la mine de Pine Point, par exemple, ils s'élèvent à environ 78 p. 100 du coût total du projet (112,9 millions de dollars), tandis qu'à la mine de la Cyprus Anvil, et à Nanisivik, ils représentent 23 p. 100 (117,5 millions de dollars) et 26 p. 100 (93,8 millions de dollars) respectivement.

Le rôle de l'État dans la mise en place de l'infrastructure requise a varié en fonction de ses objectifs et de ses priorités. Dans chaque cas, la situation particulière du projet a été étudiée attentivement et l'on a su faire preuve de souplesse. Suivant les situations, on note une absence totale de subventions (mines Polaris et Lupin), ou une participation par l'entreprise en échange de l'aménagement de l'infrastructure (Nanisivik); dans d'autres cas, il s'agit d'un partage des frais (routes d'accès), ou du recouvrement des coûts (voie ferrée du Grand lac des Esclaves, quai à Nanisivik) ou encore de l'aménagement de l'infrastructure (construction ou amélioration du réseau routier territorial) sans échange de compensation. Cependant, ces dernières années, on semble se tourner davantage vers le partage ou le recouvrement des coûts.

QUELLES MÉTHODES ET QUELLES CONDITIONS DE PARTAGE OU DE RECOUVREMENT DES COÛTS PRÉFÈRE-T-ON APPLIQUER À LA MISE EN PLACE DE L'INFRASTRUCTURE?

Dans le Nord, les coûts de construction et de réfection des routes sont élevés, étant donné que les distances sont grandes et qu'il faut tenir compte de l'environnement. Il n'est pas rare qu'une route d'accès à une exploitation minière, aménagée dans un terrain difficile, coûte de 150 000 à 500 000 \$/km. Le gouvernement fédéral a fait de grandes dépenses à ce chapitre espérant que ces travaux profiteraient à la région et au reste du Canada. Le chemin de fer qui se rend à Hay River et à Pine Point, ainsi que le prolongement du réseau routier jusqu'à Faro étaient des moyens de communication essentiels, autant pour les localités que pour l'expansion régionale, ce qui inclut le tourisme. Rappelons que les provinces ont, souvent grâce à l'aide fédérale, financé en partie ou en totalité la construction de routes ou de chemins de fer utiles à la mise en valeur de leurs ressources naturelles.

Actuellement le budget du programme des routes du Nord financé par le gouvernement fédéral s'élève à 19,2 millions de dollars par an. Ce montant couvre la construction de routes, la réfection de toutes les routes inter-territoriales, ainsi que l'entretien des ponts et des bacs dans une région qui couvre 40 p. 100 de la superficie du pays.

Une partie de ce montant vient directement en aide à l'exploitation des mines; le reste sert aux routes principales dont certaines favorisent l'industrie des hydrocarbures, le tourisme et l'accès aux localités.

Chaque gouvernement territorial reçoit de plus annuellement 100 000 \$ grâce à un système de subventions réservées à l'accès pour la prospection des ressources naturelles. Les T.N.-O. ont mis fin à ce programme et affecté ces fonds à d'autres priorités. Au Yukon, 30 000 \$ de cette somme seront alloués à ce poste en 1984-1985.

Même si le gouvernement fédéral a joué un rôle de premier plan dans l'aménagement de l'infrastructure, cette intervention a aussi entraîné la participation directe ou indirecte de nombreux autres intéressés tels que les gouvernements territoriaux, les municipalités, les groupes locaux de pression, les collectivités et le secteur des affaires. Le nombre des parties en jeu, et le fait que chacune ait ses propres objectifs qui sont souvent en conflit avec ceux des autres groupes, complique davantage la prise de décisions (Figure 6).

L'aménagement d'une infrastructure nécessaire à la production et au transport de l'électricité destinée aux mines est un autre sujet de préoccupation. Dans les régions éloignées, certaines sociétés produisent leur propre électricité, mais la plupart l'achètent à la Commission d'énergie du Nord canadien à un tarif qui tient compte des coûts de production et de transport. Les questions qui se posent à long terme, se rapportent aux coûts de l'électricité pour les consommateurs du secteur industriel et à l'installation de centrales assez puissantes pour répondre aux besoins futurs.

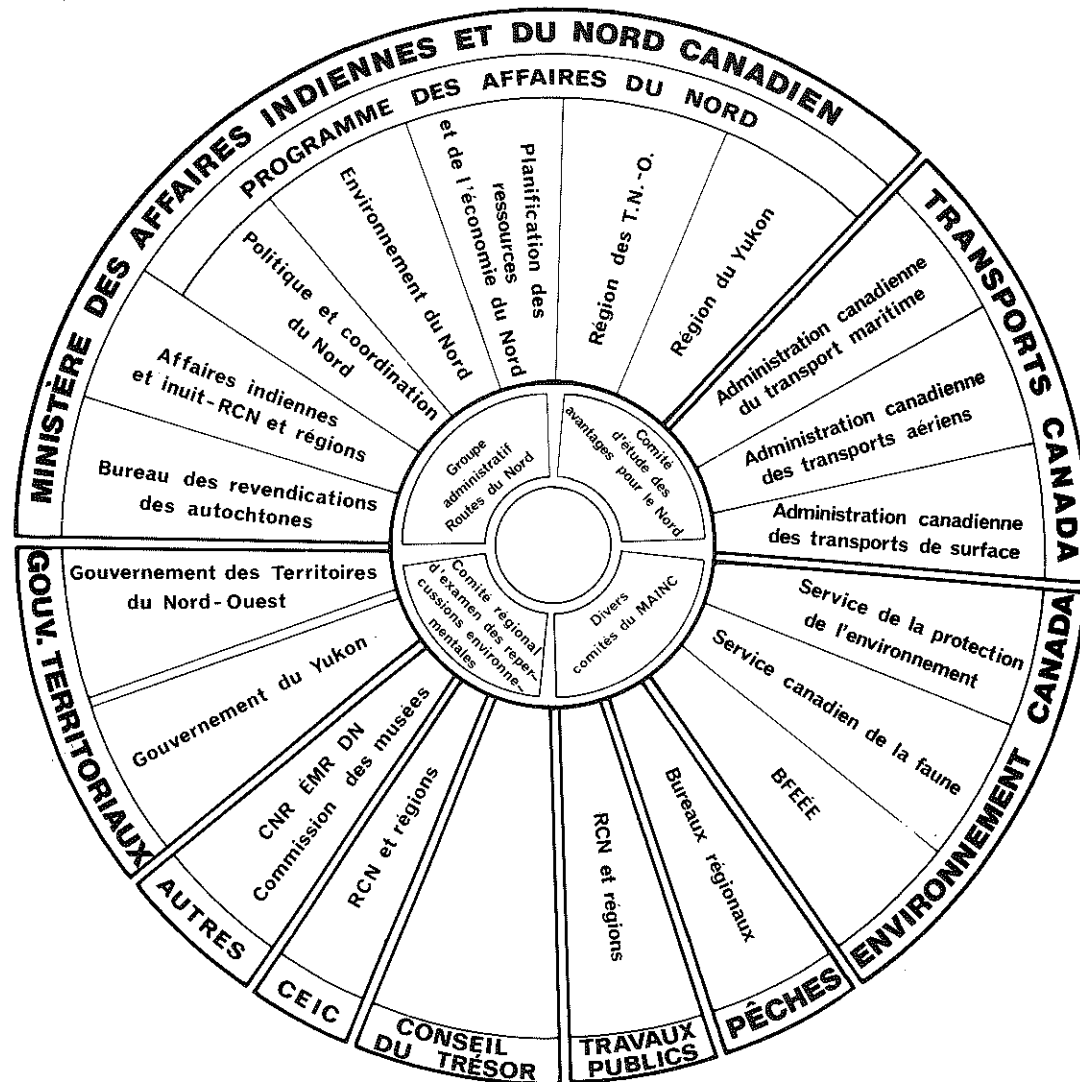
COMMENT ACCÉLÉRER ET AMÉLIORER LA PRISE DE DÉCISIONS CONCERNANT L'AMÉNAGEMENT DE L'INFRASTRUCTURE, ÉTANT DONNÉ LE GRAND NOMBRE DE GROUPES INTÉRESSÉS? QUE PEUT FAIRE L'INDUSTRIE?

c) Fiscalité et redevances

Ces dernières années, aucune modification profonde n'a été apportée à la fiscalité ou au régime de redevances touchant l'industrie minière dans le Nord. Au Yukon, la taxe sur l'exploitation des placers est de 37,5 ¢ l'once d'or obtenu, payable seulement lorsque l'or sort du territoire. Les autres redevances sont définies dans la Loi sur l'extraction du quartz dans le Yukon de 1924. Elles sont calculées en fonction des profits de la mine tel que déterminé à l'article 95 de cette loi. En général, les taxes sur les mines sont moins élevées que dans les provinces mais, d'une certaine façon, peuvent paraître injustes, parce que le régime en vigueur n'autorise pas la déduction de certains frais qui sont de nos jours considérés comme nécessaires et directement reliés aux coûts d'exploitation; il s'agit par exemple des frais relatifs aux logements subventionnés et aux installations de loisirs dans les localités isolées. D'autre part, les coûts liés à la

Figure 6

TRANSPORTS - PARTICIPATION DU GOUVERNEMENT À L'AMÉNAGEMENT
DE L'INFRASTRUCTURE



prospection et à la mise en valeur ne peuvent être déduits que pour l'année où ils sont imputables. Cependant, le fardeau des redevances et des impôts miniers a été moins lourd dans les T.N.-O. qu'au Yukon, en raison surtout de l'existence d'un taux maximum et d'une période non imposable de trois ans. Une nouvelle interprétation de certains articles des lois du Yukon pourrait réduire considérablement les redevances à venir. Dans le cas des T.N.-O., les redevances sont précisées à l'article 65 du Règlement sur l'exploitation minière du Canada.

Même si dans le Nord, il n'existe pas de stimulants fiscaux spéciaux pour la prospection comme au Québec, le fardeau fiscal pour certaines mines rentables est généralement inférieur à celui qui est imposé dans les provinces. Fondée sur la législation en vigueur au 1^{er} septembre 1983 et d'après un modèle de projet d'exploitation de 100 millions de dollars pour une durée de dix ans produisant un revenu annuel net de 25 à 45 millions de dollars, une étude faite par le bureau Price Waterhouse a démontré que le taux d'imposition sur le revenu en Colombie-Britannique et en Ontario s'élevait à environ 40 p. 100, à 31 p. 100 au Québec tandis qu'au Yukon et dans les Territoires du Nord-Ouest, il était de 26 et de 22 p. 100 respectivement (Figure 7).

Par rapport aux normes provinciales, les taxes et les redevances sur les minéraux semblent peu élevées dans les territoires, bien que le barème assez souple au Yukon soit de nature à augmenter considérablement les redevances, dans le cas de grands projets rentables. On a critiqué l'actuel barème des redevances qui ne reflète pas intégralement la dépréciation, les coûts de préproduction, les allocations en vue de la modernisation, le montant déductible des dépenses d'immobilisations, telles que les taxes et les frais de lotissement. Il serait possible d'imposer d'autres taxes, mais on pourrait répondre à cela que l'expansion économique du Nord dépend trop du secteur minier pour assurer des emplois toute l'année, et qu'un écart par rapport aux provinces serait souhaitable, compte tenu notamment des risques plus élevés dans cette région. Si l'on envisage de modifier la fiscalité sur les mines, il faudra en évaluer les répercussions sur l'activité minière et économique.

DANS QUELLE MESURE PEUT-ON ASSOULIR LA FISCALITÉ ET LES REDEVANCES POUR TENIR COMPTE DES RISQUES PROPRES AUX ACTIVITÉS DES MINES NOUVELLES ET DES MINES DÉJÀ INSTALLÉES?

d) Mécanismes de consultation gouvernementale

Des consultations permanentes entre le gouvernement fédéral et l'industrie minière du Nord sur des questions d'intérêt commun sont essentielles. Depuis 1978, c'est le comité consultatif de l'exploitation minière dans le Nord, qui est l'organe officiel de

communication avec le ministre des Affaires indiennes et du Nord canadien. Ce comité est composé de représentants des chambres des mines des T.N.-O., de l'Alberta, de la C.-B. et du Yukon, de l'Association minière du Canada et de fonctionnaires fédéraux et territoriaux. Déçue de l'inefficacité de ce comité, la chambre des mines du Yukon s'est retirée en novembre 1984. Depuis l'institution de ce comité et jusqu'en septembre 1984, le cabinet du ministre comptait parmi son personnel un conseiller principal pour les questions minières; cette personne était de plus secrétaire général du comité. Enfin, pour certaines questions plus précises, des consultations sont menées entre le ministre et les hauts fonctionnaires, avec des représentants de l'industrie, des sociétés et des particuliers.

FAUDRAIT-IL MODIFIER LE COMITÉ CONSULTATIF? OU LE REMPLACER?

e) Appui à la prospection

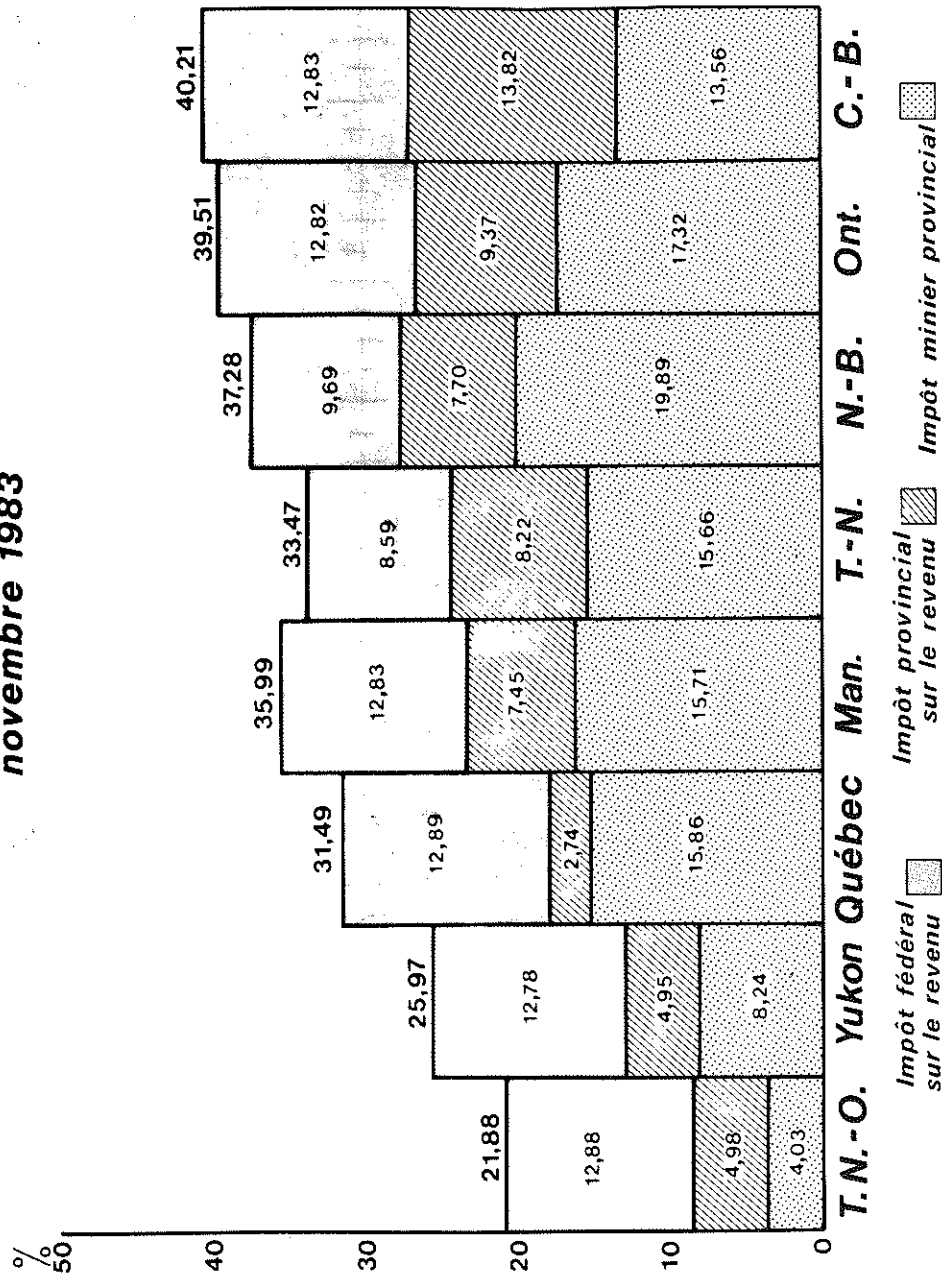
A long terme, l'industrie minière pourrait connaître une expansion considérable au Yukon et dans les T.N.-O., si les investissements privés au chapitre de la prospection des minéraux continue au même rythme. Les fluctuations des dépenses faites en ce domaine sont indiquées à la figure 8.

Par le passé, le gouvernement a encouragé la prospection des minéraux en facilitant la préparation de cartes géologiques et topographiques de plus en plus précises. Par la suite, on a exigé la présentation de rapports de prospection comme condition, pour tout prospecteur, d'acquisition de droits sur les minéraux de la Couronne. Les renseignements qu'on trouve dans ces documents sont stockés dans une banque de données et peuvent servir à des recherches ultérieures. De plus, des géologues résidants ont été embauchés pour fournir des conseils sur le plan local et faciliter ainsi la planification de la prospection.

Depuis les années 50, les commissions géologiques provinciales ont joué un rôle de plus en plus grand en assurant au secteur privé des services géologiques dans le domaine de la prospection des minéraux. En outre, la Commission géologique du Canada a cherché à orienter davantage ses activités vers une connaissance plus poussée de la géologie et des réserves (minéraux et hydrocarbures) du Canada, plutôt que se borner à un rôle de type provincial qui est de faciliter directement la recherche des ressources minérales. Des représentants du MAINC et de la Commission se rencontrent chaque année pour

Figure 7

**Mine hypothétique -
Total réel des impôts sur le revenu et de l'impôt minier
en tant que pourcentage du revenu,
novembre 1983**



coordonner leurs activités respectives sur le terrain. Au niveau de leurs services et de leurs réalisations, les services géologiques offerts par le MAINC au Yukon et dans les T.N.-O. sont en retard sur ceux des provinces, peut-être à cause de la nature difficile de la prospection dans le Nord. Les ressources financières et humaines prévues dans chaque territoire sont même inférieures à celles de n'importe quel service géologique provincial, y compris ceux de Terre-Neuve, de la Nouvelle-Écosse et du Nouveau-Brunswick (se reporter aux comparaisons publiées en 1982-1983). Toutefois, les Territoires du Nord-Ouest se sont classés au cinquième rang en 1983, pour la valeur totale de la production des minéraux métalliques. Au tableau 1, on trouve les résultats d'une analyse comparative et au tableau 2, les dépenses fédérales en ce domaine. Il est à noter qu'à l'inverse de certaines provinces, le gouvernement fédéral n'offre aucune aide directe à la prospection. De 1985 à 1989, les ressources affectées aux services géologiques du MAINC au Yukon seront augmentées de 1,1 million de dollars, en vertu de l'entente auxiliaire Canada-Yukon sur les ressources minérales. Cependant, on ne prévoit pas d'augmenter de la même façon les services géologiques du ministère dans les T.N.-O.

QUEL DEVRAIT ÊTRE LE RÔLE DU MAINC DANS LE DOMAINE DE LA PROSPECTION DES MINÉRAUX ET DE LA DÉLIMITATION DES GISEMENTS?

LES CRÉDITS DE L'ÉTAT ACCORDÉS À CE CHAPITRE POURRAIENT-ILS ÊTRE MIEUX RÉPARTIS?

2. Ressources humaines

a) Formation technique

Bien des habitants du Nord doivent s'adapter aux importants changements qui transforment leur mode de vie. Ils s'efforcent de mieux comprendre les répercussions de la mise en valeur des ressources et les possibilités que cela apporte. Un exemple récent illustrant ces efforts est un séminaire sur l'exploitation minière donné par le MAINC, en décembre 1984, à la demande du Conseil des Indiens du Yukon.

Pour sa part, le gouvernement fédéral a cherché des moyens d'aider les autochtones du Nord à acquérir les aptitudes nécessaires pour travailler dans une société faisant de plus en plus appel aux techniques de pointe. Il semble que tant que la population locale n'aura pas reçu une formation technique suffisante, il faudra faire venir du Sud des personnes pour occuper les postes de direction et les emplois spécialisés.

LES DISPOSITIONS PRISES PAR L'INDUSTRIE ET LE GOUVERNEMENT POUR RÉPONDRE AU BESOIN DE PERSONNEL QUALIFIÉ SONT-ELLES SUFFISANTES?

Les gouvernements territoriaux et le gouvernement fédéral ont un rôle à jouer dans le domaine de la formation professionnelle.

Figure 8

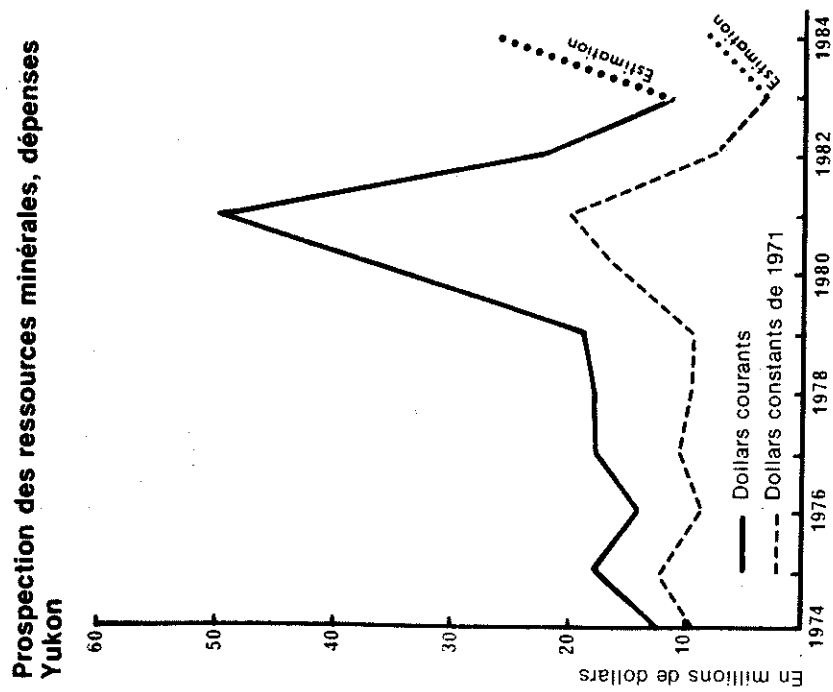
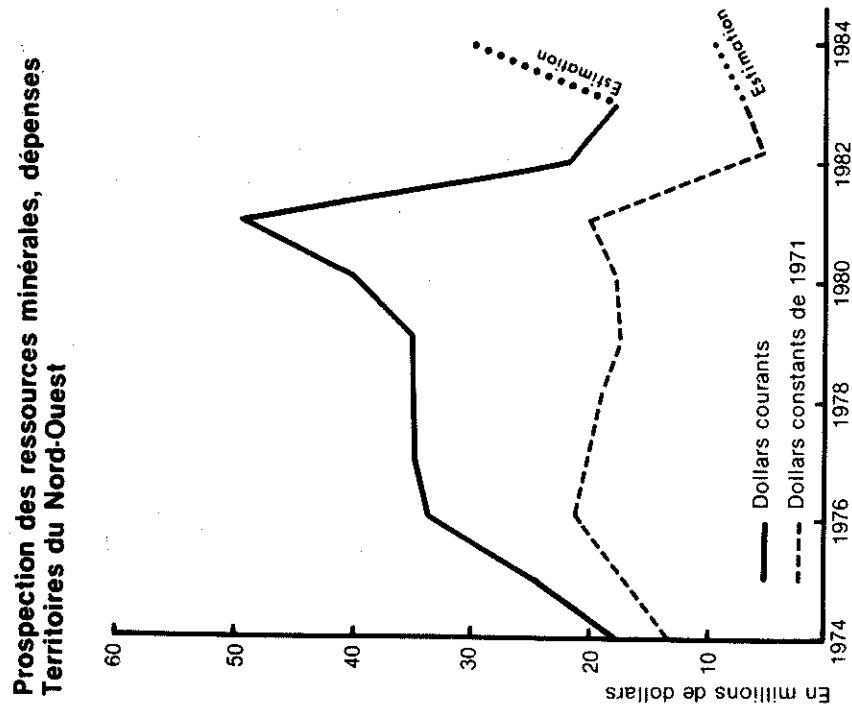


Tableau 1

Services géologiques – Comparaison des ressources humaines

Service et région	Activité	Production minière valeur par année - personne (en millions de dollars par A.-P.)	Superficie par année - personne (km ² par A.-P.)
CGC: au nord du 60 ^e	Recherche géoscientifique	2,5	15 900
CGC: tout le Canada		11,8	11 900
MAINC : T.N.-O. MAINC : Yukon	exploitation minière	35,5 21,1	270 500 59 800
Québec		7,8	6 200
Ontario	exploitation minière	10,0	3 600
Colombie - Britannique		17,0	12 700
Manitoba		9,3	13 900
Saskatchewan		23,0	13 600
Alberta		2,9	3 200
Nouveau - Brunswick		16,2	2 700
Nouvelle - Écosse		0,9	692
Terre - Neuve		6,1	3 600

Tableau 2

**SERVICES GÉOLOGIQUES RÉGIONAUX DU MAINC
RÉPARTITION DES COÛTS EN 1984-1985**

ACTIVITÉ	YUKON	T. N.-O.
ADMINISTRATION	214 000	180 000
BIBLIOTHÈQUE CENTRALE	10 000	30 000
TRAVAUX SUR LE TERRAIN CARTOGRAPHIE DU SOCLE	273 000	563 000
CARTOGRAPHIE DES FORMATIONS EN SURFACE	86 000	4 500
TRAVAUX DE BUREAU ET DE LABORATOIRE		
INVENTAIRE ET ANALYSE DES MINÉRAUX	96 000	170 000
PUBLICATIONS	19 000	230 000
ÉDUCATION	5 000	6 000
TOTAL	703 000	1 184 000

Nota : La Commission géologique du Canada a prévu environ 35 millions de dollars pour les travaux scientifiques proprement dits. Plus du tiers de cette somme a été affecté à des projets liés aux territoires. Les territoires représentent 40 p. 100 de la superficie du Canada.

Au Yukon, la formation industrielle relève du ministère de l'Éducation, tandis que la Commission de l'emploi et de l'immigration du Canada (CEIC) s'occupe des autres types de formation. Dans les T.N.-O., toute la formation parrainée par le gouvernement fédéral est maintenant financée par la CEIC, bien que le gouvernement territorial administre certains programmes. La formation dans le secteur minier est habituellement assurée par les sociétés minières, en collaboration avec les autorités territoriales et la CEIC; cette dernière fait actuellement des recherches pour trouver une nouvelle façon d'aborder ce domaine.

On a essayé entre autres des programmes de formation par module et en cours d'emploi, ainsi que des services d'orientation professionnelle parrainés par un groupe de sociétés minières installées localement. Les cours sont dispensés dans des écoles professionnelles et les universités des principaux centres ainsi que dans le sud du Canada, mais dans le cas des mines isolées, il n'est pas toujours possible de profiter de cette formation.

COMMENT PEUT-ON ENCOURAGER LA POPULATION DU NORD À METTRE EN VALEUR SES COMPÉTENCES POUR TRAVAILLER DANS LES MINES?

b) Relations employés-employeurs

Dans les mines du Nord et du Sud, les relations de travail sont semblables. Cependant dans le Nord, rares sont les mines où le personnel est syndiqué, mais il est encore trop tôt pour savoir si l'on s'oriente à longue échéance vers la non-syndicalisation; une telle évolution pourrait modifier profondément les relations de travail.

Les travailleurs, qu'ils soient syndiqués ou non, subissent les conséquences directes et indirectes du succès ou de l'échec des sociétés pour lesquelles ils travaillent. Dans le secteur minier, les risques sont élevés.

Le principe d'une bonne collaboration entre l'employeur et les employés pour parvenir à augmenter la productivité a été avancé tant au Canada qu'à l'étranger. Dans le Nord, cette collaboration est évidente depuis deux ans dans l'industrie minière. En effet, la direction et le personnel ont mis au point plusieurs façons de procéder pour continuer à garder certaines mines en activité, malgré le marasme du marché des métaux. A Faro, mine de la Cyprus Anvil, le personnel, qui est affilié à un syndicat, et la direction de la société ont collaboré à la mise en oeuvre d'un programme d'enlèvement des morts-terrains amorcé en juin 1983 pour faciliter l'augmentation de la productivité. De cette initiative découlerait en grande partie une réduction de 30 p. 100 des coûts unitaires de production. Toutefois, à la fin de 1984, après l'échec de la négociation d'un nouveau contrat de travail, la société décida de fermer la mine et il en est ainsi depuis cette date. D'autres sociétés dont le personnel n'était pas syndiqué, comme à la mine Nanisivik dans l'Extrême-Arctique, ont atteint un degré de productivité élevé.

La plupart des autochtones ont refusé de se syndiquer. Ils ne bénéficient donc pas des mêmes privilèges que les employés syndiqués, en particulier dans le domaine de l'embauche. De plus, certains syndicats se sont opposés jusqu'à maintenant à la proposition du gouvernement de signer des conventions négociées; c'est pourtant grâce à ce moyen que le gouvernement peut donner aux entrepreneurs autochtones l'occasion d'augmenter leur expérience et leurs compétences.

c) Création de localités minières

Les localités minières ont une caractéristique commune : elles risquent souvent d'être temporaires. Comme dans bien d'autres communautés vivant d'une seule ressource, ces localités doivent normalement compter sur les activités d'une seule industrie, et sont en général dominées par une seule entreprise. L'omniprésence d'une entreprise dans la vie professionnelle ainsi que sociale des travailleurs, même si elle n'est pas nécessairement indésirable, peut provoquer un déséquilibre à la fois économique et social.

Le caractère temporaire de ces localités peut susciter un sentiment d'insécurité parmi les travailleurs et leurs familles, non seulement sur le plan de l'emploi, mais aussi sur le plan de l'éducation et des soins de santé, services sur lesquels les habitants ne peuvent compter en permanence. Que les entreprises possèdent les logements ou que ces derniers aient été acquis par les particuliers, on remarque que les conditions de vie dans ces localités ne sont pas comparables à celles des collectivités stables. Dans le Nord, certaines d'entre elles profitent des avantages découlant de l'isolement, mais elles souffrent aussi de certains inconvénients.

Afin de diminuer les coûts, de favoriser le mieux-être des employés et de réduire le renouvellement de la main-d'oeuvre, les sociétés minières envisagent sérieusement la possibilité de transporter par avion leur personnel à partir de leur localité de résidence sur les lieux de travail et vice versa. Dans ce contexte, le gouvernement des Territoires du Nord-Ouest a annoncé une politique qui découragerait la création de localités ne dépendant que d'une seule ressource et dont la durée prévue d'existence serait inférieure à vingt ans. Au Yukon, le gouvernement souscrirait à cette politique de la "navette aérienne" à condition que toutes ces activités aient lieu dans cette région.

Dans chaque cas, les conditions sont tellement différentes que l'on peut s'interroger sur la meilleure formule à retenir, à savoir si l'on doit mettre sur pied des services de navette aérienne, construire des villes, promouvoir l'expansion de certains centres ou agrandir les localités actuelles.

QUE DEVRAIT FAIRE L'ÉTAT POUR ATTÉNUER LES RÉPERCUSSIONS DE LA FERMETURE DE MINES DANS LES LOCALITÉS NE DÉPENDANT QUE D'UNE SEULE INDUSTRIE?

L'ÉTAT DEVRAIT-IL RÉAGIR AUX PRESSIONS EXERCÉES POUR QU'IL PARTICIPE DAVANTAGE À L'ATTÉNUATION DES CYCLES DE PROSPÉRITÉ ET DE MARASME?

3. Contexte régional

a) Les placers

Au Yukon, l'exploitation des placers exige la manutention, dans les cours d'eau, de volumes élevés de limon, de sable ou de gravier pour en extraire les particules lourdes et précieuses d'or. En 1984, cette industrie comptait 200 placers en activité et plusieurs centaines de personnes y travaillaient de façon saisonnière. Dans la plupart des cas, il s'agit d'entreprises, petites ou familiales, qui ne comptent que quelques employés; elles sont les héritières de la tradition des entrepreneurs indépendants qui ont fait de cette industrie le symbole de la culture du Yukon, de son mode de vie et de ses racines. Les exploitants de placers considèrent leur travail comme un droit qui leur revient; ils se considèrent comme les gardiens d'une liberté accessible seulement à ceux qui veulent se retirer d'un monde trop réglementé.

Les principaux facteurs qui influent sur l'exploitation des placers, comme sur toute l'industrie minière, sont le prix de l'or et les coûts d'extraction. Dans le premier cas, le gouvernement ne peut exercer aucun contrôle, à moins d'imposer des restrictions sur le commerce et des contrôles sur les prix. Les coûts d'extraction peuvent être modifiés par l'imposition de normes d'exploitation, en réponse aux pressions de l'industrie touristique et des écologistes qui veulent limiter les effets nuisibles de l'exploitation des placers sur l'environnement.

Les articles 31 et 33 de la Loi sur les pêcheries contiennent des dispositions visant à protéger l'habitat du poisson et à interdire le dépôt d'effluents dans des eaux fréquentées par le poisson. Les exploitants de placers sont inquiets parce que l'application de ces dispositions entraîne souvent la prise de décisions arbitraires par les représentants locaux du ministère des Pêches.

Depuis 1973, les tentatives du gouvernement fédéral et de la Régie des eaux du Yukon, pour définir un régime de protection de l'environnement, ont suscité chez les exploitants des inquiétudes quant à l'avenir de cette industrie. En janvier 1984, un comité d'examen public a tenu au Yukon des audiences sur le projet de directives reliées à l'exploitation des placers. Le comité a conclu que les directives étaient justes dans l'ensemble, mais qu'elles ne devraient pas être appliquées avant douze ans, à moins que de nouvelles recherches ne prouvent la rentabilité des exploitations assujetties à ces directives. Le gouvernement fédéral et celui du Yukon financent la recherche orientée à ces fins. Entre temps, des mesures provisoires ont été prises pour la délivrance, par la Régie des eaux du Yukon, de

permis d'utilisation des eaux, et ce jusqu'en 1987. Cette question relève de divers ministères : Affaires indiennes et du Nord Canada, Pêches et Océans et Environnement Canada.

QUELLES DISPOSITIONS FAUDRAIT-IL PRENDRE POUR ASSURER UN EXCELLENT RÉGIME DE PROTECTION QUI GARANTIRAIT À LONG TERME L'APPLICATION DE NORMES POUR LA PROTECTION DE L'ENVIRONNEMENT ET LÈVERAIT POUR LES EXPLOITANTS DE PLACERS LES INCERTITUDES SUR LE PLAN JURIDIQUE?

b) Retombées de l'exploitation minière

Par le passé, lorsqu'une société demandait un permis d'exportation de minerai ou de l'aide financière, le gouvernement examinait le projet à la lumière des objectifs retenus pour l'ensemble du pays et le Nord, afin d'en déterminer les retombées économiques éventuelles sur l'emploi, les possibilités d'affaires pour les petites entreprises, l'achat de biens et de services et une modernisation plus poussée. En consultation avec la société intéressée, une entente était négociée précisant de quelle façon ces retombées pourraient se concrétiser. Pour garantir le respect de ces modalités, une méthode de contrôle était mise en place. Les projets étaient étudiés individuellement. Cependant, il n'existe aucune législation précisant comment évaluer ces changements ou libeller ces ententes.

Lorsqu'il s'agit d'imposer des conditions à l'industrie, certains estiment qu'il faut éviter de créer des situations qui risqueraient d'entraîner de trop grandes dépenses, ce qui pourrait inciter l'industrie à ne plus participer à la mise en valeur du Nord. D'autres estiment qu'il faut, avant même d'autoriser toute exploitation minière, veiller à garantir le maximum d'avantages pour les territoires, car, il existe actuellement peu d'occasion de profit pour le Nord.

L'INTERVENTION DE L'ÉTAT SE JUSTIFIE-T-ELLE POUR QUE LES RETOMBÉES DE L'EXPLOITATION MINIÈRE DANS LE NORD SE CONCRÉTISENT?

c) Imposition des avantages

L'industrie minière est l'un des principaux bénéficiaires du décret de remise des impôts touchant le logement, les déplacements et les autres avantages accordés aux travailleurs dans le Nord. Les avantages accordés avant le 13 novembre 1981 ne sont pas imposables, tandis que les avantages accordés après cette date le sont jusqu'à un certain point. Les décrets de remise seront en vigueur jusqu'à la fin de 1985. Entre temps, le gouvernement consultera les intéressés en vue d'adopter une loi en ce domaine. Il a été estimé que les revenus perdus par tous les niveaux de gouvernement en 1981, en n'imposant pas ces avantages, s'élevaient à 39 millions de dollars. Une étude faite en 1983 a révélé que l'imposition des avantages accordés à tous les employeurs dans le Nord aurait un effet financier considérable sur l'industrie minière.

L'imposition des avantages est une question controversée. Il ne fait aucun doute que le décret actuel de remise est à l'origine de nombreuses inégalités. Les employés assujettis au décret antérieur au 13 novembre 1981 sont traités différemment des employés assujettis au dernier décret. Tous les bénéficiaires sont traités plus favorablement que bien des habitants du Nord qui doivent absorber les coûts si élevés du logement et des déplacements. Comme beaucoup de personnes vivant dans le Nord, en particulier les autochtones, ont des revenus insuffisants pour payer des impôts, les questions découlant de l'imposition des avantages intéressent particulièrement les habitants de cette région.

COMMENT SUPPRIMER LES INÉGALITÉS ACTUELLES DE LA FISCALITÉ DANS LE NORD SANS ENTRAÎNER DES RÉPERCUSSIONS NÉGATIVES SUR LES COÛTS QUE L'INDUSTRIE DOIT PAYER DANS LE NORD?

EST-CE PAR LA FISCALITÉ QUE L'ON PEUT VRAIMENT ENCOURAGER LA MISE EN VALEUR DU NORD? Y-A-T-IL D'AUTRES SOLUTIONS?

4. Contraintes touchant l'utilisation des terres

a) Disponibilité des terres et accès aux concessions

Même si l'industrie minière accepte en général le principe de la protection de l'équilibre écologique, elle craint que la mise de côté de terres dans le Nord à des fins uniques ou limitées n'ait des répercussions sur le régime des concessions et l'accès aux propriétés minières dans le Nord.

La Loi sur les parcs nationaux interdit l'exploitation minière dans les parcs. En collaboration avec le ministère de l'Énergie, des Mines et des Ressources, le ministère des Affaires indiennes et du Nord canadien évalue les réserves minérales des terres avant de les mettre de côté exclusivement pour l'aménagement de parcs nationaux. Pour veiller à une juste utilisation des terres, le service de planification des parcs nationaux limite à 5 p. 100 la superficie totale des terres du Nord à des fins d'aménagement et de conservation. De plus, les activités minières sont limitées ou interdites dans d'autres zones tels les refuges de la faune et des oiseaux migrateurs, ce qui représente approximativement un autre 2,5 p. 100 des terres du Nord. On étudie actuellement la possibilité d'aménager environ la même proportion (7,5 p. 100) en sites du Programme biologique international (PBI).

L'industrie craint que si l'on destine de grandes surfaces à des fins incompatibles avec l'exploitation minière, on ne diminue d'autant le capital-ressources exploitable; de plus, des programmes de prospection à long terme, qui auraient entraîné d'importants investissements, pourraient prendre fin avant d'avoir permis la découverte de gisements économiquement rentables. La création de grandes propriétés privées pour lesquelles il faudra négocier des

droits d'accès ou de passage risque d'entraîner une augmentation des coûts d'exploitation, de prospection et d'aménagement. L'industrie s'inquiète de la difficulté à mettre en valeur les gisements reconnus et rentables, si elle ne peut jouir de ces corridors pour le transport des minerais et de l'énergie électrique ou pour accéder à la mer.

Cependant, la principale difficulté est l'évaluation de l'inventaire des réserves minérales. Les gisements aurifères découverts récemment à Hemlo (Ontario) démontrent bien la possibilité de trouver des gîtes économiquement exploitables dans des régions dont le potentiel était considéré jusque-là comme faible.

Par le passé, au Canada, c'est par la définition légale des droits, des obligations et des privilèges des divers propriétaires que l'on est parvenu à un équilibre entre les intérêts divergents des propriétaires de titres miniers et des autres. Les lois régissant les droits sur la surface et l'arbitrage des différends relatifs aux droits d'entrée permettent l'accès des mineurs aux gisements et prévoient la procédure à suivre en cas d'indemnisation. L'accès est généralement garanti par la construction de chemins publics ou par l'autorisation de construire des chemins en fonction d'un quadrillage formé de lots d'un mille de côté.

Enfin, s'il y a lieu, les questions de droits et d'accès peuvent être résolues par le recours au droit coutumier, à la négociation et, parfois, à l'arbitrage obligatoire.

QUELLE EST LA MEILLEURE FAÇON D'ÉVITER OU DE RÉGLER LES CONFLITS RELIÉS À L'UTILISATION DES TERRES?

b) Aperçu sur les revendications foncières

Le règlement des revendications foncières dans le Nord est une question importante pour les autochtones qui cherchent à contrôler davantage leurs propres affaires et aussi pour les entrepreneurs qui souhaitent des règles plus précises pour mener leurs activités.

Dans le Nord, le règlement des revendications apportera une réponse définitive à la question de la propriété des terres. Il aura aussi des répercussions sur les tiers tels que les sociétés minières et les particuliers qui détiennent des titres légaux sur les terres de la Couronne.

Le processus de règlement global des revendications, qui touche quatre grands groupes autochtones du Nord, a incité les intéressés à participer davantage à la prise de décisions se rapportant aux activités susceptibles d'avoir des répercussions sur l'environnement, et à vouloir jouir plus directement des retombées immédiates de ces activités.

L'entente de principe signée avec le Conseil des Indiens du Yukon et, encore plus, la Convention signée avec le Comité d'étude des droits des autochtones (CÉDA) reconnaissent aux autochtones un rôle de premier plan dans l'examen des projets de mise en valeur et la formulation de recommandations au ministre des Affaires indiennes et du Nord canadien pour déterminer, s'il y a lieu, les conditions de réalisation de ces projets. Jusqu'à ce jour, la Fédération Tungavik du Nunavut (est des Territoires du Nord-Ouest) ainsi que les Dénés et les Métis ont manifesté le même désir de déterminer les méthodes de gestion et d'imposer des tests considérablement plus rigoureux pour mesurer les conséquences des projets de mise en valeur sur l'environnement et la vie sociale.

Si l'on se fie aux résultats du règlement de la revendication du CÉDA et aux premiers résultats des négociations menées avec le Conseil des Indiens du Yukon, une grande partie des terres de la Couronne qui se trouvent dans le Nord deviendrait propriété privée. Nombre de ces propriétés privées pourraient renfermer des mines et des gisements tenus en propriété foncière libre.

Il est possible que les requérants veuillent percevoir des loyers plus élevés sur ces terres et de plus grandes redevances sur le sous-sol; sans doute imposeront-ils également des conditions plus sévères pour atténuer les incidences environnementales et la remise des sites à l'état naturel. De plus, ils voudront profiter des retombées financières sous forme d'emplois, d'actions et de concessions. Toutefois, ces revendications échappent en grande partie au contrôle de l'État, puisqu'elles se rattachent à la nature de la propriété foncière et, dans certains cas, à la propriété des ressources du sous-sol.

On peut supposer que les conditions d'accès à ces terres et de leur mise en valeur pourront varier en fonction du requérant.

COMMENT LES AUTOCHTONES ET L'INDUSTRIE PEUVENT-ILS COLLABORER POUR MAXIMISER LA VALEUR DES RESSOURCES HUMAINES, FINANCIÈRES ET FONCIÈRES DÉCOULANT DU RÈGLEMENT DES REVENDICATIONS FONCIÈRES?

c) Législation

Le ministère des Affaires indiennes et du Nord canadien veille à l'application de six lois régissant les droits sur les minéraux (à l'exclusion des hydrocarbures), en vue d'assurer l'expansion rationnelle des activités minières et de veiller à la bonne exploitation des mines. Au cours des années, le contexte politique, économique et social évolue, imposant des modifications à la législation; il en est de même avec les techniques de prospection et de mise en valeur. Tout projet de loi relatif aux activités minières dans le Nord devrait tenir compte de cette réalité.

Au Yukon, des lois pertinentes ont été adoptées il y a longtemps; à titre d'exemple, la Loi sur l'extraction de l'or dans le Yukon, qui régit dans ses moindres détails l'extraction de l'or, date de 1906. Il est donc difficile de la modifier lorsque nécessaire, pour l'adapter à la situation du moment.

Dans les Territoires du Nord-Ouest, de nombreux règlements ont été promulgués en vertu de la Loi sur les terres territoriales et de la Loi sur les concessions de terres publiques.

Quant à l'exploration des filons, le libellé désuet des dispositions sur les redevances de la Loi sur l'extraction du quartz dans le Yukon ne correspond plus aux méthodes modernes d'exploitation minière et de comptabilité. Les diverses interprétations de ces dispositions font que les redevances varient selon le territoire ou la province. Pour résoudre les difficultés découlant du caractère désuet des lois du Yukon, le gouvernement pourrait adopter pour ce territoire une loi sur les minéraux qui régirait tous les droits miniers ou encore adopter une série de lois mieux adaptées à notre époque. Certes, les lois du Yukon présentent de nombreuses lacunes. Cependant, l'industrie minière s'est habituellement opposée à leur modification, craignant que les gouvernements ne profitent du prétexte des modifications des textes législatifs sur le plan administratif ou technique pour imposer des règlements plus sévères. Une autre question est la complexité des règlements, complexité qui a donné lieu au recoupement de certains domaines de compétence et au caractère contradictoire des règlements. C'est ainsi que l'utilisation de l'eau dans ce type d'exploitation relève à la fois de la compétence de la Régie des eaux du Yukon, du ministère des Pêches et Océans, du ministère de l'Environnement, de plusieurs directions générales du ministère des Affaires indiennes et du Nord canadien ainsi que du gouvernement du Yukon.

Contrairement aux textes législatifs du Yukon, les textes de base qui s'appliquent aux Territoires du Nord-Ouest prennent tous la forme de règlements rapidement modifiables. Mais, à plus long terme, le gouvernement pourrait aussi adopter une loi sur les exploitations minières des Territoires du Nord-Ouest et préciser les dispositions administratives correspondantes dans un ou plusieurs règlements. Pareille loi dissiperait l'incertitude touchant la modification fréquente du régime foncier, les conditions sur la participation des Canadiens au capital-action et les taux d'imposition.

DANS QUELLE MESURE LES LACUNES DE LA LÉGISLATION SUR LES MINES ENTRAVENT-ELLES LA MISE EN VALEUR DES RESSOURCES MINÉRALES?

d) Processus de réglementation et d'approbation

Au cours des deux dernières décennies, les Canadiens ont pris davantage conscience de l'importance de l'écologie, ce qui a modifié les relations entre les promoteurs et les législateurs. Pour le secteur industriel, les processus de réglementation, dans le Nord, sont plus complexes que ceux des provinces et ont pour effet d'augmenter les coûts de prospection, d'exploitation et de production déjà très élevés. Les mesures de protection de l'environnement adoptées par l'État au début des années 70, notamment la Loi sur les eaux intérieures du Nord, la Loi sur les pêcheries ainsi que le Règlement sur l'utilisation des terres territoriales, ont été critiquées en certains lieux. L'industrie considère que l'application stricte de certains règlements grève inutilement les activités minières et accorde plus d'importance à la protection de l'environnement qu'aux retombées économiques des projets. A la demande du MAINC, le secteur industriel a fourni, pour étayer sa thèse, trois études de cas qui sont actuellement en cours d'examen afin de déterminer s'il est vrai que l'industrie est soumise à des frais et à des retards inutiles. Les activités minières doivent faire l'objet d'une sélection et d'une approbation dans le cadre du Processus d'évaluation et d'examen en matière d'environnement. Quoiqu'aucun projet d'exploitation minière dans le Nord n'ait encore été soumis à l'examen du Bureau fédéral d'examen des évaluations environnementales, ou qu'il n'ait été rejeté à la suite d'une sélection, nombre de représentants de l'industrie minière estiment que le résultat de ces études est imprévisible, que le processus est lent, et que les frais entraînés par la préparation des énoncés des incidences environnementales ou des évaluations sont élevés. Cependant, ces règlements sont destinés à répondre aux besoins de la population du Nord.

POUR L'INDUSTRIE, LES MESURES FÉDÉRALES DESTINÉES À LA PROTECTION DE L'ENVIRONNEMENT SONT-ELLES RÉELLEMENT COÛTEUSES?

Bien des représentants de l'industrie minière jugent le processus de réglementation contradictoire, imprécis ou inutile parce que faisant double emploi. L'utilisation de l'eau et le traitement des effluents miniers sont régis par la Loi sur les eaux intérieures du Nord et la Loi sur les pêcheries. Souvent, la délivrance de permis prévus par la Loi sur les eaux intérieures du Nord est précédée de longues audiences et donne lieu à des controverses en raison de l'absence de directives ou de normes précises et de la perplexité de l'industrie à l'égard des lois, ainsi que de la pauvreté des données sur les richesses renouvelables. Dans les Territoires du Nord-Ouest, la prospection minière est assujettie au Règlement sur l'utilisation des terres territoriales qui, dans certains cas, requiert la consultation de la population locale sur les répercussions environnementales et socio-économiques des projets et impose des conditions et des contraintes que l'industrie doit respecter durant et après les travaux.

Enfin, le gouvernement des T.N.-O. participe de plus en plus à la réglementation et à l'approbation des activités minières.

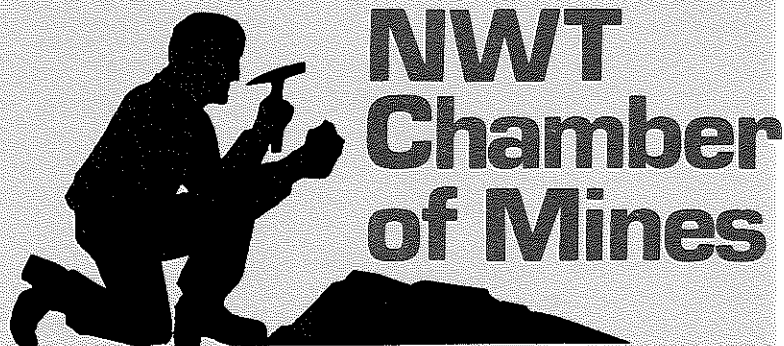
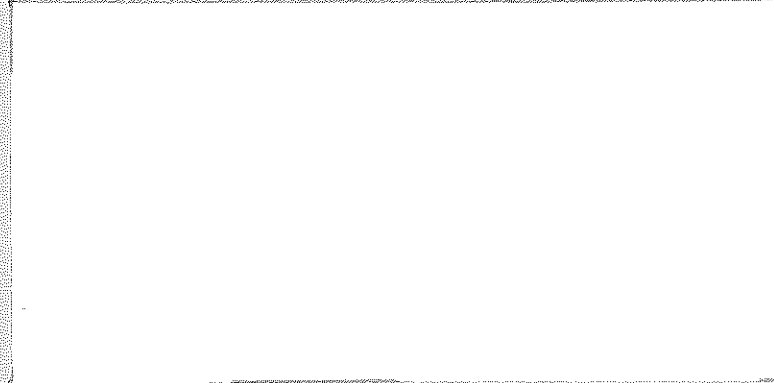
Le processus actuel, qui exige des sociétés, comme étape préliminaire, qu'elles soumettent leur projet complet à l'examen et à la critique, peut occasionner des heurts. Par contre, les propositions ouvrant la voie à la négociation avant même que la société ne prépare un plan détaillé, peuvent inciter à la collaboration et à la réduction des coûts. L'on a envisagé l'option, pour le ministère des Affaires indiennes et du Nord canadien, d'affecter un haut fonctionnaire à tout nouveau projet d'exploitation minière. Cette personne, dès le départ, jouerait le rôle de guide ou d'informateur au cours d'échanges entre la société et l'administration. Elle pourrait informer la société minière des conditions requises, des marches à suivre et intervenir si nécessaire pour faire la liaison entre les différents ministères fédéraux, les organismes centraux et les niveaux de gouvernement. Un aspect important de cette initiative serait de mettre en place une excellente machine administrative pour seconder ce guide et assurer une certaine stabilité.

COMMENT PEUT-ON MODIFIER LES PROCESSUS D'ÉVALUATION ET DE RÉGLEMENTATION DE FAÇON À DIMINUER LES RETARDS ET LES INCERTITUDES ET AIDER L'INDUSTRIE À SUSCITER UNE CROISSANCE ÉCONOMIQUE CONCORDANT AVEC LES OBJECTIFS GÉNÉRAUX? FAUDRAIT-IL RETENIR L'OPTION DU "GUIDE" POUR LES PROJETS MINIERES DU NORD?

IV. ET MAINTENANT?

L'industrie minière a demandé instamment au gouvernement fédéral d'établir un cadre législatif et politique solide pour favoriser l'essor des activités minières dans le Nord au cours de la prochaine décennie. Il est extrêmement important que, compte tenu de la compétition internationale sans cesse plus difficile, l'industrie minière soit parfaitement au courant des règles du jeu. Dans ce document, nous avons exposé comment l'essor du secteur minier est étroitement lié à l'essor économique du Nord. Par conséquent, toutes les parties concernées, ou touchées, par ce secteur doivent aussi avoir la possibilité d'exprimer leurs vues.

Ce document de travail constitue la première étape dans cette direction. Il contient un certain nombre de faits - résultats de plusieurs années de recherche et provenant de la collection de données du MAINC - et certaines questions. Cependant, le processus de consultation n'en est qu'à ses débuts. Les questions posées ici ne sont nullement définitives ni complètes : elles servent de point de départ à des discussions publiques sur l'avenir de l'exploitation minière dans le Nord. On espère que les réponses que suscitera ce document permettront de déterminer les questions intéressant le plus les secteurs concernés de la société canadienne, et qu'elles constitueront un élément important de l'élaboration d'une politique de l'industrie minière dans le Nord.



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RECOMMENDATIONS
RESPECTING
A
NORTHERN MINERAL POLICY

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INTRODUCTION:

Central to the question of northern mineral policy is the question of what and how does the Government of Canada see the role of the Northern Territories in the overall frame work of the Canadian Nation. The present policy approach is one of lazy-faire in which the government's position is really a non-position. The text of the Ministers Speech to the Northern Resources Conference held at Whitehorse, Yukon in October of 1981 said in effect that Industry was welcome to explore for and develop the mineral potential of the North provided it could carry out such activity without the financial aid or support of government in any way. On the other hand government would not undertake any policy initiatives which would further alienate lands to exploration or encumber mineral industry activities. This statement clearly indicates that the Government of Canada do not have a comprehensive policy with respect to the development of its frontier regions.

Concurrent with the necessity to make a conscious decision with respect to whether or not development of northern resources must proceed must go a decision as to whether the exploitation of resources should be accompanied by the development of a permanent and increased population in the north or will the work force be transient in nature moving by sophisticated transportation modes on short rotation schedules from establishment communities within the provinces. Only when these questions have been effectively addressed can government policies in support of these established objectives be readily formulated and implemented.

We believe that it is in the best interests of all Canadians in general and Northerners in particular that the development of Northern resources should proceed. Today the Northern Territories is a cost burden in the order of one billion dollars to the Government of Canada of which a relatively small percentage is returned through taxation and contribution to the G.N.P. The Territories have the potential to become a net contributor to the wealth of our nation subject to Canada accepting the responsibility for support to the development of Northern resources.

By report of the Northern Mineral Advisory Committee dated August 15, 1979 eight principles with respect to mineral policy were put forth to the Minister. Those principles are as valid today as when they were written and are difficult to improve upon. Therefore, we want to restate them here.

STATEMENT OF RECOMMENDED PRINCIPLES OF MINERAL POLICY

1. ROLE OF THE NON-RENEWABLE RESOURCES

Mining in northern Canada has a colourful history extending from the gold rush in the central Yukon in the 1890's to the recent commencement of production from the Polaris Mine on Little Cornwallis Island, N.W.T. The potential mineral wealth of the northern territories is large, commensurate with the vastness of the region which comprises almost 40 percent of the land area of Canada and is more than equal to the combined size of Ontario, Quebec and British Columbia currently Canada's principal mining provinces.

In recent years the mining industry in the northern territories has annually increased expenditures on mineral exploration by \$30 to \$45 million - applying techniques ranging from prospecting to sophisticated geophysics. More than 30,000 claims are staked and recorded each year. In 1977 more than 100,000 claims were in good standing. Three mines are currently operating in the Yukon Territory and seven in the Northwest Territories with a combined value of mineral production of over \$425 million annually. This accounts for 6 per cent of the value of minerals for all Canada. Northern mineral production accounts for 100 per cent of Canada's tungsten, 44 per cent of Canada's lead, 26 per cent of the zinc, 20 per cent of its silver and 13 per cent of its gold. All of this is supported by only 3.5 per cent of Canada's population.

Mines in northern Canada employ directly more than 3,000 persons and many more are involved indirectly in providing transportation and other services to the industry. The importance of mining in each of the Territories in the past, the present and the future, is recognized by all. It is the industry's desire that this importance of mining in Canada's North, both to the region and to the nation, be given due consideration when the government makes decisions which involve conflicting interests. For these reasons the first principle of policy was formulated.

The Government of Canada will foster, promote and encourage prospecting, exploration and mining in the Yukon Territory and the Northwest Territories in recognition of the fundamental and major role of non-renewable resources in the economic and social development in the North. The committee supports the principle that economic development of the North must proceed with full recognition of the legitimate interests of Northern people and the protection of the environment.

2. CONSULTATION

The development of an effective Northern Mineral Strategy will require meaningful consultation and dialogue between the Department of Indian Affairs and Northern Development and the mineral industry so as to foster credibility and mutual trust. It is important to northern development that the government's decisions affecting mining in the North will not be made without consultation with the industry.

The second statement of policy is therefore:

In support of the above declaration the Government of Canada undertakes to establish means for continued consultation with the mineral industry preceeding and during the development related to Northern mineral development.

3. MINERAL TENURE

Although ownership of the mineral resources of northern Canada is vested in the Crown, certain areas have been designated for national parks, which exclude entry for purposes of mine exploration and development. Similarly other sites are tentatively indentified for wilderness areas and for international biological projects. Under the agreement in principle concerning claims of the Inuit of the western arctic, the Government of Canada purposes to assign to the Inuvaluit in fee simple, a total of 5,000 square miles. It is feared that similar arrangements may be negotiated by the government in respect of native claims relevant to other areas of the Yukon and Northwest Territories.

It is natural that the mining industry is alarmed by select alienation of the mineral resources undertaken by the government. The committee has been concerned also that these withdrawals in the North have been much larger than in southern Canada.

In view of the above considerations, the third principle of policy was formulated:

A preferred option with the respect to the reservation of surface lands for any parties is that all mineral rights remain vested in the Crown. Although some mineral alienation may occur in the COPE settlement, the committee does not regard this part of the agreement as an essential element in land settlements. This is not inconsistent with achieving a broad equity between settlements, but such equity does not mean that any one settlement

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should be considered a precedent because of the wide variability of conditions throughout the North.

The committee recognized that there will be areas where economic development is prohibited or restricted. These lands should consist of only the minimum area required to achieve the objective and their selection should take into account their potential mineral value.

4. ACCESS

Traditionally, access to the surface land owned by the Crown has been opened to development. Multiple use of the land surface has been permitted, but with arbitration processes made available to the mining industry in case of dispute. In recent years, however, legislation and government process have come into force to control mining and other industrial activities which impact on the environment. Foremost of these in respect of mining exploration and development in northern Canada are the Northern Land Use Regulations, the Northern Inland Water Act, and the Arctic Waters Pollution and Prevention Act. The government's Environmental Assessment and Review Process is applied to major mining developments likely to have significant impact on the environment.

With respect to the preservation of the caribou herd in the Baker Lake area, which is now subject to intense mining exploration for uranium deposits, it was decided to restrict mining activities within three miles of major caribou crossings, and for specified periods in the summer; also within areas used for calving, and area utilized for the foraging of the cows and the new-born calves. Actions of the department leading to the deferment of full scale mining activity in the Baker Lake Area during 1977, and in establishing the restrictions of activities in 1978, have been the subject of serious criticism from the mineral industry.

Accordingly, the committee has prepared a further principle of policy as follows:

Access to mineral rights or non-alienated areas should be maintained, notwithstanding any subsequent alienation of the surface rights. On all lands where development is not prohibited, access should be assured for prospecting, staking, exploring and developing mineral resources.

5. LAND USE

The mineral industry has expressed concern with the present land use policy and the administration of land use regulations. These concerns are emphasized in the Centre for Resource Studies Report on the Administration of Mineral Exploration in the Yukon and Northwest Territories. The land use regulations are too restrictive, probably more so than their original purpose, which was to protect the environment from serious damage. Environmental protection is necessary and the industry wishes to cooperate in ensuring that this protection is provided, but changes are needed.

In consideration of these concerns the committee has formulated the following statement of policy:

Land use policy should endeavour to achieve and maintain a balance between economic development and environmental protection. The committee recognizes that reasonable and positive efforts must be made by all parties to minimize disturbances to the natural environment.

6. FINANCIAL INCENTIVES FOR NORTHERN MINING

It has been established that it is more costly to find, develop and operate mines in the North than in southern Canada. Also, because of remoteness and the difficulty, and possible interruption of transportation, the risk is greater than in southern areas. Thus the financial regime should be adjusted to compensate for these factors and encourage the development of the North with all the associated benefits.

Accordingly, the following policy statement was put together by the committee:

Administrative and fiscal terms and conditions established by the Crown with respect to the disposition and use of the mineral rights should provide to individuals and corporations incentives which are commensurate with the difficulties and risks of finding, exploring, developing and operating mines in Canada's North.

7. PARTICIPATION BY NORTHERN RESIDENTS

Residents of the North, by becoming involved in all phases of the mineral industry, can achieve both social and financial benefits while contributing to the growth and wealth of Canada.

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The following principle of policy supports this statement:

Northern people will be encourage by both the government and industry to participate in Northern Canada's mining industry.

8. INFRASTRUTURE

One of the roles of government is to supply infrastructure, particularly in the North, where there are vast areas with inadequate roads, railroads or electrical power. Without this infrastructure, mineral production in many cases cannot be achieved, and it has also been a matter of experience that government-provided infrastructure for the mining industry has been financially sound, providing a wide range of side benefits as has been well demonstrated by the Great Slave Lake railway.

Accordingly, the following statement of policy has been put forward:

The Government of Canada will assist in the development of efficient and economic modes of transport and other forms of infrastructure in the North.

STRATEGIES FOR IMPLEMENTATION OF POLICY:

The report of the Northern Mineral Advisory Committee also did consolidate work with respect to strategies that could be used in support of those principles. Some of the strategies have been implemented by the government. As a chamber we endorse these strategies with the exception of those respecting the transfer of administration responsibilities and ownership of Lands and Mineral rights to the Territorial Government in the Northwest Territories. The Chamber is of the opinion that the present Government of the N.W.T. has not matured to the point where it can handle these additional responsibilities and that this recommendation should be deferred until such time as the necessary maturity is demonstrated by the Council of the N.W.T. We note that the process of governing ones own affairs has progressed much farther in the Yukon and therefore the recommendation as stated in the report may be valid for Yukon.

1. CONSULTATION

During the life of the present government we have enjoyed good communications with the Minister of I.A.N.D., his department and other Ministers of the Crown with responsibilities in the North. It is imperative that this communication continue in the future.

The Northern Mineral Advisory Committee plays a vital role in the continuity of this process. There is always a danger that this Committee will have its effectiveness diluted through the process of delegation of membership by Government Representatives. This must be avoided by assuring that Government representation on the committee is retained by the most Senior of department staff.

2. FINANCIAL INCENTIVES

A sub committee of N-Mac prepared an indepth analysis of the Financial Aspects of our industry. We support the findings of that Committee details of which are given herein as a verbatim extract from that report.

(i) Mining Corporation Income Tax

General Recommendation No. 1

The taxation of mineral resources in Canada has recently been reviewed by the federal and provincial governments, as one of the many initiatives arising out of the Federal Provincial Conference of First Ministers on the Economy, February 13-15, 1978. This review, which culminated in a joint report by federal and provincial officials to Finance and Resource Ministers in November 1978, identified broad recommendations for government action to work towards achieving national resource taxation objectives (Appendix). The sub-committee on Fiscal Policy recognized that the federal-provincial tax review, as well as the subsequently proposed series of tax ammendments by federal and provincial governments, represented an important starting point for its considerations on the elements of a fiscal regime for the Territories.

In the area of corporate income taxation, the sub-committee has made four recommendations which, if adopted, would encourage northern development. In arriving at these four recommendations, the sub-committee attempted to focus on the extension or modification of existing provisions, rather than suggesting the introduction of new concepts. These changes should be incorporated in the next Federal budget.

In its examination of the impact of each of these four recommendations, it was assumed that the proposed measures contained in the November 16, 1978 Federal Budget were in place. Testing each recommendation on two simulated mine-models by the Department of Energy, Mines and Resources indicated modest increases in the internal rates of return for either model when considered on a project basis. On a flow-through or corporate basis, testing of the four

recommendations indicated significant increases in the internal rates of return for either model only in two cases (Appendix X).

The sub-committee recognized that, on balance, the federal income tax regime for mining is not unreasonable. It was also noted that the provisions of the November 1978 Budget, if reintroduced, could provide additional benefits to new mining projects in the Territories. Alternatively, additional benefits could also result from the implementation of the four recommendations by the sub-committee. However, it should be noted that neither the November 1978 Budget proposals, nor the recommendations of the sub-committee provide any benefits to existing producers unless they undertake major new investments.

(i-a) Increasing the investment tax credit in the Yukon and Northwest Territories from the proposed level of 10% to a new level of 20% for the first \$250 million of investment on a specific project.

The objectives of the investment tax credits are to "support expansion and modernization of business" and to "give increased support to regional development" (Budget Speech November 16, 1978).

Recommendation (i-a) is directed at these same objectives.

The enrichment of the investment tax credit as proposed by the November 1978 Budget was introduced to promote economic development and investment and thereby increased employment. In this regard the sub-committee noted that in 1978, 19.7% of the labour force in the Yukon and 31.0% of the labour force in the Northwest Territories was unemployed.

The \$250 million ceiling is suggested in order to encourage the implementation of Recommendation (i-a) by minimizing concerns over the potential excessive incentives that could arise in connection with certain very large northern energy projects such as pipelines and liquified natural gas plants.

A northern natural gas pipeline costing \$10 billion would get the proposed 10% rate on all expenditures. However, because expenditures by most industrial sectors on one project, including mining, will likely be under \$250 million, the recommended increase to a rate of 20% would be directed more specifically to these projects. It should be noted that this higher rate would, however, also be applicable to the first \$250 million of expenditures on any large project.

The dollar ceiling has been included in recommendation (i-a) as one possible solution to concerns over excessive incentives. This suggestion, however, is supplementary to the main proposal of increasing the credit to 20%.

(i-b) Elimination of the present provision of a five year limitation on the carry-forward of investment tax credits earned on qualifying expenditures in the Yukon and Northwest Territories.

The sub-committee recommends the above as one response to specific instructions from the former Minister of Indian Affairs and Northern Development to consider incentives especially appropriate to single-project companies and smaller operators. It is directed at new, single-project corporations to help them become firmly established and would be of little or no direct benefit via flow-through to major integrated corporations.

At the present time new projects, which have no income during the pre-production period, cannot deduct the investment tax credit in the year in which it is incurred. Most mining projects of this nature, particularly marginal ones, can now eliminate taxable income for income tax purposes for more than five years after production begins through the use of the accelerated capital cost allowance. This results in the non-use of the investment tax credit generated in the pre-production period. Consequently, small single-project companies and operators are prohibited from realizing the full benefit of the investment tax credit.

However, Bill C-37 which contained amendments to implement the budget was not approved prior to the dissolution of parliament in 1979.

If the small operator attempts to save his pre-production investment tax credits by delaying the write-off of his accelerated capital cost allowances, he then begins to pay income taxes at a much earlier period. This severely affects his early cash flow and net present values.

The attempt to save the pre-production investment tax credits results in earlier-than-normal tax payments because of the mechanism for the annual claiming of the tax credit. The annual claiming rate cannot be greater than \$15,000 of the tax otherwise payable, plus one-half of the tax otherwise payable. Consequently, when the credit is claimed, some tax is usually paid.

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(i-c) Increasing the earned depletion rate to \$1 for every \$2 spent on all qualifying expenditures related to mining, including exploration and social assets made in the Yukon and Northwest Territories.

The provision of enriched earned depletion above the normal level of \$1 for every \$3 spent on qualifying expenditures is already an established practice with respect to certain other activities.

The extension of an increased earned depletion benefit to all qualifying expenditures related to mining in the Territories is intended to provide a partial offset against the higher costs of operating in the North. Although cost comparisons between comparable mining operations in the North and more southerly locations are dependant on certain subjective evaluations, it is the opinion of the mining industry that comparable aggregate northern costs are 25% to 50% higher, depending on the type and location of the operation.

In recommending an increased rate of \$1 for \$2 spent, the sub-committee considered the following alternate ratios: \$2 for \$3, \$2 for \$5, \$3 for \$4, and \$3 for \$5. These varying ratios were tested in model simulations, in conjunction with different levels of investment tax credits. The proposed rate of \$1 for \$2 falls into the mid-range of these simulated impacts.

(i-d) Increasing the 25% annual claiming rate for earned depletion to 50% on class 28 assets in the Yukon and Northwest Territories; against resource income earned anywhere in Canada.

An increase in the earned depletion "claiming" rate would be particularly helpful to new, separate-entity projects developed in the Territories. The increase would improve the early cash flow of such projects.

It is not likely that the 50% claiming rate would be of major benefit on the flow-through basis. However, if the recipient of the flow-through benefits was at the present 25% ceiling, then the increase would be beneficial. For example, this could happen if the recipient was in a cyclical downturn of profits.

(ii) The Royalty Regime

General Recommendation No. 2

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During its investigations, the sub-committee reviewed the current royalty regimes in the Territories, as well as two proposed revisions - those contained in Bill C-187, and more recently, the results of a federal interdepartmental committee's study in 1976.

The sub-committee concluded that the proposed revisions to the existing royalty regimes require reconsideration in order to reflect the current and foreseeable government objectives for mineral policy and resource taxation in the Territories. In this regard, the findings of the federal provincial review of resource taxation, as well as the subsequent measures announced by the federal government and several provincial governments, influenced the deliberations of the sub-committee.

The sub-committee, under its limited mandate and time restrictions, felt that it was not the proper vehicle for drafting a new royalty regime for recommendation to the Minister of Indian Affairs and Northern Development. Consequently, it is proposed that the current royalty regimes and proposals for amendments be reviewed by a Federal Government-Industry Committee, and that an appropriate royalty system then be developed for final recommendation to the Minister. A series of specific guidelines and proposals which the sub-committee believes comprise an appropriate framework for the proposed Task Force, follows.

(ii-a) Consistency with National Resource Taxation Objectives

The sub-committee examined the Discussion Paper resulting from the Federal-Provincial Resource Taxation Review, 1978 and endorsed the "Recommendations for the Government Action to Work Towards Achieving Desirable Resource Taxation Objectives" as summarized below.

- Stability and certainty in the tax system
- Recognition in the tax system of the cyclical nature of the mining industry.
- An acceptable level of tax in order to achieve an adequate level of capital investment, growth and development.
- An acceptable federal-provincial division of revenues.
- Greater harmony and less complexity in the various tax systems.

- Encouragement of further processing in Canada.
- Consistency of the tax system with national priorities.

Since these broad recommendations received the support of government officials and the industry, the sub-committee believes that they should be used as a guide in the formulation of a royalty regime applicable to both Territories.

Futhermore, the sub-committee recognized that the formulation of a new northern royalty regime offers the federal government a further opportunity to provide leadership in the area of resource taxation, by responding, much like a provincial government, to the federal-provincial resource taxation objectives in the formulation of a mining profits taxation system. Specifically with respect to northern Canada, this combined tax rate should be lower than in the provinces due to the higher costs in the north.

(ii-b) Legislation by the Parliament of Canada

The stability of the Yukon Quartz Mining Act, whose royalty regime has remained virtually unchanged since 1924, has been recognized and favoured by the mining community. In order to retain stability and certainty, factors essential for a good investment climate, the royalty regime proposed for the Northwest Territories should also be legislated by the Parliament of Canada.

(ii-c) "Pits-Mouth" Tax Base

The "pits-mouth" concept is recommended for use in determining the value of mine output subject to royalty (i.e. unprocessed ore prior to being transported to processing facilities). In this manner, profits earned from processing assets are removed from royalty tax liability.

The sub-committee reviewed two alternative approaches; a formula approach, and the processing allowance concept.

In this regard, the sub-committee recognizes that the processing allowance concept does not always remove processing profits from total profits as effectively as the formula approach. However, on balance and for reasons of simplicity, the sub-committee suggests that the processing allowance be a minimum of 15% of the value of the mine output. It is also suggested that a detailed investigation be undertaken of different rates of depreciation for the capital costs of mine assets, mill assets, transportation assets and townsite and related social assets.

(ii-d) Recognition in the Royalty Regime of the Cyclical Nature of the Mining Industry

The cyclical nature of the mining industry has long been recognized not only by the mining companies themselves but also by the federal government, which through the corporate tax system allows loss carry-forward and backwards. This recognition was reinforced by the Federal-Provincial Resource Taxation Review, 1978 which suggested that federal and provincial tax systems may not be sufficiently flexible to provide reasonable returns to the private sector subject to economic cycles. The Province of Quebec recognizes the cyclical nature of the mining industry by employing several averaging techniques, and has a mining tax regime considered favourable by many. The following and other averaging techniques should be investigated:

- averaging of value subject to royalty over a period of time, minimum of four years;
- loss carry-forward and loss-carry back;
- carry-forward of unused processing allowance.

(ii-e) Recovery of Capital

The principle that taxes be minimal until invested capital has been recovered is supported by both the federal and provincial governments (see Appendix 1). The sub-committee recommends adoption of this principle by:

- allowing the full write-off of all exploration, pre-production and development expenses at a rate of 100%;
- allowing the depreciation of all new mine assets or major expansions at a rate of 100%;
- allowing the depreciation of replacement assets at a rate of no less than 30%.

(ii-f) Interest Costs

In the past, mining companies internally generated most of the cash required for bringing new mines into production. Recently, however, debt financing has become necessary and many new mining projects have a large debt burden, giving rise to significant interest charges which are considered by the private sector as one of the many costs of doing business.

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In view of the above and the principle of the "pits-mouth" concept, it would appear that at least the interest costs for capital items related to the mining of ore should be permitted as a deduction when arriving at the value of out-put subject to royalty. The deductibility of interest costs related to all capital items should also be thoroughly investigated.

(ii-g) Combined Marginal Tax Rate

In recognition of the higher costs in the north and because:

- the Territories, unlike the provinces, do not have such important economic sectors as agriculture, manufacturing, and forestry to complement their mining, e.g. one-third of the labour force is employed by the mining sector in the Territories whereas in the provinces the percentage of the provincial labour force in mining (1978) ranges from 1.2 in Ontario to 8.9 in Newfoundland/Labrador;
- mining currently is, and will continue to be for the near term, a major element in the economic base of the Territories and consequently further mining developments are to be encouraged if the Territories are to become financially self-sufficient;
- the risks in the Territories are higher than in most parts of the Provinces, particularly so with the caveat of native land claims, potential national parks and other environmental/political reasons such as those related to caribou and land use; and
- mining companies, like all other businesses, invest in those areas which have the best financial opportunities,

the sub-committee recommends that the aggregate or combined marginal tax rate (income taxes and royalties) applied on a project basis in the Territories should be competitive with the combined marginal tax rate (income taxes and mining taxes) in the provinces, and respond to the concerns of the mining industry.

(ii-h) Discretionary Powers

The mining industry has always maintained that what is required is a clear concise royalty regime with no discretionary powers for the Minister or his officials so that the industry always know the rules of the game.

In the past, a lack of discretion in some areas, particularly with respect to procedures etc. enshrined within an Act, has produced problems for both the mining industry and the Department. The present policy of the Parliament of Canada dictates that all administrative procedures be included in regulations made pursuant to an Act, not within the Act itself. Thus, regulations can be amended when required by Privy Council without the consent of Parliament. Therefore, discretionary powers may not be needed and could be eliminated as much as possible.

(ii-i) Further Processing

In order to lend more stability and balance to the economies of the Territories and provide job opportunities for northerners, further processing is to be encouraged where economically viable. The sub-committee did not investigate this matter in any detail but did recognize that although the royalty could be used to encourage further processing, it was not perhaps the best method. Incentives provided by some provinces to this end appear to greatly distort a mining profit tax regime which is based on the "pits-mouth" concept.

(ii-j) Royalty Rate Structure

The relative merits of the following rate structure should be examined in detail.

- a flat rate royalty structure similar to that in some provinces;
- a graduated rate royalty structure similar to that in some provinces;
- a two-tier royalty rate structure similar to that in the proposed Canada Oil and Gas Act.

(ii-k) Royalty System Based on Modified Federal Income Tax Base

The adoption of a modified federal income tax base as a starting point for determining mining income subject to royalty.

(ii-1) Existing Producers

At the meetings in both Vancouver and Yellowknife with members of the northern mining community, many of whom represented current producers, concern was expressed that a new royalty regime could adversely affect the life of the older mines. In view of their concern the sub-committee felt that some relief should be available, perhaps a transition period of up to five years, for those mines which experience a significant increase in the royalty payable under a new royalty regime.

(iii) The Prospector and Related Individuals

The third group of recommendations by the sub-committee focuses on the taxation of prospectors and related individuals. This particular subject was reviewed in part at the request of the former Minister of Indian Affairs and Northern Development, the Honourable Hugh Faulkner, "to see if something can't be done for the little guy".

As in other areas of the northern fiscal regime, these recommendations are based on the fundamental assumption that if governments want to encourage the economic development of the North, substantially greater encouragement should be given to prospecting and related activities.

General Recommendation No. 3

(iii-a) The current interpretations applying to a prospector, as defined under the Income Tax Act, should be reviewed.

Section 34 (2)(b) of the Income Tax Act defines a prospector as "an individual who prospects or explores for minerals; or develops a property for minerals on behalf of himself and others, or as an employee". While this definition would seem to be clear enough, there is concern within the prospecting community that the Department of National Revenue and the courts are taking an increasingly narrow view of who a prospector is, and what he does. The result is that some of the activities normally associated with prospecting may be excluded from deduction as eligible costs. Therefore, it is recommended that a review be made of the appropriate definitions and interpretations be made.

General Recommendation No. 4

(iii-b) The prospecting community and the mining industry should jointly develop an easy-to-understand guide to the financial options open to a prospector.

The sub-committee concluded that there seemed to be a lack of knowledge among some prospectors about the financial options open to them, especially existing tax provisions which they can rightfully use to their advantage, e.g. deduction of exploration costs against nonprincipal business income, small business deduction, etc. There would be merit in having the prospecting community and the mining industry jointly develop an easy-to-understand guide for the prospector on his financial options.

General Recommendation No. 5

Substantially greater encouragement should be given to prospecting in the Yukon and Northwest Territories. To this end the sub-committee recommends:

(iii-c) Introducing a "Prospector Resource Sale Exemption" of \$100,000 for nonincorporated prospectors, against the cumulative cash proceeds received from the sale of resource properties.

Under the pre-1972 tax system, prospectors and grubstakers were exempted from paying tax on proceeds from the sale of resource properties. However, the tax reform process modified the system completely. Those proceeds received in cash for the sale of resource properties have to be included in income and thus, taxed at the full rate. However, if a prospector receives shares in return for the sale, these are not included in income at the time of receipt. Only when he disposes of the shares is he liable for tax, and at that time, capital gains provisions apply.

As a balance to his tax liability for cash income from sales, the prospector is allowed to deduct against any income source, expenses incurred during exploration (which he could not do before tax reform). Companies buying a resource property can deduct the cash cost as an eligible expense against other income.

There is a strong feeling in the industry that removal of the prospector's exemption in the tax-reform process has had a dampening effect on the vitality of the prospecting sector. Part of the motivation for many prospectors (both full and part-time) is the dream of a bonanza, the one big find which might pay off handsomely. Now that this gain would be subject to tax in one form or another, that dream is no longer as attractive as it once was, and the incentive to explore has been reduced.

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While the sub-committee feels that the federal government would probably not wish to encourage a return to the pre-tax reform system, it might consider reintroducing a modified exemption, the "Prospector's Resource Sale Exemption", having a finite limit and no allowance for off-setting costs. It is proposed that an individual prospector (i.e. nonincorporated and working for himself) be allowed for a life time exemption of \$100,000, against the cumulative cash proceeds received from the sale of resource properties. Once this limit has been reached, any further cash received would be taxed in the normal way.

If a prospector chooses to take advantage of the "Prospector's Resource Sale Exemption", then he would not be eligible to deduct from cash proceeds of the sale the qualifying expenditures otherwise available. However, such deductions should continue to be permitted against other income if it is available.

The intent of such a measure would be to stimulate the prospecting sector and generate more exploration. Part of the drop in exploration in Canada is due to the decreasing participation of individuals in this type of activity. Any steps which could be taken to stimulate more prospecting would be worthwhile, for despite the increasing amount of exploration being done by highly sophisticated, large companies, the individual prospector still has an important role to play. While we propose this for the Territories only, we recognize it might have application for the prospecting sector Canada-wide.

General Recommendation No. 6

(iii-d) Extend for at least five years beyond December 31, 1979 expiry date the provision that all taxpayers be allowed to write-off immediately 100% of their exploration costs.

In the November 1978 Federal Budget there was a proposal to extend to December 31, 1981 the provision allowing immediate deduction of Canadian exploration expenses for individuals and nonresource corporations. However, Bill C-37 died on the order paper and the provision was temporarily extended to the end of 1979 by Order-In-Council.

The sub-committee feels that the measure is a good one, in that it provides a positive incentive for non-mining individuals and corporations to become involved in supporting exploration programs. Also, individuals involved directly in exploration can write their costs off against any income. Response to this measure since it was first introduced in 1976 has been positive, although more so in oil and gas than

in mining. However, there are indications that the mining community is now responding to the incentive. If the measure is to be truly effective, we would suggest that it be given a five-year extension past its currently scheduled termination date of end of 1979.

General Recommendation No. 7

(iii-e) Allow the deduction of earned depletion or exploration expenditures incurred in the Yukon and Northwest Territories, against any Canadian income.

It is the sub-committee's feeling that the federal government might consider allowing the deduction of earned depletion on exploration expenditures incurred in the Yukon and Northwest Territories, against any Canadian income. At present, earned depletion may be credited only against resource income, for both corporations and individuals. However, in the interest of stimulating increased exploration in the Territories, consideration might be given to allowing corporations and individuals to claim depletion for exploration expenses incurred in the Territories against any income. This would serve to open up a larger pool of funds for possible use in exploration in the Territories.

(iv) Provisions for Northern Residents

The final group of recommendations focuses on federal income tax provisions as they relate to northern activities.

From representations made to the sub-committee, it is evident that two separate but related issues are of concern to northern employers and residents: the tax treatment of employee benefits and subsidies, and their overall tax treatment. From a northern perspective, both issues appear to be fundamental to stable manpower, employment and industrial relations in the North.

In this regard, recent initiatives by the Department of National Revenue with respect to possible changes in the tax treatment of essential benefits and subsidies are of immediate interest to a significant majority of both income earners and employers. The taxation of these benefits has the potential for placing an additional strain on labour management relations.

General Recommendation No. 8

(iv-a) The Department of National Revenue should immediately refrain from taxing any of the currently existing common and essential benefits and subsidies received by both employees and their families living in the Yukon and Northwest Territories.

A majority of taxpayers in the Territories receive benefits and subsidies from their employers. From representations made to the sub-committee, it is apparent that the provision of such benefits and subsidies is an important incentive in helping to attract and maintain employees in the North, as well as helping to offset the higher social and economic costs of living there.

These factors are an integral part of established employment policies in the Territories, as illustrated for example, by Treasury Board's Isolated Posts Directive of August 1, 1977 and the associated "Schedule H, Criteria for Deterring Levels", which apply to federal government employees living in remote areas.

Until recently, many of the benefits and subsidies provided by employers were tax-free. In order to maintain this status of complex and sometimes confusing administrative system of implementation has evolved. This system rests in large measure on the assumption that tax-free benefits and subsidies will continue as long as there is no change in the federal government's long-standing policy, which has been not to implement the full provisions of the law governing the tax-treatment of essential benefits and subsidies in the remote areas.

Recent actions by the Department of National Revenue signal an imminent change in this basic policy. At the same time, however, from representations made to the sub-committee we are told that no clear statement of intent or future policy has been forthcoming from the Department. In this regard, the prospect of changes in the tax treatment of essential benefits and subsidies has now become a priority concern for a significant number of taxpayers in the Territories. The possible future tax status of benefits and subsidies has, now for example, already emerged as an important factor in negotiations with labour -- in some cases with specific provisions already incorporated into existing contracts which would obligate the employer to offset any "loss" to employees arising out of changes in the tax treatment of essential benefits and subsidies.

The sub-committee is of the opinion that because tax-free benefits and subsidies are fundamental to stable manpower, employment and industrial relations in the North, any change in government policy which would tax these benefits could place a further serious strain on labour-management relations in both the private and public sectors.

In making the above recommendation, the sub-committee views it as an interim measure to be in effect until General Recommendation No. 9 has been fully assessed.

General Recommendation No. 9

(iv-b) The federal and territorial governments should undertake, in consultation with northern employees and employers, a review of taxation of Northern residents with a view towards replacing or substantially modifying present policies and practices.

A repeated representation made to the sub-committee during public meetings in Yellowknife and Vancouver was the call for a fundamental review of the taxation of Northern residents, with a view towards replacing or substantially modifying present policies and practices with bold and new initiatives.

The sub-committee endorses the need for such a fundamental review and to this end has suggested that serious consideration be given to the introduction of an indexed "Northern Allowance" of up to \$8,000 per year, qualified by a residency requirement. It should be indexed at the same rate as personal income tax exemptions, and for each taxation year taxpayers would only be eligible to claim the full allowance if they have been "bona fide" residents of the Territories during the preceding 18-month period.

Implementation of this new allowance would ensure a tax-free status for the bulk of the most commonly existing benefits and subsidies provided to taxpayers, and replace the complex and sometimes confusing administrative system of implementing these subsidies presently in existence. It would also provide substantial relief to nonsubsidized taxpayers living and working in the Territories. In this regard, any reduction in personal income tax revenue to the Territorial governments would, of course, be made up by the federal government under the current deficit financing arrangement.

The long-term objective of this new allowance would be to contribute to the attraction and maintenance of a stable workforce in the Territories, by following some of the principles adopted in such places as Greenland and Australia, which accord a more preferential income tax treatment to

people living and working in northern and isolated regions.

According to representation made to the sub-committee, total dollar value of benefits and subsidies provided to individuals by their employers is quite variable, ranging from an estimated \$4,500 to \$12,000 per year; with a mid point of \$7,000 to \$8,000 per year for a family with two children. For example, in Yellowknife, this representative family receives the following estimated range of annual subsidies, depending on the employer: \$7,500 - Yellowknife School Board; \$7,218 - Federal Government employee; \$7,192 - mining employee living in company owned house; \$5,736 - mining employee living in apartment; and \$4,473 Territorial Government employee. This total generally includes taxfree subsidies for shelter, power, oil, airfare and territorial taxes, as well as an additional taxable northern allowance.

The sub-committee suggests that the introduction of a simple "Northern Allowance" exemption on the personal income tax form annually filed by northern residents should be applied against total personal income earned in the Territories, including subsidies and benefits. In this manner the dollar value of the bulk of present subsidies and benefits would be added to other income, but be exempt from taxes by the deduction of the "Northern Allowance". The figure of up to \$8,000 per year, depending on eligibility determined by a period of residency, is in line with the estimated current subsidies for a representative family.

3. LAND USE

The Committee accepted and endorsed two reports, submitted respectively by:

- (a) the centre for Resource Studies (Appendix VIII page 18)
- (b) the Land Use Subcommittee (see below)

Insofar as existing Regulations are concerned, the former was extremely critical and noted that "the relationship between the industry and parts of the Department is generally adversarial rather than cooperative". The Committee has been assured by its relevant governmental members and resource persons that the department is actively studying and attempting to implement the significant recommendations of the study. Further follow-up, which may imply a major overhaul of environmental legislation and regulation as they affect mining, ~~must therefore be left to whatever on-going consultative mechanism is evolved.~~

Owing to time and travel constraints, the sub-committee confined its consideration of Land Use Regulations largely to recommending specific proposals for what were hoped to be quick amendments designed to remove some of the more unnecessarily onerous provisions of the existing Regulations, leaving a more fundamental restructuring of environmental controls for future negotiations.

The sub-committee identified three topics of concern:

- (i) Special constraints & /or withdrawal of lands for single or limited use purposes such as parks etc.
- (ii) Land Use Regulations
- (iii) Thelon Game Sanctuary

(i) Special Constraints and Withdrawals. The sub-committee was especially sensitive to any perceived danger that tenure of and access to mineral rights in the North would be reduced or eliminated by constraints on land use or withdrawals of land for single or limited use purposes such as parks, sanctuaries and IBP sites. The unilateral advance of one proposal without due consideration to the possible effects on other interests could be detrimental to the orderly development of the Territories. The sub-committee believes that there is a need for a broader evaluation of government proposals for such constraints or withdrawals.

Therefore the Committee recommends that:

Two independent bodies be formed, one in each Territory, possibly under Section 19 of the Territorial Lands Act, which would be composed of representatives of both the private sector and government. Through public participation, these bodies would review the proposed land use, examine the direct and indirect impacts and consider other development and conservation options available.

The independent bodies would have as their mandate the authority to examine specific development and conservation proposals and to make recommendations to the Minister. They would thus function as advisory bodies and would augment existing government process.

Appointments of government representatives to these bodies would be made by the Minister, and from the private sector by the Minister through recommendations of the Commissioners in Council.

(ii) Land Use Regulations. The Land Use Sub-Committee endorses the principle of environmental protection. It accepts the findings of the Centre for Resource Studies contained in its report submitted to the Department in October, 1978. That report expressed serious concern about delays caused by the administrative and consultative processes, and regulatory requirements, including permit conditions.

To ensure that delays and restrictions are appropriate to specific land use operations and local environmental protection requirements, it is recommended that:

- (a) A study should examine zoning of Northern lands on the basis of ecological sensitivity (ecological zoning). It is important that the application of land use regulations, both with respect to the actual need for land use permits and the severity of terms and conditions, be properly tailored to the requirements for ecological protection in any given area. Pilot projects should be commenced in the least sensitive districts, such as non-Arctic Yukon so that zones might be established where no land use permits are required.
- (b) Class B land use operations should proceed by simple prior notification to the proper authorities, and information to nearby communities. This would be subject only to restrictions under special programs such as caribou monitoring, where there can be sensitive time periods.
- (c) Section 8 of the Territorial Land Use Regulations be revised to increase substantially the undertakings on territorial lands that define Class B land use operations, such as a campsite for 400 man-days and fuel storage facilities of 80,000 litre capacity.
- (d) Section 28 of the Territorial Land Use Regulations be repealed, and that no arbitrary changes be made by administering officials, ~~raising Class B land use operations to Class A~~ operations.

- (e) Where Class A land use operations, which require application for Class A permits, are deemed not to affect the livelihood of nearby communities the maximum time to obtain a permit from the date of application would be ten days. Where the operation is deemed to have some effect on the livelihood of nearby communities, there may, at the discretion of the engineer and after consultation, be issuance of a Class A permit within 42 days. A directive to this effect should be issued to the regional officers.
- (f) Practical training of Land Use Inspectors in the objectives and methods employed in land use operations should be undertaken so that land use policies will be furthered.

(iii) Thelon Game Sanctuary. The Thelon Game Sanctuary, occupying an area of slightly over 25,000 square miles, was established in 1927, mainly as a haven for a diminishing herd of mainland muskox. In 1930 this sanctuary was withdrawn from prospecting and exploration. In 1956 it was reduced in size, nearly 6,000 square miles being removed from the southwest side of the sanctuary because the muskox were not frequenting that part, and because the Geological Survey of Canada indicated that the area removed was of mineral interest.

The sub-committee considers that the following points should be taken into account in any determination of the future status of the Thelon Sanctuary:

- (a) The muskox population increased greatly from 1927 to the last count in about 1972, and may still be increasing. Recently some muskox have strayed outside the sanctuary, and Inuit are being licenced to hunt them outside the boundaries. This suggests that the original aim of the sanctuary has been fulfilled.
- (b) Recent important uranium discoveries in and near the base of the Dubawnt Sandstones in the eastern Northwest Territories have brought into focus the uranium potential within the Thelon Game Sanctuary. The Geological Survey of Canada has outlined three areas within the sanctuary as being targets for uranium exploration.

- (c) In a 1978 study prepared by the Nuclear Energy Agency of the Organization of Economic Co-operation and Development, it was estimated that by the year 2025, for the world, a cumulative total of up to 20 million tonnes of uranium metal will be required. Current world resources (1977) at prices up to \$160 kg of uranium were 4.4 million tonnes of uranium. Obviously, the impending exhaustion of fossil fuels poses a problem for all mankind, and countries with potential reserves owe it to the world to permit the search for these resources.

Therefore the Committee recommends that:

The status of muskox and other wildlife in the Thelon Game Sanctuary be up-dated, so that an intelligent decision can be made as to whether part or all of the sanctuary can be considered for mineral exploration and development.

4. PARTICIPATION BY NORTHERN RESIDENTS

The mineral industry is committed to working toward the increasing involvement of Northern residents in its activities. The broad spectrum of participation includes direct employment, technical and managerial training, utilization of northern businesses and equity participation by Northerners. It is particularly desirable that communities be kept well informed of developments in areas that concern them.

It is recognized that Northern residents may need technical and managerial training and work orientation such as special rotation schedules to enable them to participate fully as employees, not only in the mineral industry but in government work.

Therefore the Committee recommends that:

The Mineral Industry continue its commitment to work toward the increasing involvement of Northern residents in its activities and to keep communities informed of significant development in areas that concern them.

5. MINERAL LEGISLATIVE AMENDMENTS - ADMINISTRATIVE REGIME

- (i) The Yukon Quartz Mining Act is inadequate in certain respects with regard to title.

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Therefore, it is recommended that:

Immediate amendments to be made to the Yukon Quartz Mining Act to improve its provisions respecting title.

- (ii) The present Territorial Coal Regulations are out of date with regard to present day requirements for land acquisitions and large scale mining.

Therefore it is recommended that:

Comprehensive amendments to be made to these regulations as soon as possible, in order to facilitate development of Territorial coal deposits.

6. INFRASTRUCTURE

The Department of Indian Affairs and Northern Development is responsible for providing infrastructure in the North to meet the needs of regional development and access. With growth and maturity the Territorial governments are gradually becoming more involved in these activities.

The development of infrastructure needs require capital expenditures that in one way or another will have to be provided by the Federal Government.

The most important infrastructure needs required by the mineral industry are for transportation and power but these needs must be identified and taken care of well in advance to prevent the situation where new developments are not inhibited.

It is therefore recommended that:

The Minister should encourage the development of new mines by directing that appropriate priorities and funds be applied to infrastructure support for resource development.

may 1984

File
NWT & C

Unkannin Policy

OUTLINE OF PRESENTATION

- OBJECTIVE AND POLICY ELEMENTS
- RESULTS OF ANALYSIS
- MAJOR ELEMENTS OF IMPLEMENTATION PLAN

THE ANALYSIS

- FINANCIAL AND ECONOMIC
 - ECONOMIC IMPACT
 - INDUSTRY'S PROFITABILITY AND COMPETITIVENESS
- PROVISION OF INFRASTRUCTURE
- REVIEW OF MINING LEGISLATION
- HUMAN DIMENSION/MINERAL DEVELOPMENT INTERFACE
- MINERAL POTENTIAL AND MINERAL DEVELOPMENT OUTLOOK
- ENVIRONMENTAL PROTECTION/MINERAL DEVELOPMENT INTERFACE
- LAND CLAIMS/MINERAL DEVELOPMENT INTERFACE
- RESEARCH AND DEVELOPMENT
- NORTHERN MINERAL MANAGEMENT INSTITUTIONAL FRAMEWORK

INITIAL RESULTS OF ANALYSIS

ECONOMIC IMPACT: GENERAL CONCLUSIONS

- MINING IS GOOD FOR THE NORTH, IT IS AN EFFECTIVE VEHICLE FOR INCREASED ECONOMIC ACTIVITY IN BOTH TERRITORIES
- INDIRECT LOCAL IMPACTS/SPIN-OFFS EFFECTS MAINLY IN:
 - TRANSPORTATION SECTOR
 - UTILITIES
 - SERVICES
- MINING HAS A LARGE PROPENSITY TO IMPORT FROM SOUTH OF 60°
- LOCAL EMPLOYMENT LIMITED BY AVAILABILITY, INTEREST AND MOBILITY OF LABOUR FORCE
- NORTHERN MINING PAYS ITS WAY
- INCREASED LOCAL SPIN-OFF EFFECTS WILL REQUIRE AGGRESSIVE AND POSITIVE ATTITUDES BY COMPANIES, GOVERNMENTS, LOCAL ORGANIZATIONS

CURRENT ECONOMIC IMPACTS

SELECTED INDICATORS \ TERRITORY	NWT	YUKON
SHARE OF GDP, %		
DIRECT (1978)	37	27
TOTAL (MULTIPLIER 1.2)	44	32
SHARE OF VALUE ADDED BY GOODS- PRODUCING INDUSTRIES (1978), %	86	60
GROSS CORPORATION PROFIT (1978), %	62	47
CAPITAL EXPENDITURES (1981)		
TOTAL, \$MILLION	176	65
TOTAL BUSINESS, %	14	46
EXPLORATION EXPENDITURES 1981(1983)	50(12)	50(12)
SHARE OF EMPLOYMENT		
DIRECT (1981), %	11.1	10.1
TOTAL *: (MULTIPLIER NWT 1.75; YUKON 2.5)	19.5	25.2
SHARE OF TOTAL LABOUR INCOME, %	19	19

* MINING SHARE IN NORTH 9X MORE THAN
CANADIAN AVERAGE.

INITIAL RESULTS OF ANALYSIS

SIGNIFICANT TRENDS

<div>PERIOD</div> <div>SELECTED INDICATORS</div>	1970's	1980's
VOLUME OF PRODUCTION: NWT (CONSTANT \$ VALUE) YUKON NUMBER OF MINES: NWT YUKON DIRECT EMPLOYMENT (AVERAGE): NWT YUKON TOTAL LABOUR FORCE, % (CENSUS 1971 AND 1981) NWT YUKON CONTRIBUTION TO GDP: (AVERAGE %) NWT YUKON	STABLE DOWN 7 5 1550 1200 10.7 14.2 <u>1970-1975</u> 34 39	UP DOWN 11 (↑) 2 (↓) 2200 (↑) 720 (↓) 11.1 (↑) 10.1 (↓) <u>1976-1978</u> 33 (↑) 26 (↓)

INITIAL RESULTS OF ANALYSIS
REGIONAL ECONOMIC IMPACTS

YUKON

- GREATER IMPACTS FROM MINING PROJECTS THAN IN NWT
- GREATER LOCAL IMPACT DUE TO BETTER ROAD ACCESS
- AGGREGATE IMPACT DECREASING AS A RESULT OF MINE CLOSURES
- GREATER INSTABILITY IN RECENT YEARS

NWT

- AGGREGATE IMPACT INCREASING: NEW MINES DEVELOPED
- IMPACTS VARY SIGNIFICANTLY WITHIN THE TERRITORY
 - GREATER IN FORT SMITH REGION
 - LESSER IN REMOTE AREAS
- REMOTE PROJECTS NOT CONNECTED TO ROADS HAVE MINIMUM LOCAL IMPACT
- NEW CONSTRUCTION TECHNIQUES FOR REMOTE PROJECTS (POLARIS)
DECREASE LOCAL IMPACT BUT INCREASE IMPACT IN THE PROVINCES

INITIAL RESULTS OF ANALYSIS
INDUSTRY'S FINANCIAL PERFORMANCE

- TO DATE, IRR (PRE-TAX AND FINANCING) VARIED FROM 75% TO NEGATIVE
- RANGE IN IRR FOR NORTHERN MINING OPERATIONS SIMILAR TO OTHER AREAS IN CANADA
- YEAR-TO-YEAR PERFORMANCE VOLATILE, REVENUE VARIES WITH INTERNATIONAL PRICES, AND COSTS ESCALATE WITH DOMESTIC INFLATION
- MOST NORTHERN MINES TIED TO ONE OR TWO MAJOR SHAREHOLDERS WITH ATTENDANT IMPLICATIONS FOR ACCESS TO CAPITAL

INITIAL RESULTS OF ANALYSIS
INDUSTRY'S COMPETITIVENESS

- OPERATING COSTS OF SOME NORTHERN MINES ARE LESS THAN IN SOUTHERN CANADA
- MOST NORTHERN PRODUCERS HAVE HIGH ZINC/LEAD RATIO
- PRIOR TO RECENT EXCHANGE RATE REALIGNMENT INTERNATIONALLY, CANADA WAS THE LOWEST COST ZINC PRODUCER, EXCEPT FOR MEXICO
- INDICATIONS ARE THAT FINDING AN ECONOMIC MINERAL DEPOSIT IN THE NORTH IS LESS EXPENSIVE THAN IN THE SOUTH

INITIAL RESULTS OF ANALYSIS

FINANCIAL PERFORMANCE AND COMPETITIVENESS:

CONCLUSIONS

- NORTHERN MINES CAN SUCCESSFULLY COMPETE DOMESTICALLY AND INTERNATIONALLY
- IN NORTHERN INTERIOR, BASE METAL DEPOSITS TO BE DEVELOPED MUST BE HIGH GRADE TO OFFSET TRANSPORTATION AND OTHER COSTS
- SOME NORTHERN MINES ARE AT MATURE STAGE, AND FACE DECLINING OUTPUT PER EMPLOYEE
- ZINC MINES HAVE NOT FACED THE SAME TYPE OF INTERNATIONALLY COMPETITIVE PRESSURES AS CU OR NI MINES
- MINERAL POLICIES SHOULD HAVE REGIONAL AND COMMODITY COMPONENTS

INITIAL RESULTS OF ANALYSIS
PROVISION OF INFRASTRUCTURE

- GENERALLY, MAJOR COST ITEM (UP TO 80% OF TOTAL PROJECT CAPITAL COST)
- COMPLEX ISSUE BECAUSE OF VARIETY OF INFRASTRUCTURE AND DIVERSITY OF DECISION MAKERS
- INDUSTRY DIFFICULTIES IN MAKING GO AHEAD DECISIONS ARE APPRECIATED BUT RESULTING UNCERTAINTIES FOR GOVERNMENT DECISION-MAKING SHOULD ALSO BE RECOGNIZED
- INFRASTRUCTURE NEEDS TO BE PROVIDED UP FRONT. INDUSTRY REGARDS IT AS A RISK BUT EXPECTS GOVERNMENT TO VIEW IT AS AN INVESTMENT
- \$/km LIMITS ARE UNREALISTICALLY LOW AND SHOULD BE INCREASED
- GOVERNMENT/INDUSTRY COOPERATION IN LONG RANGE PLANNING FROM DEVELOPMENT TO CLOSURE IS NEEDED

INITIAL RESULTS OF ANALYSIS
LEGISLATIVE REGIMES

- IN YUKON ALL DETAILS IN STATUTES, NO PROVISION FOR EFFECTIVE REGULATIONS
- IN NWT NO MINES ACTS, REGULATIONS BASED ON ONE PARAGRAPH IN TERRITORIAL LANDS ACT
- MINING LEGISLATION IS ARCHAIC, NEEDS MAJOR CHANGE
- THERE IS A NEED TO SPEED UP THE PROCESSING OF CURRENT PROPOSED AMENDMENTS TO TERRITORIAL COAL REGULATIONS AND CANADA MINING REGULATIONS
- THERE IS A NEED TO ASSESS THE FEASIBILITY OF INTEGRATING MANAGEMENT OF QUARRYING LEGISLATION WITH OTHER MINING LEGISLATION
- A ONE-WINDOW APPROACH TO REGULATION IS CALLED FOR

INITIAL RESULTS OF ANALYSIS
FISCAL REGIME IN YUKON AND NORTHWEST TERRITORIES

OVERALL TAXATION

- EMR STUDY COMPARED YUKON AND NWT WITH MANITOBA AND B.C. ON PROJECT BASIS
- OVERALL TAX BURDEN IS 40 - 60% LOWER IN TERRITORIES;
IRR IS 1 - 1.5% HIGHER
- FEDERAL INCOME TAX PROVISIONS FOR MINING ARE REASONABLE

ROYALTIES

- 1978 NMAC SUB-COMMITTEE PROPOSED REVISIONS TO YQMA ROYALTIES
- INTERDEPARTMENTAL COMMITTEE ESTABLISHED PRINCIPLES TAKING ACCOUNT OF NMAC INPUT
- NEED TO DEVELOP AND TEST SPECIFIC PROVISIONS; CONSULT WITH INDUSTRY BEFORE MAKING CHANGES

KEEP OVERALL TAX BURDEN IN TERRITORIES COMPETITIVE WITH PROVINCES

INITIAL RESULTS OF ANALYSIS

THE HUMAN DIMENSION IN NORTHERN MINING

- YOUNG NORTHERNERS WANT MORE MEANINGFUL, HIGHER QUALITY EMPLOYMENT, BETTER AND MORE VARIED TRAINING
- GOVERNMENT OBJECTIVE IS TO ENSURE THAT SOCIAL VALUES NORTH OF 60° REMAIN INTACT BUT INDUSTRY SHOULD NOT BE OVERBURDENED WITH EXCESSIVE DEMANDS
- SOME MINING OPERATIONS CREATED ISLANDS OF RELATIVE PROSPERITY IN A SEA OF MUCH LOWER STANDARD OF LIVING
- THE ECONOMIC CLIMATE PLUS TECHNOLOGICAL CHANGES WILL PUT A HIGHER PREMIUM ON PRODUCTIVITY RESULTING IN A SMALLER, MORE SKILLED LABOUR FORCE
- CHANGE IN TRADITIONAL LABOUR/MANAGEMENT RELATIONS IS NECESSARY
- LABOUR MUST BE GIVEN A MORE MEANINGFUL ROLE
- ENSURE ADEQUACY OF RESEARCH AND TRAINING IN SUPPORT OF NORTHERN MINERAL DEVELOPMENT
- PROVIDE GREATER RANGE OF OPPORTUNITIES FOR NATIVE TRAINING AND PARTICIPATION

INITIAL RESULTS OF ANALYSIS

MINERAL DEVELOPMENT AND ENVIRONMENTAL PROTECTION

- MINERAL DEVELOPMENT MEANS POTENTIAL FOR ENVIRONMENTAL DISTURBANCE,
BUT THERE WILL BE LIMITED ECONOMIC DEVELOPMENT IN THE NORTH
WITHOUT MINING
- INDUSTRY'S CONCERNS:
 - o COSTS AND DELAYS DUE TO PROCESSES IN PLACE
 - o LAND WITHDRAWALS
 - o LAND USE PLANNING AND CONSERVATION
 - o ABANDONMENT AND RESTORATION
- VALUE OF NATURAL ENVIRONMENT WILL CONTINUE TO RISE
- THE VALUE ATTACHED TO ANY GIVEN EFFECT OF MINING VARIES GREATLY
WITH INTERESTS INVOLVED
- EXPLORATION AND MINE DEVELOPMENT ARE NOT INCOMPATIBLE WITH
ENVIRONMENTAL PROTECTION AND CONSERVATION OBJECTIVES

INITIAL RESULTS OF ANALYSIS

MINERAL DEVELOPMENT AND LAND CLAIMS

- UNCERTAIN IMPACT ON MINERAL DEVELOPMENT UNTIL ALL LAND CLAIMS SETTLED
- SETTLEMENT OF LAND CLAIMS WILL CREATE NEED FOR LEGISLATION TO DEFINE INTERESTS OF SURFACE AND SUBSURFACE OWNERS
- THE BULK OF NORTHERN LANDS SHOULD REMAIN IN CROWN TITLE
- OBLIGATIONS PLACED UPON MINING INDUSTRY SHOULD NOT MAKE NORTHERN MINING UNCOMPETITIVE WITH OTHER JURISDICTIONS
- EQUITY PARTICIPATION - SHARE OF RISK: NO BACK-IN PROVISIONS
- SOCIO-ECONOMIC BENEFIT AGREEMENTS IF INCLUDED SHOULD ONLY RELATE TO MAJOR DEVELOPMENT PROJECTS

INITIAL RESULTS OF ANALYSIS
NORTHERN MINERAL MANAGEMENT FRAMEWORK

- LEVEL OF GOVERNMENT INVOLVEMENT IS HIGH AND WILL LIKELY CONTINUE
- BY AND LARGE, MANAGEMENT OF NORTHERN MINING INVOLVES:
 - A MIX OF GENERAL LEGISLATION
 - AD HOC ARRANGEMENTS TAILORED TO INDIVIDUAL MINES
- APPROACH CAN BE:
 - PASSIVE AND FACILITATING
 - ACTIVE AND DIRECTIVE
- TYPICALLY, NORTHERN MINE DEVELOPMENT INVOLVES GENERAL LEGISLATIVE FRAMEWORK WITH GOVERNMENT ASSISTANCE

INITIAL RESULTS OF ANALYSIS
NORTHERN MINERAL MANAGEMENT FRAMEWORK (Cont'd)

- GOVERNMENT'S LEGISLATIVE FRAMEWORK CONSISTS OF:
 - 35 FEDERAL ACTS
 - 20 TERRITORIAL ORDINANCES
- AND IS MANAGED BY
 - 11 FEDERAL DEPARTMENTS
 - SEVERAL TERRITORIAL DEPARTMENTS
- POLICY ELEMENTS CRUCIAL FOR NORTHERN MINERAL DEVELOPMENT:

POLICY ELEMENTS	GOVERNMENT AGENCY
FISCAL REGIME	DIAND/FINANCE/EMR/TERR GOVTS
RESOURCE REVENUE SHARING	DIAND/TERR GOVTS
REGULATORY REGIME	DIAND/FISHERIES/DOE/MOT/DOC
NATIVE INTERESTS	DIAND/CEIC/TERR GOVTS/MSSD
SOCIO-ECONOMIC AND ENVIRONMENTAL APPROVALS	DIAND/DOE/FEARO/TERR GOVTS
LAND USE PLANNING AND MANAGEMENT	DIAND/TERR GOVTS/DOE
INFRASTRUCTURE	DIAND/MOT
INDUSTRIAL BENEFITS	DIAND/DRIE/MSERD
CANADIAN OWNERSHIP	DIAND/FIRA/EMR

INITIAL RESULTS OF ANALYSIS
NORTHERN MINERAL MANAGEMENT FRAMEWORK (CONT'D)

RANGE OF GOVERNMENT PROGRAMS AND RESPONSIBILITY CENTRES

PROGRAM	AGENCY
ROADS AND AIRSTRIPS ASSISTANCE	DIAND/CENT. AGENCIES/TERR GOVTS
GRANTS TO CHAMBERS OF MINES	DIAND
PROSPECTING ASSISTANCE	DIAND
EXPLORATION AND MINERAL SERVICES	DIAND
ELECTRICITY GENERATION	NCPC/DIAND/FINANCE/EMR
FISCAL REGIME	DIAND/FINANCE/EMR/TERR GOVTS
MINE SAFETY	DIAND/GNWT
LAND MANAGEMENT	DIAND/DOE (PARKS)
WATER MANAGEMENT	DIAND/DOE
SURVEYS AND MAPPING	EMR/DIAND
MINING TECHNICAL ASSISTANCE	EMR
EMPLOYMENT AND TRAINING	CEIC/TERR GOVTS
FISH AND WILDLIFE PROTECTION	FISHERIES & OCEANS/DOE/ TERR GOVTS
COMMUNITY SERVICES	TERR GOVTS
PUBLIC HEALTH	TERR GOVTS
WORKMEN'S COMPENSATION	TERR GOVTS

NORTHERN MINERAL POLICY ISSUE PAPERS

- MINES AND IMPORTANT MINERAL DEPOSITS OF THE YUKON
AND NORTHWEST TERRITORIES, 1982
- NORTHERN MINING OVERVIEW
- NORTHERN MINING COMMUNITIES
- THE GOVERNMENTAL FRAMEWORK FOR NORTHERN MINING
- NORTHERN MINERAL LEGISLATION
- INFRASTRUCTURE AND MINERAL DEVELOPMENT
- THE HUMAN DIMENSION IN NORTHERN MINING
- MINERAL INDUSTRY INCENTIVE PROGRAMS AND SERVICES

/

POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

IMPROVE INVESTMENT CLIMATE

1. STRENGTHENING THE RESOURCE BASE

- WITH FEW EXCEPTIONS ACCESS TO NORTHERN LANDS FOR MINERAL EXPLORATION AND DEVELOPMENT SHOULD BE GUARANTEED
 - . SURFACE RIGHTS ACT WILL BE PROPOSED TO PROVIDE FOR NEGOTIATION AND ARBITRATION OF CONDITIONS AND COMPENSATION FOR ENTRY TO PRIVATE SURFACE LANDS
 - . MINERAL POTENTIAL/EVALUATIONS TO BE CONDUCTED BEFORE ANY LANDS ARE RESERVED FOR PARKS, ETC.
- UNDER EDA, FUNDS WILL BE PROVIDED TO STIMULATE EARLY STAGES OF EXPLORATION
- INCREASE ALLOCATION OF RESOURCES TO NORTHERN BASED GEOLOGICAL SERVICES AND RESEARCH

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POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

IMPROVE INVESTMENT CLIMATE (CONT.)

2. MODIFYING LEGISLATIVE AND FISCAL REGIMES

- IMPROVE LONG TERM CERTAINTY
 - AMEND YUKON QUARTZ MINING ACT
 - REVIEW ADEQUACY OF OTHER MINING STATUTES;
PROPOSE AMENDMENTS
 - REVIEW NEED TO TRANSFER PRINCIPLES FROM
CANADA MINING REGULATIONS TO A NEW ACT
 - DEVELOP NEW ROYALTY REGIME
- MORE RESPONSIVENESS TO CHANGING INDUSTRY NEEDS
 - SPEED UP REGULATORY AMENDMENTS ALREADY IN
DRAFTING
 - CONSIDER PUTTING TECHNICAL AND ADMINISTRATIVE
REQUIREMENT IN REGULATIONS

POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

ASSIST INDUSTRY TO INCREASE COMPETITIVENESS

1. INCREASE SUPPORT FOR INFRASTRUCTURE DEVELOPMENT

NORTHERN ROADS PROGRAM

- IMPLEMENT \$100M 5-YEAR PROGRAM FOR EXTENSION OF ROAD NETWORK WITH ANNUAL REVISION, PARTICULARLY IN RESPONSE TO NEEDS OF RESOURCE DEVELOPMENT

RESOURCE ROADS PROGRAM

- INCREASE MAXIMUM FUNDING PER KILOMETRE FOR COST SHARING FROM \$6,250 TO \$12,500 FOR INITIAL ACCESS ROADS AND FROM \$25,000 TO \$75,000 FOR ACCESS ROADS

FEDERAL AIRSTRIP ASSISTANCE

- INTRODUCE NEW RESOURCE AIRSTRIPS PROGRAM FOR FLY-IN/ FLY-OUT OPERATIONS WITH COST SHARING OF UP TO 50% AND A MAXIMUM OF \$200,000

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POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

ASSIST INDUSTRY TO INCREASE COMPETITIVENESS (CONT.)

RAILWAYS

- CONSIDER COST-SHARING WHERE MOST ECONOMIC METHOD OF TRANSPORTATION

WATER

- INTRODUCE NEW PROGRAM FOR ASSISTANCE FOR DOCK AND WATER FACILITIES TO SERVE RESOURCE DEVELOPMENT

TRANSPORTATION PLANNING

- DEVELOP LONG RANGE PLANS TO SERVE MAJOR MINERALIZED AREAS SO THAT MULTIPLE USE WILL MINIMIZE COSTS

RESEARCH AND DEVELOPMENT

- PROVIDE FUNDS TO INVESTIGATE LESS CONVENTIONAL TRANSPORTATION MODES, E.G., SLURRY PIPELINES AND SUBMARINES

5

POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

ASSIST INDUSTRY TO INCREASE COMPETITIVENESS (CONT.)

TOWNSITES

- PROVIDE MECHANISM FOR ANNUAL UPDATING OF PLANS FOR TOWN CLOSURE
- PREFERENCE SHOULD BE GIVEN TO DEVELOPMENT OF NEW CENTRAL RESOURCE TOWNS AND THE ESTABLISHMENT OF GROWTH CENTRES
- GENERALLY, DEVELOPMENT OF NEW SINGLE RESOURCE TOWNS SHOULD BE DISCOURAGED
- FLY-IN/FLY-OUT VIABLE ALTERNATIVE. FLY-OVER SHOULD BE DISCOURAGED

POWER

- SEE PRESS RELEASE DATED FEBRUARY 20, 1984 NCPC TO BE RESTRUCTURED

POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

ASSIST INDUSTRY TO INCREASE COMPETITIVENESS (CONT.)

- 2) CONTROL GOVERNMENT IMPOSED COSTS
 - COMPLETE A COMPREHENSIVE REGULATORY REVIEW TO IMPROVE COORDINATION AND STREAMLINE REGULATORY PROCESSES
 - IMPROVE CONSULTATION WITH INDUSTRY
 - ESTABLISH A NORTHERN DATA REPOSITORY
- 3) ENCOURAGE PRODUCTIVITY GROWTH
 - PROVIDE FUNDS FOR NORTHERN R&D PROGRAMS
 - TOGETHER WITH TERR. GOVTS. AND INDUSTRY IMPROVE TRAINING
 - PROMOTE LABOUR/MANAGEMENT COOPERATION, E.G. CAMC EXPERIENCE

POLICY ELEMENTS AND IMPLEMENTATION PROPOSALS

ENSURE MAXIMUM NORTHERN AND NATIONAL BENEFITS FROM MINING

- COMPREHENSIVE ASSESSMENT AND MONITORING OF PROJECTS BY GOVERNMENTS
- REGIONAL OR COMMODITY BIAS IN POLICY ELEMENTS
- IMPROVEMENT OF NORTHERN TRAINING FACILITIES
- PROMOTE METHODS OF DIRECT PARTICIPATION BY NORTHERNERS IN
EXPLORATION AND MINING



The Mining Association of Canada

Suite 705, 350 Sparks Street, Ottawa, Ontario K1R 7S8

Tel: (613) 233-9391

Telex 053-3732

April 9, 1984

*File
NWT
NWT Chamber of Mines*

Hon. John Munro
Minister
Indian and Northern Affairs Canada
House of Commons
Ottawa, Ontario

Dear Mr. Minister:

You will recall that during the meeting with senior executives of The Mining Association of Canada on February 6th, you indicated your intention to place high priority on efforts to formulate a Northern Mineral Development Policy. Subsequently, officers from your Department made a presentation to the meeting of the Northern Mineral Advisory Committee (NMAC) in Whitehorse on March 1st, in which they set out the conclusions of analysis conducted so far. They also outlined a process, including release of a series of discussion papers, which might be put in place to encourage greater industry and public participation in the evaluation of the proposed policy framework.

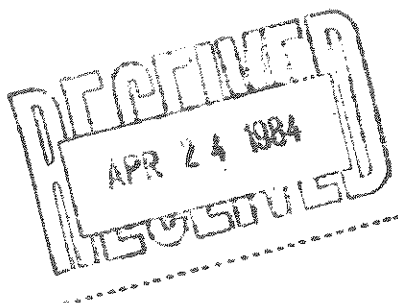
I am pleased to be able to advise you that the industry is encouraged by the tone and direction of this preliminary work. The analysis confirms the view widely held by industry that the North is a storehouse of untapped mineral development potential. It also indicates that Northern mining can compete favourably with mineral investment opportunities in the South, that mining has been good for the North in the past, and that it offers potential for conferring major social benefits in the future in ways that are compatible with environmental protection and natural resource conservation objectives.

These are extremely important perspectives on the future role of the mining industry in Northern development. Consequently, we would urge your best efforts to move the process of Northern mineral policy formulation to the stage of public discussion as quickly as possible.

Yours sincerely,

John L. Bonus
Managing Director

JLB:pjm



*File
NMA
Northern Mineral Policy*

SLIDES TO ACCOMPANY PRESENTATION
TO NORTHERN MINERAL ADVISORY COMMITTEE,
WHITEHORSE, MARCH 1, 1984

By

Roy M. Woodbridge

Director of Mineral Economics,

The Mining Association of Canada

(SLIDE A)

THE MACDONALD COMMISSION BRIEF
REPRESENTS AN INDUSTRY CONSENSUS
ON THE ELEMENTS OF A NATIONAL
MINERAL POLICY FOR CANADA.

(SLIDE 1)

STRUCTURAL CHANGES IN INTERNATIONAL
MINERAL MARKETS AND MARKETING ARRANGEMENTS

"SOFT" DEMAND

- SLOWER ECONOMIC GROWTH
- TECHNOLOGICAL ADVANCE

MORE COMPETITION FOR MARKETS

POTENTIAL FOR EXCESS SUPPLY

SUBSIDIZED INVESTMENT AND PRODUCTION

TRADING PRACTICES

- CONSUMERS
- LDCs
- BARTER

"SOFT" PRICES

INCREASED COMPETITION FOR INVESTMENT

(SLIDE 2)

THE FOUR ELEMENTS OF A
NATIONAL MINERAL STRATEGY

1. IMPROVE THE INVESTMENT CLIMATE
2. CONTROL GOVERNMENT-IMPOSED COSTS
3. ENCOURAGE PRODUCTIVITY GROWTH
4. FOREIGN POLICY INITIATIVES

(SLIDE 3)

THE INVESTMENT CLIMATE MUST

- SUSTAIN THE RESOURCE BASE**
- MATCH THE APPEAL OF INVESTMENT
IN COMPETITOR COUNTRIES**

(SLIDE 4)

MEASURES TO IMPROVE THE INVESTMENT CLIMATE

EXPLORATION

- KEY TO SUSTAINING THE RESOURCE BASE
- NEED ACCESS TO MINERALIZED LAND

DEVELOPMENT

- IMPORTANCE OF RECOVERY OF INVESTMENT
BEFORE TAXATION
- STREAMLINE APPROVAL PROCEDURES

PROFITS

- ACKNOWLEDGE RISK
- CYCLICAL CHARACTER/FLAT TAX
- ROYALTIES ARE INEQUITABLE
- TAX CROWN CORPORATIONS EQUALLY

FOREIGN INVESTMENT

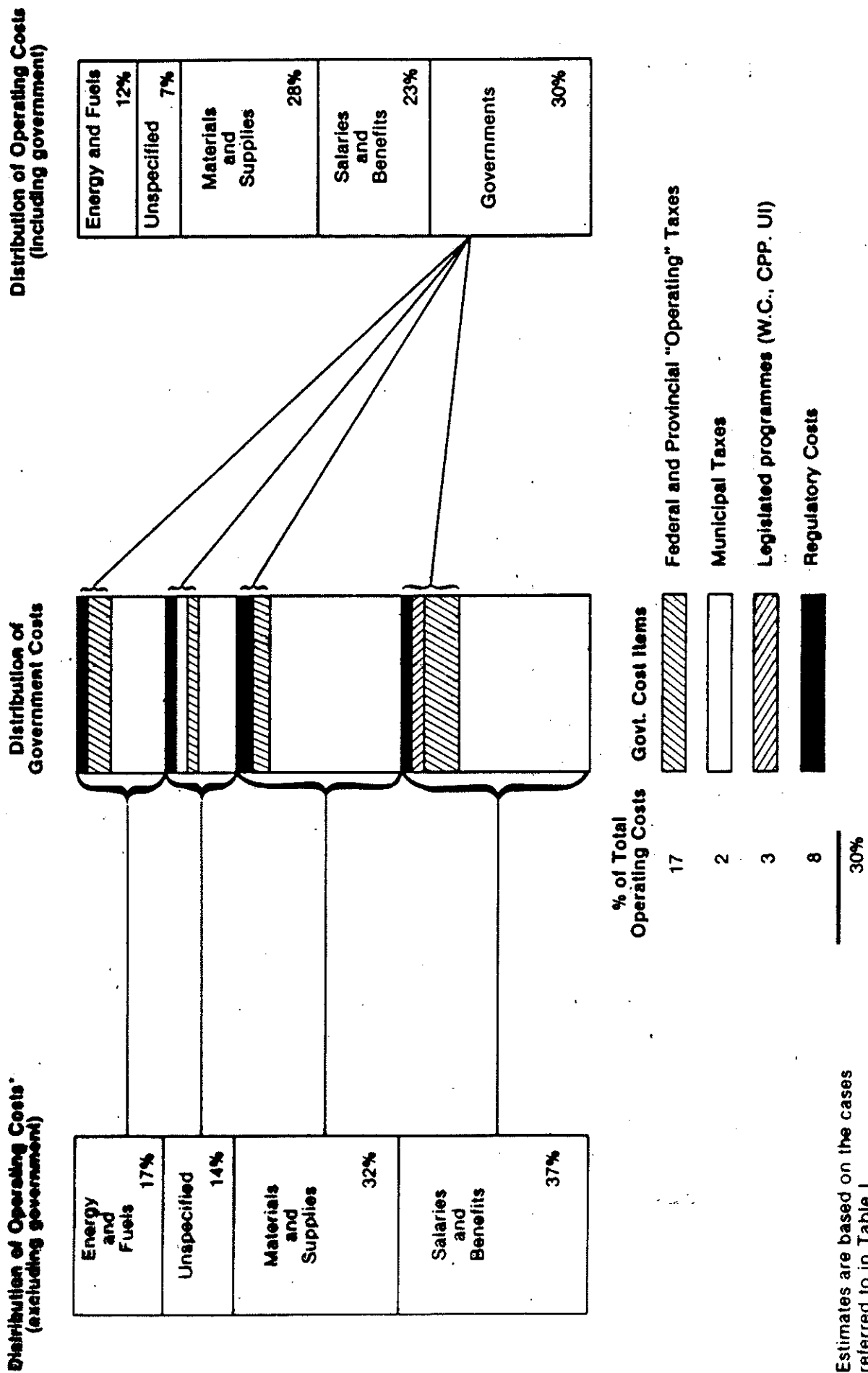
- MAKE IT WELCOME

NORTHERN DEVELOPMENT

- A SPECIAL "INVESTMENT" PROBLEM

(SLIDE 5)

Estimated Share of Operating Costs Attributable to Government Tax, Regulatory and Legislated Requirements.



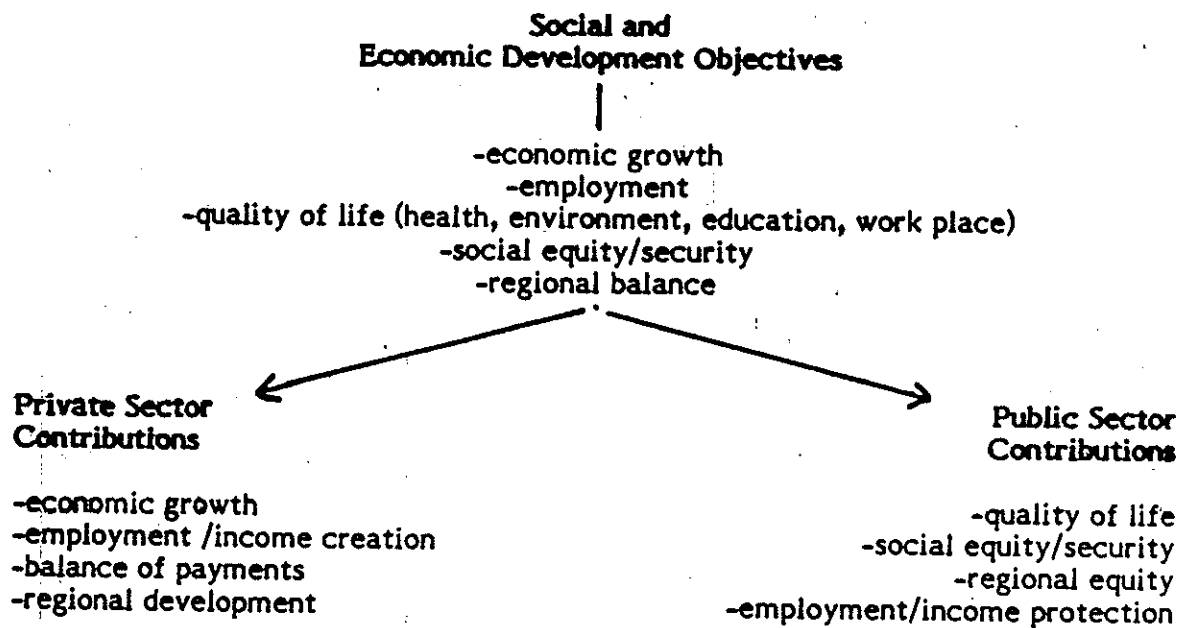
*Estimates are based on the cases referred to in Table I.

(SLIDE 6)

THE GOVERNMENT BURDEN

NEW MINE DEVELOPMENT	OPERATING COST BURDENS	ROYALTIES AND PROFIT TAXES
INCREASE COSTS (12% - 48%) [±]	30% [±] OF OPERATING COSTS	50% OF BEFORE-TAX PROFITS

(SLIDE 7)



(SLIDE 8)

THE GOVERNMENT BURDEN

NEW MINE
DEVELOPMENT

OPERATING COST
BURDENS

ROYALTIES AND
PROFIT TAXES

THE OBJECTIVE

- MANAGE TOTAL BURDEN IN A HOLISTIC MANNER

THIS REQUIRES

- ORGANIZATIONAL CHANGE IN BOTH LEVELS OF GOVERNMENT
- FEDERAL/PROVINCIAL HARMONIZATION

(SLIDE 9)

THE PRODUCTIVITY IMPERATIVE

"SOFT" DEMAND

- SLOWER ECONOMIC GROWTH
- TECHNOLOGICAL ADVANCE

MORE COMPETITION FOR MARKETS

POTENTIAL FOR EXCESS SUPPLY

SUBSIDIZED INVESTMENT AND PRODUCTION

TRADING PRACTICES

- CONSUMERS
- LDCs
- BARTER


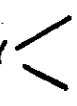
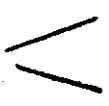
SOFT PRICES



The diagram consists of a large right-pointing arrow. The text 'SOFT PRICES' is positioned at the tip of the arrow. Along the left side of the arrow, there are several text elements: 'SOFT' DEMAND, 'SLOWER ECONOMIC GROWTH', 'TECHNOLOGICAL ADVANCE', 'MORE COMPETITION FOR MARKETS', 'POTENTIAL FOR EXCESS SUPPLY', 'SUBSIDIZED INVESTMENT AND PRODUCTION', and 'TRADING PRACTICES'. The last three items are followed by a bulleted list: '- CONSUMERS', '- LDCs', and '- BARTER'.

(SLIDE 10)

MEASURES TO ENHANCE PRODUCTIVITY

INDUSTRY EFFORTS	GOVERNMENT ROLE
CUT COSTS  INPUTS OPERATING	- BETTER MANAGE GOVERNMENT- IMPOSED COST BURDENS
TECHNOLOGY  PROCESS END USE	- R & D INCENTIVES - EXPLORATION INCENTIVES - SUPPORT SEARCH FOR NEW END USES
PEOPLE  WORKERS MANAGEMENT	- FLEXIBLE APPROACH TO TECHNOLOGICAL ADJUSTMENT
ORGANIZATIONAL CHANGE	

(SLIDE 11)

TRADE POLICY ISSUES

- THIRD WORLD INVESTMENT SUBSIDIES
- "SOCIAL" PRODUCTION
- NTBs AND OTHER CONSTRAINTS TO
MARKET ACCESS
- PREFERENTIAL TRADING ARRANGEMENTS

(SLIDE 12)

FOREIGN POLICY NEEDS

THE OBJECTIVE

- EFFECTIVE, UNIFORM RULES

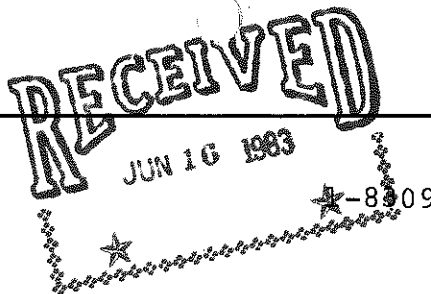
THIS REQUIRES

- RE-THINK INTERNATIONAL LENDING POLICY
IN SUPPORT OF THIRD WORLD MINERAL
INVESTMENT
- ELIMINATION OF ANTI-COMPETITIVE
TRADING PRACTICES

(SLIDE 13)

BUT WHAT ABOUT ----- ?

- ENVIRONMENTAL PROTECTION
- DECLINING COMMUNITIES
- FURTHER PROCESSING
- "BUY CANADIAN"
- NATIVE PEOPLES
- WOMEN
- REGIONAL EQUITY

Indian and Northern
Affairs CanadaAffaires indiennes
et du Nord CanadaDIAND TO PUBLISH REGULATORY AGENDAS

B.J.E. JUN 10 1983

OTTAWA (June 7, 1983) -- The Department of Indian Affairs and Northern Development is making it easier for interested Canadians to understand and influence the rules by which it operates, the Honourable John C. Munro announced today.

Regulations on Indian health, mining, oil and gas royalties, territorial lands, forest policy and implementation of the Canadian Charter of Rights and Freedoms are among measures to be considered in coming months, the Indian and Northern Affairs Minister said.

The federal government will publish twice yearly a set of regulations to be considered for possible change by participating departments and agencies. The purpose of this regulatory agenda is to provide the public with advance notice of proposed regulatory actions so that groups and individuals can make their views known.

DIAND is one of the 10 federal departments and four agencies preparing regulatory agendas, as a part of the federal government's regulatory reform program and in response to the

.../2

Communiqué

government's concern for effective consultation with the private sector.

"This initiative is intended to foster constructive consultation and increase the efficiency of the regulatory process," said Mr. Munro. "Regulatory changes can have considerable effect on people's lives. Therefore it is only right that people be given the opportunity to make their views known in advance of policy changes."

Agendas will be published as a supplement to the Canada Gazette Part I, in May and November. Each agenda will include statements of the issues to be addressed, together with potential regulatory actions, time frames, legal authorities and the names, addresses and telephone numbers of officials who can respond to questions.

Subscriptions to the agenda are available from the Canadian Government Publishing Centre, Ottawa, K1A 0S9, for \$5.00 a year.

For further information, contact: Valerie Bachynsky
(819) 997-0060
Indian Affairs and Northern Development



1-8309

MAINC : PUBLICATION DES ÉTATS DES PROJETS DE RÉGLEMENTATION

(Ottawa, le 7 juin 1983) — Le ministère des Affaires indiennes et du Nord canadien cherche à mieux faire comprendre aux Canadiens qui le souhaitent les règles qui sont à la base de son fonctionnement et qui jouent un rôle sur ses activités, a déclaré aujourd'hui M. John Munro.

Les règlements sur la santé des Indiens, sur l'exploitation minière, sur les redevances sur les hydrocarbures, sur les terres territoriales, sur la politique forestière et sur la mise en œuvre de la Charte canadienne des droits et libertés font partie des questions qui seront étudiées au cours des prochains mois.

Le gouvernement fédéral publiera deux fois par an l'ensemble des règlements qui seront examinés par les ministères et les organismes intéressés, afin d'y apporter d'éventuelles modifications. Un État des projets de réglementation permettra aux groupes et aux particuliers d'exprimer leurs opinions sur les projets de réglementation avant qu'ils ne soient adoptés.

Dix ministères dont le MAINC et quatre organismes fédéraux dressent des États des projets de réglementation, dans le cadre du Programme de réforme de la réglementation, pour répondre au désir du gouvernement de voir s'établir une collaboration avec le secteur privé et ce, par le biais de la consultation.

Communiqué

"Cette démarche a pour objet d'assurer une consultation positive et d'accroître la valeur du processus de réglementation. La modification d'un règlement peut avoir des conséquences considérables sur la vie des gens. Il est donc normal que les individus donnent leur avis avant qu'on ne fasse des changements", de dire le Ministre.

Ces états paraîtront dans un supplément à la Gazette du Canada, Partie I, en mai et en novembre. Chaque document contiendra des renseignements sur les questions faisant l'objet d'éventuelles réglementations, les réglementations proposées elles-mêmes, les calendriers, les pouvoirs juridiques et les noms, les adresses et les numéros de téléphone des personnes autorisées à répondre aux questions.

On peut s'abonner aux États auprès du Centre d'édition du gouvernement du Canada, Ottawa, K1A 0S9, pour la somme de 5 \$ par an.

- 30 -

Réf. : Valerie Bachynsky

Affaires indiennes et du Nord Canada

(819) 997-0060



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Canada



*(Extract from the Supplement to the Canada Gazette Part I
of Saturday, May 28, 1983)*

*(Extrait du supplément à la Gazette du Canada Partie I du
samedi 28 mai 1983)*

**DEPARTMENT
OF INDIAN AFFAIRS
AND NORTHERN DEVELOPMENT**

**MINISTÈRE
DES AFFAIRES INDIENNES
ET DU NORD CANADIEN**

**REGULATORY
AGENDA**

**ÉTAT DES PROJETS
DE RÉGLEMENTATION**

May 1983

Mai 1983

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

REGULATORY AGENDA

INTRODUCTION

ABOUT THE AGENDAS

It is the policy of the Government of Canada to provide the earliest possible notice of proposed or contemplated regulatory initiatives. The government believes that providing such notice fosters constructive consultation and increases the efficiency of the regulatory process itself, resulting in improved and less burdensome regulation. Publication of Regulatory Agendas by departments of the government will help achieve these objectives.

Regulatory Agendas provide an early notice and tracking system of possible regulatory initiatives. Through the Agendas, private sector interests such as business, labour, and consumers are informed of initiatives that may affect them.

Regulatory Agendas are not intended to provide detailed information on any particular initiative. Rather, they only provide enough information so that readers can decide whether or not they wish to learn more or to become involved in the consideration and development of the initiative through the consultative process. Each entry in the Agenda lists a "Contact Person" who will be able to provide more specific information. In addition, by indicating the status of the initiative, each entry allows interested parties to know the time period available to them to provide their ideas and comments to the regulating department.

Regulatory Initiative Defined

Selection of regulatory initiatives for Agenda publication requires both a clear understanding of what regulation is, in its generic as distinct from legal sense, and what a regulatory initiative is.

In the broad generic sense, regulation is the imposition of rules on the private sector for the purpose of modifying behaviour. Such rules typically govern prices, output, rates of return, conditions of market entry and/or exit, methods of production, attributes of a product or service, disclosure of information, or conditions of service. Agendas should give notice of possible regulatory intervention through any means including both the creation and the revision of policies, programs, statutes, subordinate legislation (regulations), policy directives, guidelines and orders.

MINISTÈRE DES AFFAIRES INDIENNES ET DU NORD CANADIEN

ÉTAT DES PROJETS DE RÉGLEMENTATION

INTRODUCTION

APERÇU DES ÉTATS DES PROJETS DE RÉGLEMENTATION

Le gouvernement du Canada fait publier l'avis le plus tôt possible de ses initiatives de réglementation proposées ou probables, car il veut améliorer ainsi la consultation et l'efficacité du processus de réglementation et aider à établir des règlements plus pertinents et moins gênants. La publication de ces états par des ministères fédéraux l'aidera à atteindre ces objectifs.

Ces états des projets permettent au public (gens d'affaires, main-d'œuvre, consommateurs) de savoir à l'avance quels sont les règlements envisagés par les autorités fédérales, de suivre les diverses étapes de leur préparation et de participer éventuellement à leur examen et à leur élaboration.

Les états des projets ne comportent pas de renseignements détaillés sur un règlement particulier, mais ils donnent aux lecteurs les éléments essentiels pour déterminer s'ils veulent en savoir davantage. Ils mentionnent le nom de la personne à joindre pour obtenir des précisions complémentaires sur chaque règlement et précisent le statut de chaque mesure, ce qui permet aux intéressés de savoir dans quels délais ils devront présenter leurs idées et leurs commentaires au ministère de régulation.

Définition d'une mesure de réglementation

Pour choisir les mesures à publier dans les états des projets, il faut bien comprendre ce qu'est un règlement dans son acception générique plutôt que juridique et ce qu'est une mesure de réglementation.

Dans son acception générique, un règlement est une règle imposée au secteur privé pour modifier son comportement. D'habitude des règlements portent sur les prix, les produits, les taux de rendement et les conditions d'entrée et de sortie du marché, les méthodes de production, les attributs d'un produit ou d'un service, la divulgation de renseignements ou les conditions de service. Alors les états devraient donner avis de l'intervention réglementaire possible par tous les moyens y compris la création et la révision des politiques, des programmes, des lois, de la législation complémentaire (règlements), des directives, des lignes directrices et des décrets.

Caveat and Exemptions

Regulatory Agendas are information documents only and are not promises of action or promises to legislate. They are not legally binding on the Government of Canada.

Ministers have overriding discretion regarding the inclusion of specific entries in their department's agendas. Ministers are guided, in exercising their discretion, by the following categories of exemptions:

- emergency matters
- matters that might impair federal-provincial relations
- matters that might impair international relations
- matters that might dislocate private sector markets (wind-fall gains or losses)
- matters that might impair national security
- matters that might breach Parliamentary privilege
- matters that might breach Cabinet confidentiality.

Coverage and Timing of Agendas

Beginning in May 1983, Regulatory Agendas will be published in May and November of each year as a Supplement to the *Canada Gazette* by the departments listed below. The listing is in alphabetical order in English and corresponds to the order of the departmental agendas in the Supplement.

Agriculture
Communications
Consumer and Corporate Affairs
Energy, Mines and Resources
Environment
Fisheries and Oceans
Health and Welfare
Indian Affairs and Northern Development
Labour
Transport

The federal regulatory agencies listed below have agreed to participate in the Regulatory Agenda process and will also publish agendas in May and November of each year; the National Energy Board will continue to publish its quarterly agendas. The listing is in alphabetical order in English and corresponds to the order of the agency agendas in the Supplement; agency agendas follow the departmental agendas.

Atomic Energy Control Board
Canadian Radio-television and Telecommunications Commission
Canadian Transport Commission
National Energy Board

Arrangement of Content of Agendas

Regulatory Agendas for departments consist of six sections. The *Introduction* that you are now reading forms an integral part of each department's Agenda. The second indicates the Regulatory Responsibilities. The other four provide the key to the numbering of the initiatives:

1. Possible Actions
2. Policy Reviews and Analyses

Caveat et exemptions

Les états des projets de réglementation ne sont donnés qu'à titre indicatif et ne constituent pas une promesse d'action ou un engagement formel de la part du gouvernement du Canada.

Les ministres ont cependant le pouvoir d'interdire l'inclusion de certains règlements dans les états de leurs ministères, et se guident pour cela sur les catégories suivantes d'exemptions:

- questions d'urgence
- questions qui peuvent compromettre les relations fédérales-provinciales
- questions qui peuvent être préjudiciables aux relations internationales
- questions qui peuvent désorganiser les marchés du secteur privé (gains ou pertes inattendus)
- questions qui peuvent être préjudiciables à la sécurité nationale
- questions qui peuvent porter atteinte aux privilèges du Parlement
- questions qui peuvent violer le secret professionnel du Cabinet.

Couverture et calendrier des états des projets

A partir de mai 1983, les états des projets de réglementation seront publiés en mai et novembre de chaque année dans un supplément à la *Gazette du Canada* par les ministères suivants. La liste est dressée selon l'ordre alphabétique anglais des ministères et correspond à l'ordre des états des projets de réglementation du supplément.

Agriculture
Communications
Consommation et Corporations
Énergie, Mines et Ressources
Environnement
Pêches et Océans
Santé et Bien-être social
Affaires indiennes et du Nord
Travail
Transports

Les organismes fédéraux de réglementation suivants ont accepté de participer au processus des états des projets de réglementation et publieront aussi des états en mai et novembre de chaque année. L'Office national de l'énergie publiera ses états trimestriellement. La liste est dressée selon l'ordre alphabétique anglais et correspond à l'ordre du supplément; les états des organismes suivront ceux des ministères.

Commission de contrôle de l'énergie atomique
Conseil de la radiodiffusion et des télécommunications canadiennes
Commission canadienne des transports
Office national de l'énergie

Disposition du contenu des états des projets

Les états des projets de réglementation des ministères comprennent six sections. L'*introduction* que vous voyez actuellement est une partie intégrale de l'état des projets de réglementation de chaque ministère. La deuxième dénote les responsabilités de réglementation. Les quatre autres donnent la clef au système de numérotation des initiatives:

1. Mesures possibles
2. Examens des politiques et analyses

3. Regulatory Program Evaluation Schedule 4. Completed Matters

Some departments have made arrangements with the Publishing Centre of the Department of Supply and Services to have their own Agendas printed separately and sold by the Publishing Centre.

Content of the Sections of the Agenda

The following describes the types of information that is found in the various sections of the Agenda.

The *Introduction* explains the concept and use of Regulatory Agendas. This section is included in every edition of each department's Agenda.

Regulatory Responsibilities of (name of department or sub-unit of department (e.g. branch, administration, etc.)), identifies and explains departmental regulatory activities and objectives. Departments may list statutes administered and provide any other information they consider useful to the reader.

Section 1, *Possible Actions*, identifies possible corrective measures the department is considering that would address specific areas of regulatory concern. Until a corrective measure has received final legal approval, such as approval by Parliament, by Cabinet, or by a Minister, it must be considered a "possible action".

Among the information components included in this section are two that require explanation:

(a) *Legal Authority*—When applicable, this entry allows the department to cite, by reference, the statutory provision that authorizes the possible action. In practice, reference is most often made to statutes that authorize subordinate legislation.

(b) *Impact Analysis*—This entry allows departments to indicate whether Chapter 490 of the Government of Canada, Administrative Policy Manual requires a Socio-Economic Impact Analysis (SEIA) for the proposed regulation.

Section 2, *Policy Reviews and Analyses*, identifies and describes major regulatory policy reviews that have been announced as being planned or under way by the department.

Note: This section can also be used to describe planned or ongoing departmental research activities that are related to possible regulatory changes at a time when public knowledge of them would be most valuable because it would encourage private sector comment.

Section 3, *Regulatory Program Evaluation Schedule*, excerpts information from the Departmental Program Evaluation Plan, listing those program components that include regulatory activities, and providing target dates for commencement and completion of the two major steps in the Evaluation Process: the "Planning Stage" and the actual "Evaluation Study". At a minimum, this section includes program components that the department will evaluate within the next two years.

Under Treasury Board Policy Directive 1977-47, federal departments are required to carry out periodic evaluation of all departmental activities, including regulatory activities. These activities, broken down into program components, are listed in a Departmental Program Evaluation Plan, together with a tentative schedule for carrying out the evaluations over a three- to five-year cycle.

3. Cédule de l'évaluation des programmes de réglementation 4. Questions réglées

Certains ministères ont une entente avec le Centre d'édition du ministère des Approvisionnements et Services afin que leurs états soient publiés individuellement et vendus par l'entremise du Centre d'édition.

Contenu des sections de l'état des projets

Voici le type d'information qui figure dans les sections de l'état des projets.

L'*introduction* expose le concept de l'état des projets et explique comment utiliser ce document. L'introduction figure dans chaque édition de chaque état des projets du ministère.

Responsabilités de réglementation (nom du ministère ou du service du ministère (par ex. direction, administration, etc.)), mentionne les activités et les objectifs de réglementation du ministère et donne quelques explications à leur sujet. Les ministères peuvent énumérer les lois dont ils surveillent l'application et donner toute information qui peut aider le lecteur.

Section 1, *Mesures possibles*, énumère les mesures que le ministère pourrait prendre pour corriger un aspect particulier de la réglementation. Jusqu'à ce qu'une mesure corrective ait reçue l'approbation juridique finale, telle la sanction du Parlement, du Cabinet ou d'un Ministre, elle doit être considérée comme une « mesure possible ».

Il y a dans cette section, deux sous-sections qui doivent être élaborées:

a) *Fondement juridique*—Ici, une citation légale est donnée pour l'autorisation statutaire de la mesure possible. En pratique, l'on cite le fondement juridique le plus souvent lorsque l'on considère la législation déléguée (un règlement).

b) *Analyse de l'impact*—Dans les cas de législation déléguée, les ministères indiquent si une analyse de l'impact socio-économique (AISE) conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada est requise.

Section 2, *Examens des politiques et analyses*, énumère et décrit les principaux examens de politique de réglementation qui sont prévus ou en cours.

Nota: Dans cette section, on peut décrire aussi les travaux ministériels de recherches en matière de réglementation, prévus ou en cours, au moment où il serait le plus opportun de les communiquer au secteur privé pour connaître sa réaction.

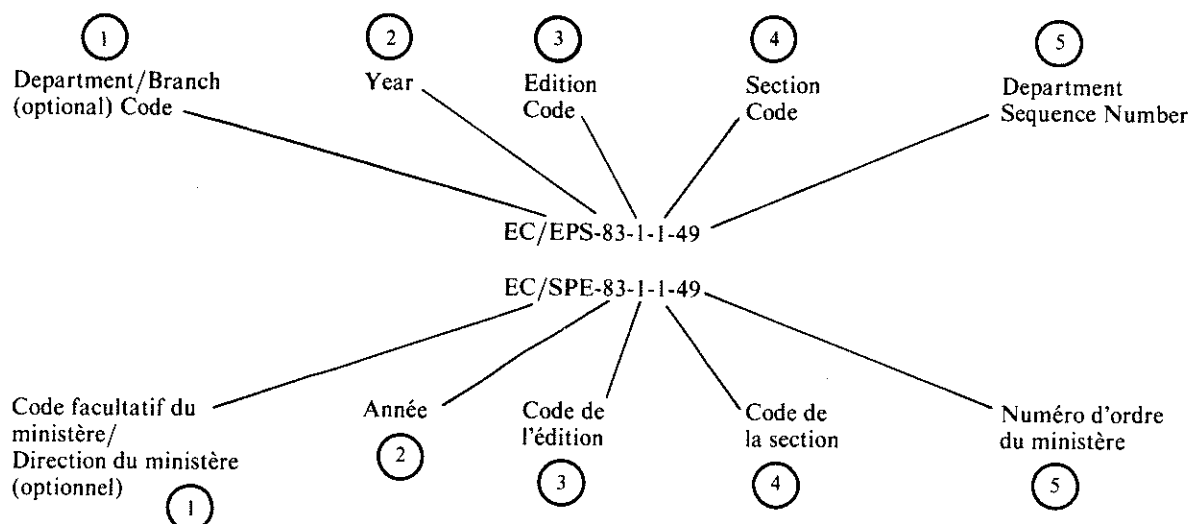
Section 3, *Cédule de l'évaluation des programmes de réglementation*, présente des renseignements extraits du plan de l'évaluation des programmes ministériels, cite les composantes des programmes qui incluent des activités de réglementation et indique les dates auxquelles doivent commencer et finir les deux principales phases du processus d'évaluation qui sont le stade de la planification et l'étude de l'évaluation. Cette section indique au moins les composantes des programmes que le ministère évaluera ou examinera dans les deux prochaines années.

Conformément à la directive 1977-47 du Conseil du Trésor, les ministères fédéraux doivent évaluer périodiquement toutes leurs activités, y compris celles de réglementation. Ces activités qui sont divisées en composantes des programmes, sont énumérées dans le plan de l'évaluation des programmes ministériels et sont accompagnées d'une cédule provisoire concernant les évaluations qui auront lieu au moins une fois tous les trois ou cinq ans.

Section 4, *Completed Matters*, identifies items from previous Agendas that have been either completed or dropped. It also includes actions that were initiated and completed between May and November or November and May editions of the Agenda. Items are listed in this section for two successive editions of the Agenda (one year) and are then deleted.

How to Use Entry Numbers

Each entry in the Agendas is assigned a number. The number illustrated below identifies the elements of the number: the first two elements are self-explanatory. The third element of the number will be either "1" for a May issue or "2" for a November issue. The fourth element identifies the type of initiative. The fifth element of the number has been assigned to initiatives in sequence: numbers assigned after the first edition of May 1983 will be assigned chronologically.



Further Information

Further information about individual regulatory initiatives is available from the "Contact Person" listed at the end of each entry. Requests for further information about the Agenda process or comments on the Agenda process should be addressed to the Office of Regulatory Reform, Treasury Board, Ottawa, Ontario K1A 0R5.

Section 4, *Questions réglées*, indique les questions qui ont figuré dans des états antérieurs, mais qui ont été réglées ou écartées entre-temps. Elle mentionne également les actions commencées et terminées entre les publications (mai et novembre ou novembre et mai) de l'état des projets. Les questions dans cette section figureront dans deux éditions successives de l'état des projets (un an) puis seront écartées.

Comment interpréter les numéros d'entrée

Chaque inscription faite dans les états des projets a un numéro. Le nombre illustré ci-dessous démontre les éléments de l'inscription: les deux premiers éléments ne demandent aucune explication. Le troisième élément sera soit «1» pour l'édition de mai ou «2» pour l'édition de novembre. Le quatrième élément démontre le type d'initiative. Le cinquième élément est assigné aux initiatives en séquence: les numéros donnés après la première édition de mai 1983 seront assignés chronologiquement.

Renseignements supplémentaires

La personne-ressource indiquée à la fin de chaque inscription peut fournir de plus amples renseignements sur des mesures de réglementation particulières. Les demandes pour de plus amples renseignements sur le processus des états des projets et les commentaires sur le processus des états devraient être adressés au Bureau de la réforme de la réglementation, Conseil du Trésor, Ottawa (Ontario) K1A 0R5.

REGULATORY RESPONSIBILITIES OF THE DEPARTMENT

The Department of Indian and Northern Affairs is responsible for the administration of 36 acts including the Department of Indian Affairs and Northern Development Act which gives the Minister the responsibility for three major areas: Indian Affairs; the Northwest Territories and the Yukon Territory and their resources and affairs; and Inuit affairs.

The statutory commitments of the Department are generally administered by the two main operating programs; Indian and Inuit Affairs and Northern Affairs.

REGULATORY RESPONSIBILITIES OF THE INDIAN AND INUIT AFFAIRS PROGRAM

Regulations may be made pursuant to the Indian Act, R.S.C. 1970, c. I-6 and the Indian Oil and Gas Act, S.C. 1974-75, c. 15.

Under the Indian Act a general power to make Regulations and orders to carry out the purposes and the provisions of the Act is conferred on the Governor in Council by subsection 73(3). Specific regulation-making authority is conferred by various sections of the Act. Such Regulations cover the administration of estates of deceased Indians who resided on reserve or on crown lands; the licensing of timber cutting on Indian reserves; the disposition of surrendered mines and minerals underlying lands in a reserve; orders permitting Indian Bands to control, manage and expend their revenue monies; the making of loans to or on behalf of Indians; specific powers concerning reserve affairs; the method of nominating and electing chiefs and band councils and the manner of voting, including appeals from elections, band meetings and band council meetings; and liquor referenda on reserves.

In addition to the Regulation-making powers conferred on the Governor in Council by the Indian Act, all band councils are empowered to make by-laws regulating such matters pertaining to reserve affairs as are set out in section 81.

Pursuant to section 4 of the Indian Oil and Gas Act the Governor in Council may make Regulations concerning the exploitation of oil and gas in Indian land including the granting of leases, permits and licenses, the disposition of interests in such lands, and the prescribing of royalties on oil and gas obtained from Indian lands.

RESPONSABILITÉS DU MINISTÈRE EN MATIÈRE DE RÉGLEMENTATION

Le ministère des Affaires indiennes et du Nord canadien est chargé de l'exécution de 36 lois, dont la *Loi sur le ministère des Affaires indiennes et du Nord canadien* qui confie au Ministre la responsabilité des trois secteurs principaux suivants : les Affaires indiennes, les Territoires du Nord-Ouest et le territoire du Yukon ainsi que leurs ressources et leurs affaires; et les affaires inuit.

Règle générale, ce sont les deux principaux programmes d'exécution, soit le Programme des Affaires indiennes et inuit et celui des affaires du Nord, qui s'acquittent des obligations que la Loi impose au Ministère.

RESPONSABILITÉS DU PROGRAMME DES AFFAIRES INDIENNES ET INUIT EN MATIÈRE DE RÉGLEMENTATION

Des Règlements peuvent être adoptés en vertu de la *Loi sur les Indiens*, S.R.C. 1970, c. I-6 et de la *Loi sur le pétrole et le gaz des terres indiennes*, S.C. 1974-1975, c. 15.

Le paragraphe 73(3) de la *Loi sur les Indiens* confère au gouverneur en conseil le pouvoir d'établir des décrets et Règlements pour la réalisation des fins et l'application des dispositions de cette Loi. D'autres articles de la même Loi autorisent l'établissement de Règlements préavis. Ceux-ci portent sur les biens des Indiens décédés qui habitaient dans les réserves ou sur les terres de la Couronne; l'émission de permis de coupe de bois dans les réserves; l'aliénation de mines et minéraux cédés dans le sous-sol d'une réserve; les décrets qui permettent aux bandes indiennes de contrôler, de gérer et de dépenser leurs deniers de revenu; les prêts accordés aux Indiens ou en leur nom; les pouvoirs particuliers propres aux affaires des réserves; le mode de mise en nomination et d'élection des chefs et des conseils de bande ainsi que le mode de scrutin, y compris les mécanismes d'appel et les règles de procédures des assemblées de la bande ou du conseil; et les référendums sur l'alcool dans les réserves.

En plus des pouvoirs de réglementation que confère la *Loi sur les Indiens* au gouverneur en conseil, tous les conseils de bande peuvent établir des statuts administratifs sur toutes les questions relatives aux affaires de la réserve, conformément à l'article 81.

En vertu de l'article 4 de la *Loi sur le pétrole et le gaz des terres indiennes*, le gouverneur en conseil peut établir des Règlements sur l'exploitation du pétrole et du gaz des terres indiennes, y compris l'octroi de baux, permis et licences à cette fin, sur l'aliénation de droits sur des terres indiennes et, enfin, sur la prescription de redevances sur le pétrole et le gaz tirés des terres indiennes.

POSSIBLE ACTIONS

Entry Number

INAC/IIA-83-1-1-1

Title

ADMINISTRATION OF PROPERTY OF MENTALLY INCOMPETENT, INFANT AND DECEASED INDIANS

Statement of Problems

New or amended Regulations are required to modernize the administration of property of mentally incompetent, infant and deceased Indians. The current Estates Regulations (C.R.C. 1978, c. 954) do not adequately deal with family obligations to support dependents and portions may conflict with the equality rights guaranteed in the Canadian Charter of Rights and Freedoms.

Possible Action

The Department has considered the following options for improving the administration of property of mentally incompetent, infant and deceased Indians:

—developing new or amended Regulations for the administration of property of mentally incompetent and infant Indians.

—developing new Estates Regulations.

Legal Authority

Indian Act, R.S.C. 1970, c. I-6, s. 42 to 52.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

A second draft of the Estates Regulations has been prepared. A review will be completed during 1983-84.

Contact Person

Fred Singleton, Director, Lands, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1363.

Entry Number

INAC/IIA-83-1-1-2

Title

INDIAN HEALTH REGULATIONS

Statement of Problems

Section 7 of the Indian Health Regulations (C.R.C. 1970, c. 955) may conflict with section 7 of the Canadian Charter of Rights and Freedoms.

It appears that the authority of a "superintendent" could be exercised arbitrarily when ordering Indian people to undergo

MESURES POSSIBLES

Numéro d'entrée

AINC/AII-83-1-1-1

Titre

ADMINISTRATION DES BIENS DES INDIENS MINEURS, MENTALEMENT INCAPABLES OU DÉCÉDÉS

Exposé du problème

Il faut modifier les Règlements existants ou en rédiger de nouveaux afin de moderniser l'administration des biens des Indiens mineurs, mentalement incapables ou décédés. L'actuel Règlement sur les successions d'Indiens (C.R.C. 1978, c. 954) ne tient pas suffisamment compte de l'obligation pour la famille de subvenir aux besoins de personnes à charge et certaines de ses dispositions pourraient contrevenir aux droits d'égalité garantis par la Charte canadienne des droits et libertés.

Mesure possible

Voici quelles sont les mesures auxquelles songe le Ministère pour améliorer l'administration des biens des Indiens mineurs, mentalement incapables ou décédés:

—modifier les Règlements existants ou en rédiger de nouveaux, en matière d'administration des biens des Indiens mineurs, mentalement incapables ou décédés.

—adopter de nouveaux Règlements sur les successions.

Fondement juridique

Loi sur les Indiens, S.R.C. 1970, c. I-6, art. 42 à 52.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

On a rédigé une deuxième ébauche de Règlement sur les successions. Une révision sera complétée en 1983-84.

Personne-ressource

Fred Singleton, Directeur des Terres, Réserves et fidéicomis, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1363.

Numéro d'entrée

AINC/AII-83-1-1-2

Titre

RÈGLEMENT SUR LA SANTÉ DES INDIENS

Exposé du problème

L'article 7 du Règlement sur la santé des Indiens (C.R.C. 1970, c. 955) peut contrevenir à l'article 7 de la Charte canadienne des droits et libertés.

Il semble que le pouvoir du «surintendant» d'ordonner à un Indien de passer un examen médical et de suivre un traitement

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medical examination and follow treatment for infectious diseases. Such exercise of authority might violate the "legal rights" section under the Charter. Furthermore, as there is no longer a "superintendent" within the meaning of the Indian Act, confusion arises as to who should exercise the Regulations.

Possible Action

The range of actions have been identified as follows:

- amending the Regulations only to the extent required to achieve consistency with the Charter.
- revising and modernizing the Regulations.
- revoking the Regulations thereby allowing provincial legislation and band by-laws made pursuant to paragraph 81(a) of the Indian Act, to apply.

Legal Authority

Indian Act, R.S.C. 1970, c. I-6, s. 73(1)(f) to (j).

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

Discussions are underway with Health and Welfare Canada which administers these Regulations.

Contact Person

Dave Kogawa, Care and Rehabilitation of Adults, Social Development Directorate, or Laurel Clow, Acting Director, Policy Coordination and Band Government Development, Telephone: (819) 994-1240, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4.

Entry Number

INAC/IIA-83-1-1-3

Title

INDIAN MINING REGULATIONS

Statement of Problems

The Standing Joint Committee on Regulations and Other Statutory Instruments has questioned the broad discretion conferred on the Division Chief concerning renewal of leases as described under subsection 23(2) of the Indian Mining Regulations, C.R.C. 1970, c. 956.

Possible Action

The Department is considering the Committee's comments and a review of the Indian Mining Regulations.

en cas de maladie infectieuse pourrait laisser place à l'arbitraire. L'exercice de ce pouvoir pourrait aller à l'encontre de l'article sur les «garanties juridiques» que renferme la Charte. En outre, le fait qu'il n'y ait plus de «surintendant» proprement dit, au sens où l'entend la *Loi sur les Indiens*, entraîne une certaine confusion quant à l'identité de la personne qui doit voir à l'application du Règlement.

Mesure possible

Voici les mesures qui pourraient être prises :

- modifier le Règlement seulement dans la mesure où cela est nécessaire pour le rendre compatible avec la Charte.
- réviser et moderniser le Règlement.
- abroger le Règlement et permettre ainsi aux lois provinciales et aux statuts administratifs établis par des conseils de bandes aux termes de l'alinéa 81a) de la *Loi sur les Indiens*, de s'appliquer.

Fondement juridique

Les alinéas 73(1)f) à j) de la *Loi sur les Indiens*, S.R.C. 1970, c. I-6.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

Des discussions sont en cours avec le ministère de la Santé et du Bien-être social du Canada qui est chargé de l'application de ce Règlement.

Personne-ressource

Dave Kogawa, Soins aux adultes et services de réhabilitation, Direction du développement social, Téléphone: (819) 994-4170, ou Laurel Clow, Directeur intérimaire de la Coordination des politiques et de la promotion de l'administration locale, Téléphone: (819) 994-1240, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4.

Numéro d'entrée

AINC/AII-83-1-1-3

Titre

RÈGLEMENT SUR L'EXPLOITATION MINIÈRE
DANS LES RÉSERVES INDIENNES

Exposé du problème

Le Comité mixte permanent des Règlements et autres textes réglementaires a remis en question la latitude laissée au chef de Division en ce qui a trait au renouvellement des baux en vertu du paragraphe 23(2) du Règlement sur l'exploitation minière dans les réserves indiennes, C.R.C. 1970, c. 956.

Mesure possible

Le ministère est en train d'étudier les observations faites par le Comité et prévoit revoir le Règlement sur l'exploitation minière dans les réserves indiennes.

Legal Authority

Indian Act, R.S.C. 1970, c. I-6, s. 57.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not concern health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

It is intended that the review will begin in 1983-84.

Contact Person

S. A. Crandall, Director, Indian Natural Resources, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1327.

Entry Number

INAC/IIA-83-1-1-4

Title

INDIAN OFF-RESERVE AND ESKIMO HOUSING REGULATIONS

Statement of Problems

There have been inquiries by the Standing Joint Committee on Regulations and Other Statutory Instruments as to the status of the Regulations. For instance, the existing sliding scale for providing a maximum second mortgage loan is now obsolete due to inflation. Consequently, the volume of housing loans approved has dropped from a high of 303 in 1974-75 to a low of 22 in 1983-84 although the demand for housing has not diminished.

Possible Action

The Department will seek approval for proposed amendments to increase the forgivable mortgage scale and extend criteria with respect to categories of employment eligible for application.

Legal Authority

Appropriations Acts.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Fondement juridique

Loi sur les Indiens, S.R.C. 1970, c. I-6, art. 57.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

La révision devrait commencer en 1983-1984.

Personne-ressource

S. A. Crandall, Directeur des Ressources naturelles des Indiens, Réserves et fidéicomis, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1327.

Numéro d'entrée

AINC/AII-83-1-1-4

Titre

RÈGLEMENT SUR LE LOGEMENT D'INDIENS QUI VIVENT HORS DES RÉSERVES ET D'ESQUIMAUX

Exposé du problème

Le Comité mixte permanent des Règlements et autres textes réglementaires s'est interrogé sur la valeur du Règlement. Par exemple, l'échelle mobile qui sert à calculer le montant maximum à prêter en deuxième hypothèque est maintenant désuète à cause de l'inflation. Le nombre de prêts accordés pour le logement, qui avait atteint son point culminant en 1974-1975 avec 303 prêts, est passé à seulement 22 en 1983-1984, bien que la demande de logements ne soit pas moins forte.

Mesure possible

Le Ministère cherchera à faire approuver les modifications qu'il propose d'apporter à ce Règlement afin de hausser l'échelle d'hypothèque-subvention et d'étendre les critères d'admissibilité relatifs aux catégories d'emplois.

Fondement juridique

Lois portant affectation de crédits.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité où l'entend le chapitre 490.

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Current Status/Future Timetable

The Department is seeking approval for its proposals.

Contact Person

Jean Brisebois or Derek Dawson, Housing Directorate, Housing and Band Support, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-3131.

Situation/Calendrier

Le Ministère cherche à faire approuver ses propositions.

Personne-ressource

Jean Brisebois ou Derek Dawson, Direction du logement, Logement et soutien des bandes, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-3131.

Entry Number

INAC/IIA-83-1-1-5

Title

INDIAN OIL AND GAS REGULATIONS

Numéro d'entrée

AINC/AII-83-1-1-5

Titre

RÈGLEMENT SUR LE PÉTROLE ET LE GAZ DES TERRES INDIENNES

Statement of Problems

The Standing Joint Committee on Regulatory and Other Statutory Instruments has questioned the double delegation of management duties to the Minister and Manager as described in the Regulations. According to the Committee, the Manager's discretionary powers are such that procedures which are explicitly contained in the Regulations can be by-passed. Furthermore the Regulations are unclear respecting the Manager's relationship with Band Councils.

Exposé du problème

Le Comité mixte permanent des Règlements et autres textes réglementaires a remis en question la double délégation, prévue dans le Règlement de fonctions administratives au Ministre et au «gestionnaire des ressources minérales.» Selon le Comité, les pouvoirs discrétionnaires du gestionnaire sont tels que certaines procédures mentionnées expressément dans le Règlement peuvent être contournées. De plus, le Règlement n'est pas très clair en ce qui concerne la relation entre le gestionnaire et les conseils de bande.

Possible Action

The Department is considering the amendment of these Regulations.

Mesure possible

Le Ministère songe à modifier le Règlement.

Legal Authority

Indian Oil and Gas Act, S.C. 1974-75-76, c. 15, s. 4.

Fondement juridique

Loi sur le pétrole et le gaz des terres indiennes, S.C. 1974-1975-1976, c. 15, art. 4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Current Status/Future Timetable

The Department is seeking advice on the Committee's comments. Consultation with Indians Bands will be undertaken.

Situation/Calendrier

Le ministère est en train de recueillir des avis sur les observations du Comité. On consultera les bandes indiennes.

Contact Person

S. A. Crandall, Director, Indian Natural Resources, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1327.

Personne-ressource

S. A. Crandall, Directeur des Ressources naturelles des Indiens, Réserves et fidéicommiss, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1327.

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Entry Number

INAC/IIA-83-1-1-6

Title

INDIAN OIL AND GAS REGULATIONS: ROYALTY PAYMENTS

Statement of Problems

Under present Regulations the Department is unable to charge interest with respect to late royalty payments resulting in lost revenue to Bands.

The Auditor General, Departmental Internal Audit and the Indian people have requested and/or recommended action to provide for the charging of bank interest on late royalty payments.

Possible Action

The Department will consider amendments to the Indian Oil and Gas Regulations respecting late royalty payments.

Legal Authority

Indian Oil and Gas Act, S.C. 1974-75-76, c. 15, s. 4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

The review is to begin in 1983-84. Consultations will be carried out with those Bands having a direct interest in oil and gas development.

Contact Person

S. A. Crandall, Director, Indian Natural Resources, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1327.

Entry Number

INAC/IIA-83-1-1-7

Title

INDIAN TIMBER REGULATIONS

Statement of Problems

The Standing Joint Committee on Regulations and Other Statutory Instruments has questioned certain provisions of the Indian Timber Regulations, C.R.C. 1970, c. 961 which may go beyond the powers conferred upon the Governor in Council by the Indian Act, which may conflict with rights guaranteed in the Charter of Rights and Freedoms and which contain conflicting English and French versions of the same provision.

Numéro d'entrée

AINC/AII-83-1-1-6

Titre

RÈGLEMENT SUR LE PÉTROLE ET LE GAZ DES TERRES INDIENNES: PAIEMENT DES REDEVANCES

Exposé du problème

Le Règlement actuel ne permet pas au Ministère d'exiger le versement d'intérêts sur les redevances en retard, ce qui entraîne une perte de revenu pour les bandes.

Le Vérificateur général, la Direction de la vérification interne et les Indiens ont demandé ou suggéré que l'on prenne des mesures afin de permettre la perception d'intérêts bancaires sur les redevances en retard.

Mesure possible

Le Ministère étudiera la possibilité de modifier le Règlement sur le pétrole et le gaz des terres indiennes en ce qui a trait aux redevances en retard.

Fondement juridique

Loi sur le pétrole et le gaz des terres indiennes, S.C. 1974-1975-1976, c. 15, art. 4.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

L'étude doit commencer en 1983-1984. On consultera les bandes directement intéressées par l'exploitation pétrolière et gazière.

Personne-ressource

S. A. Crandall, Directeur des Ressources naturelles des Indiens, Réserves et fidéicomis, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1327.

Numéro d'entrée

AINC/AII-83-1-1-7

Titre

RÈGLEMENT SUR LE BOIS DE CONSTRUCTION DES INDIENS

Exposé du problème

Le Comité mixte permanent des Règlements et autres textes réglementaires a remis en question certaines dispositions du Règlement sur le bois de construction des Indiens (C.R.C. 1970, c. 961), qui pourraient aller au-delà des pouvoirs conférés au gouverneur en conseil par la *Loi sur les Indiens* et contrevenir aux droits garantis par la Charte des droits et libertés, et dont les versions anglaise et française comportent des contradictions.

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Possible Action

The Department is considering a revised national policy and amendments to the present Regulations.

Legal Authority

Indian Act, R.S.C. 1970, c. I-6, s. 57, 58(4)(a), 73(3).

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

The review of the policy will likely be complete in 1983-84.

Contact Person

S. A. Crandall, Director, Indian Natural Resources, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1327.

Entry Number

INAC/IIA-83-1-1-8

Title

STUART-TREMBLEUR (TANIZUL TIMBER LTD.)
TIMBER REGULATIONS

Statement of Problems

The Standing Joint Committee on Regulations and Other Statutory Instruments has questioned certain provisions of the Regulations and has expressed concern about the incorporation into the Regulations and Schedule, of provincial timber Regulations, especially those which could conflict with terms and conditions contained in licenses issued pursuant to the federal legislation.

Possible Action

The Department is considering the amendment of these Regulations.

Legal Authority

Indian Act, R.S.C. 1970, c. I-6, s. 57.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Mesure possible

Le Ministère songe à redéfinir la politique nationale et à remanier le Règlement actuel.

Fondement juridique

Loi sur les Indiens, S.R.C. 1970, c. I-6, art. 57, 58(4)a), 73(3).

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

L'étude de la politique devrait se terminer en 1983-1984.

Personne-ressource

S. A. Crandall, Directeur des Ressources naturelles des Indiens, Réserves et fidéicomis, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1327.

Numéro d'entrée

AINC/AII-83-1-1-8

Titre

RÈGLEMENT SUR LE BOIS DE CONSTRUCTION
DE LA BANDE DU LAC STUART-TREMBLEUR
(TANIZUL TIMBER LTD.)

Exposé du problème

Le Comité mixte permanent des Règlements et autres textes réglementaires a remis en question certaines dispositions du Règlement et s'est inquiété de l'incorporation dans le Règlement et les annexes, également des Règlements provinciaux sur le bois de construction, et particulièrement de ceux qui pourraient contrevenir aux dispositions des licences octroyées en vertu des lois fédérales.

Mesure possible

Le Ministère songe à modifier ce Règlement.

Fondement juridique

Loi sur les Indiens, S.R.C. 1970, c. I-6, art. 57.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

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Current Status/Future Timetable

The subject Regulations are being reviewed in the light of the Standing Joint Committee's expressed concern and certain operational needs in respect of the Tanizul Timber Ltd.'s Tree Farm Licence.

Contact Person

S. A. Crandall, Director, Indian Natural Resources, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1327.

Situation/Calendrier

On étudie actuellement le Règlement à la lumière des préoccupations exprimées par le Comité mixte et de certaines contingences opérationnelles relatives à la licence de ferme arboricole de la Tanizul Timber Ltd.

Personne-ressource

S. A. Crandall, Directeur des Ressources naturelles des Indiens, Réserves et fidéicomis, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1327.

POLICY REVIEWS AND ANALYSES

Entry Number

INAC/IIA-83-1-2-1

Title

IMPLEMENTATION OF THE CANADIAN
CHARTER OF RIGHTS AND FREEDOMS

Description

Indian and Northern Affairs Canada has initiated within the Department, in conjunction with the current government-wide process of implementing the Charter of Rights and Freedoms, the process intended to lead to the elimination of all potential conflicts between rights contained in the Charter and subordinate legislation and administrative practices. The implementation process is divided into three phases: Phases I and II dealing with the review and amendment of legislation, Phase III dealing with the review and modification of all policies, directives, guidelines, programmes and administrative practices not based on specific statutory provisions. Completion date for the amendment of legislation, policies and practices will be April 1985.

Contact Person

Laurel Clow, Acting Director, Policy Coordination and Band Government Development, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1560.

Entry Number

INAC/IIA-83-1-2-2

Title

INDIAN RESERVE FORESTRY

Description

Following an independent assessment of the Indian Reserve forestry or timber situation, the Reserves and Trusts Branch began to review the forestry/timber management on Indian Reserves. This review will provide the Branch with recommendations and a plan of action to enable the Branch to assess its and the Department's performance in managing this natural resource as well as a workable and acceptable policy for future

EXAMENS DES POLITIQUES ET ANALYSES

Numéro d'entrée

AINC/AII-83-1-2-1

Titre

MISE EN APPLICATION DE LA CHARTE
CANADIENNE DES DROITS ET LIBERTÉS

Description

Le ministère des Affaires indiennes et du Nord canadien a instauré en son sein, dans le cadre de la mise en application de la Charte des droits et libertés dans l'ensemble de la Fonction publique, un mécanisme ayant pour but d'éliminer des lois et méthodes administratives actuelles tout ce qui pourrait contrevenir à la Charte. Le processus de mise en application comporte trois étapes: les étapes I et II comprennent l'examen et la modification des mesures législatives, tandis que l'étape III verra se réaliser la révision et la modification de tous les programmes, directives, lignes de conduite, orientations et méthodes administratives qui ne sont pas fondées sur des dispositions législatives particulières. La modification des lois, orientations et méthodes devrait être terminée en avril 1985.

Personne-ressource

Laurel Clow, Directeur intérimaire de la Coordination des politiques et de la promotion de l'administration locale, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1560.

Numéro d'entrée

AINC/AII-83-1-2-2

Titre

RESSOURCES FORESTIÈRES DES RÉSERVES
INDIENNES

Description

Après avoir confié à une firme indépendante le soin de faire une évaluation de la situation en ce qui a trait aux ressources forestières des réserves, la Direction générale des réserves et fidéicomis a commencé à réviser sa politique de gestion forestière des réserves indiennes. Cette révision produira des recommandations et un plan d'action qui permettront à la Direction générale d'évaluer l'efficacité démontrée par elle et

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management and development of the forest or timber resources of Indian Reserves. Extensive Indian Band consultation will be held on proposed changes to the Indian Timber Regulations.

Contact Person

S. A. Crandall, Director, Indian Natural Resources, Reserves and Trusts, Indian and Inuit Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1327.

le Ministère dans la gestion de cette ressource naturelle, ainsi qu'une politique réaliste et acceptable de gestion et d'exploitation future des ressources forestières des réserves indiennes. La modification proposée du Règlement sur le bois de construction des Indiens fera l'objet de consultations poussées avec les bandes.

Personne-ressource

S. A. Crandall, Directeur des Ressources naturelles des Indiens, Réserves et fidéicomis, Programme des Affaires indiennes et inuit, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1327.

COMPLETED MATTERS

No entries in this section at this time.

REGULATORY RESPONSIBILITIES OF THE NORTHERN AFFAIRS PROGRAM

The Northern Affairs Program's regulatory activities are related to the following objectives:

- The development and implementation of an economic development strategy north of 60th parallel; the analysis and planning of economic development opportunities for the North and the promotion and coordination of viable options; and the development of an economic and energy infrastructure in support of northern economic objectives.
- The development of policies and plans and the development and implementation of regulatory systems for the allocation, utilization and conservation of the renewable resources of water, land and forests and the non-renewable resources of oil, gas and other minerals (mining) of both territories and the adjacent offshore regions.
- The development and maintenance of an effective, comprehensive environmental management regime; the review and assessment of onshore resource development proposals and the formulation of environmental terms and conditions to be included in such documents as permits and licenses issued by the Department in the North; and the direction of applied environmental research in support of the regulatory mandate of the Program.

The legislation under the Program responsibility is as follows:

- Department of Indian Affairs and Northern Development Act, 1970
- Yukon Act
- Northwest Territories Act
- Territorial Lands Act
- Public Lands Grants Act
- Land Titles Act
- Canada Lands Surveys Act, Part III
- Northern Inland Waters Act
- Arctic Waters Pollution Prevention Act
- Dominion Water Power Act

MESURES COMPLÉTÉES

Aucune donnée pour cette section en ce moment.

RESPONSABILITÉS DU PROGRAMME DES AFFAIRES DU NORD EN MATIÈRE DE RÉGLEMENTATION

Les activités du Programme des affaires du Nord en matière de réglementation poursuivent les objectifs suivants:

- L'élaboration et la mise en place d'une stratégie de développement économique au nord du 60^e parallèle; l'étude et la planification des possibilités de développement économique dans le Nord ainsi que la promotion et la coordination des plus viables; de même que la mise au point d'une infrastructure économique et énergétique qui facilitent l'atteinte des objectifs économiques du Nord.
- L'élaboration d'orientations et de plans ainsi que l'élaboration et la mise en application de systèmes de réglementation portant sur l'attribution, l'utilisation et la conservation des ressources renouvelables (hydro, terres et forêts) et non renouvelables (pétrole, gaz et autres minéraux) des deux territoires et des régions marines qui les bordent.
- L'élaboration et le maintien d'un régime efficace et global de gestion du milieu; l'étude et l'évaluation des projets d'exploitation des ressources continentales, ainsi que la mise au point de conditions sur le respect de l'environnement qui seront insérés dans des documents comme les permis et licences émis par le Ministère dans le Nord; et la conduite de travaux de recherche appliquée en écologie, à l'appui du mandat du Programme en matière de réglementation.

Le mandat du Programme est régi par les lois suivantes:

- Loi sur le ministère des Affaires indiennes et du Nord canadien, 1970
- Loi sur le Yukon
- Loi sur les Territoires du Nord-Ouest
- Loi sur les terres territoriales
- Loi sur les concessions de terres publiques
- Loi sur les titres de bien-fonds
- Loi sur l'arpentage des terres du Canada, Partie III
- Loi sur les eaux intérieures du Nord
- Loi sur la prévention de la pollution des eaux arctiques
- Loi sur les forces hydrauliques du Canada

—Oil and Gas Production and Conservation Act

- Canada Oil and Gas Act
- Yukon Placer Mining Act
- Yukon Quartz Mining Act
- Northern Canada Power Commission Act

Canada Oil and Gas Lands Administration (COGLA), on behalf of the Minister of Indian and Northern Affairs, has the specific mandate to manage oil and gas exploration and development in the Northern Canada Lands in keeping with the government's commitment in the North. This complements other legislative powers vested in the Minister of Indian and Northern Affairs such as Territorial Lands Act, Northern Indian Waters Act and the Arctic Waters Pollution Prevention Act.

- Loi sur la production et la conservation du pétrole et du gaz
- Loi sur le pétrole et le gaz du Canada
- Loi sur l'extraction de l'or dans le Yukon
- Loi sur l'extraction du quartz dans le Yukon
- Loi sur la Commission d'énergie du Nord canadien

L'Administration du pétrole et du gaz des terres du Canada (A.P.G.T.C.), au nom du ministre des Affaires indiennes et du Nord canadien, a comme mandat particulier d'administrer l'exploration et la mise en valeur du pétrole et du gaz des terres du Canada situées au nord, de façon conforme aux engagements du Gouvernement à cet égard. Pour définir les conditions auxquelles elle va autoriser des activités, l'A.P.G.T.C. collabore de près avec le ministère des Affaires indiennes et du Nord canadien ainsi qu'avec plusieurs autres ministères.

POSSIBLE ACTIONS

Entry Number

INAC/NA-83-1-1-1

Title

CANADA MINING REGULATIONS

Statement of Problems

Changes to the Regulations are necessary to meet present and future industry and government administrative requirements such as modifications of the staking procedures, changes in the terminology to meet industry usage, decentralization of various functions to regional offices and updating the titles of officials.

Possible Action

A revision of the Regulations is to be undertaken as soon as possible.

Legal Authority

Territorial Lands Act, R.S.C. 1970, c. T-6, s. 4 and s. 8.

Public Lands Grants Act, R.S.C. 1970, c. P-29, s. 4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not required because it does not meet the criteria for SEIA as described in Chapter 490.

Current Status/Future Timetable

Comments were solicited from industry representatives and a draft of the Regulations incorporating new proposals is being prepared.

MESURES POSSIBLES

Numéro d'entrée

AINC/AN-83-1-1-1

*Titre*RÈGLEMENT RÉGISSANT L'EXPLOITATION
MINIÈRE AU CANADA*Exposé du problème*

Il est nécessaire de modifier le Règlement afin de satisfaire aux nouvelles exigences administratives du Gouvernement et de l'industrie minière. Il faudrait entre autres apporter des modifications aux méthodes de placement, adapter la terminologie aux usages de l'industrie minière, déconcentrer différentes fonctions vers les bureaux régionaux et mettre à jour les titres de postes.

Mesure possible

Une révision du Règlement doit être entreprise le plus tôt possible.

Fondement juridique

Loi sur les terres territoriales, S.R.C. 1970, c. T-6, art. 4 et 8.

Loi sur les concessions de terres publiques, S.R.C. 1970, c. P-29, art. 4.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne satisfait pas aux critères à cet égard fixés au chapitre 490.

Situation/Calendrier

On a consulté les représentants de l'industrie minière et on rédige actuellement la nouvelle version du Règlement modifié en y incorporant les récentes propositions.

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Contact Person

T. W. Dent, Head, Mining Lands Section, Mining Administration, Mining and Management and Infrastructure, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0911.

Personne-ressource

T. W. Dent, Chef de la Section des terres minières, Division de l'administration des questions minières, Direction de la gestion minière et de l'infrastructure, Programme des Affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0911.

Entry Number

INAC/NA-83-1-1-2

Numéro d'entrée

AINC/AN-83-1-1-2

Title

CANADA OIL AND GAS DIVING REGULATIONS

Titre

RÈGLEMENT SUR LES OPÉRATIONS DE PLONGÉE RELATIVES AU PÉTROLE ET AU GAZ

Statement of Problems

The Oil and Gas Production and Conservation Act provides for the making of Regulations concerning the safety and inspection of all operations conducted in connection with the exploration for, the drilling for and the production of oil and gas. At present, diving operations are governed by provisions contained in the Drilling Regulations. It was decided that a much more comprehensive regulatory system was necessary due to the increase in diving operations in exploration activities for oil and gas.

Exposé du problème

La Loi sur la production et la conservation du pétrole et du gaz prévoit l'établissement de Règlements qui pourvoient à la sécurité et à l'inspection de toutes les opérations rattachées à l'exploration pétrolière et gazière, au forage des puits et à la production du pétrole et du gaz. Actuellement, les opérations de plongée sont régies par des articles du Règlement sur les forages. Or, on a jugé qu'en raison de la multiplication des travaux de plongée dans le cadre des travaux d'exploration pétrolière et gazière, il fallait établir un régime de réglementation beaucoup plus complet.

Possible Action

The Canada Oil and Gas Lands Administration is drafting Regulations with respect to diving operations in exploration activities.

Mesure possible

L'Administration du pétrole et du gaz des terres du Canada rédige un règlement qui concerne les opérations de plongée réalisées dans le cadre des travaux d'exploration.

Legal Authority

Oil and Gas Production and Conservation Act, R.S.C. 1970, c. O-4.

Fondement juridique

Loi sur la production et la conservation du pétrole et du gaz, S.R.C. 1970, c. O-4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not required because it does not meet the criteria for SEIA described in Chapter 490.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne satisfait pas aux critères à cet égard fixés au chapitre 490.

Current Status/Future Timetable

Draft Regulations have been reviewed by various segments of the petroleum and diving industry, and final drafting is in progress.

Situation/Calendrier

Un avant-projet du Règlement a été soumis à l'examen de divers secteurs des industries du pétrole et de la plongée et on procède à la révision finale.

Contact Person

L. V. Brandon, Director General, Engineering Branch, Canada Oil and Gas Lands Administration, 355 River Road, Ottawa, Ontario K1A 0E4, Telephone: (613) 993-3760.

Personne-ressource

L. V. Brandon, Directeur général, Direction du génie, Administration du pétrole et du gaz des terres du Canada, 355, chemin River, Ottawa (Ontario) K1A 0E4, Téléphone: (613) 993-3760.

Entry Number

INAC/NA-83-1-1-3

*Title*CANADA OIL AND GAS GEOPHYSICAL
REGULATIONS*Statement of Problems*

The Oil and Gas Production and Conservation Act provides for the making of Regulations respecting safety, conservation practices and the prevention of pollution in operations for the production of oil and gas. The proposed Regulations will provide specifically for the authorization and Regulation of geophysical operations and ensure the safety of those operations on Canada Lands.

Possible Action

The Canada Oil and Gas Lands Administration is drafting Regulations with respect to safety, conservation practices and the prevention of pollution in geophysical operations on Canada Lands.

Legal Authority

Oil and Gas Production and Conservation Act, R.S.C. 1970, c. O-4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not required because it does not meet the criteria for SEIA described in Chapter 490.

Current Status/Future Timetable

The Regulations are in the process of being drafted.

Contact Person

D. F. Sherwin, Director General, Resource Evaluation Branch, Canada Oil and Gas Lands Administration, 355 River Road, Ottawa, Ontario K1A 0E4, Telephone: (613) 993-3760.

Entry Number

INAC/NA-83-1-1-4

*Title*CANADA OIL AND GAS LAND ADMINISTRATION
REGULATIONS*Statement of Problems*

The Canada Oil and Gas Act contains a number of provisions for applications, notices and other administrative matters that require further implementation. The Canada Oil and Gas Land Regulations (made under the Territorial Lands Act and Public Lands Grants Act) have been made a part of the Canada Oil and Gas Act and will be updated and replaced by Regulations pursuant to the Canada Oil and Gas Act.

Numéro d'entrée

AINC/AN-83-1-1-3

*Titre*RÈGLEMENT SUR LES TRAVAUX GÉOPHYSIQUES
RELATIFS AU PÉTROLE ET AU GAZ*Exposé du problème*

La *Loi sur la production et la conservation du pétrole et du gaz* prévoit l'établissement de Règlements qui gouvernent les opérations rattachées à la production du pétrole et du gaz sous les aspects de la sécurité, la conservation et la prévention de la pollution. Le Règlement proposé servira plus particulièrement à autoriser et à réglementer les travaux géophysiques exécutés sur les terres du Canada, et à s'assurer qu'ils sont faits en toute sécurité.

Mesure possible

L'Administration du pétrole et du gaz des terres du Canada rédige un règlement qui gouverne les travaux géophysiques réalisés sur les terres du Canada sous les aspects de la sécurité, la conservation et la prévention de la pollution.

Fondement juridique

Loi sur la production et la conservation du pétrole et du gaz, S.R.C. 1970, c. O-4.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne satisfait pas aux critères à cet égard fixés au chapitre 490.

Situation/Calendrier

La rédaction du Règlement est en cours.

Personne-ressource

D. F. Sherwin, Directeur général, Direction de l'évaluation des ressources, Administration du pétrole et du gaz des terres du Canada, 355, chemin River, Ottawa (Ontario) K1A 0E4, Téléphone: (613) 993-3760.

Numéro d'entrée

AINC/AN-83-1-1-4

*Titre*RÈGLEMENT SUR L'ADMINISTRATION DES
TERRES PÉTROLIÈRES ET GAZIÈRES*Exposé du problème*

La *Loi sur le pétrole et le gaz du Canada* renferme certaines dispositions sur les demandes, les avis et d'autres questions administratives, qu'il y a lieu d'explicitier. En outre, certains Règlements d'application de la *Loi sur les terres territoriales* et de la *Loi sur les concessions de terres publiques* sont maintenant rattachés à la *Loi sur le pétrole et le gaz du Canada* et il pourrait être utile de les mettre à jour pour qu'ils cadrent davantage avec cette nouvelle Loi.

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Possible Action

All actions under the Canada Oil and Gas Act will be considered jointly by Energy, Mines and Resources (EMR) and IAND through the Canada Oil and Gas Land Administration (COGLA).

While the process of defining the range of administrative actions permissible under the Act is being developed, individual situations will be addressed on an *ad hoc* basis as they arise, the Canada Oil and Gas Land Regulations will be used if appropriate or independent Regulations may be considered.

Legal Authority

Canada Oil and Gas Act, S.C. 1980-81-82, c. 81.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, may be required. The Department will make a final determination prior to prepublication.

Current Status/Future Timetable

Until the existing oil and gas rights have been fully transferred into oil and gas interests under the Canada Oil and Gas Act, all matters will be handled on a case-by-case basis through COGLA. All regulatory actions will be the subject of public (industry) consultation prior to promulgation.

Contact Person

H. W. Woodward, Director, Oil and Gas Management and Major Projects, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-9339.

Entry Number

INAC/NA-83-1-1-5

Title

CANADA OIL AND GAS PRODUCTION
REGULATIONS

Statement of Problems

The Oil and Gas Production and Conservation Act provides for the making of Regulations respecting safety, conservation practices and the prevention of pollution in operations for the production of oil and gas. The proposed Regulations will provide specifically for the authorization, Regulation and the safety of production operations on Canada Lands.

Possible Action

The Canada Oil and Gas Lands Administration is drafting Regulations with respect to safety, conservation and prevention of pollution in production operations on Canada Lands.

Mesure possible

Toutes les mesures envisagées en exécution de la *Loi sur le pétrole et le gaz du Canada* seront étudiées conjointement par le Ministère et É.M.R., par l'entremise de l'Administration du pétrole et du gaz des terres du Canada.

Tandis que s'élabore le processus de détermination des mesures administratives admissibles en vertu de la Loi, chaque cas sera traité séparément, ou l'on appliquera le Règlement sur les terres pétrolifères et gazifères du Canada, ou encore d'autres Règlements.

Fondement juridique

Loi sur le pétrole et le gaz du Canada, S.C. 1980-1981-1982, c. 81.

Analyse de l'impact

Il faudra peut-être mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada. Le Ministère prendra une décision à cet égard avant toute publication préalable.

Situation/Calendrier

Jusqu'à ce que toutes les questions pétrolières et gazières existantes soient régies par la *Loi sur le pétrole et le gaz du Canada*, elles seront traitées séparément par l'Administration du pétrole et du gaz des terres du Canada. Toutes les mesures de réglementation feront l'objet de consultation publique (avec l'industrie) avant d'être adoptées.

Personne-ressource

H. W. Woodward, directeur de la Gestion des ressources pétrolières et gazières et des grands projets, Programme des affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-9339.

Numéro d'entrée

AINC/AN-83-1-1-5

Titre

RÈGLEMENT SUR LA PRODUCTION DU PÉTROLE
ET DU GAZ AU CANADA

Exposé du problème

La *Loi sur la production et la conservation du pétrole et du gaz* prévoit l'établissement de Règlements qui gouvernent les opérations rattachées à la production du pétrole et du gaz sous les aspects de la sécurité, de la conservation et de la prévention de la pollution. Le Règlement proposé servira plus particulièrement à autoriser et à réglementer les travaux de production exécutés sur les terres du Canada, et à s'assurer qu'ils sont faits en toute sécurité.

Mesure possible

L'Administration du pétrole et du gaz des terres du Canada travaille à un Règlement qui gouverne les travaux de production réalisés sur les terres du Canada sous les aspects de sécurité sur les terres du Canada sous les aspects de la sécurité, de la conservation et de la prévention de la pollution.

May 28, 1983

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Legal Authority

Oil and Gas Production and Conservation Act, R.S.C. 1970, c. O-4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not required because it does not meet the criteria for SEIA described in Chapter 490.

Current Status/Future Timetable

The draft Regulations have been the subject of consultations and are in the final drafting stages.

Contact Person

L. V. Brandon, Director General, Engineering Branch, Canada Oil and Gas Lands Administration, 355 River Road, Ottawa K1A 0E4, Telephone: (613) 993-3760.

Entry Number

INAC/NA-83-1-1-6

Title

CANADA OIL AND GAS STRUCTURES REGULATIONS

Statement of Problems

The Oil and Gas Production and Conservation Act provides for the making of Regulations prescribing minimum acceptable standards for the conservation alteration or use of works, machinery and plant used in the development and production of oil and gas, in addition to allowing for Regulation of the safety aspects of oil and gas activity.

Possible Action

The Canada Oil and Gas Lands Administration is drafting Regulations prescribing the standards required.

Legal Authority

Oil and Gas Production and Conservation Act, R.S.C. 1970, c. O-4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not required because it does not meet the criteria for SEIA described in Chapter 490.

Current Status/Future Timetable

The Regulations are in the draft stage.

Contact Person

L. V. Brandon, Director General, Engineering Branch, Canada Oil and Gas Lands Administration, 355 River Road, Ottawa, Ontario K1A 0E4, Telephone: (613) 993-3760.

Fondement juridique

Loi sur la production et la conservation du pétrole et du gaz, S.R.C. 1970, c. O-4.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne satisfait pas aux critères à cet égard fixés au chapitre 490.

Situation/Calendrier

L'avant-projet du Règlement a fait l'objet de nombreuses réunions et on procède à la révision finale.

Personne-ressource

L. V. Brandon, Directeur général, Direction du génie, Administration du pétrole et du gaz des terres du Canada, 355, chemin River, Ottawa (Ontario) K1A 0E4, Téléphone: (613) 993-3760.

Numéro d'entrée

AINC/AN-83-1-1-6

Titre

RÈGLEMENT SUR LES STRUCTURES UTILISÉES DANS LA PRODUCTION DU PÉTROLE ET DU GAZ

Exposé du problème

La *Loi sur la production et la conservation du pétrole et du gaz* prévoit l'établissement de Règlements qui fixent des normes minimales acceptables pour la construction, la modification ou l'utilisation d'ouvrages, de machines et d'installations utilisés dans la mise en valeur et la production du pétrole et du gaz, en plus de pourvoir à la sécurité des travaux relatifs au pétrole et au gaz.

Mesure possible

L'Administration du pétrole et du gaz des terres du Canada travaille à un Règlement qui établit les normes requises.

Fondement juridique

Loi sur la production et la conservation du pétrole et du gaz, S.R.C. 1970, c. O-4.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne satisfait pas aux critères à cet égard fixés au chapitre 490.

Situation/Calendrier

Le Règlement est en cours de rédaction à la Direction du génie.

Personne-ressource

L. V. Brandon, Directeur général, Direction du génie, Administration du pétrole et du gaz des terres du Canada, 355, chemin River, Ottawa (Ontario) K1A 0E4, Téléphone: (613) 993-3760.

28, 1983

Le 28 mai 1983

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Entry Number

INAC/NA-83-1-1-7

*Title*NORTHERN INLAND WATERS ACT—
AMENDMENTS*Statement of Problems*

The Act requires that all water uses in the N.W.T. and the Yukon must be licensed or authorized by Regulations. It has become apparent that the licensing route, which requires public hearings for each application is unwieldy for the handling of 400-500 annual applications. The majority of water uses are authorized under the Regulations; however, the Regulations do not provide a firm legal foundation for the authorization process.

Possible Action

The Amendment of the Act to provide a legal foundation for the existing practice of authorizing certain water uses is proposed. The drafting of the proposed amendments is underway.

Legal Authority

This item is being drafted prior to going forward for parliamentary authorization.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

Drafting of the proposed amendments is now underway.

Contact Person

Ronald D. Baily, Acting Chief, Water Resources Division, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0559.

Entry Number

INAC/NA-83-1-1-8

Title

PLACER MINING GUIDELINES

Statement of Problems

A modern multiple resource management regime is required to regulate the placer mining industry with respect to water, land, biological and mineral aspects of placer mining.

Possible Action

Guidelines to enhance the protection of fish and wildlife resources and the environment in general while allowing mining of placer gold are being drafted in conjunction with

Numéro d'entrée

AINC/AN-83-1-1-7

*Titre*LOI SUR LES EAUX INTÉRIEURES DU NORD—
MODIFICATIONS*Exposé du problème*

La Loi stipule que toutes les utilisations de l'eau dans les T.N.-O. et au Yukon doivent faire l'objet d'une licence ou être autorisées par des Règlements. Il est devenu manifeste que le mécanisme d'émission de licence, qui nécessite la convocation d'audiences publiques pour chaque demande, est trop lourd pour les 400 à 500 demandes qu'on reçoit chaque année. La plupart des utilisations sont autorisées par le Règlement qui n'assure toutefois pas de fondement juridique solide au processus d'autorisation.

Mesure possible

Il est proposé de modifier la Loi de manière à donner un fondement juridique à la méthode utilisée actuellement pour autoriser certaines utilisations de l'eau. La rédaction des modifications proposées est en cours.

Fondement juridique

On est en train de rédiger les modifications qui seront soumises au Parlement.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas aux domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

La rédaction des modifications proposées est en cours.

Personne-ressource

Ronald D. Baily, Chef intérimaire de la Division des ressources hydrauliques, Programme des Affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0559.

Numéro d'entrée

AINC/AN-83-1-1-8

*Titre*LIGNES DIRECTRICES SUR L'ABATTAGE DE
PLACERS*Exposé du problème*

Il faut se doter de mécanismes modernes et pluridisciplinaires de gestion des ressources afin de réglementer l'exploitation industrielle de placers, en ce qui a trait à toutes ses répercussions sur les eaux, le sol, le sous-sol et la faune.

Mesure possible

Des fonctionnaires des ministères des Pêches et des Océans, de l'Environnement et des Affaires indiennes et du Nord canadien s'affairent actuellement à la rédaction de lignes

officers from the Department of Fisheries and Oceans (DFO), the Department of the Environment (DOE) and the Department of Indian and Northern Affairs.

Legal Authority

Department of Indian Affairs and Northern Development Act, R.S.C. 1970, c. I-7, s. 4(b).

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, has been released to the public.

Current Status/Future Timetable

A public review of the draft guidelines will take place in the spring of 1983 and a report from the Chairperson of the Review Panel on Yukon Placer Mining Guidelines will follow thereafter for review by IANC, DFO and DOE. At the earliest, the guidelines are likely to be in force for the 1984 placer mining season.

Contact Person

D. D. Brown, Acting Assistant Director, Mining Administration, Mining Management and Infrastructure, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0911.

Entry Number

INAC/NA-83-1-1-9

Title

TERRITORIAL COAL REGULATIONS

Statement of Problems

The current Regulations are too restrictive for present exploration methods. They do not provide a reasonable return in fees and royalties to the Crown and generally are outdated insofar as the administration and disposition of coal rights are concerned.

Possible Action

A revision of the Territorial Coal Regulations is to be undertaken as soon as possible. Coal royalties are to be reviewed along with other minerals by an interdepartmental committee consisting of EMR, Finance and INAC.

Legal Authority

Territorial Lands Act, R.S.C. 1970, c. T-6, s. 4 and 8.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not required because it does not meet the criteria for SEIA as described in Chapter 490.

directrices destinées à améliorer la protection de la faune terrestre et aquatique et de l'environnement en général, tout en permettant l'exploitation de placers.

Fondement juridique

Loi sur le ministère des Affaires indiennes et du Nord canadien, S.R.C. 1970, c. I-7, art. 4b).

Analyse de l'impact

On en est à la rédaction de la version définitive de l'analyse de l'impact socio-économique (AISE) prévue aux termes du chapitre 490, du Manuel de la politique administrative du Gouvernement du Canada.

Situation/Calendrier

Il y aura étude publique de l'avant-projet de lignes directrices au printemps de 1983 et le rapport du président du groupe d'étude des lignes directrices sur l'extraction de l'or dans le Yukon sera soumis à l'examen du MAINC, du ministère de l'Environnement et de celui des Pêches et des Océans. Les lignes directrices entreront en vigueur au plus tôt pour la campagne minière 1984.

Personne-ressource

D. D. Brown, Directeur adjoint intérimaire de la Division de l'administration des questions minières, Direction de la gestion minière et de l'infrastructure, Programme des Affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0911.

Numéro d'entrée

AINC/AN-83-1-1-9

Titre

RÈGLEMENT TERRITORIAL SUR LA HOUILLE

Exposé du problème

Le Règlement actuel est trop restrictif pour les méthodes d'exploration aujourd'hui. Il ne prévoit pas suffisamment de recettes en droits et redevances versés à la Couronne, en plus d'être, en général, désuet en ce qui a trait à l'administration et à l'attribution des droits houillers.

Mesure possible

La révision du mécanisme administratif sera entreprise dès que possible. Un comité interministériel réunissant des représentants du MAINC, d'É.M.R. et du ministère des Finances doit se pencher sur les redevances houillères et autres redevances minières.

Fondement juridique

Loi sur les terres territoriales, S.R.C. 1970, c. T-6, art. 4 et 8.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne satisfait pas aux critères fixés au chapitre 490.

y 28, 1983

Le 28 mai 1983

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Current Status/Future Timetable

A draft of proposed Regulations were made available to industry representatives for comment. Recommendations were incorporated and legal drafting is now taking place.

Contact Person

T. W. Dent, Head, Mining Lands Section, Mining Administration, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0911.

Entry Number

INAC/NA-83-1-1-10

Title

TERRITORIAL LANDS REGULATIONS—
AMENDMENTS

Statement of Problems

The Territorial Lands Regulations of 1960 are now inadequate to meet the current demands on lands, necessitating a revision to procedures for application for, and the administration of interests in territorial lands. Additionally, there is a need to regulate offshore resource development activity which is beyond the jurisdiction of the 1960 Regulations.

Possible Action

Consideration is being given to seeking a withdrawal of the Territorial Lands Regulations made by Order in Council P.C. 1960-1711 and substituting new Regulations.

Legal Authority

Territorial Lands Act, R.S.C. 1970, c. T-6, s. 4 and 19(i).

Public Lands Grants Act, R.S.C. 1970, c. P-29, s. 4(1)(b).

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable to this entry because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

The Department has temporarily suspended further action on drafting new Regulations pending consideration of the Government's policy on Administered Prices announced on June 28, 1982.

Contact Person

Bryan Lymburner, Head, Lands Policy and Administration Section, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0220.

Situation/Calendrier

Après avoir pris connaissance d'un avant-projet de Règlement, les représentants du secteur minier ont apporté des suggestions qui y ont été incorporées. On est en train de donner à ce document sa forme juridique.

Personne-ressource

T. W. Dent, Chef de la Section des terres minières, Division de l'administration des questions minières, Programme des Affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0911.

Numéro d'entrée

AINC/AN-83-1-1-10

Titre

RÈGLEMENT SUR LES TERRES TERRITORIALES—
MODIFICATIONS

Exposé du problème

Le Règlement sur les terres territoriales de 1960 ne suffit plus à répondre à la demande actuelle de terres. Il y a donc lieu de réviser les mécanismes qui régissent les demandes de terres territoriales et l'administration des intérêts dans ces terres. En outre, il faudrait réglementer l'exploitation des ressources au large des côtes, qui n'est pas régie par le Règlement de 1960.

Mesure possible

On songe à demander l'abrogation du Règlement sur les terres territoriales adopté par l'arrêté en conseil C.P. 1960-1711 et à le remplacer par un nouveau Règlement.

Fondement juridique

Loi sur les terres territoriales, S.R.C. 1970, c. T-6, art. 4 et 19(i).

Loi sur les concessions de terres publiques, S.R.C. 1970, c. P-29, art. 4(1)(b).

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

Le Ministère a suspendu temporairement les travaux de rédaction d'un nouveau Règlement jusqu'à ce que soit terminée l'étude de la politique du Gouvernement en matière de prix réglementés, annoncée le 28 juin 1982.

Personne-ressource

Bryan Lymburner, Chef de la Section de la politique et de l'administration des terres, Programme des affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0220.

Entry Number

INAC/NA-83-1-1-11

Title

TERRITORIAL QUARRYING REGULATIONS—
SAND AND GRAVEL MANAGEMENT NORTH OF
THE SIXTIETH PARALLEL

Statement of Problems

The regulatory measures in the existing Territorial Quarrying Regulations of 1951, are now inadequate for the effective conservation of offshore granular material deposits, the efficient management of extracting operations, or the protection of the environment. Offshore sources of sand and gravel will be needed in the future as onshore sources become scarce or the cost becomes prohibitive.

Possible Action

The Department could establish a regime for controlling the exploitation of sand and gravel resources both on and offshore by proceeding with one or more of the following courses of action:

- amending the Territorial Quarrying Regulations to update them and extending them to offshore application;
- repealing the Territorial Quarrying Regulations and replacing them with a similar set of Regulations which will have wider application and greater control over the methods, degrees and impacts of sand and gravel extraction;
- developing two distinct sets of Regulations for onshore and offshore sand and gravel extraction;
- charging royalties or user fees for any sand and gravel taken from offshore locations and imposing control under existing legislation.

Legal Authority

Public Lands Grants Act, R.S.C. 1970, c. P-29, s. 4.

Territorial Lands Act, R.S.C. 1970, c. T-6, s. 4.

Impact Analysis

A Socio-Economic Impact Analysis (SEIA) in accordance with Chapter 490, Government of Canada Administrative Policy Manual, is not applicable to this entry because the entry does not involve health, safety, or fairness as described in Chapter 490.

Current Status/Future Timetable

Industry and interested native groups have received a draft of the new Regulations covering the operation of pits and quarries and the extraction of aggregate and granular materials. Responses are currently being referred to in the final drafting of the proposed Regulations.

The draft Regulations should be completed by the end of 1983.

Numéro d'entrée

AINC/AN-83-1-1-11

Titre

RÈGLEMENT SUR L'EXPLOITATION DE
CARRIÈRES TERRITORIALES—GESTION DU
SABLE ET DU GRAVIER AU NORD DU
SOIXANTIÈME PARALLÈLE

Exposé du problème

Les dispositions du Règlement sur l'exploitation de carrières territoriales de 1951 ne sont plus adaptées à la conservation efficace des dépôts de matériaux granuleux au large des côtes, à la saine gestion des opérations d'extraction ou à la protection de l'environnement. On devra compter de plus en plus sur les ressources de sable et de gravier au large des côtes, à mesure que les ressources du continent s'épuiseront ou que les coûts deviendront prohibitifs.

Mesure possible

Le Ministère pourrait mettre sur pied un mécanisme de contrôle de l'exploitation des ressources de sable et de gravier sur terre et au large des côtes, adoptant une ou plusieurs mesures suivantes:

- modifier le Règlement sur l'exploitation de carrières territoriales afin de le mettre à jour et d'en étendre la portée à l'exploitation au large des côtes;
- abroger le Règlement sur l'exploitation de carrières territoriales et le remplacer par un Règlement semblable ayant un champ d'application élargi et assurant un meilleur contrôle sur les méthodes d'extraction du sable et du gravier, ainsi que sur l'importance et les incidences de cette activité;
- préparer deux Règlements distincts portant d'une part, sur l'extraction du sable et du gravier sur terre et, d'autre part, sur leur extraction au large des côtes;
- fixer des redevances ou des droits pour l'exploitation du sable et du gravier au large des côtes et imposer des contrôles en vertu des textes législatifs existants.

Fondement juridique

Loi sur les concessions de terres publiques, S.R.C. 1970, c. P-29, art. 4.

Loi sur les terres territoriales, S.R.C. 1970, c. T-6, art. 4.

Analyse de l'impact

Il n'y a pas lieu de mener une analyse de l'impact socio-économique (AISE), conformément au chapitre 490 du Manuel de la politique administrative du Gouvernement du Canada, parce que cette question ne touche pas les domaines de la santé, de la sécurité et de l'équité au sens où l'entend le chapitre 490.

Situation/Calendrier

Le secteur minier et les groupes autochtones intéressés ont pris connaissance de l'avant-projet de Règlement sur l'exploitation de carrières et l'extraction d'agrégats et de matériaux granuleux. La version définitive reflètera leurs observations.

Le projet de Règlement devrait être prêt à la fin de 1983.

Contact

Bryan
Section,
Affaires
(819) 997

Entry No

INAC

Title

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Description

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Contact Person

Bryan Lymburner, Head, Lands Policy and Administration Section, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0220.

Personne-ressource

Bryan Lymburner, Chef de la Section de la politique et de l'administration des terres, Programme des affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0220.

POLICY REVIEWS AND ANALYSES

Entry Number

INAC/NA-83-1-2-1

Title

ENVIRONMENTAL STUDIES

Description

Contracts are awarded principally by the Environmental Studies Division in support of regulatory responsibilities under the following acts: Territorial Lands Act, the Public Lands Grants Act, the Northern Inland Waters Act and the Arctic Waters Pollution Prevention Act. Funded projects are designed to contribute relevant information helpful in formulating environmental terms and conditions for official documents, based on sound environmental knowledge.

Planned and ongoing research projects involve a number of separate studies related to the environmental impact of resource development in the North. Those related to mining include: Handling and treatment of placer mining materials; radionuclides in Keewatin vegetation and soils; and modelling the effects of uranium mining tailing on a permafrost environment. Research projects specifically related to hydrocarbon development include the completion of a simulation study on oil spill contingency plans and the potential use of oil dispersants (Baffin Island Oil Spill or BIOS); the initiation of an adaptive environmental assessment approach to research and monitoring of hydrocarbon development in the Beaufort Sea; and the continuation of a study on the response of whales to ship traffic.

Other environmental projects related to regulatory issues are also supported by Arctic Land Use Research (ALUR) program funding.

Results are published in the form of individual reports within the Environmental Studies Series of the Northern Affairs Program.

Contact Person

David Stone, Chief, Environmental Studies Division, Northern Environmental Protection Directorate, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0044.

EXAMENS DES POLITIQUES ET ANALYSES

Numéro d'entrée

AINC/AN-83-1-2-1

Titre

ÉTUDES ENVIRONNEMENTALES

Description

C'est surtout la Division des études environnementales qui adjuge les marchés, à l'appui de l'exercice des responsabilités en matière de réglementation qui sont dévolues aux termes des lois suivantes: *Loi sur les terres territoriales*, *Loi sur les concessions des terres publiques*, *Loi sur les eaux intérieures du Nord* et *Loi sur la prévention de la pollution des eaux arctiques*. Les projets ainsi financés permettront de recueillir des données fondées sur une solide connaissance de l'environnement, qui servirait à l'établissement de Règlements et autres documents officiels.

Les projets de recherche en cours et à venir comportent des études distinctes sur les incidences écologiques de la mise en valeur des ressources dans le Nord. Les études sur le secteur minier portent entre autres sur la manutention et le traitement des résidus de l'abattage de placers, la présence de radionucléides dans la végétation et les sols du district de Keewatin et les modèles mathématiques de l'incidence des résidus de l'extraction de l'uranium sur le pergélisol. Les projets de recherche portant expressément sur l'exploitation des hydrocarbures comprennent une étude de simulation des plans d'urgence en cas de déversement accidentel de pétrole et de l'utilisation éventuelle de dispersants (Programme de déversement d'hydrocarbures à l'île de Baffin ou BIOS); l'adoption d'un mécanisme polyvalent d'évaluation écologique de la recherche et de la surveillance en matière d'exploitation des hydrocarbures dans la mer de Beaufort, et la poursuite d'une étude sur la réaction des baleines face à la navigation.

D'autres travaux d'étude du milieu qui ont trait aux questions de réglementation sont aussi financés par le Programme de recherche sur l'aménagement arctique du territoire (RUTA).

Les résultats sont publiés sous forme de rapports distincts dans la collection des Études environnementales du Programme des affaires du Nord.

Personne-ressource

David Stone, Chef de la Division des études environnementales, Direction de la protection de l'environnement du Nord, Programme des affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0044.

Entry Number

INAC/NA-83-1-2-2

Title

FOREST POLICY

Description

An Evaluation of the Northern Affairs Forest Management Program in the Yukon and the Northwest Territories was completed in 1982. One of the main recommendations of the report was that the Department develop a forest management policy framework as a basis for new legislation. Included in the framework would be statements on forest inventory, forest management planning, timber rights disposal alternatives, harvesting Regulations, protection and silviculture.

Views on a forest policy have been provided by a large number of interested northern individuals and agencies and will be used as a basis for a forest policy workshop to be convened in May 1983. The ensuing Departmental position will provide a basis for a legislative proposal.

Contact Person

Walter Moore, Chief, Forest Resources Division, Northern Renewable Resources Branch, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0032.

Numéro d'entrée

AINC/AN-83-1-2-2

Titre

POLITIQUE FORESTIÈRE

Description

Le Programme des affaires du Nord a terminé, en 1982, une étude d'évaluation de la gestion des forêts du Yukon et des Territoires du Nord-Ouest. Dans le rapport, on recommande notamment que le Ministère élabore une politique globale de gestion des forêts qui sera la base de nouvelles mesures législatives. Il devrait y être question de l'inventaire des ressources forestières, de la planification de la gestion des forêts, des possibilités d'octroi de droits de coupe, de la réglementation régissant l'exploitation forestière, de la protection des forêts et de la sylviculture.

Un atelier sur la politique forestière se tiendra en mai 1983 et les opinions d'un grand nombre de particuliers et d'organismes ayant des intérêts dans le Nord seront à la base des discussions. Les conclusions qu'en tirera le Ministère serviront de base à une proposition législative.

Personne-ressource

Walter Moore, Chef de la Division des ressources forestières, Direction générale des ressources renouvelables du Nord, Programme des affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0032.

Entry Number

INAC/NA-83-1-2-3

Title

PLACER MINING GUIDELINES

Description

With the increase in the price of gold over the last number of years, placer mining activity in the Yukon has increased drastically not only in the traditional mining areas, but in new areas as well which could result in serious widespread environmental damage.

Basic water use guidelines were established in 1975, but are insufficient to cover major operations and placer miners have opposed more restrictive guidelines because of the cost of implementation making most operations uneconomic.

A Review Panel or Committee has been established to conduct a public review of draft guidelines on placer mining which will take place in spring 1983 with the expectation that new guidelines will be in place by the commencement of the placer mining season in 1984.

Numéro d'entrée

AINC/AN-83-1-2-3

Titre

LIGNES DIRECTRICES SUR L'ABATTAGE DE PLACERS

Description

Suite à l'augmentation du prix de l'or au cours des dernières années, l'exploitation des gisements d'or du Yukon s'est accrue considérablement, tant dans les régions traditionnelles d'exploitation minière que dans des régions nouvelles. Il pourrait en résulter des dommages sérieux et étendus à l'environnement.

Des lignes directrices de base sur l'utilisation des eaux ont été établies en 1975, mais elles ne sont pas adaptées à des travaux d'envergure. De plus, les exploitants se sont opposés à l'établissement de lignes directrices plus sévères car les frais de leur application rendraient non rentables la plupart des opérations.

Un groupe ou comité d'étude a été mis sur pied pour mener, au printemps 1983, une enquête publique sur les réactions au premier jet des nouvelles lignes directrices sur l'abattage de placers. On espère que ces lignes directrices seront en vigueur au début de la campagne de 1984.

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Contact Person

D. D. Brown, Acting Assistant Director, Mining Administration, Mining Management and Infrastructure, Northern Affairs Program, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 997-0911.

Personne-ressource

D. D. Brown, Directeur adjoint intérimaire, Division de l'administration des questions minières, Direction de la gestion minière et de l'infrastructure, Programme des affaires du Nord, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 997-0911.

REGULATORY PROGRAM EVALUATION SCHEDULE

Entry Number

INAC/NA-83-1-3-1

Title

CANADA MINING REGULATIONS

Description

Sub-component 2.1—Mineral Resource Management, of Component 2—Non-Renewable Resources, of Part C—Northern Affairs Program (NAP), DIAND Evaluation Plan covers all mineral resources management and mining-related activities carried out by NAP pursuant to the Territorial Lands Act and Regulations, including the Canada Mining Regulations.

Planning Stage

An evaluation assessment of this sub-component is underway.

Actual Commencement Date—April, 1982.

Targeted Completion Date—May, 1983.

Program Evaluation Study

The study is dependent on the assessment.

Targeted Commencement Date—September, 1983.

Targeted Completion Date—April, 1984.

Contact Person

Rosemary Wallbank, Evaluation Manager, Evaluation Branch, Corporate Policy, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1203.

Entry Number

INAC/NA-83-1-3-2

Title

NORTHERN RIGHT OF ENTRY AND ARBITRATION

Description

Sub-component 2.2—Oil and Gas Resource Management, of Component 2—Non-Renewable Resources, of Part C—Northern Affairs Program (NAP), DIAND Evaluation Plan together with sub-component 2.3 Oil and Gas Resource Management Activities (transferred to COGLA), covers all oil and gas resource management-related activities carried out by NAP pursuant to various legislation including the Canada Oil

CÉDULE DES ÉVALUATIONS DES PROGRAMMES DE RÉGLEMENTATION

Numéro d'entrée

AINC/AN-83-1-3-1

*Titre*RÈGLEMENT RÉGISSANT L'EXPLOITATION
MINIÈRE AU CANADA*Description*

La sous-composante 2.1—gestion des ressources minérales, de la composante 2—ressources non renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC, traite de toutes les activités de gestion des ressources minérales et de toutes les activités liées à l'exploitation minière, menées par le PAN aux termes de la Loi et du Règlement sur les terres territoriales, ainsi que du Règlement régissant l'exploitation minière du Canada.

Étape de la planification

Une étude préparatoire à l'évaluation de cette sous-composante est en cours.

Début de l'étude—Avril 1982.

Fin prévue de l'étude—Mai 1983.

Évaluation du programme

Elle dépendra de l'étude préparatoire à l'évaluation.

Début prévu de l'étude—Septembre 1983.

Fin prévue de l'étude—Avril 1984.

Personne-ressource

Rosemary Wallbank, Chef de l'Évaluation, Direction générale de l'évaluation, Orientations générales, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1203.

Numéro d'entrée

AINC/AN-83-1-3-2

*Titre*DROIT D'ACCÈS ET ARBITRAGE—TERRES
SEPTENTRIONALES*Description*

La sous-composante 2.2—gestion des ressources pétrolières et gazifères, de la composante 2—ressources non renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC, de même que la sous-composante 2.3, activités de gestion des ressources pétrolières et gazifères (dont la mise en œuvre est maintenant confiée à l'A.P.G.T.C.), traite de toutes les activités liées à la gestion des ressources

and Gas Act, Canada Oil and Gas Production and Conservation Act and Regulations.

The "lands" aspects of this policy review may also be included in sub-component 1.1—Land Management, of Component 1—Renewable Resources, of Part C—Northern Affairs Program, DIAND Evaluation Plan.

An assessment of sub-component 1.1 is underway (began October, 1982, targeted for completion July, 1983); an evaluation study is targeted for November, 1983 May 1984.

Planning Stage

Sub-components 2.2 and 2.3 will be addressed together. Some aspects will be assessed; others (new initiatives resulting from the Canada Oil and Gas Act) will be subject to a framework.

Targeted Commencement Date—October, 1983.

Targeted Completion Date—March, 1984.

Program Evaluation Study

This study is dependent on the assessment.

Targeted Commencement Date—1984

Targeted Completion Date—1985

Contact Person

Rosemary Wallbank, Evaluation Manager, Evaluation Branch, Corporate Policy, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1203.

Entry Number

INAC/NA-83-1-3-3

Title

OIL AND GAS LAND ADMINISTRATION
REGULATIONS

Description

Sub-component 2.3—Oil and Gas Resource Management, of Component 2—Non-Renewable Resources, of Part C—Northern Affairs Program (NAP), DIAND Evaluation Plan covers those oil and gas resource management activities that remain the responsibility of the Minister of IANC but that have been transferred to the Canada Oil and Gas Lands Administration (COGLA) under the Canada Oil and Gas Act.

This sub-component will be treated jointly with sub-component 2.2—Oil and Gas Resource Management Activities retained within NAP. The evaluation work will be coordinated with EMR which has joint responsibility with IANC for COGLA.

Planning Stage

Sub-components 2.2 and 2.3 will be addressed together. Some aspects will be assessed; others (new initiatives resulting

pétrolières et gazières menées par le PAN en exécution de diverses mesures législatives, dont la *Loi sur le pétrole et le gaz du Canada*, et la Loi et le Règlement sur la production et la conservation du pétrole et du gaz.

L'aspect «terres» de cette politique peut également toucher la sous-composante 1.1—gestion des terres, de la composante 1—ressources renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC.

Une étude préparatoire à l'évaluation de la sous-composante 1.1 est en cours (elle a commencé en octobre 1982, et sa fin est prévue pour juillet 1983); une étude d'évaluation est prévue pour la période allant de novembre 1983 à mai 1984.

Étape de la planification

Les sous-composantes 2.2 et 2.3 seront traitées ensemble. Certains aspects feront l'objet d'une étude préparatoire à l'évaluation; d'autres (des initiatives nouvelles rendues possibles par la *Loi sur le pétrole et le gaz du Canada*) exigeront l'établissement d'un cadre d'évaluation.

Début prévu de l'étude—Octobre 1983.

Fin prévue de l'étude—Mars 1984.

Évaluation du programme

Elle dépendra de l'étude préparatoire à l'évaluation.

Début prévu de l'étude—1984.

Fin prévue de l'étude—1985.

Personne-ressource

Rosemary Wallbank, Chef de l'Évaluation, Direction générale de l'évaluation, Orientations générales, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1203.

Numéro d'entrée

AINC/AN-83-1-3-3

Titre

RÈGLEMENT SUR L'ADMINISTRATION DU
PÉTROLE ET DU GAZ DES TERRES DU CANADA

Description

La sous-composante 2.3—gestion des ressources pétrolières et gazières, de la composante 2—ressources non renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC traite des activités de gestion des ressources pétrolières et gazières qui demeurent la responsabilité ultime du ministre du MAINC, mais dont la mise en œuvre est maintenant confiée à l'Administration du pétrole et du gaz des terres du Canada (A.P.G.T.C.) en vertu de la *Loi sur le pétrole et le gaz du Canada*.

Cette sous-composante sera traitée en même temps que la sous-composante 2.2—activités de gestion des ressources pétrolières et gazières, qui relève toujours du PAN. L'étude d'évaluation sera coordonnée par ÉMR qui, avec le MAINC, est responsable de l'A.P.G.T.C.

Étape de la planification

Les sous-composantes 2.2 et 2.3 seront traitées ensemble. Certains aspects feront l'objet d'une étude préparatoire à

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from the Canada Oil and Gas Act) will be subject to a framework.

Targeted Commencement Date—October, 1983.

Targeted Completion Date—March, 1984.

Program Evaluation Study

This study is dependent on the assessment.

Targeted Commencement Date—1984.

Targeted Completion Date—1985.

Contact Person

Rosemary Wallbank, Evaluation Manager, Evaluation Branch, Corporate Policy, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1203.

Entry Number

INAC/NA-83-1-3-4

Title

PLACER MINING GUIDELINES

Description

Sub-component 2.1—Mineral Resource Management, of Component 2—Non-Renewable Resources, of Part C—Northern Affairs Program (NAP), DIAND Evaluation Plan covers all mineral resource management and mining-related activities carried out by NAP pursuant to various pieces of legislation including the Yukon Placer Mining Act.

A major issue to be addressed involves the use of water and the impact of placer mining on water quality. This aspect is also included in Sub-component 1.2—Water Resource Management, of Component 1—Renewable Resources, of Part C—Northern Affairs Program, DIAND Evaluation Plan.

An assessment of sub-component 1.2 has been carried out (March-September, 1982); an evaluation study is targeted for June, 1983-February, 1984.

Planning Stage

An evaluation assessment of this sub-component is underway.

Targeted Commencement Date—April, 1982.

Targeted Completion Date—May, 1983.

Program Evaluation Study

This study is dependent on the assessment.

Targeted Commencement Date—September, 1983

Targeted Completion Date—April, 1984.

Contact Person

Rosemary Wallbank, Evaluation Manager, Evaluation Branch, Corporate Policy, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1203.

l'évaluation; d'autres (des initiatives nouvelles rendues possibles par la *Loi sur le pétrole et le gaz du Canada*) exigeront l'établissement d'un cadre d'évaluation.

Début prévu de l'étude—Octobre 1983.

Fin prévue de l'étude—Mars 1984.

Évaluation du programme

Elle dépendra de l'étude préparatoire à l'évaluation.

Début prévu de l'étude—1984.

Fin prévue de l'étude—1985.

Personne-ressource

Rosemary Wallbank, Chef de l'Évaluation, Direction générale de l'évaluation, Orientations générales, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1203.

Numéro d'entrée

AINC/AN-83-1-3-4

Titre

LIGNES DIRECTRICES SUR L'ABATTAGE DE PLACERS

Description

La sous-composante 2.1—gestion des ressources minières, de la composante 2—ressources non renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC traite de toutes les activités de gestion des ressources minières menées par le PAN en exécution de diverses mesures législatives, dont la *Loi sur l'extraction de l'or dans le Yukon*.

Une des questions importantes qui fera l'objet d'une évaluation concerne l'utilisation de l'eau et les répercussions de l'abattage de placers sur la qualité de l'eau. Cette question touche également la sous-composante 1.2—gestion des ressources hydrauliques, de la composante 1—ressources renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC.

Une étude préparatoire à l'évaluation de la sous-composante 1.2 a été faite (mars-septembre 1982); une étude d'évaluation est prévue pour la période allant de juin 1983 à février 1984.

Étape de la planification

Une étude préparatoire à l'évaluation de cette sous-composante est en cours.

Début de l'étude—Avril 1982.

Fin prévue de l'étude—Mai 1983.

Évaluation du programme

Elle dépendra de l'étude préparatoire à l'évaluation.

Début prévu de l'étude—Septembre 1983.

Fin prévue de l'étude—Avril 1984.

Personne-ressource

Rosemary Wallbank, Chef de l'Évaluation, Direction générale de l'évaluation, Orientations générales, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1203.

Entry Number

INAC/NA-83-1-3-5

Title

REGULATIONS PURSUANT TO THE OIL AND GAS PRODUCTION AND CONSERVATION ACT: CANADA OIL AND GAS, PRODUCTION; OFFSHORE STRUCTURE; DIVING AND GEOPHYSICAL REGULATIONS

Description

Sub-component 2.3—Oil and Gas Resource Management, of Component 2—Non-Renewable Resources, of Part C—Northern Affairs Program (NAP), DIAND Evaluation Plan covers those oil and gas resource management activities that remain the responsibility of the Minister of IAND but that have been transferred to the Canada Oil and Gas Lands Administration (COGLA) under the Canada Oil and Gas Act.

This sub-component will be treated jointly with sub-component 2.2—Oil and Gas Resource Management Activities retained within NAP. The evaluation work will be coordinated with EMR which has joint responsibility with IANC for COGLA.

Planning Stage

Sub-components 2.2 and 2.3 will be addressed together. Some aspects will be assessed; others (new initiatives resulting from the Canada Oil and Gas Act) will be subject to a framework.

Targeted Commencement Date—October, 1983.

Targeted Completion Date—March, 1984.

Program Evaluation Study

This study is dependent on the assessment.

Targeted Commencement Date—1984.

Targeted Completion Date—1985.

Contact Person

Rosemary Wallbank, Evaluation Manager, Evaluation Branch, Corporate Policy, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1203.

Entry Number

INAC/NA-83-1-3-6

Title

TERRITORIAL COAL REGULATIONS

Description

Sub-component 2.1—Mineral Resource Management, of Component 2—Non-Renewable Resources, of Part C—Northern Affairs Program (NAP), DIAND Evaluation Plan covers all mineral resource management and mining-related activities carried out by NAP pursuant to the Territorial Lands Act and Regulations, including the Territorial Coal Regulations.

Numéro d'entrée

AINC/AN-83-1-3-5

Titre

RÈGLEMENTS AFFÉRENTS À LA LOI SUR LA PRODUCTION DU PÉTROLE ET DU GAZ: RÈGLEMENT SUR LA PRODUCTION, LES INSTALLATIONS AU LARGE DES CÔTES, LA PLONGÉE ET LES ÉTUDES GÉOPHYSIQUES

Description

La sous-composante 2.3—gestion des ressources pétrolières et gazières, de la composante 2—ressources non renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC, traite des activités de gestion des ressources pétrolières et gazières qui demeurent la responsabilité du ministre du MAINC, mais dont la mise en œuvre est maintenant confiée à l'Administration du pétrole et du gaz des terres du Canada (A.P.G.T.C.), aux termes de la *Loi sur le pétrole et le gaz du Canada*.

Cette sous-composante sera traitée en même temps que la sous-composante 2.2—gestion des ressources pétrolières et gazières, qui relève toujours du PAN. L'étude d'évaluation sera coordonnée par ÉMR qui, avec le MAINC, est responsable de l'A.P.G.T.C.

Étape de la planification

Les sous-composantes 2.2 et 2.3 seront traitées ensemble. Certains aspects feront l'objet d'une étude préparatoire à l'évaluation; d'autres (des initiatives rendues possibles par la *Loi sur le pétrole et le gaz du Canada*) exigeant l'établissement d'un cadre d'évaluation.

Début prévue de l'étude—Octobre 1983.

Fin prévue de l'étude—Mars 1984.

Évaluation du programme

Étude d'évaluation du programme.

Début prévu de l'étude—1984.

Fin prévue de l'étude—1985.

Personne-ressource

Rosemary Wallbank, Chef de l'Évaluation, Direction générale de l'évaluation, Orientations générales, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1203.

Numéro d'entrée

AINC/AN-83-1-3-6

Titre

RÈGLEMENT TERRITORIAL SUR LA HOUILLE

Description

La sous-composante 2.1—gestion des ressources minières, de la composante 2—ressources non renouvelables, de la partie C—Programme des affaires du Nord, du plan d'évaluation du MAINC traite de toutes les activités de gestion des ressources minières et de toutes les activités liées à l'exploitation des ressources minières menées par le PAN aux termes de

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Although not technically a mineral, coal is included in this sub-component because it is extracted through mining.

Planning Stage

An evaluation assessment of this sub-component is underway.

Actual Commencement Date—April, 1982.

Targeted Completion Date—May, 1983.

Program Evaluation Study

This study is dependent on the assessment.

Targeted Commencement Date—September, 1983.

Targeted Completion Date—April, 1984.

Contact Person

Rosemary Wallbank, Evaluation Manager, Evaluation Branch, Corporate Policy, Indian and Northern Affairs Canada, Ottawa, Ontario K1A 0H4, Telephone: (819) 994-1203.

la Loi et du Règlement sur les terres territoriales, ainsi que du Règlement territorial sur la houille. Bien que n'étant pas, au sens chimique du terme, un minerai, la houille est comprise dans cette sous-composante car elle fait l'objet d'une exploitation minière.

Étape de la planification

Une étude préparatoire à l'évaluation de cette sous-composante est en cours.

Début de l'étude—Avril 1982.

Fin prévue de l'étude—Mai 1983.

Évaluation du programme

Elle dépendra de l'étude préparatoire à l'évaluation.

Date prévu de l'étude—Septembre 1983.

Fin prévue de l'étude—Avril 1984.

Personne-ressource

Rosemary Wallbank, chef de l'Évaluation, Direction générale de l'évaluation, Orientations générales, Ministère des Affaires indiennes et du Nord canadien, Ottawa (Ontario) K1A 0H4, Téléphone: (819) 994-1203.

COMPLETED MATTERS

No entries in this section at this time.

MESURES COMPLÉTÉES

Aucune donnée pour cette section à ce moment.

Summary Report: Working Group on Inland Waters
June 2, 1983

With some digressions, the group addressed the four questions posed by CARC. Nine water users were identified:

- 1) Biophysical (bugs, fish, frogs, wildlife)
- 2) Recreation
- 3) Subsistence hunting, fishing and trapping
- 4) Domestic water supply and waste disposal
- 5) Agriculture
- 6) Industrial water supply, waste disposal and other impacts
- 7) Placer mining
- 8) Hydro electric generation, flood control, river engineering
- 9) Navigation

A wide range of water managers were identified. It was noted that in a sense, all water users are water managers.

- a) water users, both individuals and industry
- b) municipalities and communities
- c) regional bodies such as DIZ and Regional Land Use Planning
- d) provincial/territorial
- e) interjurisdictional
- f) federal
- g) international

Some time was spent in an effort to specify the level of interest of various users at the local, regional and national levels. However, it was decided that time would be better spent moving directly to the identification of areas of significant conflict through the use of a matrix composed of the major user groups identified above.

MAJOR AREAS OF CONFLICTS BETWEEN USERS

	1	2	3	4	5	6	7	8	9
1) Biophysical		+	+	o	o	-	-	-	+
2) Recreation			o	o	o	-	-	-	+
3) Subsistence				o	o	-	-	-	o
4) Domestic					o	-	o	o	o
5) Agriculture						o	o	o	o
6) Industrial							o	o	o
7) Placer Mining								o	-
8) Hydro, etc.									-
9) Navigation									

legend: + compatible o undetermined - conflict

The matrix showed that the main sources of conflict were the impacts of industrial uses (6), placer mining (7) and hydroelectric, etc. (8) on the biophysical(1), recreation(2) and subsistence living(3).

Examination of specific cases showed a history of conflicts between industrial water uses and biophysical, recreation, and subsistence living. Discussion revealed problems with information availability, dissemination and comprehension (e. g. Pine Point). There were concerns about feedback to communities and accountability of decision makers.

With respect to the impacts of placer mining, it was noted that there were three types of areas: those in which no placer mining was expected, those where previous mining had disrupted so badly that no conflicts were expected, and those new areas where conflicts were certain. Conflicts with placer mining and salmon streams were not reconcilable. There were also conflicts between and deficiencies in legislation governing placer mining.

The conflicts between hydroelectric development and other river engineering projects with the biophysical, recreation and subsistence living were thought to be irreconcilable or very difficult to resolve. Those effects were generally well known and not discussed at length. A major issue was interjurisdictional aspects in which work in one jurisdiction (Province) affected those downstream in another.

Resolution of Conflicts

Any recommendations and efforts to resolve conflicts should avoid unnecessary bureaucratization and should use existing mechanisms where possible.

The conflicts with industrial uses could be partially resolved through successful Regional Planning but action should not wait for that process to be established. The DIZ (development impact zone) concept shows promise as another mechanism. Concerned individuals and communities

could also approach companies directly, and companies would do well to approach communities they might affect before the formal processes with the water boards started.

The Northern Inland Waters Act has never been fully utilized, especially with respect to the setting of priorities for water uses in which the water boards would play a major role. Formal recognition of existing/ongoing uses, basically 1), 2) and 3), is essential in priority setting.

The upcoming hearings in the Yukon on placer mining hold promise for resolution of identified conflicts. However, politicians must recognize and resolve the conflicts between the relevant pieces of legislation.

Bearing in mind the conference theme of resolving of national and regional interests, the working group recognized the vital importance of a clear and workable mechanism for resolution of interjurisdictional matters in the Mackenzie River System. To that end the group endorsed the draft statement from the May 26-29 Banff conference on water issues which basically urged action on the Mackenzie Basin Committee Report and proposed a plan of action for implementation.

It was recommended, as with the concerns about the Pine Point problems, that the Slave River Coalition go directly to TransAlta Utilities and Alberta Power with their concerns about downstream impacts of the Slave River Dam. One of the major considerations with respect to hydro is the possible alternatives and particularly who should assess them and put them forward. It was clear that a body independent of the proponent must do this.

There are two outstanding problems with respect to native rights which complicate conflict resolution: unsettled land claims themselves and the new, undefined nature of the constitutional provisions concerning

aboriginal rights. These may lead to claims for and rights to water itself. It is in both the national and regional interest to have these two issues resolved as quickly as possible.

Native communities have major concerns about water resources issues and conflict resolution. Appended are two statements representative of those concerns.

An immediate improvement can be made in conflict resolution by speeding the devolution of powers and accountability to the regional and local levels. For example, it is inappropriate that the federal minister is approving municipal water use in northern communities. There seems to be no reason why water boards should not be accountable to elected officials in the North.

There were two explicit research/information concerns raised: the cumulative effects of small scale hydro (possible destruction by insignificant increments) and movement toward water licencing according to total loading of receiving water as opposed to the present mechanism using concentrations.

As told to M. Helene Raque
Interview December 14, 1982

STATEMENT BY CHIEF JOHNNY CHARLIE OF FORT MCPHERSON
RE. SLAVE RIVER DAM /MACKENZIE RIVER WATER LEVELS

"The water is down on the Mackenzie River. A few years back, in the early '60's, we used to get high waters in the spring, when all the lakes used to flood and this was good for the muskrats. But by that time, I guess they put up the Bennett Dam on the Peace River, so every year the water seems to be going down more. We don't get the flood anymore, except for last spring. I don't know what happened.

Down in Arctic Red, I fish there every fall except this fall. Four years ago I set nets there in September and I hammered these sticks in for nets. Next year I went back, the water is about 3-4 feet below that stick from last year. Now, this fall I went back, it was about pretty near 15 feet lower than what it used to be four years ago. Maybe the Water Board knows this but they won't tell the people. They'll say, "Sure the water level is the same every year." But it's not.

Now they're talking about working the San Sault Rapids. They're talking about damming the Slave River. Well, it's going to affect the Fort Smith people and all the way down along the Mackenzie, right down to the Delta. It's going to affect the trappers. The government is not worried about the trappers.

We need the water. So if there's no water, that means more lakes dry out in the Delta, which will affect trappers in the Delta. So this is why we just wish that it won't happen.

I'm not against development because there is a lot of young people that make their living off working for companies, oil companies, but what we like to see and this is what we're fighting for is: let's settle the Land Claims. Let's settle this land for the Dene and the Metis Association together and then go ahead with development if they still want to go through. But this is what the government don't like. They don't want to develop it after they settle it (the Claims) first because they're going to be cutting through our land and that's going to cost them a lot of money. But right now they're cutting it up, it don't cost them anything because it's not settled."

As told to M. Helene Laraque
April 1983

" SLAVE RIVER DAM--NO WAY!

STATEMENT OF MRS. HELEN CHEEZIE OF FORT SMITH
(mother of 15)

"We don't want a dam. No way!

They took the land of the people of the North. That's enough.
They should leave us alone now.

I know many people in Alberta. They don't want to see changes in
the Mackenzie. We don't need it.

White people should find other ways. When they found oil in MacMurray
a lot of ducks died. The people lost a lot. They don't want to see
these things happen here.

If they build a dam, the fish and the animals will die, will be gone.
Close (dam) the river-- no good. They will kill a lot of animals. A
lot of people will die too. What will we live on?

People who want the dam, they're born outside (the North). Indians
never trouble white people. They just want to leave everything alone
the way it is.

I want to talk for the people of the North because I too am born in the
North. I want to help my people in the North. I will pray for this.
Only God is boss. Good luck to all the people in the North.

Goodbye,
Helen Cheezie"

THE FOUNDATIONS OF MINERAL POLICY

by

Margot J. Wojciechowski

Centre for Resource Studies
Kingston, Ontario
May 1983

THE FOUNDATIONS OF MINERAL POLICY

The mandate of the Centre for Resource Studies lies in the area of mineral policy. Unfortunately there is a wide divergence of opinion on what mineral policy actually is, and therefore on how it should be formulated and implemented. For many years the Canadian mineral industry grew and thrived in the private sector, seemingly without any mineral policy beyond the encouragement of overall economic growth. More recently, difficult economic times have coincided with increasing government intervention and regulation. Mineral-related policies have evolved in an ad hoc manner, in response to specific issues and concerns. The Centre is concerned about the lack of a broad overview of mineral policy, and lack of integration of mineral policy into an overall economic strategy. Only within a broad policy framework can individual policies and programs provide the balance needed to promote both the long-term survival and growth of the mineral industry and a healthy Canadian economy.

The mineral industry has been closely tied to the growth and economic development of Canada. It has played a major role in opening up remote areas and underwriting the costs of some of Canada's major transportation links. Early gold rushes brought settlers into remote areas; some communities faded away, but others survived and thrived. Iron ore, base metal and uranium developments have been the major cause of northern population growth since World War II, and helped to establish a Canadian foothold in the Arctic. Almost all of the railway lines constructed over that period were built to service mineral deposits. The Seaway could not have been justified economically without the promise of iron ore traffic from the Labrador Trough to Ontario and the U.S. Midwest. At the present time coal is the force behind the major infrastructure developments in British Columbia's north east.

The place of the mineral industry in Canada's economy has been documented and reported frequently. Among the many indicators of the importance of the industry are the following figures from 1982¹ (not the best year for the industry!):

Value of nonfuel mineral (NFM) production ²	\$10.9 billion
NFM production as percent of GNP	3
NFM exports as percent of Canadian production	75
NFM exports as percent of total Canadian exports	20
Canada's rank as NFM producer in world	4th
Direct and indirect employment in mining as percent of Canadian employed workforce	5.5

¹ Sources: Mining Association of Canada, Mining in Canada, Facts and Figures (in press); J.-P. Drolet, Canadian Minerals in a Changing Environment, EMR, 1983.

² excluding coal, oil and gas; including uranium.

Although the dependence of the overall economy on the mining sector may appear to be relatively small, some regions and communities depend totally on mining for their economic survival.

However, these economic and other benefits have not been won without costs. Mining is difficult and sometimes dangerous work, and miners have suffered a higher rate of work-related injuries and illnesses than those in less hazardous and physical occupations. The landscape has been altered, and the quality of water and air have been affected by mineral and smelting activities. Public pressure has begun to insist that the mining industry bear a greater proportion of these social costs than it has in the past, and as a result environmental and health and safety regulations have become more rigorous. Mining communities and infrastructure that can be created by a thriving mining industry can be destroyed by an ailing industry. And the Canadian mining industry is currently ailing. Economic returns declined dramatically in 1981 and 1982, both in a relative sense, in terms of Canada's share of world markets, and in an absolute sense, in terms of the profitability of individual companies.

In spite of an increase in total volume of exports over the period 1962-81 (averaging about 5 percent annually), Canada's share of the total export market for minerals has fallen significantly. In Europe, Canada has become a residual supplier, and therefore vulnerable to demand and price fluctuations. The reasons for this relative decline in market share are partly external, and reflect the improved access to technological skills and capital resources on the part developing countries with good mineral endowments, some cases of subsidization by their governments, and new bilateral and multilateral trade agreements. Some of the reasons are domestic, and are due to the fact that industry is now being asked to bear a fuller share of environmental, social, infrastructure and other external costs than in the past.

In the long term, these pressures are resulting in cost-cutting measures and improvements in productivity that will enhance the competitive position of Canadian producers. In the short term, however, and in conjunction with downward cyclical pressures in the economy and rising capital costs, the result has been a disastrous 1982 for the Canadian mineral industry. A company showing a profit over the year is considered a phenomenon. A fourth-quarter profit was considered a significant portent, rather than the normal course of events. More than half of the mining workforce was laid off during the second half of the year, and some mining communities may never recover. It is becoming increasingly difficult to raise the capital needed to finance ongoing operations and undertake new ones.

This raises a fundamental question; can the Canadian mineral industry survive? The answer is certainly yes - but in order to realize the benefits of raw materials, employment, foreign exchange etc. that the industry provides, there are costs that must be met, not only by the industry, but by other sectors as well. So the second question is: can we afford the costs?

Here we arrive at the foundations of what should be considered mineral policy. Can we afford to have a mineral industry? Can we afford not to have a mineral industry? These basic questions are actually being asked by individuals at the mineral policy decision-making level. No one would argue that we need a mineral industry no matter what the cost. Nor should anyone argue that we have to have a perfectly unchanged environment or perfect health, or total neutrality in taxation, or many other worthwhile goals, if the costs are too high. However, assuming that Canadians will decide or have decided that we must afford a mineral industry, then we need a mineral policy, or policies, to deal with the next question: how do we arrive at the optimum distribution and balance of the costs and benefits to the industry and to Canada of having a mineral industry?

The mineral industry can absorb costs of production, whether imposed by economic realities or by government regulation, only up to the point where it loses its markets to competitors by overpricing its output, or is forced to sell below its cost of production. Beyond this point the industry will consistently lose money, and eventually perish. Takeovers simply delay the demise and make it more costly. A properly conceived mineral policy will recognize this crucial point and, through negotiations and compromise with industry, labour, financial institutions, between government departments, and with public interest groups, achieve the needed economic balance between sectors and an equitable distribution of costs and benefits. Some operations may prove to have costs that individual companies or Canada as a whole cannot afford, and be closed down. Others may require marketing assistance or fiscal concessions or other aid that can be justified on economic grounds. Such decisions, however, can only be made rationally if they are made in the broader context of total costs and benefits.

In 1981 the federal government appeared to be taking a step towards this sort of mineral policy formulation, when its document Economic Development for Canada in the 1980s came out strongly in favour of a resource-based economic strategy for Canada, identifying mining as one of the five key resource sectors. It also promised a major report on the mining sector, which was released in 1982. Unfortunately, the study, Mineral Policy - A Discussion Paper, could not help but be a disappointment because it did not begin by acknowledging the basics of the cost-benefit relationships and by trying to zero in on a workable balance. Instead, it offered a piecemeal approach to a number of admittedly very real

problems, and proposed a variety of solutions or areas for further study that were useful in themselves but too uncoordinated to offer any real long-term solutions to the threats to the survival of the industry.

Much of the information that is needed for formulation of mineral policy is already available, and much more needs to be assembled and analyzed. Major investments have already been made in time, effort and professional expertise in previous mineral policy initiatives. However, the linkages between information and analysis have often been weak, and their impact on mineral policy decisions has in general been obscure. The results have oscillated between broad statements of policy intention on the one hand and narrowly-focused unconnected policy mechanisms on the other. A general but meaningful framework between these two extremes has not as yet been revealed.

To give substance to such a framework, there is a need for better data and analysis on the overall costs of mineral production (internal or company costs, and measurable external costs), of the value of the Canadian mineral endowment, of Canada's strengths and weaknesses in the markets that exist for these minerals, and of barriers to market access and ways of overcoming them. Given this basis of information and understanding, and a process of information transfer that carries the essentials through to the decision-making process, it should be possible to develop both a mineral policy and an array of policy mechanisms that will be supportive of the mineral industry and of the economy and country as a whole. The Centre has an important role to play in helping to generate the information and analysis needed. It can also help policy makers to appreciate the kind of policy framework that is needed to work towards a rational balance that will help to create a favourable environment for the mining industry in Canada, and at the same time strengthen the overall economy.

M.J.W. April 1983

The Mining Association of Canada



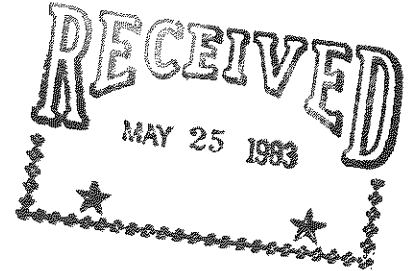
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Ottawa

May 16, 1983

To: All Member Companies
From: Harold T. Fargey, President
Subject: Centre for Resource Studies



As you know, The Mining Association of Canada financially supports the Centre for Resource Studies at Queen's University. Mrs. Margot Wojciechowski is Assistant Director of the Centre and recently prepared a brief statement entitled "The Foundation of Mineral Policy", a copy of which is attached. I think it is very well done and that you will find it of considerable interest.

HTF:gh
Enclosure

THE FOUNDATIONS OF MINERAL POLICY

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problems, and proposed a variety of solutions or areas for further study that were useful in themselves but too uncoordinated to offer any real long-term solutions to the threats to the survival of the industry.

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To give substance to such a framework, there is a need for better data and analysis on the overall costs of mineral production (internal or company costs, and measurable external costs), of the value of the Canadian mineral endowment, of Canada's strengths and weaknesses in the markets that exist for these minerals, and of barriers to market access and ways of overcoming them. Given this basis of information and understanding, and a process of information transfer that carries the essentials through to the decision-making process, it should be possible to develop both a mineral policy and an array of policy mechanisms that will be supportive of the mineral industry and of the economy and country as a whole. The Centre has an important role to play in helping to generate the information and analysis needed. It can also help policy makers to appreciate the kind of policy framework that is needed to work towards a rational balance that will help to create a favourable environment for the mining industry in Canada, and at the same time strengthen the overall economy.

M.J.W. April 1983

The Mining Association of Canada



NWT Archives/NWT & Nunavut Chamber of Mines for 1999-019-1-8

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TORONTO
March 22, 1983

D.J.E. MAR 24 1983

*File
W.H.M.
Policy, Daniels*

To: Mr. J. L. Bonus
Mr. T. D. Daniels
Mr. R. P. Douglas
✓ Mr. D. J. Emery
Mr. D. G. MacKinnon
Mr. J. M. Willson

Gentlemen:

On November 16, 1982 I wrote to John Munro expressing some concern with respect to a recently published statement on resource development policy published by the Government of the Northwest Territories.

I have now received a response from the Minister and am pleased to attach it for your information.

Yours sincerely,

Harold Fargey

H. T. Fargey
President

HTF:bg
Encl.



MAR 15 1983

MAR 10 1983

Mr. H.T. Fargey,
President,
The Mining Association of Canada,
Suite 409,
36 Toronto Street,
Toronto, Ontario.
M5C 2C2

Dear Mr. Fargey:

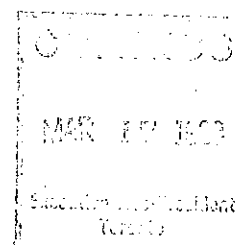
Thank you for your letter of November 16, advising me of the Mining Association of Canada's concerns about the Resource Development Policy initiative of the Government of the Northwest Territories. As you know, I welcome representations and input from the mining industry and consider it an important contribution to the development of mutually acceptable review processes with respect to northern development.

First of all, let me reaffirm that nonrenewable resource management in the north will clearly remain a federal responsibility. While work on the Northern Mineral Policy has been temporarily suspended in order to deal with other high priority issues in the mining sector, the approach to policy development as communicated to you and the Northern Mineral Advisory Committee will remain the same.

I would also like to inform you that in order to strengthen the Department's capability to deal with mineral-related issues, a new Mining Management and Infrastructure Directorate was recently established. This group, headed by Dr. Joseph Lazarovich, is comprised of three divisions: Mineral Policy - Mr. Jack Fraser, Chief; Mining Administration - Mr. John Hodgkinson, Chief; and Infrastructure - Mr. Bill Cleghorn, Chief. In my opinion, we have now a much stronger and more visible group of "miners" joined by the group concerned with roads and transportation issues.

.../2

Canada



- 2 -

It must be recognized that the Department has delegated certain responsibilities concerning socio-economic matters to the Government of the Northwest Territories.

My officers, in consultation with their territorial counterparts, are examining the territorial proposals and are devoting particular attention to the adequacies of existing processes relative to territorial responsibilities. Careful attention will be given to examining the implications in terms of timing of approvals, reporting burden, cost and duplication of processes. I am told that this topic is on the agenda for the next meeting of the Northern Mineral Advisory Committee. Please accept my assurances that the committee's discussions will be fully taken into account. It must be stressed that I personally will seek the assurance that any changes will serve to expedite the process rather than impose an undue burden on the northern resource industry.

In response to your questions on the relationships between the proposed Government of the Northwest Territories' policy and the federal Northern Land Use Planning initiative currently being established by my Department, I can reassure you that a basic principle of the planning initiative is to ensure effective co-ordination of effort, and to avoid duplication with other processes. In fact, one objective in establishing Northern Land Use Planning was to minimize the proliferation of ad hoc, project-specific processes through the preparation of comprehensive regional land use plans to guide land and resource related decision-making.

As has been our policy, any consideration about altering the rules and regulations governing mineral developments in the north will be based on full consultation with industry.

I trust that this clarification will alleviate your concerns. As the Mineral Policy progresses and federal-territorial consultation on the proposed territorial review processes occurs, your Association will be advised of developments.

Yours sincerely,



John C. Munro.

c.c. Mr. John H. Parker

The Mining Association of Canada



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Ottawa

November 9, 1982

To: All Member Companies
From: John L. Bonus, Managing Director
Subject: Mineral Policy Discussion Paper--Industry Response

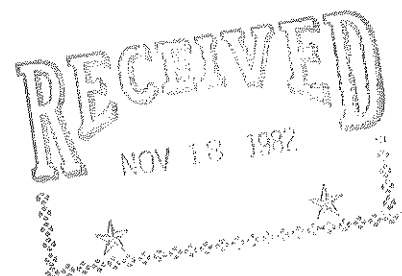
As you know, the federal Department of Energy, Mines and Resources published a Canadian Mineral Policy Discussion Paper in the spring of 1982. In so doing the Minister of State (Mines), the Hon. Judy Erola, invited reactions and suggestions from all segments of the Canadian mining and mineral processing industry.

The response to the Minister's invitation was considerable and generally critical in tone. Many companies, associations and chambers of mines submitted their views, as did The Mining Association of Canada.

One of the most comprehensive and well-considered submissions which has come to our attention is that prepared by one of our member companies, Placer Development Limited. Thinking it would be of interest to all members of The Mining Association of Canada, the President, Mr. H. T. Fargey, requested and obtained permission of Mr. Allen Born, the President and Chief Executive Officer of Placer and an MAC Director, to distribute the paper.

It is attached and I hope you will find it of interest and value.

JLB:gh
Enclosure



COPY

PLACER DEVELOPMENT LIMITED

ALLEN BORN

PRESIDENT AND CHIEF EXECUTIVE OFFICER

July 22, 1982

The Hon. Judy Erola,
Minister of State (Mines),
House of Commons,
Ottawa, Ontario
K1A 0A6

Dear Mrs. Erola,

I am pleased to submit the response of Placer Development Limited to the Mineral Policy Discussion Paper. You and your department are to be commended for producing a comprehensive survey of mining-related issues. The Discussion Paper provides a useful framework for the debate on mineral industry conditions and policy objectives. I congratulate you for injecting into the discussions on mineral policy a structure which can facilitate the formulation and adoption of a well-founded long-term constructive mineral policy.

The national dialogue on mineral policy which you are conducting represents in my opinion a significant opportunity for the mining industry and the country. The right mineral policy if adopted now will go far to assure that in the coming years the Canadian mining industry will be increasingly productive, competitive in world markets, and beneficial to the nation. A clear statement of objectives and priorities, designed to stimulate mining in Canada, is needed to guide government legislation, regulation and taxation over the long-term. For this reason, the analyses and proposals in the Discussion Paper have been subjected to an intensive review and evaluation by Placer's executives and staff. We offer you our conclusions and recommendations in the expectation that they may move the government closer to the right mineral policy for Canada.

There are many goals and principles stated in the Discussion Paper which we fully endorse in our response. Numerous differences, however, between Placer and the Discussion Paper arise concerning: the placement of priorities, the application of the principle of non-intervention, the cost-benefit ratio of new government programs and agencies, the effectiveness

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- 2 -

of a cash-grant system of inducements, and the validity of many data and analyses.

The central focus of mineral policy should be on enhancing the long-term competitive position of the Canadian mining industry. Other objectives, which depend on but do not contribute to the strength of the mining industry, are of necessity secondary. After competitive position, we attach priority to investment climate, junior mining and international marketing, as does the Discussion Paper. We also assign priority, unlike the Discussion Paper, to infrastructure and northern development. With these priorities in mind, we question or reject a number of proposals in the Discussion Paper, particularly concerning social and industrial benefits, which appear to impose considerable costs on Canadian mining companies and to be a detriment to the mining industry's global competitive position.

The principle of non-intervention by government to which the Discussion Paper subscribes merits our full support. The role of government in relation to the mining industry, in our view, consists essentially in providing infrastructure and in facilitating entrepreneurial activity. Any proposed extension of this role should be subjected to the most stringent cost-benefit analysis. In these days of growing budget deficits, it seems unlikely that any program which represents an increase in the cost of government can be economically or politically sustainable. The principle of non-intervention will if applied with rigour and consistency in the areas of foreign ownership, further processing, mineral machinery and equipment, mineral science and technology, and employment and quality of working life result in approaches which make full use of private initiative and which do not add to the cost of government.

As inducements to productive activity, tax incentives appear to be more effective than the cash grants proposed in the Discussion Paper. Incentives encourage decisions to be made in the private sector, with full exercise of private initiative and entrepreneurship; grants transfer much decision-making responsibility to government. The principle of non-intervention is not compatible, in our view, with a system of government grants.

Comprehensive and accurate information is the only sound basis on which to establish a mineral policy. Unfortunately, there are a number of instances where we find it necessary to correct or supplement the information presented in the Discussion Paper. If the revisions and expansions which we provide raise

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questions in your department, your officials are welcome to enquire directly of Placer staff for clarification and elaboration.

The mineral policy discussion process has to date been a useful exercise, both for the government and for the mining industry. For the first time, the whole range of issues related to mining is being subjected to a comprehensive and systematic examination. The complex inter-relationships and the relative importance of various issues are gradually being established.

From the consultation process now underway, I am confident a clearer picture of the challenges facing the mining industry and of the consequent policy imperatives for government will emerge. The current economic crisis will also surely help bring into perspective the real priorities for the mining industry. We urge you to press forward to design and implement a mineral policy which will support the Canadian mining industry in overcoming the difficulties and seizing the opportunities that lie ahead.

Very truly yours,

PLACER DEVELOPMENT LIMITED

C. Allen Born
President and
Chief Executive Officer

Enclosure

RESPONSE OF PLACER DEVELOPMENT LIMITED
to the
MINERAL POLICY DISCUSSION PAPER

Prepared by a Placer Task Force
on Mineral Policy

July 22, 1982

HIGHLIGHTS

- A stable and stimulative national mineral policy is needed to guide government legislation, regulation and taxation over the long term.
- Mineral policy priorities should be investment climate, competitive position, junior mining, international marketing, infrastructure and northern development.
- Government intervention should be less than proposed in the areas of foreign ownership, employment and quality of working life, further processing, mineral machinery and equipment, and mineral science and technology.
- That the mineral industry will remain competitive should not be an initial assumption of mineral policy but rather the ultimate objective.
- Proposed social programs will have an adverse impact on production costs and should not be implemented without a careful assessment of their effect on the competitive position of the mining industry.
- A system of tax incentives should be adopted rather than government grants, since this approach is more consistent with the philosophy of private sector initiative and efficiency.
- The government should cease monitoring and controlling the investment of foreign capital in Canadian mineral exploration and development.
- Economic realism and market sensitivity should be the determining factors in the development of further processing and of a mineral equipment and machinery industry.

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PREFACE, STATEMENT OF INITIATIVES AND BACKGROUND:

Placer Development Limited welcomes the opportunity for constructive participation in the formulation of a national mineral policy. A clear statement of objectives and priorities for the mineral industry is needed to guide government legislation, regulation and taxation over the long term. A vigorous mining industry requires a policy environment that is stable and stimulative. Placer trusts that its contributions to the policy discussion will help create that sort of environment.

The Mineral Policy Discussion Paper is a commendable first step towards attaining a realistic overview of the Canadian mining industry. The task is daunting, given the complexity and diversity of the industry in "all its dimensions: geological, technological, structural and spatial." A complete picture would require comparative data on mineral exploration, extraction, processing and marketing both for Canada and for the rest of the free world. The absence of such information renders any assessment of the Canadian mining industry essentially conjectural. To lessen the element of conjecture, Placer will endeavour to affirm, expand, correct or supplement the information in the Paper in those areas where Placer has some expertise.

As a collection of information about the mining industry the Paper represents an achievement of some merit. For example, the threat that rising capital and operating costs pose to the competitive position of the mining industry is substantiated. The adverse impact of recent tax policy on junior mining companies is documented. The increasing volatility of mineral prices is described. Macro-economic factors, such as inflation and rates of growth, are related to patterns of mineral investment, consumption and prices. Economic information such as this about the mining industry, while far from being the only contribution that the Paper makes, ranks in Placer's view among the most important.

The goal of the national mineral policy is announced in the Paper to be opportunity. Placer endorses this goal, on the assumption that the term opportunity applies as much to investors as to labour, the government, the public, the environment and so forth. Opportunity exists, as the Paper asserts, for the Canadian mining industry only insofar as its competitive position can be maintained or improved. Within this context it must be noted that while the quality of mines receives considerable attention in the Paper as having a significant bearing on competitive position, the physical quantity of mineral development should be regarded as no less important. Competitive position is unlikely to be maintained or to improve while market share is declining. Moreover, a healthy mining industry normally has a good mix of large, medium and small mines. Opportunity, therefore, must translate into a

policy which is designed to promote more mines as well as to promote better mines.

The philosophy of the Paper is expressed as private sector initiative with complementary government action. The Paper further purports to take a non-interventionist or laissez-faire approach to mineral policy. Placer supports this orientation, but is obliged to recommend that it be more consistently and rigorously applied. There are numerous instances in the Paper where, in Placer's view, an unnecessarily interventionist approach is taken with scant respect for private sector initiative. In broad terms, Placer recommends that policy should be less interventionist than proposed in the areas of foreign ownership, employment and quality of working life, further processing, mineral machinery and equipment, and mineral science and technology. On the other hand, Placer maintains that government intervention in the area of infrastructure development is an appropriate activity which the Paper does not adequately promote.

In the area of taxation and incentives, it is undeniable that a system of grants is far more interventionist and economically unsound than a system of tax incentives. Placer finds it paradoxical that, having adopted an approach of non-intervention, the Paper should favour grants over tax incentives for exploration because they can better be designed to "meet specific government social and economic objectives" and to "stimulate exploration activities in specific geographical areas." Placer prefers tax incentives as being more consistent with the philosophy of private sector initiative, and therefore recommends the enhancement of flow-through benefits transferable to primary investors by junior mining companies.

Six priorities are identified as meriting government initiatives.

- (1) Investment climate should be assigned highest priority, although a much fuller analysis of this issue is required along with more far-reaching initiatives than proposed in the Paper.
- (2) Junior mining is also a high priority, but Placer prefers to see in the proposed government initiatives greater respect for the entrepreneurial character of that industry in line with the philosophy of private initiative.
- (3) International marketing should also be assigned priority in a national mineral policy, but a more comprehensive analysis than provided in the Paper is required before initiatives can be developed.
- (4) Mineral machinery and equipment, while undoubtedly a significant problem in its own right does not appear to Placer as justifiably a central concern of mineral policy. Whatever priority is fitting for the problems of the mineral machinery and equipment industry should be established within the context of policy for the manufacturing sector, where the claims of that industry can be measured against the claims of similar industries, not against the

claims of the dissimilar, albeit vertically related mining industry. (5) Employment and quality of working life largely concern issues of social policy which touch on a broad spectrum of industries. These issues are important; but since they do not pertain exclusively to the mining industry, Placer would question whether they should constitute a priority in mineral policy. (6) Mineral science and technology play a role in the competitive position of Canadian mining, but it has not been demonstrated to Placer's satisfaction that the sort of interventionist initiatives proposed in this area are warranted. The high priority traditionally placed on S & T by government and the mining industry should be maintained, but no special priority need be assigned to it within mineral policy at this time.

One issue not assigned priority in the Paper but which Placer believes should be the central focus of mineral policy is competitive position. Improving the competitive position of mining in Canada is essential if opportunity is to exist for the industry. It should not simply be assumed, as stated in the Paper, that the mineral industry "will probably continue to be competitive." To maintain our competitive position, infrastructure and northern development should be assigned priority. For it is by providing initiative in these areas that government will make expansion of the resource base of the Canadian mining industry possible.

That mining is a business which carries a considerable degree of risk is correctly noted in the Paper. The risks identified by the Paper appear, however, to be confined solely to exploration. Mining has other risks as well, which should be recognized. As a long-term undertaking, where returns cannot be expected until years after an investment is made, mining confronts the risks of inflating costs and prices that are highly cyclical and at the mercy of world markets. The impact of these growing risks is reflected in the increasing reluctance of mining companies to make large-scale investments in new developments. In addition to cost-price risks, mining is subject to the risk of governments making adverse changes in taxation and regulation, with the possible consequence of significant loss for investors in mining. Placer trusts that greater stability in the Canadian tax and regulatory environment can be brought about by a strong national mineral policy.

RESOURCE BASE AND SECURITY OF SUPPLY:

The evidence of these sections is that Canada's mineral resources are adequate both to support the position of the country's mining industry in international markets and to supply domestic requirements. In Placer's view, a significant factor that will

determine whether the resource base and supply of minerals remain adequate will be the willingness of government and the public to provide a taxation and regulatory environment that encourages exploration and development.

Several factors are identified in the Paper as exerting either upward or downward pressure on real mineral prices. Contrary to the assertions of the Paper, rising energy, taxation and environmental costs, though they have a significant impact on operating and capital costs, do not, in Placer's view, translate into higher prices except over the very long term. Evidence of this fact is found in the recent convergence and crossing of the production cost trendline and the mineral price trendline, which are documented in Placer's comments on International Economics. Placer would also question the Paper's labeling of metal recycling as a source of downward pressure on metal prices. Placer's experience with copper scrap market trends and the price-cost reaction of the scrap market to primary copper markets would indicate that the assumption of downward pressure on prices from recycling is an over-simplification. The primary-secondary copper relationship is discussed in greater detail in Placer's comments on International Economics.

Comment is appropriate on the Paper's perceptions of the performance and expectations of exploration to expand the resource base. The downward trend in exploration performance in terms of levels of reserves might, in Placer's view, be offset somewhat if the number and size of deposits discovered during the decade with potential for development were examined. In addition to the market downswing of the 1970's, other factors not mentioned by the Paper influenced the declining performance of exploration in adding to reserves, notably the changes in taxation and the establishment of F.I.R.A. during that decade. Both of these developments had the effect of repelling exploration investment.

Placer is in broad agreement with the conclusions of the Paper that exploration and development of Canadian resources should occur at the rate and to the extent warranted by the criterion of economic viability. Placer would recommend, therefore, that counter-economic deterrents to expansion of the resource base in the form of adverse tax (e.g. Northern benefit taxation) or regulatory treatment (e.g. F.I.R.A.) should be alleviated.

COMPETITIVE POSITION:

The competitive position of the Canadian mining industry should be the central focus of mineral policy. The contribution to the Canadian standard of living of Canada's mining industry comes not from its ability to supply domestic mineral needs but from its

performance in the highly competitive global market. The Canadian mining industry has been able to compete successfully in the past thanks to a number of critical factors: reasonable grade deposits, good technology, experienced personnel, low power costs, low infrastructure loading, reasonable wage levels, high productivity and attractive tax incentives. Today few of these factors are as favorable for the competitive position of the mining industry as they once were.

Placer is well acquainted with the competitive factors involved in mining low grade copper deposits. Placer operates the Gibraltar copper mine averaging .35% Cu in British Columbia and the Marcopper mine averaging .40% Cu in the Philippines. While wages are much higher at Gibraltar than at Marcopper, productivity of Gibraltar is higher and power costs are now much lower than at Marcopper (which generates power with diesel), so that Gibraltar's cost per pound of copper produced is the same as Marcopper's despite the lower grade. In Placer's experience, lower grade orebodies need not place Canada at a competitive disadvantage as long as other factors are adequately offsetting.

The attributes of Canadian orebodies which the Paper focuses on are by-product values and location. Placer would recommend that an additional characteristic with a significant influence on the economic potential of an orebody is size of deposit. Very large low grade deposits can offer, within limits, economies of scale that can be an important factor in cost of production.

The Paper emphasizes the significance to competitive position of changes in the value of the Canadian dollar. In Placer's view, a distinction must be made between the long-term influence and the short-term impact of exchange rate fluctuations. The most noticeable positive impact of a devaluation occurs during the first six to twelve months. Machinery parts, equipment and energy tend normally towards international price levels. Labour costs eventually rise to offset exchange advantages, as unions demand wage increases to compensate for lower purchasing power. Over the long-term, therefore, the advantage to competitive position of a devalued dollar is significantly lessened.

The true competitive position of the Canadian mining industry can only be determined on the basis of comprehensive comparative data for each of a number of factors for every mine and smelter in the non-communist world, developing nations as well as the Industrialized West. The critical factors in Placer's view are: grades, prices, smelter deductions, recoveries, ore reserves, grinding indexes, quality and quantity of production, labour costs, energy costs, maintenance costs, environmental costs, by-products (incremental costs, volume and values) and the effects of prices, throughput, freight rates, interest rates, exchange

rates, direct and indirect taxes, and direct and indirect subsidies. In the absence of such comparative data, estimates of the impact of any one factor on the competitive position of the Canadian mining industry must remain highly conjectural.

For operating costs the overall competitive position of Canadian mining cannot be ascertained, as the Paper attempts, from an analysis of various factors in isolation such as wages, energy costs, exchange rates, etc., with scant reference to their interconnection. Ultimately all costs must be aggregated, since Canada's competitive position is a function of the total operating costs for mining in this country as contrasted with the rest of the free world. The single source cited in the Paper where such an aggregation is attempted is not, in Placer's view, an adequate base on which to formulate a mineral policy. Canada's cost curve should be plotted against the cost curve for total free world production to indicate where Canada's lowest cost mines stand among the world's low cost mines, and where Canada's highest cost mines stand among the world's high cost mines. Only then will this country's real competitive position be evident. Moreover, changes in competitive position should be traced by extending the contrasted production cost curves of Canada and the free world over a ten to twenty year period.

The Paper states that "taxes have a much smaller impact upon profitability than do prices, the exchange rate and operating costs." In Placer's view, prices and ore-grades have the greatest impact on profitability of the mining industry and these are factors over which neither government nor the mining industry has control. Taxes have as great an impact on profitability as do operating costs and, like operating costs, can be controlled. Taxes have an important and immediate effect on profitability and in addition, as a direct reflection of whether or not the government is supportive of the mining industry, have a long-term effect on new mine development.

The examination of capital costs for new or expanded mines neglects to consider a significant competitive factor in development decisions, tax incentives. In the early 1970's, when Placer decided to bring the Gibraltar mine into production, Canada still offered a period of one and half years tax free as an incentive. At the same time Placer was exploring a property with comparable tonnage and grade in California, which it decided not to develop. The fact that California did not offer a tax free period for recovering invested capital influenced the decision. Today Gibraltar has had ten years of operation, while the Californian deposit remains undeveloped. In Placer's view, tax incentives for development represent a highly effective means of offsetting Canada's capital cost disadvantages and enhancing the competitive position of the country's mining industry.

TAXATION AND INCENTIVES:

The tax system as it applies to mining is adequately described in the Paper. A policy of maintaining a tax burden on mining equivalent to that on manufacturing appears to be favored, and arguments that mining taxes should be lower than manufacturing taxes because of the greater risk in mining are generally discounted. There are no firm conclusions as to whether or not changes in the tax system are required, although the section on infrastructure suggests that the tax system could be designed to be more profit sensitive, a suggestion to which Placer responds in its comments on that section. The omission of an unambiguous policy statement on taxation will generate uncertainty in the mining industry. Placer recommends, therefore, that the mineral policy incorporate the conclusions of the 1978 Federal-Provincial Resource Taxation Review that stability in the tax system be maintained and that the tax system recognize the cyclical nature of the mining industry.

Only in the area of the taxation of junior mining companies does the Paper propose government initiatives. The valid point is made that many junior mining companies are not able to take advantage of tax incentives, so that their costs of exploration are higher than for producing companies. Several interesting suggestions are made for reducing the tax disadvantages faced by junior mining companies, including exploration grants, tax credits, capital gains exemption, and flow through benefit provisions.

Careful attention is given in the Paper to the relative merits of a system of exploration grants versus a system of tax incentives. The paper favours the grant system because it can be designed to "meet specific government social and economic objectives" and can "stimulate exploration activities on specific geographical areas". In Placer's view, a grant system is a potential impediment to the efficiency of junior mining companies. Exploration by junior mining companies is naturally more efficient in developed or partially developed areas, where the availability of infrastructure, power and transportation reduces the cost and enhances the value of any discovery. Exploration in remote areas dissipates too great a portion of the resources of junior mining companies on expenditures for logistics. Moreover, remote orebodies when discovered are far more costly to develop and hence less attractive to potential purchasers. There is a danger that government exploration grants would, by focusing the activities of junior mining companies on remote regions, raise the cost and lower the relative reward of discoveries, thereby impairing the economic viability of those companies.

The major advantage of an exploration grant system flows not to companies but to the government in the form of expanded economic

control. Because of the degree of government interference and repressed private initiative inherent in a grant system, as well as the bureaucratic expansion and administrative costs that such a system would entail, Placer is firmly opposed to the establishment of exploration grants.

Junior mining companies are entrepreneurial in nature, characterized by a willingness to gamble on ideas that may lead to mineral discoveries. Exploration by junior mining companies carries a high risk, as noted in the Paper's estimate that only one drill-hole in a thousand produces a mineral discovery. Investment in junior mining companies will only be made if potential investors can reasonably expect rewards commensurate with their risks. Government policy, therefore, should be to provide tax incentives to those risk-takers in society who might be attracted to investing in junior mining companies.

One incentive suggested in the Paper is to enhance the flow-through benefits transferable by junior mining companies to primary equity investors. Placer agrees that this would be an effective way of reducing the cost and difficulty for junior mining companies to raise money. This measure combined with the Ways and Means Motion 47 of the November 1981 budget which gives capital gains treatment on the proceeds of sale of shares acquired as consideration for incurring exploration expense, would improve the ability of junior mining companies to finance exploration without affecting the traditional independence and low administration costs of these companies.

FOREIGN OWNERSHIP:

Foreign investment by American, British and Japanese companies has done much to bring Canadian mining to its present high level. For example, Kennco, a mining company which is now defunct in British Columbia, discovered many deposits in this province, including B.C. Moly, Stikine Copper, the Equity deposit, which Placer has developed, and the Berg deposit, which Placer is still exploring. Another foreign mining company which has contributed much to B.C. is Utah Mines, which discovered, developed and is operating Island Copper at the North end of Vancouver Island and which is carrying out exploration in the surrounding areas in the absence of interest on the part of junior mining companies.

The foreign companies in Canada make a significant contribution to the Canadian mining industry as discoverers, stimulators and partners. In Placer's view, there is no reason to prevent or impede the control of a mineral property by foreign companies which either discover it or consider it worthy of purchase.

The Foreign Investment Review Agency has, in Placer's view, had a detrimental effect on Canadian mining and on the junior mining sector in particular. The discouragement of foreign capital from investing in Canadian mining which results from not permitting foreign control of a development has depressed the general activity on which junior mining companies depend as stimulus for their fund raising. Because of FIRA, not only is less foreign money invested directly in junior mining companies, but less foreign money is directed toward the purchase of discoveries. As a consequence the price which potential discoveries might fetch is depressed, which in turn further depresses investment in the junior companies. The major impediment which F.I.R.A. presents to junior mining companies in raising money lies totally within the government's ability to correct.

In 1978, according to the Paper, 64 percent of the assets of the Canadian mineral industry was Canadian controlled. This figure would probably be higher in 1982, given the take-over of Kaiser by B.C.R.I.C., of Cyprus Anvil by Dome and of Kidd Creek by the Canadian Development Corporation. Because the mining industry in Canada is predominantly owned and controlled by Canadians, there is no need, in Placer's view, to give even the slightest consideration to expanding or maintaining FIRA's activities in the mineral sector.

Finally, it must be noted that there will be a continuous and pressing need for influxes of capital for mining companies, both junior and senior, for a considerable time to come. Mineral deposits are becoming more remote, lower in grade, deeper and more difficult to develop. The cost of bringing these deposits into production will continue to rise. In Placer's view, whether the foreign capital which will be increasingly needed for future mineral development enters Canada as equity investment or as loan is of little consequence and should not be a concern of mineral policy.

JUNIOR MINING:

The activities of junior mining companies, particularly in exploration have been the lifeblood of Placer. Placer's expansion has been largely based on the achievements of junior companies, first the participation in Craigmont and Mattagami in the late 1950's, in Endako in the early 1960's, and in Gibraltar in the late 1960's and most recently in Equity.

The main function of junior mining has been and, in Placer's view, should continue to be the finding of new deposits. Occasionally when the required expertise and capital are available, junior mining companies may develop and operate a mine, e.g. Bethlehem,

Western Mines, Northair. More often junior mining companies will sell mineral properties to major companies equipped with the resources to proceed with development.

The sale of mineral discoveries requires that a geological evaluation be performed to the point where a reasonable price can be assigned. The largest expense but best tool for the discovery and evaluation of mineral properties is drilling, even more so as the near-surface deposits are exhausted. Not only is drilling expensive, but it is also a high-risk activity, as is underscored by the Paper's estimate that only one drill hole in a thousand may lead to a mineral discovery. Money can be attracted to such a gamble only if potential investors are convinced that the rewards are commensurate with the risks. Placer recommends that government increase the potential rewards of mining investment by improving the ability of junior mining companies to issue flow-through shares.

With reference to the stated need for more effective dissemination of geological information, the experience of Placer is that most data on ore deposits and new discoveries do not remain secret for very long. Junior mining companies have proven themselves very adept at gathering and using information. The dominant factor in the dissemination of geological information at the present time is the technical ability of the staff of junior mining companies; and as long as the reward incentive for junior mining company employees is not curtailed, those companies will continue to attract and retain highly competent staff. The competitive approach of junior mining companies towards acquiring, interpreting and applying geological information is an essential element of their vitality. Moreover, it must be remembered that many orebodies have been discovered, especially by junior mining companies, after conventional wisdom had denied their existence. Placer perceives a danger that government control of the dissemination of geological information will dampen the competitive vitality of junior mining companies and will tend to impose on them the limitations of conventional wisdom.

INFRASTRUCTURE:

The essential role which the federal government must assume in the provision of infrastructure for new mining areas, particularly on Canada lands, is stated in the Paper, although with insufficient emphasis. On balance, a fair effort appears to have been made in the Paper to define the key issues and problems connected with infrastructure which need addressing by both government and industry. In Placer's view, mining companies should work closely and continuously with government to formulate criteria and plans

for infrastructure development which will best serve the interests of the industry and the country.

The review of infrastructure development in the North focuses on two mines, Pine Point and Cyprus Anvil, the former of which is accurately described in the Paper as "rather unique." It would be useful to examine a broader cross-section of northern infrastructure developments, including the examples of Nanisivik and Polaris, neither of which would show the lop-sided proportion of public investment indicated by the Pine Point example. There is a danger that the precedent of Pine Point will skew government investment in the direction of too little support for ~~infrastructure~~.

Only the initial capital costs of the infrastructure development for Pine Point and Cyprus Anvil are described in the Paper. The subsequent sustaining, expansion and modernization expenditures at both Pine Point and Cyprus Anvil should also be examined for a complete picture of the relative capital expenditures of industry and government on those mines. Infrastructure policy based on an incomplete picture is unlikely to promote the competitive position of the mining industry.

Two points which emerge from the review of northern infrastructure developments deserve emphasis. First, infrastructure was provided only on a cost-recovery basis, a principle which applies even to the apparently disproportionately expensive Pine Point Railway. Secondly, mining companies were not the sole beneficiaries of the infrastructure provided. A quantification of these points would, in Placer's view, help to clarify the real cost-benefit ratios of infrastructure development.

The analysis of the rates of return on private invested capital and total invested capital in Pine Point and Cyprus Anvil is problematic in several respects. The rates of return on private invested capital after-tax should be examined as well as the before-tax return. The rates of return for Pine Point are atypical and should be considered irrelevant to the formulation of policy. The metal prices assumed in the forecast of rates of return should be specified. That Cyprus Anvil should generate a 15 percent rate of return before tax over the expected lifetime of the mine does not appear realistic in view of the mine's current operating problems, and its modernization and modification program costing over \$240 million. A 15 percent after tax estimated rate of return could not have been regarded even at inception as very encouraging for such a high risk project as Cyprus Anvil, as the subsequent performance of that mine was to bear out. Until the interest rate explosion of the past year, a rate of return of 15 percent was generally regarded as the hurdle point for most mining companies, the return required just to cover the cost of capital

and risk, even on a constant dollar basis. Cyprus Anvil today should not be classified even as a modestly attractive investment, given its meagre 8 percent return on investment to date. Overall there appears to be an implication in the Paper, perhaps unintended, that high rates of return are in some respect questionable. High rates of return on mining investment should, in Placer's judgment, be one of the primary objectives of mineral policy.

The review of northern infrastructure development concludes with several questions. Were the incentives provided by government too lucrative? It is possible that in the unique case of Pine Point the government share of the initial investment was disproportionate. However, the ultimate justification or not of the Pine Point infrastructure investment must depend on whether the public received an adequate return, an analysis which has not been performed. By no reasonable criterion could it be asserted that in the case of Cyprus Anvil infrastructure investment by government was too lucrative.

It is asked whether since the government bore much of the downside risk, it should have shared in the upside profits beyond a normal target rate of return. Government in fact shares thoroughly in the upside profits through income taxes. Once a new mine has recouped its original investment costs through capital cost allowances, governments receive approximately 58 percent of the before-tax profit in B.C., and 34.5 percent in the Yukon (excluding the graduated Yukon royalty rate). An analysis of the return to government in taxes from Pine Point and Cyprus Anvil would be an informative addendum to this review.

It is asked whether infrastructure support should have been made conditional upon receiving firm guarantees from the companies regarding social objectives. The principle of such trade-offs is acceptable to Placer, as long as the social objectives are realistically attainable and encompass areas which are appropriately handled by the private sector.

The principle that the government should require an economic justification for its infrastructure investment is supported totally by Placer. There is, however, a problem with the inclusion of social benefits within the economic justification. The social benefits are expected by government to exceed the cost of subsidization. It is, therefore, critically important that some effort be made to quantify social benefits. Otherwise, the cost-benefit ratio for infrastructure development will always remain a matter of speculation, with no limits to the amount of social benefit which government should reasonably expect from an infrastructure investment. Unless such benefits are clearly defined, mining companies which undertake to provide them in

return for infrastructure provision may find that they have entered into an open-ended contract.

Two of the reasons given for the subsidization of infrastructure by government, other than for mineral development purposes, appear to be acceptable. The market system does not allocate an appropriate amount of resources to maintain roads and highways, and there are instances where private capital will not assume the risk of investment in infrastructure because returns are too questionable or likely to be long delayed. On the other hand, it has not been shown that government is more efficient than a private firm in providing any service. In Placer's view, there is no reason why private companies should be prevented from building, operating and retaining hydro electric power sources, subject to the usual regulations. Government ownership of monopolies in service sectors has not tended to make the action of those monopolies more efficient or more responsible. Though theoretically such monopolies may answer to the public, in practice they answer only to themselves.

Placer shares the government's concern about the opening up of new areas as an end in itself. As a general principle it is true that mineral developments should take place only if they can pay their own way; and public investment should not be undertaken simply for the sake of opening up a region, earning foreign exchange or creating jobs in sparsely populated regions. Public investment in infrastructure should be undertaken where there is reasonable economic justification.

A variety of mechanisms for taxing "excess profits" are examined in the Paper. Placer's view is that the tax system in place enables the government to tax "excess profits" quite effectively. With no examination in detail of what constitutes a reasonable rate of return to private investors and no reference to the highly cyclical nature of mining profits, this section of the Paper leaves the impression that in some cases investors may be receiving larger returns than the government should permit. Every suggestion by government that the return on investment in mining should be reduced or limited in some manner serves only to raise the risk which potential investors associate with mining. As investors perceive increased risk, the rate of return that they will require to justify new investment in mining will rise commensurately. In other words, vague discussions about restricting the rate of return will only discourage investment in mining. A stable, effective and fair tax system is the single instrument which can both foster investment and capture for the government a fair share of the return on investment.

NORTHERN AND REGIONAL DEVELOPMENT:

The initiatives proposed in the Paper with reference to mineral development in the North are presumably a preview of the Northern mineral policy soon to be released by the Department of Indian Affairs and Northern Development. Placer agrees with the apparent policy objective with reference to the North of creating an atmosphere that will encourage mineral development. Detailed comment on the specific initiatives proposed, where not already incorporated in Placer's response to other sections of the Paper, e.g. Infrastructure and Environment, will be reserved for the Northern mineral policy paper.

The impact of land alienation in the North on the resource base of the mining industry should be analyzed in detail. In the western Northwest Territories there are seven parks covering 7.2 million hectares. A proposal tabled by the International Biological Program Reserves Committee would add reserves totalling one tenth the area of the Northwest Territories, or approximately 380,000 square kilometers. IBP reserves are not a simple land alienation, however, as mineral development may be allowed in many cases, although guidelines for operations will be more stringent than those that obtain outside such areas. A clarification of the access of mining to IBP reserves is required.

In the Yukon, in addition to environmentally significant areas and six small Indian reserves, there are 74 areas of land which have been identified for Indian use and either set aside or reserved. A much larger area which may be alienated is the proposed Yukon Reserve, covering a 12,950 sq. km. with surface and subsurface rights and an additional 82,880 sq. km. with surface rights only. The status of this proposal is as yet undetermined, making future mining access highly uncertain.

The problem of land alienation will presumably be examined in the Northern mineral policy paper. Placer recommends that this factor also be a central factor in Canada's national mineral policy, since the threat of future alienation of land from mining through the establishment of new parks and reserves is currently a strong disincentive to mineral exploration and development. If the country's resource base and its potential for expansion continue to be reduced as current trends indicate, the competitive position of the mining industry will be severely threatened.

EMPLOYMENT AND QUALITY OF WORKING LIFE:

The shortage of skilled trades personnel is identified by the Paper as a growing problem for the Canadian mining industry. Placer agrees that such shortages have been a problem in the past

and can be expected to be a problem in in future. Placer, along with other mining companies, faces a continuing challenge to train and develop an adequate supply of skilled personnel. Assistance from government in this endeavour would, in Placer's view, best take the form of encouraging young people, through the secondary school curriculum, vocational counselling and technical training, to prepare for a career in the mining trades.

The turnover rate in mining, as the Paper accurately indicates, is high compared to all industries in Canada. The factors influencing retention of employees are, however, in Placer's view, mine specific and should not be addressed by general prescriptions for improved housing and social amenities. Each mine should be encouraged to do what it must to attract and retain employees through a sensitive responsiveness to changing patterns of labour availability. Government intervention is likely to skew labour market forces and make industry's efforts to abate turnover increasingly difficult.

Current and proposed government policies represent an impediment to Placer and other mining companies in their efforts to attract and retain skilled personnel, particularly in the North. The taxing of benefits and perquisites, which Canadian mining companies have traditionally used to attract skilled personnel to remote and difficult locations, will cause those scarce human resources to be decreasingly available for work in the less developed areas of Canada. Policies which deprive technical expertise to Canadian mining companies in the North reduce the competitive position of the country's mineral industry.

The objective of increasing the number of women and native people working in mining, as espoused by the Paper, is endorsed by Placer. Imposed quotas or other legislated solutions are not, however, in Placer's view, efficient or acceptable methods for attaining those objectives. In the first place, companies should be able to hire the most productive individuals regardless of race and sex. To do otherwise would introduce a degree of inefficiency into mining operations which could seriously detract from the industry's competitive position. Moreover, the bureaucracy that would be created to administer quotas would be expensive and administratively burdensome and as such a further depressant on competitiveness.

The perception in Placer is that society is evolving and traditional barriers are falling. The Paper notes that overall female employment in mining in 1979 was 4.7 percent, of which about one-third was in non-traditional occupations. At Placer's Equity mine the number of women in non-traditional jobs is 15.2 percent of the workforce; at Endako women in non-traditional occupations constitute 10.4 percent of the workforce; at Gibraltar

they are 5.9 percent of the workforce. Overall at Placer's B.C. mines, women in traditional and non-traditional jobs represent 9.1 percent of the workforce. A natural social process is underway which requires encouragement but not coercion from government. Such encouragement should take the form of vocational counselling and technical training aimed at native people and women. Governments should encourage mining companies to continue acting responsively to community needs in expanding employment opportunities for women and native people, without undo intervention. In addition, governments should examine policies and practices of trade-unions which limit, restrict or prohibit the employment of women and native people who are not or cannot be members of the union.

Workplace health and safety is correctly identified by the Paper as a major concern, and indeed is one to which Placer attaches high priority. The remedy proposed by the Paper for improving health and safety on minesites is the appointment of a full-time safety professional on the property. Placer currently employs such an official at its mines, as do many other mining companies. That the government should require the appointment of safety officers, whether full or part-time according to the needs of the mines, is regarded in Placer as a reasonable proposal, providing that such officers report to the company. The appointment of safety officers by unions should be left a matter of mine specific negotiations between unions and companies and should not be an imposition of government. The further suggestion in the Paper that more systematic record keeping and legislation could improve minesite health and safety is acceptable to Placer as long as such measures simplify and do not augment the administrative burden.

Pension reform is proposed in the Paper through either of two options: the enactment of standards for private coverage, including immediate vesting and complete portability, or the expansion of the Canada/Quebec Pension Plan. As the Paper notes, either alternative would be costly. Placer strongly urges that the full cost to mining companies of the proposed pension revisions be evaluated, along with the impact of that increased cost on the industry's competitive position. Placer also advises that the potential impact of pension portability on the serious problem of labour turnover in the mining industry be carefully examined before any enactment of legislation.

ENVIRONMENT:

That Canadian mines are already subject to stringent pollution regulations is recognized by the Paper, and no new environmental constraints on mining are proposed. Placer shares the mining industry's concern, which the Paper notes, that environmental

regulations are too strict, confused, overlapping, with uncoordinated administration from three levels of government. The strictness of federal environmental regulations is well exemplified in the Federal Fisheries Act, where the approach the federal government has used is to prohibit in the Act almost everything, then go back and allow specific industries to operate in a manner controlled by regulations. Placer maintains that The Fisheries Act makes a poor precedent for environmental legislation. The varying standards of environmental regulations imposed by different levels of government are not, in Placer's view, a function of changing public perceptions, as asserted in the Paper, but rather result from the differing interpretation which different levels of government place on their mandate to protect the environment. The variability of environmental regulations is not a social problem, but a governmental problem, and should be addressed as such. Governments should firmly fix environmental rules, and enforce those rules fairly and equally, so as to remove such matters from the often emotional and easily manipulated public forum.

Northern environmental concerns are only tentatively addressed in the Paper, and will undoubtedly be treated in greater detail in the Northern mineral policy paper currently being prepared in the Department of Indian Affairs and Northern Development. Nevertheless, Placer would like to express its view that in principle the Northern environment should be subjected to a thorough sensitivity zoning, with regulations established which are appropriate to the different zones.

FURTHER PROCESSING:

The spin off benefits of further processing in the form of increased employment, value added, regional development and tax revenues make it an understandable objective of government policy. It should be noted, however, that similar spin-off benefits from infrastructure development are regarded by the Paper as inadequate to justify government subsidization. Placer recommends that the criterion of economic justification which the government endorses for infrastructure investment be systematically and strictly applied to investment in further processing. Placer is concerned that a number of critical economic factors in further processing are inadequately examined in the Paper, notably the competitive costs of smelting; the relative value added for mining, smelting, refining and fabrication; the differing marketing problems of concentrate and metal; the security of supply for customers; the by-product markets for acid; pollution control costs; and global excess capacity for smelters and refineries.

Placer is well acquainted with the economics of further processing for copper on the West Coast, and rejects the assertion of the Paper that marketing and cost advantages would accrue to the mining industry from such a facility. In the first place, copper metal does not offer a marketing advantage over concentrate in the Pacific Rim. The demand for concentrate in the Pacific Rim is competitive. In fact Eastern Canadian and European smelters are entering this market to secure supply. On the other hand, Japan, Taiwan and Korea have import duties on metal to protect local smelters. These countries are in fact subsidizing copper smelting and paying premium terms for concentrate. If Japanese, Korean and Taiwanese smelting must be sustained by such uneconomic policies, Canada's response should not be to imitate the policies of those countries but to take full advantage of the real market opportunities which exist. Secondly, the acid by-product of copper smelting is far more difficult to sell on the export market than sulphur. Thirdly, British Columbia offers no competitive advantage for copper smelting in terms of labour costs, labour productivity, taxation costs, and capital costs. Fourthly, it is uncertain that mine-smelter savings would result from the processing of concentrate of a lower grade than would be exported. Lower concentrate grades reduce smelter through-put and raise smelting costs. The economics of smelting lower grades of ore cannot be assumed but must be subjected to thorough metallurgical analysis. Fifthly, global copper smelting and refining over-capacity is now expected to last into the early 1990's (according, for example, to the latest C.R.U. projections), indicating a distinct lack of market opportunity for new capacity in copper smelting and refining.

While not examining all of the reasons in detail, the Paper concludes accurately that it is uneconomical to smelt and refine copper concentrate in Canada before shipment to Japan. Much of the blame for this situation is placed on the Japanese tariff on refined metal combined with Japanese company procurement practices and a Japanese domestic pricing system designed to favour imports of concentrate. Placer finds it inconsistent that the government should object to this situation while simultaneously advocating a similar form of protectionism for the mining equipment and machinery industry. Moreover, the government's thrust towards protection against Japan in other industrial sectors, notably automobile manufacturing, tends to eliminate almost totally the credibility it can claim in opposing Japanese trade barriers to refined metal.

It is suggested in the Paper that the pooling of concentrate through a smelter commonly owned by a number of mining companies would provide economies of scale in the form of tax advantages and improved operating efficiency and recovery. In Placer's view, this suggestion ignores one significant marketing factor, security

of supply. A common smelter through which the production of a number of mines is funneled subjects the supply of metal from the producing region to a high risk of interruption from strikes and operating problems. For customers who place a priority on security of supply, such vulnerability to supply interruption would inflict on Canadian copper exporting companies a significant marketing disadvantage. Moreover, it has yet to be demonstrated, in Placer's view, that such a marketing disadvantage can be offset by an improved return to West Coast copper producers owing to the economies of scale presumed to be available from a commonly owned smelter. Placer's perception is that economies of scale in this area are generally insignificant. Placer would stress, therefore, that as suggested in the Paper there is need for improved analysis of the economics of further processing and for an on-going assessment of Canada's competitive position in the world market for copper metal. Comprehensive and accurate information and analysis are fundamental prerequisites for public policy on further mineral processing in Canada.

The degree of competition among Western provinces in the form of tax concessions and subsidized electricity prices to attract copper smelting investment is, in Placer's experience, insignificant. The B.C. government has stated explicitly that electricity costs for a copper smelter would not be subsidized. In Placer's view, a subsidy is a dangerous basis on which to justify investment in local smelting because it is a political factor subject to elimination out of non-economic considerations. Sound economic advantage is the only basis on which to justify smelter investment.

MINERAL MACHINERY AND EQUIPMENT:

The policy objective of strengthening the mining machinery and equipment manufacturing industry in Canada, as espoused by the Paper, is supported by Placer. The increase in open pit mining in Canada during the past two decades, along with the decrease in the development of new underground properties, has been accompanied by a corresponding change in machinery and equipment requirements. Placer's perception is that manufacturers, whether realistic or otherwise, have been unwilling to make the adjustments required to continue supplying the Canadian mining industry. It should be emphasized that the decline of the Canadian mining machinery and equipment manufacturing industry has occurred in spite of the long-standing preference of Placer to procure machinery and equipment locally. Not only has Placer preferred local procurement where practical, but this company has also been a promoter of the export of machinery and equipment made in Canada through purchases for its mining operations abroad. As an example, for a property in the United States which Placer is

currently bringing into production, the company has recently spent approximately \$2 million for Canadian machinery and equipment.

While agreeing with the objectives of the policy, Placer perceives the methods recommended by the Paper for strengthening the Canadian mining machinery and equipment manufacturing industry to be inconsistent and probably counter-productive. It is proposed to encourage domestic procurement for future private sector mineral developments within the context of the government's regional and industrial benefits policy and at the same time to formulate an export promotion strategy for this industry. This proposal amounts to reliance on a double standard, protectionism for Canada but not for its trading partners. Domestic procurement policies must not be allowed to become non-tariff trade barriers such as will stimulate reciprocal treatment by other nations.

Procurement policies carry other risks no less severe than that of reciprocal treatment, which the Paper mentions and which Placer would like to emphasize. First, the competitiveness of the Canadian mining industry, which should be the ultimate concern of mineral policy, must not be impaired or diminished by any form of procurement policy. Governments must be sensitive to the burden of increased costs, both direct and indirect, which their procurement policies may impose on mining companies. Secondly, provincial and federal procurement policies must be complementary so as to avoid not only the balkanization of Canada to which the Paper refers, but also the development of overlapping and conflicting requirements by different levels of government.

The government has the means at hand to foster the development of the high technology sector of the mining machinery and equipment manufacturing industry without resorting to high-risk procurement policies. Incentives in the form of tax concessions would probably prove highly effective in attracting high technology expertise to Canada and in encouraging domestic manufacturers to adapt their product lines to Canadian requirements. In contrast with direct government intervention in the relationship between buyers and sellers of mining machinery and equipment through such measures as procurement policy, incentives would, in Placer's view, greatly stimulate the entrepreneurial spirit and competitive vitality which characterize a healthy industry.

The capacity of the Canadian mining industry to provide a market large enough to accommodate the development of the high technology sector of the mining machinery and equipment manufacturing industry is not adequately demonstrated in the Paper. Indeed changing market conditions since the Paper was prepared illustrate the difficulty of planning the development of a manufacturing industry on the basis of predicted markets. A surge in demand for equipment common in the non-energy and energy mineral sectors must

be considered significantly less probable in the light of the cancellation or postponement of tarsand development. In addition, the current deterioration of global market conditions has injected considerable uncertainty into the outlook for the development of new mines during the balance of this decade. Canadian requirements for new machinery and equipment could be considerably less than assumed in the Paper. On the other hand, certain market forces remain as described by the Paper, notably the growing need for energy efficiency which will rapidly make inefficient machinery and equipment obsolete. In Placer's view, the development of the high technology sector of the machinery and equipment industry should be promoted in Canada, but not on the basis of the purchasing capacity of Canadian mining companies. The policy focus should be first on making Canada an attractive environment for developing high technology mining machinery and equipment, and then on giving Canadian products full exposure to the world market. An attractive environment requires stable tax policies, well defined environmental regulations and a competitive labour market, undistorted by protectionist trade-union policies. Placer firmly rejects coercion of the consumer group as a technique for fostering the mineral machinery and equipment industry, or indeed any industry.

Finally, Placer is opposed to the suggestion that natural resource projects should be aggregated in a pool to be coordinated by federal and provincial governments and that joint ventures with government involvement might be the preferred route to development. The efficiency of government involvement in business is yet to be demonstrated. Placer does not consider that its competitiveness, or that of any Canadian mining company, in world markets would be enhanced by having the government as a partner.

MINERAL SCIENCE AND TECHNOLOGY:

Six broad areas are identified in the Paper as requiring new or refocused efforts in mineral science and technology. Placer is in broad agreement that Canadian mining should remain in the forefront of mineral science and technology so as to maintain its competitive position in the world market. From the perspective of competitive position, Placer would assign a higher priority, to exploration, mining, and mineral processing and fabrication technologies. The areas of nature and geological environment, health, safety and bio-physical environment, and security and strategic considerations are deemed by Placer as having lower priority with respect to strengthening the mining industry's competitive position.

The Paper does not recognize adequately the ongoing contribution of the Canadian mining industry to the development of mineral

science and technology. The Paper ignores, for example, the highly effective network by which scientific and technical information is disseminated through informal communication in the private sector and through industry associations such as the C.I.M. and A.I.M.E. In Placer's view, private companies, given reasonable incentives, are well equipped to do research and development specific to their needs and to fund it through existing organizations such as the B.C. Research Council. Government research and development should be shown to be cost-effective before being preferred to a private sector approach. There are numerous new government agencies to handle various aspects of mineral science and technology proposed or implied in the Paper. Placer recommends that the cost of each of these agencies be carefully assessed and measured against the expected benefits, the calculation of which must take into account the interventionist disincentive to private sector initiative.

In Western Canada, Placer has been highly instrumental in introducing innovative mining technology. Placer developed the first large open pit in B.C. at Craigmont, and its success there led to Endako and Gibraltar. At Salmo, Placer introduced trackless mining into Canada. Placer introduced sub-level caving at Craigmont. In all these activities, Placer has been very open with technical information. From Placer's experience, there appears to be little need for a government agency to be established to promote the communication of technical information between companies.

As to basic research in mineral science and technology, Placer has funded or supported five Ph.D. theses and several Masters and Bachelors theses. Other mining companies also fund such academic research. These studies have specific economic relevance, are public documents, and represent a viable alternative to government directed studies.

The constraints to adequate mineral science and technology are recognized by Placer as significant impediments. Of the three constraints identified in the Paper, the lack of innovation appears to Placer to be the most serious. The proposal of a more dynamic government role in technological leadership, however, is not necessarily an appropriate remedy for the problem. Government intervention in general carries a high cost and is of questionable effectiveness. In the area of promoting innovation, government intervention threatens to be particularly costly. As the Paper notes, the mining industry has been cautious in introducing techniques and insistent on establishing their economic feasibility before applying them. This, in Placer's view, is as it should be. The profit motive in mining must remain paramount. New technologies are not to be applied for their own sake, but only to augment the company's return on its investment. Not only

must mining companies be prepared to take risks, but they must endeavour to avoid losses. The general inattention of government to such basic economic principles, in Placer's view, would make an interventionist remedy for the lack of innovation potentially very costly.

It is suggested in the Paper that a federal focal point should be established to co-ordinate research and development in mineral-related technologies. In Placer's view, the need is not for coordination but for a comprehensive and systematic inventory of research and development related to Mining. CANMET is the agency which should have responsibility for providing that service.

Pertaining to the federal initiatives proposed in the earth sciences area, Placer offers the following observations: Mineral deposit research and modeling - Responsibility should continue to reside in the Canadian Geoscience Council, as recommended by the Paper.

Exploration technology development - The pooling by mining companies of expertise and research funds, as suggested by the Paper, is not a reasonable option. Government direction of an information pool would represent an addition to the bureaucracy of still another agency whose cost to the industry would exceed its benefit.

Data standardization - Efforts to standardize data are already underway, e.g. Metrification, Minfile, and should be pursued.

Geoscience information availability - Current legislation at the provincial level already requires the mining industry to report exploration data. The need for federal regulations in this area remains undemonstrated.

Manpower planning - The lack of students pursuing graduate studies in geology and geophysics to the Ph.D. level is tied directly to the financial rewards and work environment available in industry. During economic downturns such as at the present, the availability of employment in industry is greatly reduced, thereby correcting the imbalance generated during periods of prosperity. Market forces should be permitted to resolve this problem. The main contribution from the federal government should take the form of funding of universities to enable them to improve the financial rewards and work environment for students and professors to a level competitive with industry.

Pertaining to federal initiatives in the area of mineral technology, Placer makes the following observations:

Technology monitoring - A technical group to take continuing and systematic inventory of the technological processes in use in the mining industry is proposed in the Paper. In Placer's view CANMET should have responsibility for keeping track of all research and development related to mining and making such information available to industry. The proposal, however that such an agency should examine mining operations to identify technological reasons for variation in production costs and profit levels represents an intolerable degree of government intervention in private enterprise.

Technology assessment - It is proposed that the government should advise mining companies as to whether they are using the latest and best feasible technologies. This proposal amounts to the addition to the federal bureaucracy of yet one more interventionist agency whose cost will exceed its benefits. The competitive environment is the appropriate instrument for spurring companies to adopt the most productive technologies. Mining companies that fail to keep up face the penalty of declining profits.

Coordination of federal mineral science and technology - The proposed coordinating committee appears designed more for the government's benefit than for the mining industry's.

Technology diffusion and FIRA - The interventionist approach of FIRA to promoting technology diffusion appears to place that part of the Canadian mining industry which is foreign owned at a competitive disadvantage with the Canadian owned complement.

Active efforts to develop appropriate technology - Under this initiative it is proposed that still more agencies be added to the federal bureaucracy, with an interventionist approach which runs counter to the entrepreneurial spirit of the private sector. Any other non-interventionist approach is categorized as passive and indirect. Tax incentives for research and development should be given greater consideration as an alternative which could, without creating bureaucratic proliferation, achieve the desired objectives.

Dynamic federal role to raise the level of mineral technology - Demonstration projects, such as proposed, are acceptable only if they can be proven cost-effective.

INTERNATIONAL MARKETING OF MINERALS:

An analysis of the international market is a problematic exercise, both because of the large number of variables involved and because of the inherent limitations of forecasting methodologies.

Moreover, the content of the Paper's marketing analysis is of two distinct sorts: economic data and marketing strategies. Economic information is not the only input into marketing strategies, which often involve a number of non-economic factors, such as politics, culture and habit. Placer has organized its comments to this section, therefore, under two separate headings.

International Economics:

The first problem which the Paper identifies is the slowdown of growth rates in the world economy since 1974. As the attached Exhibit 1 indicates, however, the inflection point in the rate of world economic growth can more accurately be assigned to 1969. This revised trendline in western industrial economic growth appears to be reflected in the pattern of copper consumption (Exhibit 2) and hence represents, in Placer's view, a more meaningful indicator of market trends. The 1969 inflection point also has the advantage of indicating that slower economic growth in the western industrial nations represents a longer term structural shift rather than a shorter term adjustment to the interventions of the OPEC cartel.

The reasons given for slower growth in copper consumption during the 1980's require two corrections. First, Placer expects some increase to occur in copper consumption in the electrical industry as consumers demand more energy efficient motors, which require more copper. Secondly, while the DME's in North America and Western Europe normally have ample copper scrap, supplies of scrap have not expanded as much as mine or refined production (Exhibit 3). Two factors are probably responsible for this situation: (1) A large proportion of scrap is recirculated (new scrap), perhaps 37%. Total scrap supplies correlate very well with the OECD industrial production index and refined consumption, so that when economic activity slows down, scrap supplies also decline. (2) Scrap supplies appear to be more price sensitive than refined consumption, especially if the copper prices are deflated. When prices are low, large scrap users complain of shortages. Japan may be classified as a DME, but that country is a large importer of copper scrap, especially from the U.S.A. Therefore, at lower deflated price levels and lower economic growth rates, scrap is less significant a competitor for copper mine production. The same relationship may not, of course, apply in the case of lead and zinc. Placer suggests that EM & R might examine these correlations further.

Copper prices are projected, in the Paper, as rising above the low levels of 1977-80, but not as high as the levels of 1950-70. The period 1950-70 does not seem well chosen for comparative purposes. Copper prices in the 1957-63 period were not very good in deflated

terms (Exhibit 4), although relative to average production costs they were probably better than current prices. It is important to recognize that, contrary to the assertion in the section on the resource base, rising costs do not lead to higher prices except over very long periods of time. The major factors in copper prices are economic activity, capital investment, inventory levels and real interest rates. Price is only a rationing mechanism in the supply-demand equations. If producers insist on over-production, as can be expected from nationalized producers, then prices will fall, particularly if real interest rates are high and industrial activity is low. That cost of production is not an adequate force to sustain prices over the short to medium term has been demonstrated by the fact that the trendlines of copper prices and production costs, which had been converging for the past several years, finally crossed in 1982 (Exhibit 5). Given the current on-going downward trend in deflated copper prices, Placer would conclude that a real copper price increase above the levels of 1977-80 cannot be forecast with any degree of confidence for the period 1980-90.

Placer agrees with the Paper that Canadian production costs, in U.S. funds, are likely to increase more rapidly than the global inflation rate. In light of recent trends, Placer doubts that Canadian energy prices will continue to be below world energy prices. The sensitivity of Canadian mining to energy costs because of lower ambient temperatures and long transportation routes makes an upward adjustment in relative energy costs of considerable importance in overall production costs. Placer would also note that changes in currency exchange rates have a significant short-term but relatively limited long-term impact on production costs. Placer concludes, therefore, that the competitive cost position of Canadian mining is somewhat more serious than portrayed in the Paper. If Canadian production costs rise more rapidly than the global rate of inflation and if prices are as poor as forecast, the Canadian mining industry will be placed in a serious cost-price squeeze during the decade.

A sensitivity analysis of mineral price projections on differing assumptions of economic growth is a useful approach to establishing the range of concerns which a mineral policy should address. The implications of the alternative scenarios require, however, exploration in greater detail. The high and low price projections for copper, for example, have dramatic implications for profit margins, investment and employment. During the first quarter of 1982, the average copper mine in the free world lost 7 U.S. cents cash per pound of production. One major factor in these poor results has been the sharp decline of by-product values. Current price levels combined with a deteriorating competitive cost position are creating a critical situation for the Canadian copper industry, which if projected into the future

would have profound implications for mineral policy. On the other hand, the high price scenario would represent quite a different set of assumptions for mineral policy. These observations lead Placer to assert that price expectations are a dangerous basis on which to formulate mineral policy. For if prices vary widely from forecasts, sudden and radical changes in a mineral policy based on such forecasts will be inevitable. A long-term stable mineral policy should be broadly focused on enhancing the competitive position of the mining industry, whatever the mineral prices may be.

Canada's share of future mineral production and of global markets will, according to the Paper, be the direct results of investment trends in mineral development. It should be noted that Canada has accelerated the trend away from mine investment in this country through F.I.R.A. and increased taxation. Exploration investment shifts back and forth around the world in response to political stability and sound and stable tax regimes as well as favourable mineral occurrences. Although these preferences have resulted in an increasing share of exploration expenditures occurring in the DME's and NIC's, it should not be assumed that because of Canada's classification as a DME its share of exploration investment is assured. Adverse developments in Canada's political conditions, regulatory environment or tax regime could easily repel exploration investment.

International Marketing:

The national mineral policy should, in Placer's view, be designed to provide broad support to the marketing strategies of Canada's mining companies. Such support should take the form of providing objective information about the needs of Canada's foreign mineral customers for quality of product, quality of service, reliability of supply, accommodation to local business customs, competitive prices, and so forth. The information should also recognize the priorities of actual and potential foreign mineral purchasers, so as to give some indication not only of what they want but of what they may be willing to pay. In this context, the ability of potential foreign customers to pay for minerals, their credit worthiness, should be estimated. Information about local government attitudes which may affect mineral purchases as well as information about competitors should also be collected.

Placer recognizes that broad government support for the marketing strategies of mining companies of the sort described is to a large extent already being provided. Canada's diplomats and commercial attaches abroad provide a useful service of alerting mining companies of changes in the countries where they are marketing their products, of introducing company representatives to government officials and potential customers abroad, and of

helping to resolve political and bureaucratic impediments to marketing in foreign countries. Likewise the services of officials in the Department of Industry, Trade and Commerce have proven a helpful support to Placer's marketing strategy.

It is necessary to emphasize that the role of government in international marketing should under no circumstances extend beyond support into control. Responsibility for international marketing of minerals must remain in the hands of the private sector.

The policy innovations and shifts of emphasis in international marketing which the Paper proposes appear to be focused entirely on processed minerals. Canadian intentions of negotiating lower tariffs for metals do not to Placer appear realistic in view of the fact that Canada maintains a high degree of protectionism for its manufacturing industries. Placer favours trade liberalization, but cautions that reduction of trade barriers to metals in other countries will probably be contingent on reciprocal suspension of Canadian protectionism in sectors of such sensitivity as mining machinery and equipment. The problem of tariff barriers to trade in refined metals while real must be seen in the context of Canada's own tariff and non-tariff trade barriers, especially those aimed at this country's major mineral customers, Japan and the United States. Global tariff structures on minerals and metals should be exploited for the opportunities that they present, i.e. concentrate sales, until Canada is prepared to engage in a reciprocal reduction of trade barriers. Until then, deliberate attacks on excellent customers can only damage Canada's marketing performance.

It is suggested in the paper that Canada should pursue markets outside the U.S., Japan and Western Europe. Placer is already endeavouring to diversify its markets for copper concentrate into Korea, Taiwan and China. However, those countries along with such marginal markets as India, Eastern Europe and the U.S.S.R. carry significant financial risks. Mineral policy must be very sensitive to the risk of non-payment which companies confront in international marketing.

The less developed countries in general represent, in Placer's view, a fragile base on which to make a marketing thrust or establish a mineral policy. The fast growth in mineral consumption in the developing countries which is projected in the Paper does not, in Placer's view, merit a high degree of confidence. For the past two centuries, no country has enjoyed sustained economic development without several preconditions -- universal education, political stability, government encouragement of private economic development and a parallel agricultural revolution. Less developed countries which do not qualify for

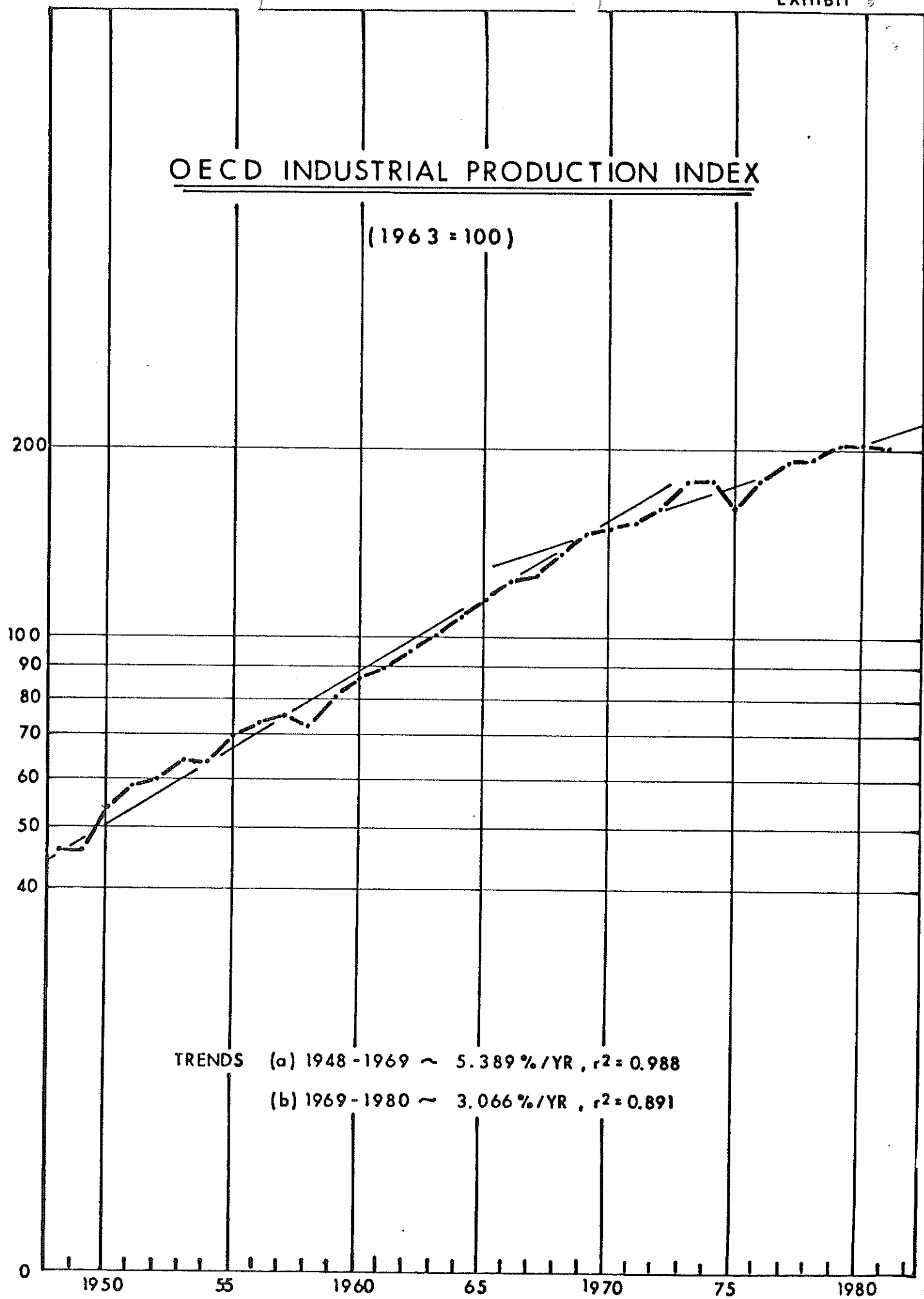
self-generated growth and which are excessively dependent on foreign aid are unlikely to be either willing or able to purchase large quantities of Canadian minerals.

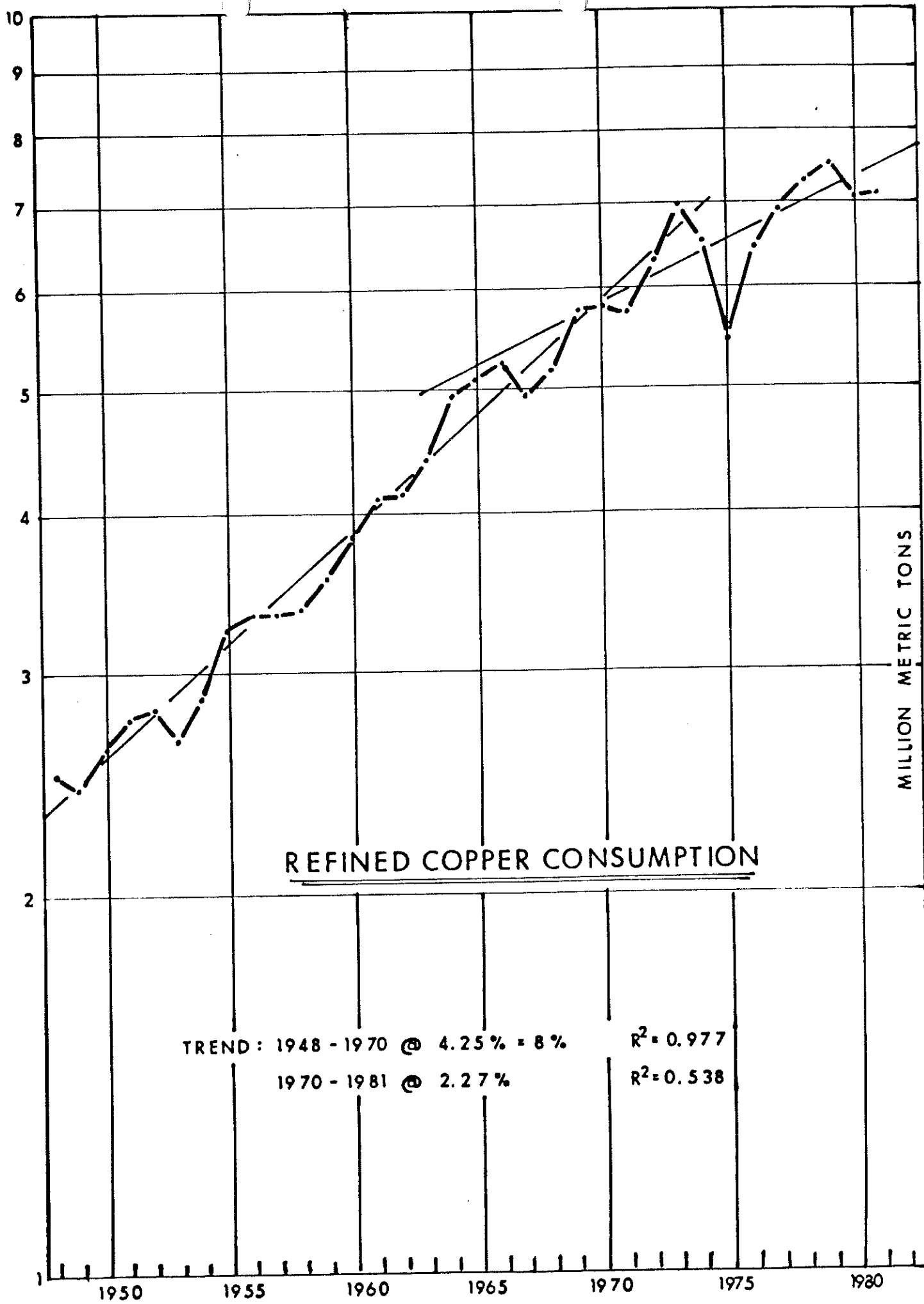
That more countries can be expected to develop their mineral resources or expand capacity is noted in the Paper along with the downward pressure that these developments would cause on Canada's already declining share of world markets. The policy imperative that follows from such an observation, in Placer's view, is that Canada should refuse to subsidize such competing nations as Zambia and Peru and refrain from encouraging the development of copper deposits in such countries as Panama and Peru. The subsidization of mineral production by foreign governments is correctly opposed by the Paper as an unfair competitive practice. Subsidization by the Canadian government of foreign mineral production is even more opposed by Placer, especially since in this case it is within the power of the government to change the situation.

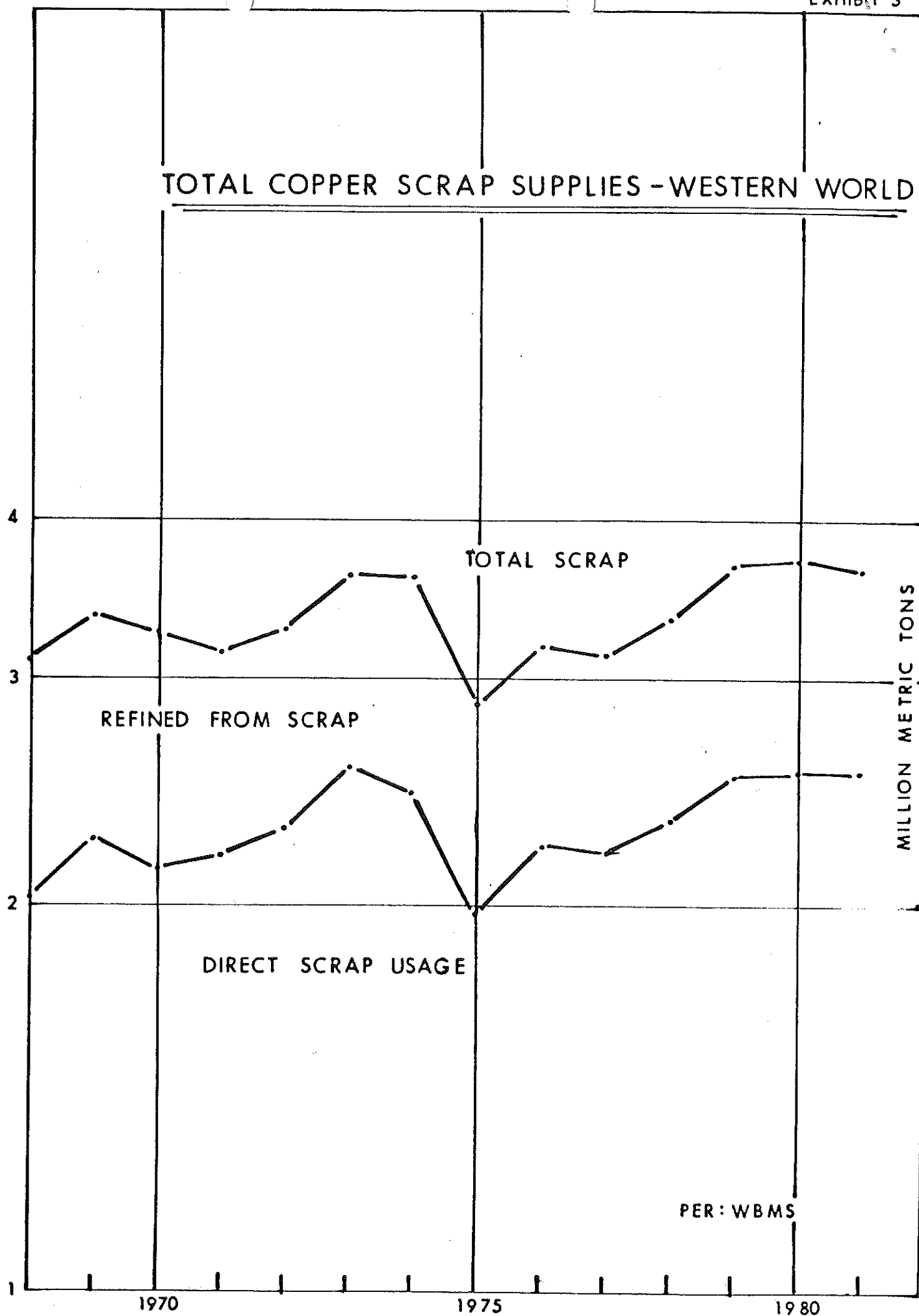
A sensitivity to the priorities of mineral importing nations is evident in the Paper's focus on security of supply as a major strategic consideration in a number of nations. Placer notes that the emphasis that countries place on security of supply is a major impediment to the establishment of a single West Coast copper smelter through which all copper concentrate in B.C. would be funneled. The major copper importing nations of the Pacific rim, Japan Korea and Taiwan, would be likely to regard such a facility as an insecure source of copper supply, creating problems for marketing copper in those countries. As a general rule, foreign countries feel more secure when they purchase concentrate than when they purchase copper metal.

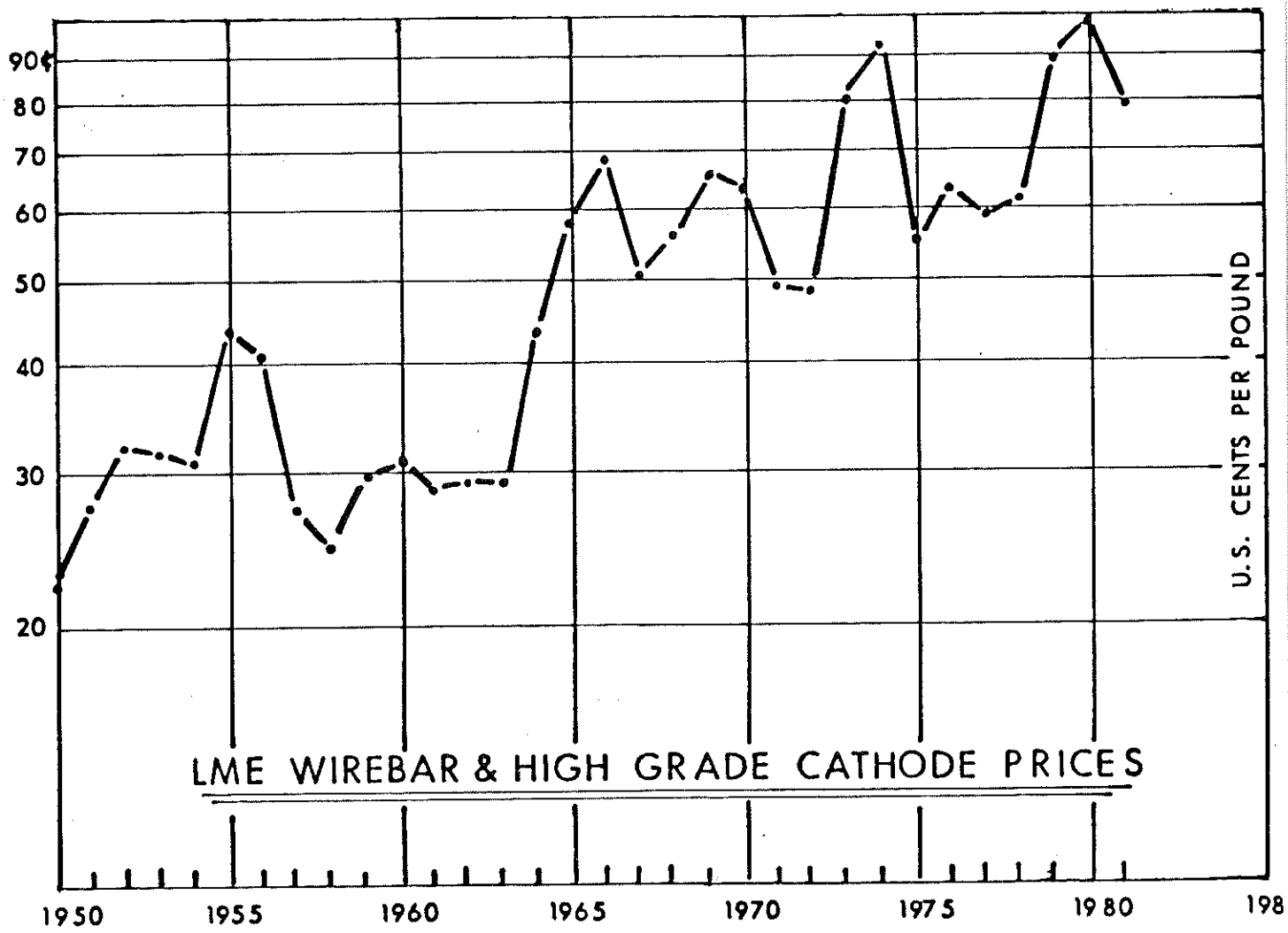
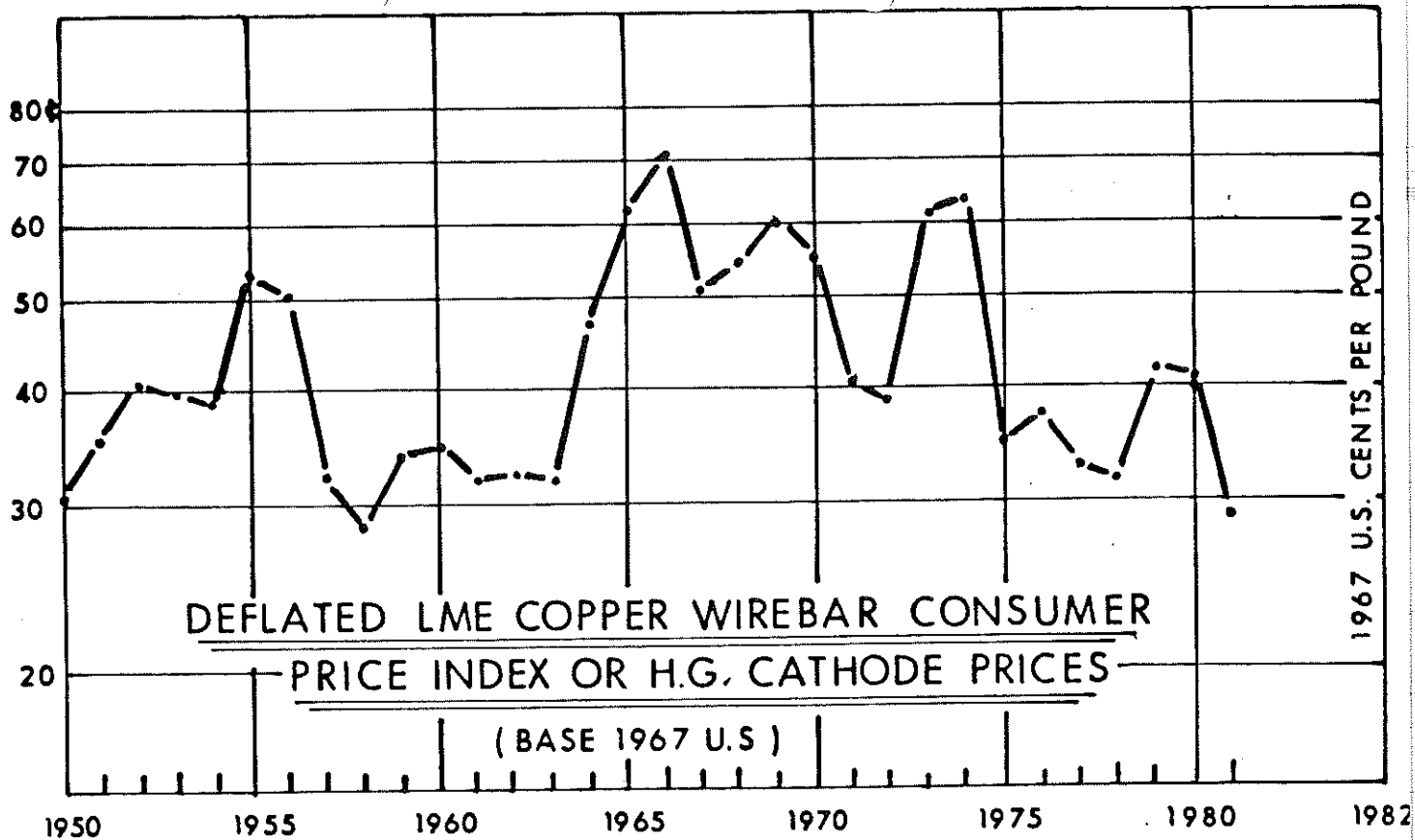
In addition to security of supply, foreign purchasers of minerals also place a priority on stability, quality and good service. Any changes in regulations or policies which jeopardize these factors must be regarded as undesirable if current markets are to be maintained and new ones opened up.

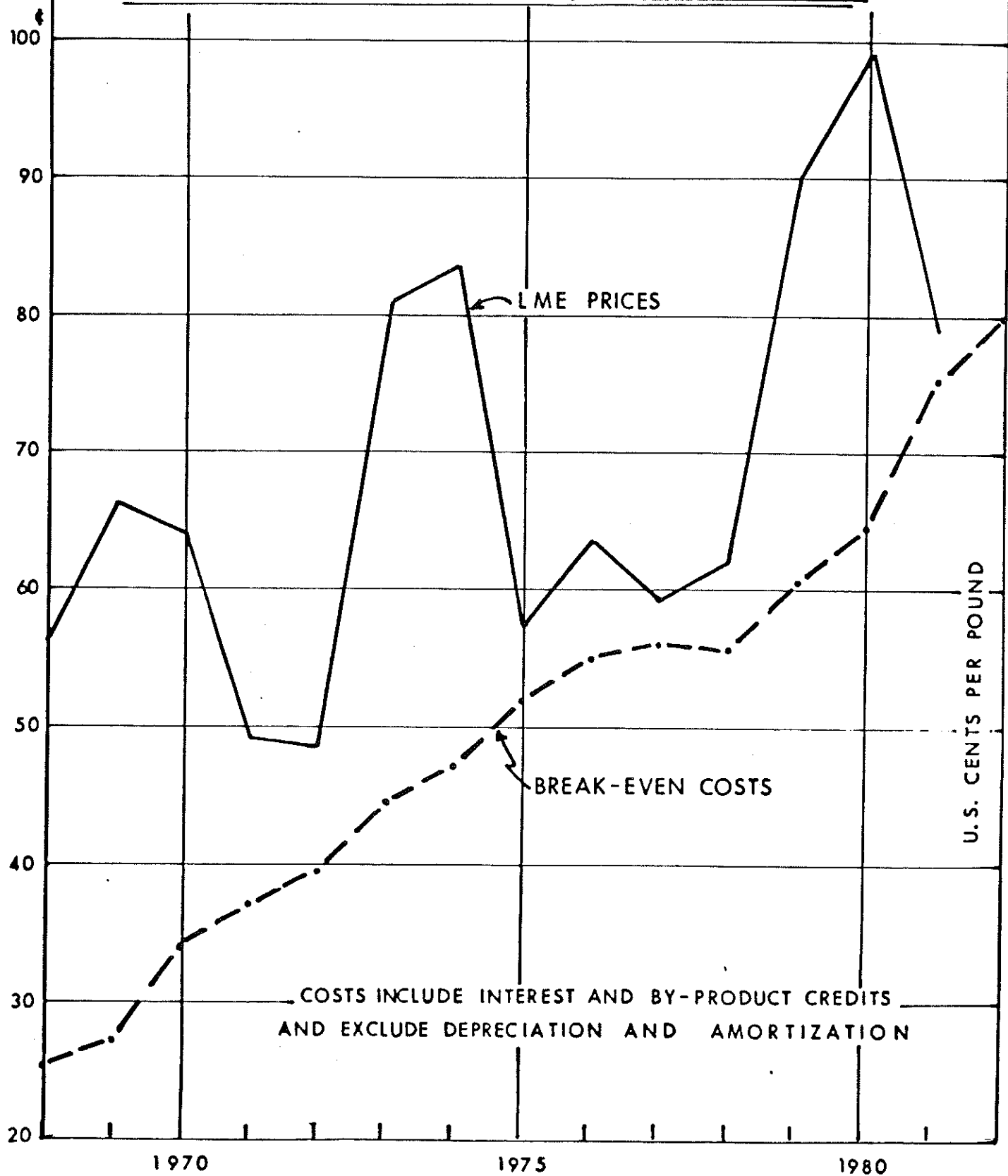
Finally, Placer is in full agreement with positions adopted in the paper concerning mineral cartels and producer associations.









LONDON METAL EXCHANGE PRICES FOR COPPER WIREBARSVRS. CASH BREAK-EVEN COSTS OF PRODUCTION

97. The report discusses the bilateral relations between EMR and Finance, DINA, ITC and DREE, and it makes suggestions for strengthening these relations with respect to Finance (see previous paragraph) and ITC. As far as DINA is concerned, the report argues that several mechanisms for bilateral consultation already exist (the same is also true with respect to Revenue Canada and FIRA) while the envelope system of expenditure management has reduced any potential problems with DREE. With ITC, close cooperation and coordination will be required in the areas of forward and backward linkages and commercial policy.

R. Federal-Provincial Issues

98. The report describes the existing constitutional division of power over natural resources, specifically minerals and the proposals for reform (Constitution Act, 1981). In addition, the report discusses potential areas of federal-provincial conflict related to the mineral industry such as (a) health and safety in uranium mines (b) pro-rationing schemes for minerals (c) taxation of crown corporations (d) interprovincial rivalry to attract mineral development (e) foreign ownership policy. With regard to potential conflict, the report argues that although the federal case may be strong with respect to a particular irritant, the federal government should rely on negotiation, bargaining and institutional innovation rather than unilateral action to resolve such conflicts. In this connection, it is appropriate to reactivate and strengthen federal-provincial meetings at the ministerial level, and to augment the activities and responsibilities of the Federal-Provincial Working Group on the officials level.

TELEX 887-2444
ALBERTA CHAMBER OF MINES
MANAGING DIRECTOR
HAROLD A PAGE

W. J. Jones
2

WE ARE CHECKING CHAIRMAN WHOSE WE POSSIBLE RELEASE OF TOTAL REPORT.

GENERALLY, AND THAT NON-RENEWABLE RESOURCES ARE ESSENTIAL IN SUCH DEVELOPMENT.

CANADA, FOR THE MAINTENANCE OF PEOPLE WHO LIVE THERE AND FOR CONSIDERING OF CANADA SHOULD ENCOURAGE ECONOMIC DEVELOPMENT IN NORTHERN CANADA. HAS STATED THAT IT WOULD BE THE POLICY OF THE GOVERNMENT TO MAINTAIN A TRANSITION SYSTEM. RECENTLY THE FEDERAL GOVERNMENT PRODUCES COUNTRIES SIGNIFICANTLY TOWARDS THE OVERHEAD COSTS OF UNDERDEVELOPED REGIONS OF THE COUNTRY, AND THE MOVEMENT OF MINERAL THE MINERAL SECTOR HAS PLAYED A SIGNIFICANT ROLE IN OPENING UP THE SUBSISTENT SECTOR OF PROVIDING INITIAL INFRASTRUCTURE REQUIREMENTS. CANADIAN ECONOMY WHEN THE MINERAL INDUSTRY IS RELIEVED OF THE HAS CLEARLY SHOWN THE DIRECT AND INDIRECT BENEFITS ACCORDING TO THE THIS TOWARDS THE HISTORY OF MINERAL DEVELOPMENT ACROSS CANADA WHICH CONSISTING THE PROVISION OF NEEDED INFRASTRUCTURE CONCEPT OF "GROW-TH" OR "GROW-TH" SCENARIOS WHEN RECENTLY, CERTAIN SECTORS OF THE PUBLIC SECTOR HAVE SUPPORTED THE

SOUTHERN CANADA. ED AS THEIR DUE RIGHT BY BOTH THE PRIVATE AND PUBLIC SECTORS IN TO PROVIDE IN THE NORTH THOSE FACILITIES WHICH HAVE COME TO BE ACCEPTED GOVERNMENT RECOGNIZE ITS HISTORICAL RESPONSIBILITY BY CONTINUING INFRASTRUCTURE FACILITIES THE MINERAL INDUSTRY IS ASKING THAT THE IN ITS REQUEST TO THE PUBLIC SECTOR FOR THE PROVISION OF MAJOR

FACILITIES ESTABLISHED IN MAINTENANCE OF INCREASED DEMAND. LIKEWISE ELECTRIC POWER REQUIREMENTS SHOULD BE RECOGNIZED AND BOLIVIAN WHICH WILL CONSIST ECONOMIC GROWTH SHOULD BE PROVIDED.

NOT IN RESPONSE TO A CRITICAL NEED AS IS NOW THE CASE. TRANSPORTATION SERVICES SHOULD BE IN MAINTENANCE FOR RECEIVED FUTURE REQUIREMENTS AND SOCIAL SERVICES. MOREOVER, THE PROVISION OF THESE GOODS AND THESE FACILITIES AND ALSO TO ASSIST IN THE REPAIRING OF COMMUNITY FACILITIES. THE FEDERAL GOVERNMENT SHOULD BE PREPARED TO PROVIDE REPAIRS AS MAINTENANCE PARTS AND THE REPAIR/STOCK REGION OF THE NORTHERN TRANSPORTATION AND POWER FACILITIES IN SUCH HIGHLY PROSPECTIVE MINING INDUSTRY ALONE CAN SUPPORT THE INSTALLATION OF THE REQUIRED. DUE TO THE SIGNIFICANT COSTS INVOLVED, IT IS UNLIKELY THAT THE

PERMANENT EXERCISES: INFRASTRUCTURE REQUIREMENTS FOR MINING INDUSTRY, FOLLOWING ARE AT WHICH MEETING YOU REQUESTED INTO ON OUR REPORT OF JAN 82 ON

FOLLOWING: TORONTO
MR DAVE BERRY

MR JOHN FRENCH
MINERALS DIVISION

4 OCT 82
4 OCT 82
5

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September 29, 1982

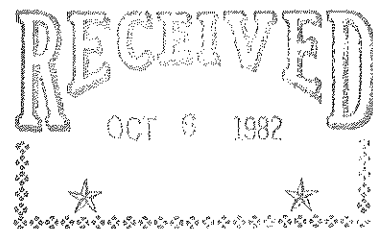
To: All Member Companies (Head Office and Mine Office)
From: John L. Bonus, Managing Director
Subject: MAC Brief "A Look to the Future--
The Need for a Favourable Investment Climate"

The above brief is sent to you for information.

The 39th Annual Conference of Provincial Ministers of Mines has now been cancelled because of the New Brunswick election. It may be rescheduled later this year.

The brief includes recommendations directed to the federal as well as the provincial levels of government.

JLB:gh
Enclosure



A LOOK TO THE FUTURE
THE NEED FOR A FAVOURABLE INVESTMENT CLIMATE

Presented to
THE PROVINCIAL MINISTERS OF MINES
On The Occasion of Their
39TH ANNUAL CONFERENCE

by
THE MINING ASSOCIATION OF CANADA

Moncton, New Brunswick
September 27 - 29, 1982

A LOOK TO THE FUTURE

THE NEED FOR A FAVOURABLE INVESTMENT CLIMATE

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INTRODUCTION

The Mining Association of Canada is the national organization of the Canadian mining industry. Its member companies account for more than 95 percent of Canada's output of metals and major industrial materials. On behalf of its members, the Association is pleased to submit this brief at the invitation of the provincial Ministers of Mines.

This submission provides some historical background on Canada's mineral industry, focusses on its future and the opportunity which lies ahead for Canada through mineral resource development, draws attention to the importance of restoring a favourable climate for private-sector investment in the Canadian mineral industry and suggests how this may be accomplished.

Early History

During this century, the world's appetite for minerals has grown rapidly. Since 1900, for example, world consumption of lead has increased six times, zinc has increased 14 times, and copper 19 times. Since the start of the century, consumption has forged steadily ahead, rising almost without interruption, year by year.

Analysis on a country-by-country basis shows that mineral consumption has been highly concentrated in the major industrialized nations of the Western World, that is, in Britain and Europe, the United States, and Japan.

Early in the century, these nations were able to obtain their then modest mineral requirements from domestic sources. However, as their needs increased, they were forced to turn for supply to a host of mineral-rich nations, of which Canada was but one of many.

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It was this growing need for minerals which spelled "economic opportunity" for Canada and for its infant mineral industry. Both responded well!

Both federal and provincial governments formulated taxation and regulatory policies, which encouraged investment in the high-risk business of mineral exploration and new mine development. Given this favourable environment and expanding mineral markets, the private sector did the rest. Canada's mineral industry grew and prospered.

Of course, Canada experienced tough competition from other mineral-producing countries, also bent on capturing a share of world mineral markets. However, Canada held some trump cards which gave it certain competitive advantages.

Among these was a well-educated and technically competent work force. Another was a well-developed infrastructure, including a fine transportation system of roads, ports, and railways. Sometimes forgotten, but also important, was an ancient gift of nature, the scouring of vast areas of Canada by glacial action, which removed top soil and exposed the mineral-bearing base rocks to the probing eye of the 20th century mineral prospector.

Canada's most important advantage was the favourable attitude toward mineral development by provincial and federal governments, who established clear and concise rules for the conduct of the industry. These rules changed infrequently, and then, for the most part, only after extensive consultation with the industry. There were few surprises. The rules and their stability provided investors with a reasonable expectation for profitable investment.

Spurred by the world's growing appetite for minerals and favoured with an attractive investment climate, Canada's fledgling mineral industry grew to become one of the great wealth and job-creating sectors of the nation's economy. It grew to produce minerals currently valued at over \$15 billion annually and to provide jobs directly and indirectly to some six percent of the Canadian labour force.

Recent History

In the late 1960s, the supportive attitudes of provincial and federal governments toward mineral development began to change, reflecting, perhaps, the view of some politicians and their advisors that the industry no longer needed encouragement, and that it could readily bear added tax and regulatory burdens. As events since 1970 have now so clearly demonstrated, that perception was wrong.

The period since 1970 has been characterized by a number of government actions which have damaged investor confidence in Canadian mineral development. For example, tax reform resulted in a withdrawal of various incentives for mineral production, such as the three-year tax holiday for new mines. Another was the prolonged dispute between provincial and federal governments over taxation and tax sharing, which resulted in frequent and uncoordinated tax changes, and for some parts of the industry, a tax burden far in excess of earnings.

The period also saw withdrawal of tax incentives for prospectors and junior mines, overly-restrictive securities regulation, federal government initiatives to withdraw from mineral exploration, and new mine development of vast areas of land in northern Canada, and the creation of provincial Crown corporations to compete directly with private-sector elements of the mining industry. It was a period of great uncertainty.

These unfortunate initiatives seriously weakened investor confidence. Regrettably, the perception grew and became widely held among foreign and domestic investors that Canadian governments were generally not interested in mineral resource development.

During the 1970s, mineral exploration slowed and few new mines were opened. Canadian output of many important minerals, including asbestos, gold, lead, nickel, platinum and zinc, declined, as did Canada's share of world markets.

It has been argued that the decline in Canadian mineral production was simply a reflection of weakening demand in world markets, but such is not the case. For example, a comparison of the year 1980 with 1970 shows that Canadian mine output of lead fell by 34 percent, while Western World consumption increased by 20 percent. Similarly, Canadian zinc production fell by 15 percent, while consumption rose by 15 percent. The picture for nickel is the same -- Canadian output down 12 percent and consumption up 22 percent.

Certainly the number of new suppliers had some influence on these trends, as did economic conditions, but there were also other reasons for this decline. Most notable was the deterioration of the favourable investment climate which had been so carefully nurtured by government in previous decades.

We feel that there is much we can learn from recent history to help deal with tomorrow's problems. This means that it is incumbent on those who have the responsibility for establishing the fiscal, economic, and regulatory environment in which the industry operates, to understand the social and economic fallout of their actions. The mining industry hopes that the problems of the 70s will not be repeated.

The Industry Today

The worldwide economic recession of 1981 and 1982 has had a sharply negative impact on Canada's mineral industry. World demand for minerals is weak and, for many minerals, prices have collapsed to record low levels. Most of the member companies of The Mining Association of Canada sustained losses in the first half of 1982.

Severe cost-cutting measures have been taken. Capital projects have been deferred or abandoned. Mineral exploration and research and development activity is restricted. Production cuts have been made. Regrettably, lay-offs with attendant social and economic dislocation for employees and their families, are prevalent. In 1982, The Mining Association of Canada estimates that close to 60 percent of the industry's total work force will be subject to temporary or permanent lay-off.

The Industry Tomorrow

The trauma of the present economic recession needs to be placed in perspective. The world's economy is cyclical. This is not the world's first severe recession, nor will it be the last. Canada's mineral industry survived before; it will again. Its present predicament is similar to that facing Canada itself. As an industry and as a nation, we urgently need to think through our priorities. We need to assess what went wrong and then act to correct past mistakes.

Looking to the future, it is clear that once this recession is over, world consumption of minerals will continue to grow as it has throughout this century under the inexorable pressure of world population growth and rising living standards. The consensus of

many forecasters, including those of industry, governments and organizations such as the World Bank and the United Nations, is that world mineral consumption will double over the next 25 to 30 years.

It is worth pausing to consider the implications of a doubling of consumption in such a short period. It means supply must expand rapidly. It will require speeding-up the search for new ore bodies and the rapid development of new mines. It will require a doubling of world smelting and refining capacity. It means hundreds of thousands of new jobs. It spells "economic opportunity".

It presents Canada, which has great mineral potential, with precisely the same opportunity it so dynamically accepted earlier in this century. As a nation, our option is either to grasp the opportunity and win our fair share of the world's growing mineral business, or we can bow out of the competition.

That decision lies squarely with Canadian governments. More specifically, it rests largely in the hands of Provincial and Federal Ministers of Mines, for what is urgently needed to catalyse mineral development is restoration of that favourable climate which in the past proved so successful in attracting private-sector investment.

The Mining Association of Canada believes the need to redress the unfortunate initiatives of the past decade is increasingly recognized by business and government. Evidence of this is demonstrated by statements of The Honourable Donald Johnston, President, Treasury Board of Canada, who in a March 1982 discussion paper on business-government relationships, stressed the following points:

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- (a) The role of government is to provide a framework for wealth creating business activity and to promote fairness in the distribution of benefits generated.
- (b) Creation of wealth is what the private sector does best. Government performs poorly in this area.
- (c) Relationships between government and business have seldom, if ever, been poorer. Mistrust and suspicion are prevalent, and to ignore that reality is to jeopardize the great economic potential of Canada.
- (d) Government has lost the support of business because of a perception that it is unduly intervening in private sector business activity.
- (e) Governments must act to eliminate perceived anti-business attitudes and reaffirm the importance of the entrepreneur as the catalyst for economic recovery, for sustained economic growth and for job creation.
- (f) Above all, governments must guarantee a stable environment for business activity as a means of restoring trust and confidence.
- (g) It is time for common sense, not ideology, to govern business-government relationships.

The Mining Association of Canada finds these views highly perceptive of the situation now prevailing in Canada.

RECOMMENDATIONS

The Mining Association offers a number of suggestions for restoring investor confidence in Canadian mineral development. Because the industry is national in scope, some proposals relate to the federal scene, while others involve provincial jurisdiction or a combination of federal and provincial jurisdictions.

1. Government Intervention and Economic Nationalism

In recent years, the federal government has taken initiatives to increase Canadian control of domestic economic activity. Among these are the National Energy Program and the Foreign Investment Review Agency.

Although well-intentioned, both have generated disturbing side-effects, which include a perception among some investors that foreign capital is neither needed nor welcomed in Canada. Stemming from these policies, several oil companies have announced termination of their extensive Canadian mineral exploration activities after many years of involvement.

This is of concern to The Mining Association of Canada which feels that if Canada is to achieve its potential, vast expenditures for exploration and mine development will be required. Foreign investment is needed and should not be discouraged. We urge that the NEP and FIRA be restructured so as to eliminate discrimination against foreign-owned enterprises, and to encourage foreign investment in the Canadian mining industry.

Government interventionism, of which FIRA and the NEP are but two examples, may have had policy justification from the government's perspective. However, they have contributed to a growing feeling in the private sector of an anti-business attitude, of

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frustration over lagging government interest in new development, and of questions about the future role of the private sector as the generators of wealth in our economy. Unless these uncertainties and perceptions are removed, then business will not have the confidence to make the investments which Canada so desperately needs.

2. Government Intervention in Private Sector Purchasing Procedures

The federal government and some provincial governments have introduced regulations to encourage domestic manufacturing and service industries. Essentially, the initiatives are "Buy Canadian" and "Buy Provincially" oriented.

The policies are well-meaning, but they constitute government intervention in the private sector purchasing function. The Mining Association of Canada opposes such intervention on the grounds that it is unnecessary, that it increases the paperwork burden and costs, and that it invites retaliation from Canada's international trading partners, who perceive such programmes as denying them access to the Canadian market.

Being 80 percent dependent on foreign markets, the Canadian mineral industry is very sensitive to the need for unfettered access for its products to foreign markets. Trade is a two-way street. Particularly at this time of deep economic recession, when international trade relationships are unusually fragile and trade wars threaten, high-profile policies of this nature are dangerous and unnecessary.

The mining industry has an excellent record of sourcing its purchases in Canada and has every intention of continuing to do so. The Mining Association of Canada urges that direct government intervention in private sector purchasing matters be discontinued.

3. Taxation

(a) Mineral Exploration

As noted previously, the pace of mineral exploration must increase to ensure future Canadian capability to supply the world's growing mineral requirement. Of historical interest is that most mineral discoveries in Canada were made by prospectors and junior mining companies.

In the 1970s, tax incentives for both prospectors and the junior mining sector were withdrawn and exploration activity declined. It is recommended that such incentives be restored. Such an initiative would be seen as a clear signal of renewed government interest in mineral development.

(b) Mining Taxation in the North

The Minister of Indian Affairs and Northern Development recently indicated that higher tax and royalty levels on mining in the Yukon and Northwest Territories were under consideration.

Taking into account the vast potential for mineral development in the North (40 percent of Canada's land hosting only three percent of its mines), and the unusually high burden of cost imposed on mining by the harsh climate and remoteness, The Mining Association of Canada views the proposal as counter-productive. The imposition of higher taxes at the very time the industry is struggling for survival is not the route to restoring investor confidence in Canadian mineral development. Nor will it encourage resource development in the North. We would urge DIAND to reconsider their intentions.

(c) Taxation of Employee Allowances in the North and in Other Remote Areas of Canada

In recent budgets, the federal government announced its intention of taxing allowances such as those for home heating, electricity, housing and travel, which have traditionally been available to employees in the North and in other remote areas of Canada. These allowances have been necessary to attract and keep employees in such areas, in view of the adverse living conditions which can be encountered.

The taxing of these allowances is vigorously opposed by residents of the North, by industry, by labour unions, by municipalities, and by the territorial governments. The Mining Association of Canada considers that if implemented, such actions would have serious social and economic consequences. The Association recommends that the current moratorium on taxation of these allowances be maintained indefinitely.

(d) Capital Gains Tax

In an inflationary environment, this tax is improperly named. It is in reality a tax on capital since the so-called gains are largely or totally illusory. The tax is a deterrent to equity investment in Canadian mineral projects. Either it should be modified, so as to tax only real gains, i.e. along the lines suggested in the June 1982 federal budget, or it should be withdrawn completely.

In view of the urgent need to restore industrial activity in Canada, The Mining Association of Canada recommends the tax be abandoned.

(e) Taxation by Agreement

Some years ago, the Province of Saskatchewan introduced the concept of five-year tax agreements which are negotiated with each individual private sector producer of potash. Such arrangements are not thought to be in the best interest of the government or of the potash industry. By their very nature, they weaken private sector investor confidence in mineral development, because of the attendant uncertainty. The Mining Association believes that equity in tax treatment between companies is important and believes this can be achieved (and be seen to be achieved) through traditional means where policy is embodied in legislation and applies uniformly to all.

(f) Taxation Systems

Due to the cyclical nature of world economic conditions and mineral prices, profits generated by Canadian mining companies also follow a cyclical pattern. In recent years, this cycle has been characterized by relatively short periods of prosperity, followed by somewhat longer periods when profitability ranges from "fairly adequate", to "poor", to "disastrous". At present, the latter classification best describes current conditions.

In view of this cyclicity, it is essential that mining tax structures, to which the industry is subjected, do not cream-off income in years of general prosperity, thereby depleting the financial resources necessary for survival in the lean years. The presence in some provinces of tax structures which progressively increase the rate of taxation, as earnings increase, are a deterrent to investment. Also, taxes in the form of a gross royalty, which do not take into account operating costs, are deterrents to investment.

While the tax environment to which the mining industry is subject has improved in recent years, there are still examples of these types of structures which are troublesome. The Mining Association of Canada does not believe that a graduated tax structure is appropriate for provincial mining tax purposes and recommends that such structures be eliminated.

4. Crown Corporations

Canada's mineral industry and potential investors in that industry have noted with alarm the intervention of provincial governments in mineral production and marketing through their own Crown corporations. Such developments are a serious impediment to private-sector investment.

Of particular concern is the advantage such corporations may be granted over domestic private-sector competitors, such as relief from the obligation to pay income taxes. The Mining Association of Canada believes that, in fairness, competing private and public sector corporations should play by the same rules of the game and so recommends. Confidence in private sector investment would be enhanced if all players are treated equally.

5. Government-Business Consultation

The mining industry feels that there has been an improvement in the government-industry consultative process in recent years. However, we remain concerned that too frequently, insufficient consultation often occurs prior to the announcement by governments of policy decisions which impact on the mineral sector specifically,

and on business generally. It is recognized that for some issues, secrecy may be required, but for most others we believe that early discussion would be helpful to both industry and government. The result should be fewer "surprises" for the industry, a better quality of regulation and a better acceptance by industry of government initiatives.

Conclusion

Canada is presently beset by severe economic difficulties. The Mining Association of Canada believes that a sense of national direction can best be restored by an increasing commitment by federal and provincial governments and their leaders to wealth creation as distinct from wealth distribution.

Mineral development affords great opportunity in this regard. The industry has demonstrated its capacity to be one of the great wealth and job-creating sectors of the nation's economy. It can do so again. It will, however, require cooperation in working together to deal with our problems and build on our strengths. We are ready to do our part.

The Mining Association of Canada is thankful for this opportunity to present its views to the Provincial Ministers of Mines and hopes the recommendations it has set forth in this brief will be helpful.



Indian and
Northern Affairs

Affaires indiennes
et du Nord

Communiqué

NOTES FOR AN ADDRESS

BY

THE HONOURABLE JOHN MUNRO, M.P., P.C.

MINISTER

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

TO

THE YELLOWKNIFE CHAMBER OF COMMERCE

SEPTEMBER 20, 1982

CHECK AGAINST DELIVERY

MR. CHAIRMAN, I'M PLEASED TO BE HERE TO SHARE WITH MEMBERS OF THE YELLOWKNIFE CHAMBER OF COMMERCE SOME OF MY IMPRESSIONS OF WHAT IS GOING ON IN THE ECONOMY OF OUR NATION THESE DAYS AND WHAT WILL BE NECESSARY TO OVERCOME ITS LISTLESS PERFORMANCE. I THINK THIS SORT OF EXCHANGE IS USEFUL; IT HELPS TO KEEP THE RECORD CLEAR ABOUT WHAT THE GOVERNMENT IS REALLY TRYING TO ACCOMPLISH WITH THE MEASURES THAT WERE CONTAINED IN THE BUDGET OF LAST JUNE 28. THIS KIND OF CLARITY HELPS PEOPLE MAKE REASONED CHOICES ABOUT WHERE TO PUT THEIR FAITH AND SUPPORT AT A TIME WHEN THERE IS LITTLE ROOM FOR ERROR.

IT IS CLEAR THAT CANADA FACES A WORLD ECONOMIC CRISIS, NOT JUST A DOMESTIC ONE. THIS SITUATION HAS ADVERSELY AFFECTED DEMAND FOR MANY OF OUR BASIC PRODUCTS, REDUCED THEIR PRICES, AND LED TO SUBSTANTIAL LAYOFFS ACROSS THE COUNTRY.

AMERICAN HIGH INTEREST RATES HAVE GENERALLY PERSISTED. ASIDE FROM THEIR ACHIEVEMENT IN RECENT MONTHS IN HOLDING DOWN U.S. PRICE INCREASES AND REDUCING INFLATION THERE, THEY HAVE HAD QUITE OBVIOUS IMPACT ON CONSUMPTION IN THIS COUNTRY. DESPITE THE PRESSURES WHICH RESULT FROM HIGH INTEREST RATES, OUR OWN CANNOT DEVIATE FAR FROM U.S. RATES WITHOUT AGGRAVATING OUR FINANCIAL SITUATION AND PUSHING OUR DOLLAR FURTHER DOWN.

WE IN CANADA HAVE ONE OF THE WORLD'S POOREST RECORDS ON WAGES AND PRICES AMONG WESTERN INDUSTRIAL COUNTRIES. UNLESS WE DO BETTER ON INFLATION, IT WILL BE DIFFICULT TO BRING INTEREST RATES DOWN VERY FAR, EVEN IF U.S. RATES SLIDE SIGNIFICANTLY, AS SOME ARE NOW SUGGESTING THEY WILL.

THE SIZE OF THE DEFICIT POSES FURTHER RESTRAINTS ON THE GOVERNMENT'S ABILITY TO USE TRADITIONAL SPENDING SOLUTIONS TO CREATE WORK. THE IMPACT OF THE FEDERAL DEFICIT IS AGGRAVATED BY PROVINCIAL DEFICITS WHICH TOTAL MORE THAN AN ADDITIONAL \$10 BILLION. THIS STRAINS OUR CAPITAL MARKETS, ADDS TO THE INTEREST BURDEN AND TENDS TO KEEP UP INTEREST RATES. ON THE OTHER HAND, TO CUT SPENDING SEVERELY WOULD MEAN PUTTING MORE PEOPLE OUT OF WORK OR REDUCING AID TO THE UNEMPLOYED. AS THE JUNE BUDGET SPEECH NOTED, INCREASED DEFICITS REFLECT MAINLY "...THE AUTOMATIC RESPONSE OF OUR TAX AND EXPENDITURE SYSTEMS TO THE RECESSION. THESE AUTOMATIC STABILIZERS MUST BE ALLOWED TO OPERATE TO AVOID MAKING THE RECESSION WORSE."

LADIES AND GENTLEMEN, THAT IS ROUGHLY THE SITUATION ON A NATIONAL SCALE. TOGETHER THE CONSIDERATION I'VE JUST RECITED CONSTITUTE THE REASONS WHY THE GOVERNMENT CHOSE THE COURSE IT DID IN JUNE TO REDUCE CANADA'S IMMEDIATE DIFFICULTIES AND IMPROVE OUR LONG-TERM PROSPECTS. I'M TALKING HERE ABOUT OUR STRATEGY TO BRING DOWN INFLATION, WHICH WAS THE BACKBONE OF THE BUDGET.

THE PROGRAM, JUST TO RECAP, INVOLVES BREAKING THE VICIOUS CYCLE

IN WHICH INFLATION BREEDS PAY INCREASES, WHICH IN TURN FUEL INFLATION. AS YOU KNOW, WE'RE AIMING TO KEEP INCOME INCREASES TO SIX PERCENT OVER THE NEXT YEAR AND FIVE PERCENT IN THE YEAR AFTER THAT. WE'RE ASKING ALL CANADIAN TO SUBSCRIBE TO THIS CAMPAIGN.

THIS IS A CAMPAIGN, BY THE WAY, NOT TO PIT SECTORS OF THE ECONOMY AGAINST EACH OTHER IN SOME VAIN HOPE THAT THINGS WILL IMPROVE. SURELY WE RECOGNIZE BY NOW THAT PURELY ADVERSARIAL TACTICS ONLY MAKE THINGS WORSE. IF THERE IS ANY VILLAIN TO BE BEATEN IT IS THE INFLATIONARY EXPECTATIONS WE HAVE HARBOURED IN EACH OF US; THE VILLAIN IS OUR COLLECTIVE INCLINATION TO TAKE INCREASES IN WAGES AND SALARIES EQUAL TO OR BETTER THAN INFLATION, AT A TIME WHEN THE ECONOMY IS IN RECESSION AND PRODUCTIVITY IS LAGGING.

TO SHOW OUR GOOD FAITH IN WORKING TO BRING DOWN INFLATION, WE IN THE FEDERAL GOVERNMENT DECIDED TO INTRODUCE A POLICY OF PAY RESTRAINT IN THE FEDERAL PUBLIC SECTOR. WE JUDGED THIS TO BE A CLEAR DEMONSTRATION OF LEADERSHIP AT THE NATIONAL LEVEL.

IT SIGNALLED TO THE PRIVATE SECTOR THAT WE DID NOT EXPECT THEM TO MAKE A MOVE UNTIL WE IN GOVERNMENT SET OUR OWN HOUSE IN ORDER.

I THINK IT'S WORTH PAUSING HERE IN VIEW OF THE INFLUENCE THAT FEDERAL EMPLOYMENT HAS ON THE ECONOMY OF THE NORTHWEST TERRITORIES, WHERE THIRTY-SEVEN PERCENT OF THE LABOUR FORCE IS EMPLOYED IN

GOVERNMENT. WE DIDN'T START WITH THE PUBLIC SERVICE BECAUSE WE HAD IDENTIFIED THIS SECTOR OF SOCIETY AS ANY MORE RESPONSIBLE FOR INFLATION THAN ANY OTHER. WE DID IT BECAUSE WE HAD TO START SOMEWHERE AND SO WE BEGAN WHERE WE HAD THE GREATEST IMMEDIATE CONTROL.

SINCE THEN WE HAVE GONE FARTHER, AND EXTENDED THE RESTRAINT TO OTHER AREAS OVER WHICH WE HAVE CONTROL. THESE HAVE INCLUDED FEDERAL AGENCIES WHICH REGULATE THE PRICE OF GOODS AND SERVICES LIKE TRANSPORTATION, FOODSTUFFS, COMMUNICATION AND, HERE IN THE NORTHWEST TERRITORIES, ELECTRICITY.

WE IN THE FEDERAL GOVERNMENT ARE CHALLENGING THE PEOPLE IN ALL PARTS OF CANADA TO FOLLOW OUR RECOMMENDATIONS AND EXAMPLE, AND TO ADOPT THE TARGETS WE HAVE SET. AND WHILE THERE IS NO QUESTION THAT SOME FURTHER SELF-DENIAL ONLY ADDS TO THE HARDSHIPS OF RECESSION, WE REMAIN CONVINCED THAT THE SIX AND FIVE PERCENT SOLUTION IS THE WAY TO RECOVERY.

THAT IS WHY, SINCE COOPERATION IS THE KEY TO ITS SUCCESS, I HAVE BEEN SO ENCOURAGED TO HEAR THE RESPONSE OF SOME NORTHERNERS TO THIS PROGRAM. MY COLLEAGUE PIERRE BUSSIERES, MINISTER OF STATE FOR FINANCE, WAS IN YELLOWKNIFE A FEW WEEKS AGO (JULY 19) TO PROVIDE THE TERRITORIAL GOVERNMENT WITH BACKGROUND ON THE BUDGET. IT WAS TOM BUTTERS, MINISTER OF FINANCE, WHO SAID AT THE TIME THAT THE GOVERNMENT OF THE NWT IS "COMMITTED...TO ACCEPTING OUR FAIR SHARE OF THE RESPONSIBILITY FOR THE ECONOMIC WELL-BEING OF CANADA."

TERRITORIAL GOVERNMENT LEADER GEORGE BRADEN WAS QUOTED AT THE SAME TIME AS ENDORSING THIS PRINCIPLE, AS WAS THE COMMISSIONER, JOHN PARKER. LET ME SAY THAT THIS IS THE KIND OF RESPONSE THAT IS ESSENTIAL TO THE SUCCESS OF THIS UNDERTAKING.

WHAT THEN IS HAPPENING IN THE NWT IN RELATION TO ECONOMIC PERFORMANCE AND TO THE APPLICATION OF THE "SIX-AND-FIVE" PROGRAM?

FIRST OF ALL IT'S FAIRLY EVIDENT THAT THE RECESSION HAS HAD AN IMPACT HERE, JUST AS IT HAS IN OTHER PARTS OF THE COUNTRY. UNEMPLOYMENT INSURANCE CLAIMS WERE UP 23 PERCENT IN AUGUST OVER THE SAME MONTH A YEAR AGO, ALTHOUGH TO SOME EXTENT THIS IS ACCOUNTED FOR BY PEOPLE FROM OTHER PARTS OF THE COUNTRY COMING HERE IN THE HOPE OF FINDING JOBS.

WITH THE WEAKNESS IN BASE METAL PRICES, THERE HAS BEEN SOME CONCERN FOR THE MINING SECTOR. HOWEVER, SINCE GOLD MINING REPRESENTS SUCH A LARGE PROPORTION OF ACTIVITY IN THIS TERRITORY, AND WITH RECENT TRENDS IN GOLD PRICES WE ARE STILL OUT OF THE WOODS, TO SOME EXTENT IN THIS RESPECT, THERE IS, IN FACT, NO LARGE-SCALE LAYING-OFF UNDER WAY IN THE MINING SECTOR IN THIS TERRITORY TO COMPARE WITH WHAT HAS HAPPENED ELSEWHERE.

ON THE OIL AND GAS EXPLORATION FRONT THE RECORD SHOWS THERE WERE 13 WELLS DRILLED DURING 1981. IT LOOKS LIKE THIS SEASON'S TOTAL WILL BE CLOSE TO 30.

THIS IS NOT TO DIMINISH THE DIFFICULTY THAT CERTAIN INDIVIDUALS AND FIRMS ARE SUFFERING IN THE NWT, AS IN OTHER PARTS OF THE COUNTRY. BUT CLEARLY, THE SITUATION COULD BE WORSE.

ACTION UNDER THE SIX-AND-FIVE PROGRAM HAS FOCUSED HERE FIRST ON PUBLIC SECTOR WAGES UNDER THE DIRECT CONTROL OF THE FEDERAL GOVERNMENT.

TRANSPORTATION FIRMS REGULATED BY THE FEDERAL GOVERNMENT AND OPERATING IN THE NORTH HAVE ALSO BEEN REQUIRED TO TAILOR THEIR RATE INCREASES TO THE SIX-AND-FIVE PERCENT GUIDELINES. BOTH PACIFIC WESTERN AND NORDAIR HAVE FILED REVISED RATE SCHEDULES WITH THE CANADIAN TRANSPORTATION COMMISSION, WHICH MORE CLOSELY ADHERE TO THE GUIDELINES THAN EARLIER PROPOSALS. IT IS EXPECTED THAT WHEN NORTHERN TRANSPORTATION COMPANY LIMITED FILES ITS TARIFFS FOR NEXT SEASON, THEY TOO WILL BE IN LINE WITH SIX-AND-FIVE.

A FEW DAYS AGO I INSTRUCTED NORTHERN CANADA POWER COMMISSION TO ENSURE THAT ITS RATES STICK TO THE GUIDELINES, DESPITE THE DIFFICULTIES WHICH THIS IMPLIES FOR NCPC'S OPERATIONS. THIS MOVE WAS TAKEN BECAUSE THE GOVERNMENT IS ABSOLUTELY DETERMINED TO SUPPORT THE MEASURES IN ITS JUNE BUDGET FIRST, FOR THE REASONS I HAVE DESCRIBED, AND TO DEAL WITH THE IMPLICATION FOR ORGANIZATIONS LIKE NCPC IN OTHER WAYS.

THAT, THEN IS THE FRAMEWORK IN WHICH THE FEDERAL GOVERNMENT IS

DEALING WITH THE CURRENT ECONOMIC REALITY IN THE NORTH, AS IT IS IN THE REST OF CANADA. IN ADDITION, THERE ARE MAJOR ONGOING CONSIDERATIONS FOR THE NORTHERN ECONOMY, MANY OF WHICH WERE IN EVIDENCE BEFORE THE RECESSION AND THEREFORE WE EXPECT WILL BE IN PLAY WHEN HARD TIMES HAVE PASSED.

THE REALITIES OF LIVING IN THE NORTH - IN BOOM OR BUST TIMES - REQUIRES A PARTICULAR SENSITIVITY ON THE PART OF GOVERNMENT. IT WAS WITH THAT IN MIND THAT I, TOGETHER WITH MARC LALONDE WHO WAS THEN MINISTER OF ENERGY AND IS NOW IN CHARGE OF FINANCE, ANNOUNCED LAST APRIL A \$19-MILLION PACKAGE OF ENERGY INITIATIVES TO ASSIST OFF-OIL CONVERSION AND ENERGY CONSERVATION IN THE TERRITORIES. IN ADDITION TO THE ONE-YEAR EXTENSION OF ENERGY PRICE SUBSIDIES THAT THIS INITIATIVE PROVIDED, THE PACKAGE WAS DESIGNED IN THE LONGER TERM TO DECREASE DEMAND AND INCREASE THE USE OF ALTERNATIVE SOURCES. IN THIS WAY WE WERE ADDRESSING THE MOST PRESSING PROBLEMS YOU PEOPLE FACE, WHILE ALLOWING TIME TO MEET COMMITMENTS TO ADDRESS THE UNDERLYING CAUSES OF HIGH ENERGY COSTS AND RELIABILITY OF SUPPLY.

RECENTLY WE LIFTED THE LOW-WATER SURCHARGE ON ELECTRICAL POWER. AN ADJUSTMENT WHICH I FEEL REFLECTS THE FEDERAL GOVERNMENT'S AWARENESS AND SENSITIVITY TO CHANGING CIRCUMSTANCES, AND OPPORTUNITIES TO KEEP COSTS TO NORTHERNERS AT A REASONABLE LEVEL.

ALL THE WHILE WE HAVE TO KEEP IN MIND THE NEED FOR APPROPRIATE PLANNING AND DEVELOPMENT REGIMES -- THE STRUCTURES THAT WILL ENSURE LONG-TERM STABILITY IN THE NORTHERN ECONOMY.

IT WAS WITH THAT IN MIND THAT WE ANNOUNCED IN MID-JUNE (SENATOR AUSTIN, EDMONTON JUNE 17) THAT THE FEDERAL GOVERNMENT HAS ADOPTED A NEW PLANNING STRATEGY FOR NORTHERN HYDROCARBON DEVELOPMENT. IN THIS CONTEXT, WE'VE DECIDED TO ACCELERATE GOVERNMENT RESEARCH, PLANNING AND MONITORING IN A COMPREHENSIVE AND CONTROLLED MANNER. OUR OBJECTIVE IS TO PUT OURSELVES IN A STATE OF PREPAREDNESS THAT WILL ALLOW PRODUCTION TO BEGIN FROM PROVEN COMMERCIAL RESERVES THROUGH DEMONSTRATION PROJECTS.

BY EXAMPLE, THE MAJOR OPERATIONS IN THE BEAUFORT SEA VICINITY MUST HAVE THE BENEFIT OF AN ORDERLY, TIMELY PROCESS FOR APPROVING TRANSPORTATION MODES. WHILE AS YOU KNOW NO PREFERENCE HAS YET BEEN EXPRESSED, A PIPELINE CONNECTION BETWEEN MACKENZIE-DELTA SOURCES HAS BEEN SUGGESTED BY ESSO RESOURCES, WHILE DOME HAS TALKED TO US ABOUT ICEBREAKING TANKERS. WHILE THE ULTIMATE CHOICE IS THE SUBJECT FOR SPECULATION, IT IS CERTAIN THAT WE HAVE TO BE ABLE TO WEIGH THE MERITS OF BOTH PROPOSITIONS IN A TIMELY, EFFECTIVE WAY, WITH THE BENEFIT OF THE BEST INFORMATION AVAILABLE.

OUR NEW PLANNING STRATEGY IS INTENDED TO ANTICIPATE RESEARCH NEEDS AND MANAGEMENT PROBLEMS AND DEAL WITH THEM EXPEDITIOUSLY.

WE HAVE TO BE ABLE TO TELL DOME AND GULF AND ESSO WHETHER TANKER OR PIPELINE TRANSPORTATION, OR BOTH, ARE FEASIBLE IN VIEW OF ENVIRONMENTAL AND HUMAN CONSIDERATIONS.

SIMILARLY, WE HAVE BEEN WORKING FOR SOME TIME NOW ON A NEW ECONOMIC DEVELOPMENT REGIME FOR THE NWT TO TAKE THE PLACE OF THE OLD GENERAL DEVELOPMENT AGREEMENT (GDA) WHICH WAS FIRST STRUCK BETWEEN THE FORMER DEPARTMENT OF REGIONAL AND ECONOMIC EXPANSION (DREE) AND THE TERRITORIAL GOVERNMENT IN 1976. JOINT PLANNING FOR A NEW AGREEMENT BEGAN IN THE FALL OF 1980 BETWEEN MY DEPARTMENT, DREE AND THE GNWT. AGAIN, AS WITH HYDROCARBON DEVELOPMENT, THE AIM IS TO ENSURE THAT STABILITY PREVAILS. I EXPECT WE ARE ON THE VERGE OF BEING ABLE TO MAKE AN ANNOUNCEMENT ABOUT CONSIDERABLE PROGRESS TOWARD AN AGREEMENT IN THE NEAR FUTURE.

IN ANOTHER AREA, LAND-USE PLANNING, WE ARE ON OUR WAY TO ESTABLISHING THE REGIME I ANNOUNCED SOME TIME AGO FOR THE ESTABLISHMENT OF PLANNING COMMISSIONS IN EACH TERRITORY. THESE COMMISSIONS, IN TURN, ARE TO RECOMMEND COMPREHENSIVE, REGIONAL LAND-USE PLANS FOR SPECIFIC AREAS OF THE NORTH. THE FEDERAL GOVERNMENT HAS BEEN WORKING, IN CONJUNCTION WITH THE TERRITORIES, NATIVE ORGANIZATIONS AND OTHER INTERESTS TO INITIATE PLANNING FOR THOSE CRITICAL AREAS EXPERIENCING UNIQUE DEVELOPMENT PRESSURES -- FOR INSTANCE THE BEAUFORT SEA REGION, THE MACKENZIE DELTA, THE

MACKENZIE VALLEY, MACMILLAN/HOWARDS PASS, THE SOUTH SLAVE LAKE AREA AND THE NORTHWEST PASSAGE, INCLUDING LANCASTER SOUND.

THOSE ARE THE KINDS OF THINGS THE FEDERAL GOVERNMENT IS DOING TO DEAL WITH THE NEEDS OF NORTHERNERS SYSTEMATICALLY, WHILE PERMITTING DEVELOPMENT TO PROGRESS FOR THE BENEFIT OF ALL CANADIANS.

A PRIME EXAMPLE IS THE NORMAN WELLS PIPELINE PROJECT, WHICH WAS NOT APPROVED BY CABINET UNTIL ALL MAJOR NORTHERN GROUPS HAD DISCUSSED AND GIVEN THEIR GUARDED APPROVAL OF IT -- WITH PROVISION OF A TWO-YEAR MORATORIUM FOR CAREFUL PREPARATION AND PLANNING.

I INTEND TO ENSURE THAT ECONOMIC BENEFITS FROM THE NORMAN WELLS PROJECT DO GO TO NORTHERNERS - INDIVIDUALS AND BUSINESSES. THE FEDERAL CO-ORDINATOR IS NOW WORKING WITH NORTHERN BUSINESSES TO GUARANTEE THAT - AS MUCH AS POSSIBLE - THEIR SERVICES AND SUPPLIES WILL BE USED IN THE DEVELOPMENT OF THE PIPELINE. AS WELL, MY DEPARTMENT WILL BE MAKING SURE THAT JOB OPPORTUNITIES ARE COMMUNICATED AND PROMOTED TO EVERYONE AT THE COMMUNITY LEVEL TO ACHIEVE FULL PARTICIPATION OF TERRITORIES' RESIDENTS.

THESE THINGS HAVE TO GO FORWARD WITH PERHAPS GREATER INTENSITY DURING THIS TIME OF ECONOMIC SLOWDOWN SO THAT AS THE PACE QUICKENS IT DOES SO TO THE GREATEST BENEFIT OF ALL CONCERNED.

A FEW DAYS AGO, COMMISSIONER JOHN PARKER TOLD A GATHERING LIKE THIS OF THE CALGARY CHAMBER OF COMMERCE THAT, IN HIS PERCEPTION, THE PEOPLE OF THE NORTHWEST TERRITORIES ARE INCREASINGLY WILLING TO ACCEPT FUTURE LARGE-SCALE DEVELOPMENT. NO DOUBT THERE ARE IMPLICATIONS NOT ONLY IN TERMS OF THE ECONOMICALLY BASED MECHANISMS WHICH I HAVE JUST DESCRIBED TO INJECT GREATER CERTAINTY INTO THE NORTHERN DEVELOPMENT EQUATION, BUT IN TERMS OF POLITICAL DEVELOPMENT AND LAND CLAIMS. THE KEY IN ALL CASES IS IN DEFINING COMMON OBJECTIVES AND COOPERATING IN THEIR PURSUIT.

LET ME TURN NOW TO SOME EXAMPLES OF ECONOMIC DEVELOPMENT INITIATIVES TAKING PLACE IN THIS REGION:

- * TRANSPORT CANADA WILL SPEND MORE THAN \$2.4 MILLION OVER THE NEXT TWO YEARS TO IMPROVE RUNWAY AND TAXIWAY FACILITIES AT YELLOWKNIFE AIRPORT;
- * A \$50,000 CONTRIBUTION TO THE FORT McPHERSON CANVAS SHOP FOR THE PURCHASE OF SEWING MACHINES AND FACILITY IMPROVEMENT;
- * AN \$87,000 CONTRIBUTION TO THE AKLAVIK FUR SHOP TO MOVE TO A NEW FACILITY. THIS IS BEING ACCOMPLISHED IN CONJUNCTION WITH THE GNWT;
- * CONTRIBUTIONS TOTALLING \$155,000 WILL BE SPENT FOR COMPLETION OF CONSTRUCTION OF A TOTAL OF 25 LOG HOUSES IN FORT SIMPSON, JEAN-MARIE RIVER, WRIGLEY, FORT LIARD, FORT PROVIDENCE AND NAHANNI BUTTE. THIS ASSISTANCE WILL COVER THE PERIOD 1982-83

AND PROVIDE EMPLOYMENT FOR APPROXIMATELY 52 PEOPLE.

IN CONCLUSION, WE ALL HAVE TO CONFRONT THE REALITY OF A RECESSION AND DEAL WITH IT AS BEST AS WE CAN. THAT IMPLIES SUPPORT NOT ONLY BY GOVERNMENTS, BUT BY THOSE OF YOU WHO REPRESENT PRIVATE SECTOR INTERESTS, FOR THE "SIX-PERCENT SOLUTION". THAT ALSO IMPLIES CLOSE ATTENTION TO IMPROVEMENTS IN PRODUCTIVITY.

THE PEOPLE I MEET IN MY OWN RIDING OF HAMILTON EAST, AND IN OTHER PARTS OF CANADA, HAVE AN ABIDING FAITH IN THEMSELVES AND IN THE PRODUCTIVE CAPACITY OF THIS COUNTRY. THEY ARE READY TO ACKNOWLEDGE THAT THE FEDERAL GOVERNMENT HAS PRECIOUS LITTLE ELBOW ROOM FOR MANOEUVERING AT THIS TIME, AND THAT WE HAVE TO PULL TOGETHER IF WE WANT TO GET THIS COUNTRY ON ITS FEET AS QUICKLY AS POSSIBLE.

PEOPLE IN OTHER PARTS OF CANADA KNOW THE SCORE BY LOOKING AROUND THEIR OWN NEIGHBOURHOODS AND TOWNS. THEY KNOW THAT THE FEDERAL GOVERNMENT CAN'T DO THE JOB ALL BY ITSELF. THEY ARE WILLING TO PULL IN THEIR BELTS; THEY ARE READY TO SHARE THE COSTS OF RECOVERY. THEY ARE LOOKING TO THE GOVERNMENT FOR LEADERSHIP AND THEY'RE FINDING IT IN THE RESTRAINT PROGRAM OF THE SPRING BUDGET.

I'M SURE THE REALITY IS NO LESS STARK IN THE NORTH; IN SOME AREAS LACKING ECONOMIC DIVERSITY IT IS EVEN MORE DRAMATIC THAN

IN CERTAIN REGIONS WHICH ENJOY A MIXED ECONOMIC BASE IN
THE SOUTH, BUT THE BASIC SOLUTIONS ARE STILL ESSENTIALLY
THE SAME.

**DISCUSSION PAPER ON CONSTITUTIONAL
AND POLITICAL DEVELOPMENT IN THE
NORTHWEST TERRITORIES**

**PRESENTED BY:
MAYOR MICHAEL A. BALLANTYNE
ON BEHALF OF
THE CITY OF YELLOWKNIFE
SEPTEMBER 14TH, 1982**

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INTRODUCTION

Over the past two decades, the question of the constitutional and political development of the Northwest Territories has received considerable attention. Politicians, bureaucrats, academics, and special interest groups have prepared a barrage of reports on this topic and it has been discussed in a variety of forums.

The time for collecting information has now passed. It is essential for the residents of the Northwest Territories to review the information which has been documented; to consider the recommendations which have been made; and to formulate a plan of action which will lead to the achievement of the goal which, despite their differences, all residents of the Northwest Territories have indicated they want:

The evolution of more responsible government leading to the achievement of provincial status.

The purpose of this paper is to identify and discuss the underlying principles and basic elements of the process which, if followed, will facilitate the achievement of this goal.

UNDERLYING PRINCIPLES

Before outlining the factors involved in developing increasingly responsible government, it is necessary to identify the principles upon which the process is based. Understanding of, and agreement with these principles is essential to ensure support for the process.

The paper, Our Land, Our Future, produced by the Government of the Northwest Territories, in October 1981, identified basic principles which are fundamental to political and constitution-

al development in the North. These principles, summarized in the Discussion Paper of the Denendeh Government Proposal, are:

- 1 - Government decision making should rest as closely as possible with those governed.
- 2 - Every level of government in the Northwest Territories must have sufficient power, authority, and resources available vested in it to enable it to carry out its responsibilities.
- 3 - Government should be representative of and accountable to the people of the Northwest Territories.
- 4 - Residents of the Northwest Territories should enjoy political rights and privileges equal to those enjoyed by other Canadians.
- 5 - Residents of the Northwest Territories should assume the major responsibility for determining the constitutional framework of the Northwest Territories and the direction of political change within that broad framework.
- 6 - Rights and freedoms granted in aboriginal claims settlements must be protected in law.¹

These principles are fundamental to political development in the North and should receive support. If they do not receive unanimous support, then political and constitutional development within the democratic tradition is impossible.

In addition to the six principles outlined by the Government of the Northwest Territories, which are general democratic principles fundamental to the development of responsible government, a number of specific principles unique to the situation in the Northwest Territories must be accepted.

- 1 - THE RESIDENTS OF THE NORTHWEST TERRITORIES MUST BE COMMITTED TO WORKING TOGETHER TO ACHIEVE RESPONSIBLE GOVERNMENT.

The present economic and political climate in Canada is not conducive to soliciting support for political and constitution-

al development in the North. The problems being encountered by the various provincial governments are such that they are interested only in preserving their own well-being. Therefore, Northerners must assume the initiative and make a commitment to work together to ensure that the constitutional and political development process is effective.

If Northerners are to be united in their support of this process, compromise will be necessary. It is acknowledged that all Northerners have particular interests which they wish to protect, but unless concessions are made and co-operation fostered, the process will be adversely affected and will lose credibility.

The Federal Government has indicated that it is not willing to discuss constitutional and political development with specific northern groups. Therefore those discussions should be initiated through the Territorial Legislative Assembly. It is essential that the Legislative Assembly assume the initiative and adopt a process which all Northerners can support.

2 - THE SIZE AND DIVERSITY OF THE NORTHWEST TERRITORIES IS SUCH THAT STEPS MUST BE TAKEN TO ENSURE THAT THE GOVERNMENT STRUCTURE WHICH EVOLVES ACCOMMODATES AND PROTECTS THE UNIQUE SOCIAL, CULTURAL, ECONOMIC, AND POLITICAL CHARACTERISTICS FOUND IN THE AREA.

Concern regarding the preservation of unique social, cultural, economic, and political institutions which currently exist in the Northwest Territories has manifest itself in the proposals introduced by various groups. Proposals concerning division, regional government, and government based on ethnic origin are but a few of the proposals which have been drafted in attempts to protect these institutions. These proposals contain valid concerns which should be recognized.

All Northerners must recognize the constraints which will affect constitutional and political development and ensure that proposals are realistic and acceptable within the Canadian context. The question of residency requirements is one which, given the transient nature of part of the northern population, must be addressed. However, the solution must be one which will be upheld by the Courts or it will lack credibility. Guaranteed representation for native groups must also be discussed in a realistic fashion. In other countries, ethnic groups have been guaranteed seats in a legislature². These examples should be studied so a realistic solution acceptable within the Canadian context can be formulated.

The concerns regarding regional differences must also be addressed. Division of the Northwest Territories remains a controversial question. We should come to grips with some fundamental realities:

- 1 - The people of the Eastern Arctic have indicated an overwhelming desire to form their own territory and are resolutely pursuing that objective.
- 2 - The doubts of many Central Arctic and Delta communities must be addressed.
- 3 - The larger Western Arctic municipalities have demonstrated a strong feeling that the Northwest Territories should remain united.
- 4 - The Federal Government will ultimately decide if the Territories will be split and the timing for division.

The Legislative Assembly supports division and as such must undertake certain responsibilities.

- a) Define an acceptable border.
- b) Demonstrate to the people opposed to division the advantages of two territories.
- c) Ensure that all the residents of the Northwest Territories are involved in the process of Constitutional Development and that ultimately the rights of all residents will be protected in a new constitution and/or government or governments.

The objective should be to ensure that the people of the Northwest Territories receive improved government whether or not division is approved, delayed, or refused by the Federal Government.

In the interim, the development of regional government structures can be accommodated. The existence of a strong Territorial Government structure in which regional differences have been addressed may expedite division in the future. At present, it would be unwise to allow the failure to resolve the question of division to hinder the development of responsible government.

3 - THE LEGISLATIVE ASSEMBLY MUST TAKE THE LEADING ROLE IN THE PROCESS OF POLITICAL AND CONSTITUTIONAL DEVELOPMENT.

The Legislative Assembly is the logical body to undertake this responsibility. It is recognized by the Federal Government as a legitimate government and it has a mandate from all the people in the Northwest Territories. It must accept a leadership role and not diminish its effectiveness by being viewed as only one of a number of participants in the process.

Presently, it is very unclear to many people who is negotiating what with whom. A process must clearly identify lines of communications and areas of responsibilities for the different players.

- 4 - THE LEGISLATIVE ASSEMBLY MUST ENSURE THAT COMMUNITIES LARGE AND SMALL ARE DIRECTLY INVOLVED IN THE PROCESS OF POLITICAL AND CONSTITUTIONAL DEVELOPMENT.

The size and diversity of the Northwest Territories, makes it difficult for individual Members of the Legislative Assembly to maintain as close contact with their constituencies as they would like. Municipal Councils have a close day-by-day association with their people and as such, can provide valuable input to these discussions. The Legislative Assembly must continue to have direct links with municipalities in forums such as this or in some modified version of this forum.

Obviously, major changes cannot occur in the Northwest Territories against the wishes of large segments of the population.

- 5 - NEGOTIATIONS FOR CONSTITUTIONAL AND POLITICAL DEVELOPMENT IN THE NORTHWEST TERRITORIES WILL NOT TAKE PLACE IN THE ABORIGINAL LAND CLAIMS FORUM.

The Federal Government has emphatically stated that the two processes must be separate and distinct². However, it must be recognized that the two processes will overlap in many areas and it is the responsibility of the Legislative Assembly to ensure the ultimate integration of the two processes into a viable form of government for all the residents of the Northwest Territories.

- 6 - ONCE ABORIGINAL LAND CLAIMS HAVE BEEN SETTLED, ABORIGINAL RIGHTS, AS DEFINED IN THE LAND CLAIMS SETTLEMENT, MUST BE INTEGRATED INTO AND PROTECTED BY THE TERRITORIAL GOVERNMENT STRUCTURE.

A guarantee that this will occur is included in the Canadian Charter of Rights and Freedoms⁴.

There are indications that the question of how to protect aboriginal rights within the context of existing provincial and territorial structures will be discussed at the Constitutional Conference scheduled to be held before April 17, 1983⁵. Therefore, steps must be taken to ensure that the process designed to accommodate political development will be flexible and can be adjusted to accommodate the aboriginal rights granted in the land claims settlements.

- 7 - ECONOMIC DEVELOPMENT IN THE NORTHWEST TERRITORIES MUST BE ENCOURAGED.

The economy of the Northwest Territories has little depth. It is dependent mainly on government operations, mining, oil and gas, and to a lesser extent, on tourism, hunting, trapping, and fishing. To date, the Northwest Territories, have been relatively sheltered from the economic recession affecting the rest of Canada.

The economic viability of the Northwest Territories must be protected while political development is occurring. Neglecting the economic health of the Territories will adversely affect its political evolution. Northerners cannot afford to delay economic development until the questions regarding political development are answered. Not only would an erosion of the economic development in the Territories increase dependence on

the Federal Government, it would make it virtually impossible for our political institutions to satisfy rising expectations for jobs, opportunities, and improved living conditions. Our economy is very vulnerable and the economic disaster presently facing the Yukon could happen here.

8 - THE FEDERAL GOVERNMENT MUST CLEARLY STATE ITS POSITION ON CONSTITUTIONAL AND POLITICAL DEVELOPMENT INITIATIVES COMING FROM THE NORTHWEST TERRITORIES.

It is the responsibility of the people of the Northwest Territories to reach a consensus as to a reasonable method and timetable to achieve these goals and to demonstrate that we are capable of undertaking them. It is the responsibility of the Federal Government to respond to these initiatives and to clearly state its position.

Northerners must be pragmatic and realistic in their objectives. By implementing a process which will accommodate Federal concerns while allowing progressive evolution towards provincial status, confrontation will be minimized and Federal support can be expected.

ELEMENTS OF THE PROCESS

The remainder of this paper outlines the basic elements which should be incorporated in a process which will result in "the evolution of more responsible government leading to the achievement of provincial status". These elements can be categorized into four major components, each of which must be addressed when the plan for the development of responsible government is designed.

- 1 - THE ROLE OF THE LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES SHOULD BE STRENGTHENED AND EXPANDED.

In order for it to be an effective vehicle for coordinating the development of responsible government, the Legislative Assembly must evolve further. Steps which should be taken to achieve this evolution include:

- 1 - Recognition of the changing role of the Commissioner;
- 2 - Expansion of the power of the Executive Committee;
- 3 - Establishment of a well-defined ministerial system;
- 4 - Strengthening of the role of the Government Leader; and
- 5 - Further development of the Legislative Committee system⁶.

A primary factor which presently reduces the strength of the Territorial Assembly is the power vested in the Commissioner. As the senior Federal civil servant in the Northwest Territories, the Commissioner exercises powers similar to those which, before Canadian Confederation, were exercised by the Colonial Lieutenant Governors. Included among the Commissioner's powers are responsibility for various departments within the government structure, veto power over legislation passed by the Legislative Assembly and responsibility for organizing and chairing the meetings of the Executive Committee. Redistribution of these powers could serve to strengthen the role of the Executive Committee and Government Leader.

The responsibility for all departments within the Territorial Government structure should be vested in the members of the Executive Committee. This would elevate the status of the

Committee to that of a Cabinet and ensure that responsibility for policy formulation, related to administrative functions, would rest with elected representatives. Establishment of a clearly defined ministerial system would ensure that the administrative arm of the government is controlled by the elected representatives who are accountable to, and therefore responsive to the wishes of the electorate. The membership of the Executive Committee would be determined by the Legislative Assembly.

The expansion in the responsibilities of the Executive Committee must be accompanied by an upgrading of the role of Government Leader. The Government Leader should replace the Commissioner as the Chairman of the Executive Committee. The Government Leader should be chosen by the Legislative Assembly and assume the responsibility for assigning portfolios to, and overseeing the activities of, members of the Executive Committee. As the representative of the Legislative Assembly, the Government Leader should be designated as a full participant in meetings between the Federal Government and the Provincial Premiers.

The veto power currently held by the Commissioner should be revised so it is consistent with the traditional types of legislative control currently in place in the provinces. If members of the Legislative Assembly overstep their authority, or approve inappropriate legislation, the Federal Government could invoke the disallowance privilege vested in the Governor-in-Council.

The restructuring of the role of the Commissioner should occur gradually. His departmental responsibilities and the chairmanship of the Executive Committee should be redistributed as discussed above, but he should remain as a member of the Committee.

The Commissioner's position as senior Federal civil servant in the Territories is a valuable asset which should be used to develop effective communications with the Federal Government. The Federal Government should identify a Cabinet Minister who will be specifically responsible for constitutional and political development in the North. The Commissioner and the Government Leader should liaise with this representative, thereby establishing effective communications between the two levels of government during the development of responsible government. When the process reaches a point where this liaison function can be assumed by the Government Leader, the role of the Commissioner should be redefined as that of a provincial Lieutenant Governor.

The support of the Legislative Assembly would allow the Government Leader to function efficiently in the absence of a Territorial party system. Although the development of a party system may be inevitable, it should not be viewed as a prerequisite to the evolution of a strong, responsible form of government for the Northwest Territories.

While it is essential that steps be taken to strengthen the executive function of the Territorial Assembly, the legislative process must also be strengthened. The role of Leader of the Caucus should be formalized and he or she should play a key role in ensuring that the Assembly can oversee the actions of the Executive.

Committees, both standing and special, can be very effectively used. They should initiate studies, draft legislation, investigate problems, and set priorities for the Government.

Standing committees, such as the Finance Committee and Legislative Committees, have shown themselves increasingly more effective and should be given the support staff necessary to

provide a check to the power of the Executive Committee. Special committees, such as Education and Unity, have proven that the committee structure provides an effective vehicle for soliciting public support. Members of the committees are able to travel to the communities and talk directly with Northerners. This approach to soliciting public input is preferable to less direct methods such as the holding of plebiscites. The use of plebiscites to gauge public opinion is a valid tool but often the process is expensive and time consuming. As well, in attempting to reduce an issue to a question which can be responded to by "yes" or "no", many of the nuances of the issue are overlooked. Direct interaction between elected representatives and members of the public encourages meaningful dialogue in which concerns unique to specific groups can be expressed.

The strengthening of the power of the Legislative Assembly is crucial to the development of responsible government. Implementation of the measures outlined above, would expedite this process.

- 2 - A PROGRAM MUST BE ESTABLISHED WHEREBY THE POWERS AND FISCAL RESOURCES CURRENTLY ENJOYED BY THE PROVINCES ARE DEVOLVED FROM THE FEDERAL GOVERNMENT TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES.

Although certain powers have been transferred from the Federal Government to the Territorial Government during the past two decades the Federal Government still retains ultimate authority in the Northwest Territories. Until the Northwest Territories Legislature is given legislative authority equivalent to that enjoyed by provincial legislatures, the development of responsible government in the North will be difficult.

At present the Territorial Government has limited responsibilities which correspond to the powers assigned to the provinces

under the British North America Act. C. M. Drury enumerated these responsibilities in his report entitled, Constitutional Development in the Northwest Territories, which was completed in January of 1980.

"...Subject to any other constraining provisions under Federal law, Section 13 of the Northwest Territories Act gives the Commissioner-in-Council legislative jurisdiction over direct taxation and spending for territorial purposes, municipal institutions, property and civil rights, business incorporation, the administration of justice and enforcement of Territorial laws, preservation of game, agriculture, education, corrections, hospitals, intoxicants, and other matters of a local and private nature or matters subsequently designated by the Governor-in-Council. Section 14 provides that Section 13 cannot give the Northwest Territories greater authority than is provided the provinces under the BNA Act in respect of similar classes of subjects⁷."

Although these powers appear to be comprehensive, in reality they are limited by a number of factors. Primarily, the Northwest Territories do not enjoy fiscal autonomy. The financial resources available to the Territories are limited and therefore the Legislative Assembly must negotiate with the Federal Government for funding to cover the shortfall. The Federal Government presently exercises authority over the activities of the Territorial Government through conditional funding.

The short term solution to the financial dependence of the Territorial Government could be the negotiation of an unconditional transfer payment, based on predetermined factors, which would be paid annually by the Federal Government. The factors used to determine the grant would be based on program delivery for the year in question. Once the amount of the grant is determined, the Legislative Assembly could initiate a

meaningful budget process which would ensure equitable distribution of the available funds. As the Legislative Assembly gains control of revenue producing activities, the grant would be adjusted accordingly until the financial relationship between the two levels of government resemble that which exists between the Federal and Provincial Governments.

At present, the wording of the Northwest Territories Act is such that the powers of the Territorial Government are limited. The Federal Government can effectively disallow Territorial legislation of any kind by passing superior legislation. The Territorial Government should secure, over a period of time, legislative powers equivalent to those currently enjoyed by provincial governments.

Over time, some specific areas in which additional power should be transferred include:

- a) Land administration and titles registry
- b) Control of water resources
- c) Control of forestry resources
- d) Control of fisheries
- e) Delineation of areas to be set aside as national parks
- f) Administration of justice
- g) Labour relations
- h) Human rights
- i) Housing programs
- j) Economic development
- k) Delivery of health services
- l) Development of vocational and post secondary education
- m) Control of power utilities
- n) Control of non-renewable resources⁸.

As power is transferred, increased efforts must be made to secure for the Legislative Assembly, the authority to amend the Northwest Territories Act.

Devolution of more responsibility to the Territorial Government will have to occur in logical sequence. At present, the Government of the Northwest Territories has neither the administrative capacity nor the resources necessary to accommodate the additional powers. In addition, the economic and political climate in the country is not conducive to the devolution of power from the Federal to the Territorial Government particularly in the area of resources and land management. However, if an infrastructure to accommodate additional powers is developed, the devolution of the other responsibilities identified can commence. Then, in the long term, when the political and/or economic climate changes, the Territorial Government will be prepared to accept additional responsibilities in the areas of resource development and land management.

A program for encouraging the devolution of powers from the Federal to the Territorial Governments must be established. In the short term, this program will lead to increased autonomy for the Territorial Government; in the long term, it will lead to provincial status.

3 - EFFORTS MUST BE MADE TO DEVELOP A STABLE ECONOMIC BASE FOR THE NORTHWEST TERRITORIES.

The economy of the Northwest Territories is currently based on non-renewable resource development, government institutions, renewable resource harvesting and tourism. The strength of the economy rests in non-renewable resource development. The non-renewable resource activities and the tourism industry are not sufficiently developed to support the existing Territorial infrastructure during an economic slump.

The vulnerability of an economy based primarily on non-renewable resource development is exemplified by the current situation in the Yukon. As in the Northwest Territories, the Yukon

economy is based largely on non-renewable resource development, government operations, renewable resource harvesting and tourism. During 1982, two of the principal mines in the Yukon closed down and others laid off workers, resulting in a severe decline in population. It is estimated that by December of 1982 the population of 25,500 could drop to 19,000. This will adversely affect the government's tax base. The income tax receipts for the Yukon for 1982, which were projected at \$23 million, have been revised downward to \$17 million⁹. This downturn in economic prosperity has forced the government to implement cost cutting measures such as a reduced work week for government employees and a reduction of social programs. Despite these measures, unless the Federal Government offsets a \$13 million projected shortfall, the Yukon Government may not be able to survive the winter¹⁰.

That the Northwest Territories is suffering in the current economic slump is evidenced by the layoffs, potential shutdowns, deferral of development, and reductions in exploration which have recently occurred. In the past there have been suggestions that Northern residents should block large resource developments until questions relating to political and constitutional development are answered. This approach would be counter-productive because it would affect the economic base of the Territories, reduce the revenue collected by the Territorial Government and force it to ask the Federal Government for additional funding. Since, at present, much of the funding received from the Federal Government is conditional, blocking resource developments would retard the development of responsible government in the North.

The fragile nature of the Northern economy makes it vulnerable to fluctuations in the Canadian economy. This factor must be recognized and the economic viability of the Northwest Territories protected while political development is occurring. If the economic health of the Territories is neglected, its political evolution will be adversely affected.

Northerners cannot afford to delay economic development until such time as the questions regarding political development are answered. Not only would an erosion of the Northwest Territories' economic development increase dependence on the Federal Government, it would detract from the argument that increased political autonomy is necessary in the Northwest Territories to allow Northerners to control their future in the face of development pressures.

Although at present, the Territorial Government has very little control over resource development in the North, there are steps which can be taken to increase this control. The Territorial Government should work toward achieving a larger role in the approval and monitoring of resource developments. This would ensure that economic development is coordinated effectively and that Northern concerns are addressed. Participation in the approval and monitoring function should be viewed as the first step in the gradual achievement of control over natural resources, and should begin immediately. The Territorial Government has at its disposal a competent bureaucracy which has shown itself willing and able to accommodate additional responsibilities of this nature.

Other aspects of economic development in the Northwest Territories must also be addressed. Creation of a strong support system would reduce the vulnerability of the Northern economy to external pressures. Ongoing concerns such as the taxation of northern benefits and control over Northern Canada Power Commission must be resolved. The economic development function, designed to promote and assist in the development of service and secondary industry in the various communities and regions of the Territories, should be improved.

One aspect of the support structure which should be developed immediately is vocational and post secondary training in the

Northwest Territories. The concept of a College of the North, comprised of multiple campuses located throughout the North should be cultivated. Training Northerners for jobs which are currently being done by Southerners will facilitate the establishment of a work force which is committed to developing the North as a homeland. The expertise necessary to develop training programs is present in the North; it should be utilized.

The actions necessary to establish a strong economic base in the Northwest Territories should be initiated immediately. The development of a viable northern economy will facilitate, and lend credibility to the campaign to achieve responsible government for the Northwest Territories. The education, training, job and business opportunities created because of a strong economic base will be as important in the development of a strong northern society as constitutional and political development.

4 - THE ROLE OF MUNICIPAL GOVERNMENT SHOULD BE STRENGTHENED.

In an area as large and diverse as the Northwest Territories, the importance of the municipal level of government must be recognized.

In the past, the Territorial Government has not fully recognized this fact and has not provided municipal governments with the powers necessary for them to effectively represent local interests. Indeed, the Territorial Government must recognize that the current municipal-territorial relationship contains many of the features which the Territorial Government has identified as being unacceptable in its relationship with the Federal government. To remedy this situation, steps should be taken to upgrade the position of municipal councils. This upgrading can be achieved through a number of changes.

Boards and committees operating in municipalities which are sponsored by a Territorial Government Department should be appointed by and/or be responsible to the municipal council. This would increase the council's ability to control the functions occurring in the community and would improve its image as the caretaker of community interests. At present, the existence of numerous autonomous boards dilutes the authority of the council and often results in the provision of a service which is perceived as necessary at the Territorial level but which is not appropriate for certain communities.

Municipal councils should be given the option to assume the responsibility for the delivery of certain types of programs at the community level. If, after establishing basic criteria which must be met, the Territorial Government allocated responsibility for developing health care, education, social services, renewable resource management, and emergency service programs to the communities, councils could establish priorities and administer these programs in accordance with the communities' needs.

The devolution of responsibility for program delivery should be accompanied by increased fiscal autonomy for the municipal council. The community would be given a certain amount of funding for providing a particular type of service and the council would determine how the money should be allocated, given the community's needs. This process would reduce unnecessary involvement in community affairs by the government bureaucracy and ensure that money allocated for certain programs was used efficiently, given the unique characteristics of the community.

The role of the government bureaucracy should be reoriented from a monitoring function to a consultative function. This would compensate for the fact that many municipalities do not have the resources to hire administrative expertise for specific programs.

In certain communities two councils, the municipal and the band council, exist concurrently. Legislation governing the operation of these bodies should be flexible so, if it is desired by the community, the two bodies can be merged. Merging of the two councils should be achieved in such a way that the interests of the electorate are protected.

As the need, or desire, is expressed at the local level, regional government structures should be allowed to develop. In many parts of the Territories, the development of a regional council has proved to be an effective way of responding to needs that cannot efficiently be met at the local level but are not relevant at the Territorial level. That there is a desire for this interim level of government is apparent from the evolution, over the past decade, of the Baffin Regional Council, the Central Arctic Regional Council, and the South MacKenzie Area Council.

Municipalities do have interests which extend to areas beyond their physical boundaries. Regional government bodies, which develop through municipal initiatives, will provide a forum in which these concerns can be addressed.

The importance of the role which municipalities should play in the development of responsible government in the Northwest Territories should not be underestimated. In any area as vast and as diverse as the Northwest Territories, the insight into the wishes of Northerners which can be gained by interaction with municipal politicians will be invaluable. The potential of the municipal level of government as a training ground for future territorial administrators and political leaders is considerable and should be developed.

CONCLUSION

This discussion paper has outlined the basic principles fundamental to constitutional and political development in the Northwest Territories. Critical elements of the process which must be initiated to effect the evolution of responsible government for the Northwest Territories have been identified and discussed. This information must now be used to develop a process which will effect change.

Throughout this paper, it has been demonstrated that it is possible to develop a form of government, acceptable within the Canadian concept, which will accommodate the diverse interests of all residents of the Northwest Territories. The political structure which evolves must encourage full participation of all Northerners in the development of their homeland.

The process by which responsible government is achieved must be flexible and incorporate a review and monitoring function to ensure that it remains relevant. It is to be expected that over time, the conditions affecting the North will change. As this occurs the process must be adjusted to accommodate this change.

It is hoped that this paper will provide a catalyst for action. The time has come for Northerners to stop arguing amongst themselves and take positive action.

FOOTNOTES

1. Aboriginal Rights and Constitutional Development Secretariat, "Discussion Paper for the Denendeh Government Proposal" pp. 5-6.
2. Among the countries which have made provision for designated seats for ethnic groups are Denmark, Gambia, Ghana, New Zealand and Sudan.
3. In a telex sent by John Munro, Minister, Indian Affairs and Northern Development, which appeared in the News/North, Friday, August 27th, 1982, it was stated that; "The claims forum is not, and will not be, the place for discussion or decision with respect to political and constitutional evolution."
4. In the Canadian Charter of Rights and Freedoms, 1981, Section 25 reads:

The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including (a) any rights or freedoms that have been recognized by the Royal Proclamation of October 7th, 1763; and (b) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlements.
5. Dr. McWhinney, a constitutional expert at the University of British Columbia was contacted and indicated that Northerners should be prepared to play a role at the Constitutional Conference which is scheduled to be held prior to April 17th, 1983. This may be the last Constitutional Conference sponsored by the current Federal Government and Northerners must ensure that they will be able to participate.

6. See the Report of the Special Representative, Constitutional Development in the Northwest Territories, prepared by C.M. Drury, January, 1980, p.p. 57-70 for additional details regarding the development of the role of the Northwest Territories Legislative Assembly.
7. Drury, C.M. Constitutional Development in the Northwest Territories, January, 1980, p.p. 69-70.
8. See the report entitled Our Land, Our Future prepared by the Northwest Territories Legislative Assembly, October, 1981, for additional details regarding the Legislature's position on the transfer of power from the Federal to the Territorial Government.
9. Edmonton Journal September 2nd, 1982.
10. Ibid

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ACKNOWLEDGEMENTS

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1. Margaret Walton - City Clerk, City of Yellowknife
2. Nonie Mikeli - Executive Secretary to Mayor
3. Louise Hargreaves - Executive Secretary to City Clerk
4. Yellowknife City Council
5. Murray Cooligan - Canadian Arctic Resources Committee
6. Don Gamble - Canadian Arctic Resources Committee
7. Peter Jull - Inuit Tapirisat of Canada
8. Katherine Graham - Queen's University
9. Anne McAllister - Queen's University
10. Dr. McWhinney - University of British Columbia
11. Andrew Thompson - University of British Columbia
12. Staff of the Government of the Northwest Territories
13. City of Yellowknife Public Library
14. Embassy of Denmark
15. New Zealand High Commission

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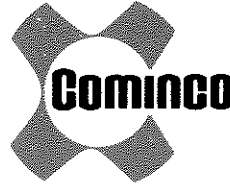
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H T Fargey
Executive Vice-President, Toronto

Mr. D. J. Emery
Chairman, Northern Mineral Advisory Committee
Giant Yellowknife Mines Limited
P.O. Box 40, Commerce Court West
Toronto, Ontario M5L 1B4

June 2, 1982

Dear Dave:

Many thanks for your letter of May 25. I have not yet received a reply to my letter to John Munro. However, Joseph Lazarovich tells me it is on the way and that I probably won't be enamoured with its content. I will keep you informed.

Thanks for your congratulations with respect to my presidency of MAC.

Best regards.

Yours sincerely,

HTF:bg

D. J. Emery

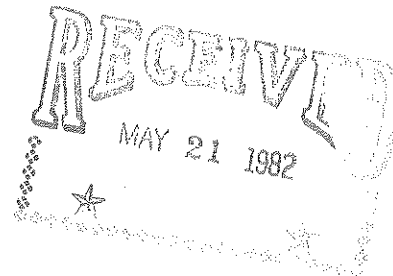
D.J.E. MAY 12 1982



H T Fargey
Executive Vice-President, Toronto

The Honourable John Munro
Minister
Department of Indian Affairs
and Northern Development
Les Terrasses de la Chaudiere
Ottawa, Ontario K1A 0H4

May 11, 1982



Dear John:

I have just had the pleasure of reading the speech which you gave in Vancouver on May 3, 1982 to the B.C. and Yukon Chamber of Mines. Congratulations. It's a good supportive statement - just what the mining industry through the Mining Association of Canada and Northern Mineral Advisory Committee have been urging for some time in order to build investor confidence in mineral development.

There is one point in your speech which I found troubling. In referring to northern mineral policy, which is now being formulated within DIAND, you mentioned that a new mineral tax and royalty regime for the North is under consideration. You also gave assurance that the new regime will remain competitive with mining taxation in the provinces. This is an element of the proposed northern mineral policy which I would recommend be reconsidered.

The proposed new regime would impose a higher burden of costs on the northern mineral industry than now prevails. This is frightening, both for existing operations and for those who may be contemplating investment in northern mineral exploration and development. It would be a particularly hard pill to swallow at this time when Canada's mining industry is so badly hurting because of the world-wide economic recession.

I know you appreciate that because of harsh climatic conditions, remoteness from markets and lack of infrastructure, northern Canada is an exceptionally expensive area in which to develop minerals. Despite this, minerals from the North must be able to compete in world markets

Cont'd.../

The Honourable John Munro - 2

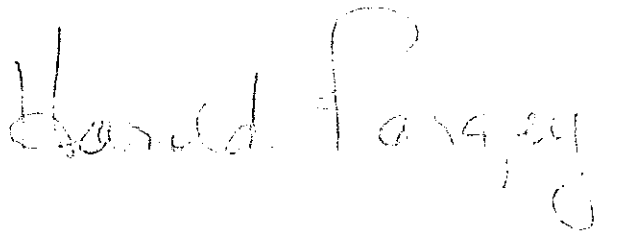
in terms of price with minerals produced in less difficult regions which by their nature afford advantages in production and transportation costs.

I submit that for the sake of equity between South and North it is not reasonable to increase northern mining taxes and royalties to provincial levels. The essential question is that of international competitiveness and whether northern mineral development can and will proceed if burdened by a higher tax regime.

I believe that higher taxes would be perceived by potential investors as a new and serious impediment to mineral development in the North and that it would be counter-productive.

May I urge that the matter be reconsidered.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Donald Farquhar". The signature is written in a cursive, flowing style with a large initial 'D'.

HTF:bg

cc: The Honourable Judy Erola

J. L. Bonus

T. D. Daniels (NWT)

D. H. Waugh (Yukon)

J. M. Patterson (B.C. and Yukon)

☒ J. Emery

M. N. Anderson

W. G. Wilson

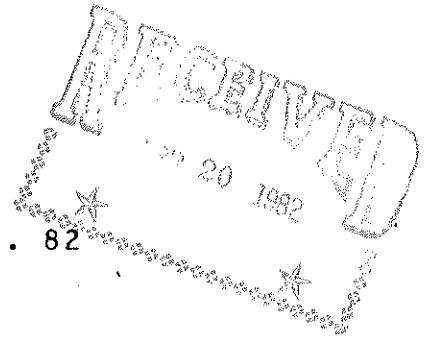
R. P. Douglas

D. G. MacKinnon



ALBERTA CHAMBER OF RESOURCES

14 Apr. 82



REPORT ON CALGARY MEETING 12 APR. 82
RE EMR MINERAL POLICY

This meeting was organized by the Calgary office of the Canadian Chamber of Commerce. They had invited Dr. George Miller and George Kowalski of EMR Minerals Policy Branch to explain the Mineral Policy issued recently by the Hon. Judy Erola, Minister of State (Mines).

The meeting was poorly organized and poorly attended. The audience comprised 14 people, only half of whom represented mineral companies or organizations. Miller explained that the Mineral Policy was one of four Resource Policies requested by the Federal Cabinet; the other three pertain to forestry, agriculture, and fishing. The objective was to identify the "growth engines" for the Canadian economy as a basis for determining Cabinet priorities.

The resultant Mineral Policy is deliberately general and attempts to explain the long-range potential benefits from minerals exploration and development (in this context long-range means five years or more).

Drafting of the Policy commenced in 1980 and some information was leaked to Industry in 1981 resulting in a change in the content of the draft.

Kowalski did most of the talking. He stated that the Policy reflected a "non-intervention" philosophy by the Government. He also tried to convey the impression that the Government has no intention to Canadianize the mining industry.

They stated that Industry had been consulted extensively through the Minister's Industry Advisory Committee. It had also been scrutinized by several inter-departmental committees. To a somewhat lesser extent consultations had also been held with the Provinces (Michael Day attended the meeting and did not challenge this point).

Approximately half the meeting was devoted to Kowalski's slide presentation using selected charts and graphs from the document.

.../2

ORDERLY DEVELOPMENT OF CANADIAN MINERAL RESOURCES

During the general question period they were asked whether the Policy was intended to cover coal and uranium. They acknowledged that this was a "clearly murky" area, but tried to explain that these minerals are included to the extent that they involve mining.

Miller stated that the Federal and Provincial Mines Ministers have identified the following priorities:

- (1) to provide additional incentives for junior mining companies
- (2) to establish a standardized data base for recording mine accidents
- (3) to create a special Task Force to study the problems pertaining to mining communities.

Miller reported that EMR has already initiated some actions stimulated by the Mineral Policy, viz:

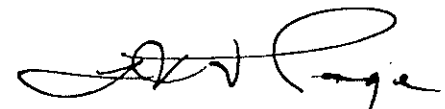
- (1) increased emphasis on research and development on earth sciences by Canmet
- (2) EMR and DIAND have jointly commissioned a study by a Vancouver consultant to study the probable impacts of the proposed taxation of employee benefits in northern and remote communities.

Miller also listed the following as additional projects as being undertaken by EMR:

- (1) consultations with International organizations to refine their projections of future global metal prices
- (2) a review of the geological survey agreements with various Provinces
- (3) a review of Federal assistance programs to provide mining infrastructure.

NOTE TO MILES RUSSELL

In the light of this additional information your Metallic Minerals Committee may wish to review my comments of 15 Mar. 82 and prepare official comments to EMR.



Harold V. Page
Managing Director

HVP/lmb
Encl.

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NWT Chamber of Mines
Yukon Chamber of Mines

Alberta Chamber of Resources

14 Apr. 82.



COMMUNIQUE

82/25
March 8, 1982

FEDERAL MINERAL POLICY PROPOSALS

A review of mineral policy in Canada, stressing the need for measures to help junior mining companies and promote Canadian mining machinery manufacturing, was released today by Mines Minister Judy Erola.

Drafted as a discussion paper, the review sets out a proposed framework for policies to be developed and implemented in support of the Government's economic development strategy for the 1980s.

It notes specific needs in the areas of government research, employment opportunities for Natives and women, enhanced international markets and provision of infrastructure for new mines. The review clearly acknowledges provincial government ownership of resources and the importance of private sector initiative in mining.

Mrs. Erola said the study comes at a time when international mineral markets are depressed. Since the Canadian industry exports the great bulk of its production, the results are being felt in lower returns, production cuts and unemployment.

Small junior mining companies, largely Canadian-owned, have a solid record of making mineral discoveries in this high-risk sector, where only one hole in 1,000 drilled yields a significant deposit, Mrs. Erola said.

To aid the junior sector, the review suggests revamped tax incentives geared to companies with smaller incomes and more government research into new techniques to explore for and develop mineral deposits. It proposes encouragement for custom milling operations and a speedier transfer to the whole industry of geological information collected from individual firms by the government.

"Canadian equipment manufacturers simply don't enjoy a large enough share of the domestic market, especially for machinery with a high-technology content," the minister said. "In 1980, less than half of the \$1.2 billion the industry spent on new equipment went to machinery produced in Canada."

- more -

- 2 -

Possible ways of correcting this situation include equipment procurement incentives where mines enjoy federal support, encouraging consortia of engineers, construction managers and equipment manufacturers to combine expertise on mega-projects around the world, and rules requiring foreign companies to fully develop new machinery technology through their Canadian subsidiaries.

The federal government can do more research into potential mineral deposits in economically depressed areas of Canada and into development of minerals, notably some strategic metals now being imported, the review says. It suggests a federally developed mining accident data base and stepped-up research into ways of preventing mining accidents.

Efforts to increase employment opportunities for women and Native people are left largely in the hands of the private sector in the review. It notes exclusive federal jurisdiction over mineral deposits in the Canada Lands and suggests rules to ensure that training and jobs go to these groups. Mrs. Erola is also Minister responsible for the Status of Women.

International marketing of minerals, especially after they have been processed in Canada, is another area where the review suggests federal initiative. It calls for efforts to knock down tariff barriers and to ensure the seabed mining of the future is free of subsidization by governments of consuming countries, which would damage land-based mining. Using potash as a commodity form of foreign aid and joining international producer associations that share information and market intelligence are two other suggestions.

Providing such infrastructure as power lines, roads and railway links to new mines is a major element in the risk the industry must take, the review says. It suggests a role for the federal government in helping provide such services.

Mrs. Erola emphasized that the review is significantly different from the National Energy Policy since the characteristics of the mineral sector are quite different. Unlike the petroleum industry, the mining industry already has a relatively high level of Canadian ownership. The minister said the review was supportive of the budget document Economic Development for Canada in the 1980s, which points to resources as a major generator of economic activity.

- more -

- 3 -

A federal-provincial mines ministers meeting was held in Ottawa January 18, the first such meeting in four years. At that gathering, the review was thoroughly discussed, a first step in the process of consultation being pursued by the Government of Canada. The views of industry and labour have also been sought.

The meeting decided to have an existing federal-provincial working group of officials analyse the tax system to see what tools are available to help mining companies and to strike a special task force to identify the particular needs of communities dependent on mining for their economic life, especially those hardest-hit by the recession.

All provinces agreed to study the feasibility of a national mining accident data base.

The ministers will meet again in September.

Mrs. Erola said the review was being distributed to a wide cross-section of Canadians and she urged interested groups and individuals to make their views on it known.

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For further information contact:

Peter Black or Margo Langford
(613) 996-4382

A REPORT
on
THE NORTHERN MINERAL POLICY
REVIEW OUTLINE

prepared by

THE INDUSTRY SUB-COMMITTEE
of
THE NORTHERN MINERAL ADVISORY COMMITTEE

David H. Waugh, Chairman

*NMAC Sub-Committee Report on
Northern Mineral Policy Review Outline*

INTRODUCTION

Non-Committee on Oct 22nd.

An Industry Sub-Committee of the Northern Mineral Advisory Committee, ~~David Waugh, Chairman~~, was struck in Yellowknife on January 27, 1982, at the request of Dr. Joseph Lazarovich, Head Resources Section, Indian and Northern Affairs to provide mining industry input into the Northern Mineral Policy Review Outline.

Sub -

The Committee was formed by representatives of the NWT Chamber, Yukon Chamber and British Columbia and Yukon Chambers of Mines and the Alberta Chamber of Resources. Following individual Chamber's studies and preparations, the sub-committee met along with ex-officio members Mr. Dave Emery, Chairman of the NMAC and Mr. Robert Spence, Northern Mineral Advisor, in Edmonton on March 25th and 26th, 1982 to formulate and draft the following response to specific sections of the Policy Review Outline.

under chairmanship of David Waugh

It is essential that the importance of mining in Canada's Northern Territories be viewed in light of the vital contribution the industry makes in terms of employment and wealth creation. The mineral resource potential of the North is not yet well-defined, but the industry considers it to be significant. There is a need for a northern mineral policy that recognizes the contribution of the industry and the unique characteristics of operating in the North, addressing the basic problems of mining and not solely the socio-environmental issues. Encouragement of the venture capital ^{needed} to invest in the development of these resources can reduce the North's financial dependence on the Federal Treasury. Support should involve tax incentives, provision of infrastructure and removal of impediments such as overly-stringent environmental controls and land alienation.

pinpoint

Therefore, the Industry Sub-Committee of NMAC proposes that the objective of ~~the~~ Northern Mineral Policy should be:

Sub -

"To strengthen the economy in Canada's Northern Territories through mineral development."

The Committee reiterates the principles of policy as provided in the NMAC report of 1979.

3.3 POLICY AND LEGISLATIVE ENVIRONMENT

1) INDUSTRY PERSPECTIVE ON EXISTING LEGISLATION, POLICIES AND REGULATIONS

Present policy is vague, poorly-defined and inconsistent, with insufficient attention to economic issues. The conflict between mineral and other legislation is detrimental to the present well-being and future development of the industry. This imposes an unwarranted financial burden on the public and private sectors. Existing Regulations permit excessive Ministerial discretion and presuppose that industry will fail to operate in a responsible manner.

2) INDUSTRY'S VIEWS ON IMMEDIATE CHANGES AND HOW WOULD THIS ENHANCE MINERAL DEVELOPMENT IN THE TERRITORIES

The Northern Mineral Policy should not be contingent on other policies. The industry needs a clearly-defined mineral policy which will rationalize conflicting Regulations, provide for security of tenure and protect financial investment. The mineral industry believes that changes should be designed to improve the investment climate by removing uncertainties and ambiguities.

3) INDUSTRY VIEWS ON LONGER TERM DIRECTION

Political evolution and new legislation should be compatible with the stated objective of strengthening the northern economy.

3.6 FISCAL REGIME

IMPACT OF EXISTING REGIME AND CHANGES NEEDED IN CORPORATE TAXATION, PERSONAL TAXATION AND FISCAL INCENTIVES

The Government should provide appropriate personal and corporate incentives which are commensurate with the difficulties and risks of living and operating in the North. *There have been discussions about length of time in the north and the impact on the environment. These discussions are being held in the north.*

3.10 FURTHER PROCESSING IN THE TERRITORIES ASSESSMENT OF POSSIBILITY, FEASIBILITY, DESIRABILITY, CONSTRAINTS AND OPPORTUNITIES: WHAT SHOULD GOVERNMENT DO TO ENHANCE ACTIVITIES BEYOND THE MINING AND CONCENTRATING STAGE

When feasible, the Government should encourage further processing by providing infrastructure and tax incentives.

BASIC NEEDS
(to 2000)

1) EXTENT OF INDUSTRY'S COMMITMENTS IN THE NORTH

Industry's commitment in the North is evidenced by the investment in exploration over the past 25 or more years to discover new mineral deposits. The actual investment in exploration and mine development during this period is presently unknown, but is estimated to be well in excess of one billion (1981 dollars). If the suggested Northern Mineral Development Policy is adopted we would expect an escalation in mineral activity.

2) EXPENDITURES ENVISAGED

Present trends indicate exploration expenditures of 1.5 billion (1981 dollars), giving rise to expenditures of 2 billion (1981 dollars) for mine development to the year 2000.

It is estimated that 1.2 billion (1981 dollars) of the capital will be spent on mine machinery and equipment with approximately 47% spent in Canada. This expenditure will create 1,500 new skilled jobs and 1,500 new unskilled jobs.

This favourable forecast is contingent on a positive Northern Mineral Development Policy being implemented along with an action plan that will ensure the continued growth of the mineral industry.

NORTHERN MINERAL POLICY REVIEW OUTLINE

Department of Indian Affairs
and Northern Development

October, 1981

NORTHERN MINERAL POLICY

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- 3.0 NORTHERN MINERAL INDUSTRY REVIEW AND ANALYSIS; IDENTIFICATION OF ISSUES
 - 3.1 Analysis of northern mineral industry
 - 3.2 Mineral development potential
 - 3.3 Legislative and policy environment
 - 3.4 Costs and benefits of mining in the North
 - 3.5 Provision of infrastructure
 - 3.6 Fiscal regime
 - 3.7 Social issues
 - 3.8 Mineral development and native people
 - 3.9 Mineral development and the northern environment
 - 3.10 Further processing in the Territories
 - 3.11 Project assessment and regulation
- 4.0 NORTHERN MINERAL POLICY OPTIONS
- 5.0 CONCLUSIONS AND RECOMMENDATIONS

1.0 OBJECTIVE

Within the context of overall northern economic development and national mineral policy, to develop a comprehensive policy framework for the northern mineral industry taking into consideration the interface with such issues as provision of infrastructure, including power and transportation, protection of the environment, implications for Territorial finances and native land claims settlements.

2.0 INTRODUCTION

2.1 Need for a Northern Mineral Policy

A discussion of the need for a northern mineral policy.

- present and future importance of mining in northern economy
- industry uncertainty over government policies
- changing conditions in North.

2.2 Scope of Northern Mineral Policy

- identify scope of review in terms of mineral commodities to be covered;
- relationship to national mineral policy;
- relationship to other policies and issues, e.g. infrastructure, taxation of northern benefits, revision of Territorial royalty regimes, Canadian ownership, land claims, energy strategy, environment, etc.;
- Federal-Territorial issues affecting mining;
- relationship to other northern and national policies.

3.0 NORTHERN MINERAL INDUSTRY REVIEW AND ANALYSIS; IDENTIFICATION OF ISSUES

An analysis of industry's past performance and its impact on the economy, its current status and likely future trends will be made. This will provide a factual data base, identify and assign priorities to major issues and problems, and form the basis for the development of policy options. Areas of study should include:

3.1 Analysis of northern mineral industry (by Territory where appropriate and possible)

- historical trends: exploration, operating mines, volume and value of production, labour force, industry profitability, etc.;
- importance to North and Canada;
- placer mining;

3.2 Mineral development potential

- northern mineral endowment;
- supply/demand issues including a review of opportunities and constraints to future mineral development in both Territories;

3.3 Policy and legislative environment

Policy environment; changes over time, impact on mineral industry

Federal policies

- review of relevant policies; intent and adequacy of objectives;
- assessment of mineral industry response to government objectives.

Territorial policies

- review; assess impact on industry.

Provincial policies, e.g. British Columbia, Saskatchewan

- review; impact on Territories.

DIAND Responsibilities

- applicable Acts and Regulations;
- regulatory and policy functions;
- DIAND structure
 - adequacy for regulation of northern mineral industry.

Inter- and intra-government relationships

- Federal/Territorial
 - past, current, possible future trends
- DIAND, c.f. other federal departments

3.4 Costs and benefits of mining in the North

- direct government expenditure;
- other public expenditure (protection of the environment, social services, etc.)
- revenue from mineral industry activities (direct, indirect);
- other benefits (native participation, use of Canadian goods and services, Canadian participation, ownership);
- case studies of government assistance, e.g. Cyprus Avil, Cassiar Asbestos, Pine Point, Canada Tungsten, Nanisivik.

3.5 Provision of infrastructure

- government practices in the past (case studies?);
- government's role in future.

3.6 Fiscal regime

Review of:

- royalty regimes in Territories - currently underway;
- corporate taxation;
- personal taxation;
- fiscal incentives;
- review and assessment of current programs (e.g. taxation of northern benefits).

3.7 Social issues

- supply of skilled labour;
- employment and training;

- quality of working environment;
- quality of living environment (e.g. townsite vs. fly-in);
- public participation.

3.8 Mineral development and native people

- assessment of employment opportunities, levels of native employment, factors governing native participation;
- training requirements
 - past efforts, future requirements
- entrepreneurial opportunities
 - business opportunities
 - native participation, equity interest
- other impacts
 - lifestyle
 - environmental
- land claims (here or separate section?)

3.9 Mineral development and the northern environment

- existing legislation and processes;
- present practices
- future trends (land use planning, regional impact studies, etc.);
- (special case of placer mining?)

3.10 Further processing in the Territories

- assessment of possibility, feasibility, desirability;
- constraints and opportunities.

3.11 Project assessment and regulations

- current practice;

- future possibilities
- to clarify process, ensure assessment of benefits, consultation.

4.0 NORTHERN MINERAL POLICY OPTIONS

- formulation and evaluation of mineral policy options based on issues, problems, requirements and deficiencies identified in Section 3;
- financial implications of options if these can be quantified and are significant;
- legislative and legal implications;
- policy instruments available;
- authority and responsibility
 - DIAND c.f. other federal departments;
 - DIAND c.f. territorial governments.

5.0 CONCLUSIONS AND RECOMMENDATIONS

- conclusions;
- recommendations - policies, legislation, programs as required and appropriate.

MINERAL DEVELOPMENT

Draft Summary

W. Kupsch
J. Willson
J. Lillycrop

DRAFT

General Statement

The Mineral Development Group had a problem with addressing the key question as laid out. One reason was the lack of representatives of one major and important interest group, the native peoples. However, we did our best. We had a reasonably open, rational, and unbiased discussion which above all brought home to all of us the complexity of the situation that faces an expanding northern mining industry, and the various levels of government that will be there along with it.

The importance of the mining industry, or mineral development, was acknowledged by all parties, and it was recognized that the development of minerals and hydrocarbons is the only foreseeable major expansion area for wealth production in the North. All parties felt that mineral development was essential, and that the mining industry is a responsible industry, which has been following the concept of balanced development over the last years.

The participants felt that there was a need for a new and updated Northern Policy, with which the forthcoming Northern Minerals Policy would be compatible, and that the main problems currently facing the mineral development industry are the competition for jurisdiction that exists between the federal and territorial governments, and the lack of a streamlined process by which all parties wanting input to project implementation may effect that input in a timely manner.

In any development, time is of the essence, and it was acknowledged that the input process must be finite and decisions must be made in the end, and that such decisions can never please all parties.

National Benefits

The national benefits of mining development were seen to be economic and sovereignty related. It was pointed out that notwithstanding a healthy mining industry the Territories are a drain on the country. The level of government that exists as a result of the nature of the Territories is too great for the volume of wealth production. However, the Territories exist and are inhabited so that a larger resource industry is needed to counterbalance and finely overbalance the cost of government, and so in time repay investment and become a net contributor to Canada. Until that time comes, mineral rights should remain vested in the Crown.

Regional and Local "Benefits" and "Costs"

On the benefits side are those that accrue from the increased opportunities for employment, and the direct financial gain from the municipal taxation of the mining installations, fuel taxes, and the feasibility in the future of revenue sharing.

Spin-off from Employment

If the mining development is near an existing settlement, there will be employment opportunities for the local population. This introduces the question of the availability of skilled labour.

Traditionally, skilled labour has been imported by necessity, but some companies have started using local native employees, trained by an education programme which includes technical training courses organized on a modular basis. In the short- and perhaps even in the medium term - this has been more costly for the industry than importing labour: for one thing, the attendance trend of native workers tends to be more erratic than that of their southern counterparts, due to competing interests of hunting and family ties. But hiring of local labour is seen as

a worthwhile and necessary undertaking and it has been possible to create 'pools' of local skilled labour.

The advantage of the modular structure of the training courses is in their "add-on" nature and the relative ease with which the worker can be retrained in a related skill. In connection with the question of hiring local native labour, there was consensus in the workshop that quotas should not be introduced: "guidelines" is as far as such regulation should proceed.

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The "costs" of mining activities include environmental disturbance, possible job related health problems, and some social problems attributed to the change in life styles. These are the issues which have to be assessed before any mining operation can start.

For mineral development in areas remote from existing settlements, the serious question of "fly-in, fly-out" versus constructing a new town site arises. Although there are a few existing models of both approaches there is a vital need for a further, in-depth study of this issue: the points to be considered include the desirability of frontier development, cost of providing infrastructure, the fate of the town site, an exhaustion of the mine, the taxation of "commuting" workers. The workshop wished to recommend that such a study be undertaken in the near future.

Solutions to Existing Problems

Any conflicts in mining development can best be solved by working through already existing governmental mechanisms. These include the Parliament and the Legislative Assemblies of the territories. As time passes junior governments will become more and more the leaders in legislative and regulatory processes. At all times there should be close cooperation and consultation between various levels of government. In the past this has left much to be desired and the hope was expressed that future processes will be more efficient and fair.

The most acceptable regulations are those which are stable for a number of years (say, ten) yet are flexible enough to allow for changes in time to adjust to new circumstance. Existing regulations in many instances can be streamlined and overlap can be diminished.

Perhaps the greatest difficulty facing mine development is land-use policy. Concerns were expressed about the total area for which mineral exploration and exploitation is excluded or severely restricted. Moreover, access to lands open to mining activities should be guaranteed. Where necessary transportation corridors through alienated lands should be established. Although it may be necessary to create exclusive use areas, where the environment is most sensitive to environmental disturbance, such areas should be kept as small as possible. Moreover, no land alienation should be implemented for areas that have not had a thorough evaluation of their mineral potential. In most cases some multiple-use regulations will satisfy the mineral industry but again prior assessment of resources needs to take place.

It is common to find it impossible to make a thorough study of an area's renewable and non-renewable resource potential without having biological and physical-chemical baseline data. These need to be acquired through systematic surveys well in advance of any mineral development. It appears that the acquisition is the responsibility of the federal

government. The data acquired should be in the public domain. Their dissemination by print and electronic media to closely affected communities should be encouraged. Such can best be accomplished through an existing agency such as the Science Advisory Board in the N.W.T. In future a similar structure may come into existence in Yukon and some native organizations are also contemplating setting up their own research group. Such native-controlled science policy and research institutions are already in place in Alaska on the municipal (borough) level.

The aim of both industry and those who are concerned about the environmental change as well as the state of well-being of northerners appears to be the achievement of harmonious development. The mining industry at the end of the twentieth century cannot be compared to that at the end of the nineteenth. A greater awareness of both the environmental and social consequences of mine development is now common among executives of mining companies. The overall aim is to strive for responsible development of mineral resources.

REPORT OF WORKING GROUP ON

NATURAL RESOURCE JURISDICTION AND POLITICAL DEVELOPMENT

As the theme for its agenda the group adopted the question "Who gets what, when and how?" giving the following agenda:

Who

1. Who are the interests in NWT/Yukon and what are their perceptions?
2. What is the national interest in natural resource jurisdiction?
3. What are international obligations/constraints/opportunities?
4. Industry or development perceptions.

What

1. What are existing natural resource mandates:

ownership
revenue
regulatory control
2. Federal to Territorial institutional elements:

i.e., What is transferable?
What do NWT/Yukon want?

Reasons why natural resource control is essential to political development.

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3. Are there regions within regions? i.e., the Western Arctic Regional Municipality (WARM)
4. How does the offshore differ?
5. Are the Arctic Islands a special case?

When

1. Critical Path

How

1. How are processes to be integrated?
 - a) Aboriginal rights under Constitution
 - b) Land Claims
 - c) Territorial Political Development
 - d) Land Use Planning
 - e) Formula financing and revenue sharing
2. Development without prejudice to land claims: What policy should govern in the interim?
3. Implications of dividing the NWT: just the first division of an amoeba?
4. Strategies for accomplishing changes
5. Bridging institutions for land alienation and control. i.e.
 - Nunavut Land Authority
 - Mackenzie Valley Planning Authority
 - Yukon Tripartite Corporation

6. Are there knowledge gaps?

Discussion of Agenda Items

There appeared to be consensus with respect to certain fundamental matters: the significance of the fact of Federal ownership of most resources north of 60°; that a degree of ownership/control must be possessed by northerners if there is to be genuine political development; that the current Federal/Territorial relationship is essentially colonial - the North being perceived by many as a Canadian treasure trove.

The constitutional development of the Western provinces between 1870 and 1930 - from the creation of Manitoba to the transfer of resources ownership to the western provinces - throws light on the likely future for constitutional development of the North. The move towards provincial status and natural resources jurisdiction is not essentially new. But there is an element now present which was formerly absent. This is that in an age of energy crises the Federal Government may perceive continued jurisdiction over oil and gas in the north as fundamental to the national interest.

In addition to the importance of energy security, the size, cost and complexity of northern energy projects are factors which will cause the Federal Government to be reluctant to surrender natural resources jurisdiction.

The group was divided in considering the legitimacy of continued federal control in the name of national energy security. Yet, even if substantial transfer of ownership and control occurs, the Federal Government will detain extensive jurisdiction in several areas, i.e., shipping, navigation, communications, fisheries. Also, it was not

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shown that any such national interest in the north would require different jurisdictional arrangements in the north from those prevailing in southern Canada.

Transfer of control is a process that can be staged:

- 1st: - management and regulation
- 2nd: - revenue sharing
- 3rd: - provincial status and ownership

In practice it was pointed out that the territories already exercise control in some areas which legally still belong to Canada. There was consensus that it is control rather than ownership that is the central question. Were the territories to control the rate, sites and manner of development, leaving formal constitutional questions aside for the time being, practical progress would be made in achieving territorial goals. Mr. Munro's speech to the NWT legislature on May 11 indicated flexibility in the Federal approach to power sharing.

Bridging mechanisms were discussed by reference to the experience of devolution in Greenland where Greenland can exercise a veto over certain Danish decisions; Nova Scotia, where, despite the widespread view that the offshore Federal-Provincial agreement gives Nova Scotia little, the province can delay Federal decision-making depending on the matters in question, from 3 to 18 months; and the proposal for tripartite resources corporation, consisting of the Federal and Yukon governments and the aboriginal people.

On the question of how the various current processes are to be integrated, in particular land claims and political development, it was thought that the integrating factor could be the National Constitutional talks. That agenda is not restricted, the participants are powerful and the process is very much in the public eye.

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In conclusion the workshop agreed on the following consensus statement:

Democratic political rights are an important component of the fundamental human rights of Canadians. These rights should apply equally to all citizens. A primary expression of these rights in Canada has been the right of people in a region to have their government attain provincial-like powers and jurisdictions; control over natural resources and land being of fundamental importance.

This workshop reports to the plenary session of the CARC Third National Conference its consensus statement that it calls on the existing federal and provincial governments in Canada to support the evolution of the territories north of 60° to provincial status in the near future. Aboriginal rights must be effectively protected in the transfer of powers to the new provincial governments of the north.

MINERAL DEVELOPMENT

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Summary Report: Working Group on Development in the Beaufort Sea
Region

The five background documents provided to the working groups were first summarized by their authors. Discussion ensued which provided a common base of understanding from which to proceed to the formal questions. Highlights are as follows:

- prospects are optimistic for enough oil to support "small" phased development - prospects for major sources ("elephants") are not optimistic; a 16"-20" pipeline appears probable superior to tanker mode, though both modes are feasible and tanker mode might prove desirable;
- prospects for long term markets for oil are optimistic, since its place in transportation is basic and it is also basically a scarce resource; while there is no present urgency for Beaufort oil Canada must not be caught out if or when conditions change so frontier oil reserves must be determined;
- the Beaufort EARP panel process is seen as highly useful by industry and the federal government; some other groups and individuals are not so convinced of its utility at present stage of events; time would permit some change in role if thought useful;
- federal strategy is for controlled development; there is not enough money to do everything at once; Beaufort development must be viewed in relation to other frontier areas, tar sands etc., and it is not necessary to opt for any one decision now; the situation is very complex, but we must plan to know what we have and be able to deal with any needs, must be prepared but no urgency for production;
- there is concern that complexities perceived or real bring about delays in decision making and tend to paralyze the system; there is loss of credibility;
- there is a real problem in deciding how the complexities and actions needed to deal with them will be entered into the decision making process; planning for territorial and local governments is inhibited by uncertainties and lack of decisions.

Looking then at the four questions posed it was first determined there are three scenarios that might be addressed: "small" phased

development, major or mega offshore development if adequate resources are found, and essentially an extension of "small" phased development if many small pools only are discovered offshore. The mega development is seen of great concern to local, regional or territorial interests; the "small" phased development is compatible and seen to serve national, territorial, local and industry interests. Jurisdictional problems were raised, but viewed as largely problems of management and decision.

The national interest then is seen to be the delineation of frontier resources, though there is concern too for environmental issues and for economic development-jobs for local/regional people. The Territorial interest is clearly for economic development and jobs, with of course secondary concern for national interests. Local and regional concerns centre largely around economic development, jobs, infrastructure, environmental/land use issues and social affairs. The special concerns of those engaged in land claims negotiations was recognized and underlined all discussion and judgements, but the working groups made no attempt to judge those matters.

Clearly the federal role is paramount, given its position both legislatively and in matters of finance. It administers the natural resources. The Territorial role clearly embraces socio-economic development, which was seen to demand a major role in "management" of the development. The local and regional role embraces participation in appropriate planning and in various development programs required to accommodate and react to energy development. Apropos of question two the several levels have a direct interest in management to achieve their goals and no inherent incompatibility in their roles is seen to exist.

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However, incompatibilities will arise and must be resolved; the various actors are not operating in a compatible way. There is a tendency to get locked into jurisdictional arguments between and within levels and so decision making does not occur or is seen as not credible.

Most of the conflicts perceived appear amenable to resolution through discussion and improvement of process. However process must take account of where power lies or it could be illusory. Also involvement is important but at present seems of questionable utility since most of the advice or impact is refusable. Thus the power and leverage assume great importance, and work needs to be done to improve or make the process more meaningful.

In tackling the final question it became apparent that though the discussion of problems had indicated issues, no issues had in fact been clearly identified or could be cited. A priority then would be to identify key issues and examine existing research/information base to see if enough is known to resolve them or if more research information is required.

It was agreed however that a priority requirement is for all parties to sit down, digest what we now have and know, and to come to grips with the problems and make decisions. It was agreed that decisions are going to be made, indeed must be made, and provided they have been made after appropriate opportunity for input by concerned parties and on an informal basis, they must be accepted and lived with whether we like them or not.

Finally, in relation to the question of policy or institutional initiatives required, it was agreed a priority is the need for the three levels of government, and industry as appropriate, to come together in

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some organized manner to discuss interests, identify issues and agree upon action. This should not require new organizations or institutions but rather form agreement that such a process is needed and will be effected. It is believed that if this action were taken and carried out conscientiously many, if not most, of the problems discussed would disappear.

OCEAN MANAGEMENT WORKING GROUP

The group had six papers prepared as background. The authors presented a brief overview of highlights which were followed by discussion.

1. National Ocean Policy-Making

Problems with the existing regime were identified: overlapping departmental mandates, poor co-ordination, remoteness of government agencies from the north, lack of a centralized pro-active agency.

Discussion then centred on how to get government to move on positive recommendations. Institutional changes were proposed with a cabinet level Arctic Ocean Policy Council suggested to integrate and direct different elements of arctic ocean policy. In addition a regional planning process which would include meaningful participation of the Inuit was suggested.

2. Arctic Science and Technology

In response to usual criticisms in this area - insufficient data, poor co-ordination, poor dissemination, and lack of adequate funding - it was suggested that there is sufficient data and we need to make better use of it, and dissemination is adequate but we need to use the systems better. It was felt there will always be a perceived funding problem.

The method suggested to approach these questions and the status of marine science and technology was to ask (i) what we know; (ii) what we don't know; (iii) what we know but practically cannot do. Specific recommendations were:

Ocean Management

- 2 -

1. Get on with things we identify as important and which we are able to do.
2. Direct science and technology to human safety and needs.
3. Involve the local native population in the work and educate them in practical sense to do the skilled tasks.
4. Monitor while doing to extend knowledge while using existing knowledge.

3. Arctic Marine Transportation

A consideration of year round traffic impact and foreign interest in Northwest Passage resulted in recognition that there were problems with Inuit involvement and that they should be contacted in formal sense regarding shipping. It was recognized that the arctic was a difficult physical and social environment and that the arctic of all places needed some form of vessel traffic management, that a lack of this could result in foreclosure of some options and that a vessel traffic scheme is needed for safety. An advisory committee-assisted coast guard, advising on environmental matters, was described.

Ocean Management

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4. International Legal Issues

Current international legal issues relating to the Arctic offshore were reviewed mainly: Canadian claims to jurisdiction in the Northwest Passage, drawing of baselines to enclose waters of the Archipelago, the opportunities and problems arising out of the new law of the sea treaty, and the position of the United States as a non-participant.

5. Inuit Interests in the Offshore

The nature of the Inuit offshore interest was described and the legal basis for the claim presented. The international initiative by Inuit through ICC was described. The special nature of aboriginal rights was discussed. It was suggested that some form of Inuit participation is necessary and that Inuit and others could benefit from an arrangement giving some management responsibilities to the Inuit.

6. Ocean Management

A discussion of ocean management as a discipline - what is it, do we need it, if so how do we achieve it. A discussion of what ocean policy is and how a centralized policy is necessary.

A general definition of ocean management and a statement of principles for managing the arctic marine environment were prepared.

1. Ocean Management

Ocean management is a process of systematic planning for the use and development of the ocean seabed, subsoil, water column and surface waters, its living and non-living resources, and of the human uses and activities. It should provide for such use of the ocean as to optimize benefits and minimize conflicts. At the national level it should reconcile the local, regional, and national interests, and at the international level it should reconcile the interests of coastal states, maritime nations and geographically disadvantaged countries. Ocean management must view the ocean as a total system and emphasize the importance of the interactions and interdependencies of its components, the physical, geological, chemical and biological subsystems, and the human uses and activities.

Ocean Management

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2. Principles for management of the Arctic Marine Environment

The Arctic Ocean and adjacent waters have distinctive physical and biological characteristics which have important and dynamically changing influences on the climate and the economic and social activities of all northern nations. The arctic marine area contains resources which promise to be important to world economy and commerce, and its ecosystems comprise a sensitive world resource which is vital to northern peoples. Circumpolar nations have an obligation, within the responsibilities of their national sovereignty and international co-operation, to manage their activities in arctic marine areas in accordance with the World Conservation Strategy and in the interests of human safety, environmental quality and optimum long-term benefit from all resources.

The following principles apply to activities in the Canadian arctic marine environment.

- (a) The basic biological productivity and environmental quality must be maintained;
- (b) The aboriginal rights of the Inuit and the special rights of other northern residents, and communities, although not exclusive, must be recognized in the exploitation, protection and management of resources, combined with a responsibility to conserve them through planned use and regional co-operation;
- (c) The development of arctic marine resources is to proceed within the context of a system of comprehensive regional planning, which includes participation of Inuit at all stages and takes into account the following factors:

Ocean Management

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- (i) The varied cumulative and synergistic effects of all activities;
- (ii) The interrelationships between biological, technical and social concerns;
- (iii) Some specific areas and some species and components of the ecosystem will require special protection;
- (iv) A regional and long-term management approach must be taken, in the context of regional and national northern activities;
- (v) Techniques and mechanisms used to prevent accidents that will affect the environment or that will be used to prevent serious damage to the environment or living resources should be an integral part of the evolution of the benefits, risks and costs of all activities.

RENEWABLE RESOURCE MANAGEMENT

Governments and all user groups in the north agree that renewable resource harvesting and management is to be compatible with principles of conservation. Conservation is taken to mean the continued productivity of wildlife and fish populations and protection of habitat necessary to ensure the integrity of ecological systems.

There is also recognition that safeguarding users' continued access to renewable resources requires protection under the law. It is generally accepted that this protection is to be achieved through the land claims process, which is basic to the long term resolution of northern land use conflicts.

Effective renewable resources management requires maximal involvement of the users of those resources. This management involvement is necessary because past performance clearly demonstrates the high cost and ineffectiveness of non-involvement, as well as the effectiveness of traditional systems of management under local control.

Involvement of local users should extend to research and monitoring activities undertaken in support of renewable resource management duties so as to benefit from the extensive local knowledge and in order to ensure that local perceptions and needs are addressed by the studies undertaken.

As a general policy it is desirable to have management responsibility for renewable resources lodged as close to the user groups as is possible. In those cases where responsibility moves to regional, territorial or national authority levels it should be recognized that the responsibility has been transferred from the local level, where it ordinarily resides, to the next most accountable level of organization as applicable to the specific circumstances.

Multiple use of land, which is inevitable over time, will likely cause conflicts between renewable and non-renewable resource use, or between competing uses of renewable resources. These conflicts can only be resolved through open consultation among all affected parties. In addition potential social and economic benefits from the development of non-renewable resources must be shown to outweigh any negative impacts such developments may have on the continued utilization of renewable resources.

That adequate compensation, in the case of unanticipated negative impacts, can be steadily obtained through administrative procedures, must be one precondition established before development projects are allowed to proceed in renewable resource harvesting areas.

Participating and comprehensive land use planning can be an effective mechanism for minimising developmental impacts on renewable resources.

Effective management of all renewable resources north of 60° should be the responsibility of present and future northern governments. This implies the speedy transfer of fishery and marine mammal management responsibilities from federal jurisdiction. However, in the case of endangered or migrating species, the legitimate involvement of the national government management is recognized. In such special cases, however, territorial government and applicable user group representation on national boards of management should be assured.

Summary Report: Working Group on Conservation of Environmentally Significant Areas

Rationale

Resource use should take place in such a way to ensure wide stewardship of northern environment and resources.

A basic part of such a policy is the identification and appropriate management of vital wildlife, hydrologic, cultural or other environmentally significant areas (ESA) which are essential to sustained renewable and non-renewable resource use within the ESA and large surrounding areas; ESA are special places whose attributes and uses merge into those of the surrounding landscapes and sea scapes

The Task Force should:

1. provide copies of the reports simultaneously to DIAND, DOE, Territorial Governments and the public
2. have balanced representation
3. be small for the sake of efficiency
4. have the necessary resources and commitment to do its job.

With this rationale in mind, we recommend the Task Force and other concerned parties adopt the following non-prioritized guidelines:

1. Due recognition of native ownership and use of northern lands is an essential part of ESA establishment
2. An iterative review process for creation, modification and management of ESA should be explicitly defined and include a standard, comprehensive, publicly accessible data base.

Identification of integrated systems of ESA which includes standardizing the criteria for selection and the data base.

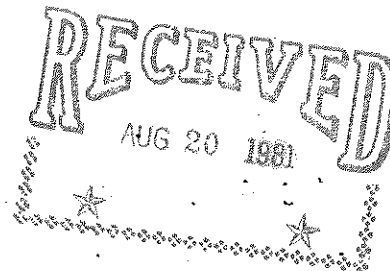
Areas

- An organization or classification system of ESA should be established to facilitate linking with appropriate forms of management.
3. An ESA system should be based upon regular public participation, especially with those directly affected, with appropriate response and accountability from the responsible agencies.
4. Establishment, development and management decisions should normally be made at the local level.
5. A statement of political commitment by all relevant governments to establish their systems of ESAs with a schedule for progress towards completion and quick action on priority areas.
6. ESA should be established so as to contribute to the greatest extent possible to continuation of traditional lifestyles and maintenance of renewable resources.
7. Both natural and cultural features should be considered in creating ESA.
8. A fair and standard process for identifying and managing ESA to be undertaken by the federal and territorial governments which involves industry, native organizations, and other interested government and non-government and individuals. A means should be found for bringing ESA managers and owners together regularly to ensure this comprehensive management.
9. In light of evolving social and political circumstances, a bridging or coordinating mechanism headquartered in the North, involving interested citizens, corporations, and relevant government agencies should be established to facilitate creation and management of ESA.
10. Institutional and decision-making processes must reflect the regional differences in the North.
11. ESA can be managed and owned privately.
12. ESA should be managed according to their biophysical characteristics and requirements.
13. Support should be provided for preparation and dissemination of educational and evaluative information on ESA by concerned agencies and groups.

Inherent within the preceeding guidelines are the following concerns:

1. Management by local people (native, non-native, local). It is important that they are actively involved. For example, two residents of Goja Haven have been taken by DOE to complete a warden's program and will serve as wardens of the new Ellesmere Island National Park.
2. Financial constraints regarding identification and management of ESA. Increasing costs put greater pressure on governments regarding the justification of ESA. No matter how involved local communities may be there is a cost to ESA.
3. Native land claims.
4. Data collecting and synthesizing of ESA identification must be standardized. The Nordic countries have such a standardized system regarding land-use and environmental protection. How a standardization of data has been accomplished by the Scandinavians should be determined.
5. Political consent a high priority. Commitments by all governments regarding their intent to pursue a program of conservation of ESA should be made. Mention in throne speeches would identify intent.
6. Future transfer of ESA to territorial governments, native organizations, etc. Native land claims when settled would see ESA within native lands. How would such ESA be transferred? A commitment by government to turn such ESA over or what would happen to them is needed at this time.
7. Availability of expertise for planning process. Is the expertise available or will ESA have to wait?

In sum, if these guidelines are adapted and implemented by the Task Force or any successor, they will serve to reconcile the national, regional and other issues inherent within the guidelines. It follows from the above that the Task Force should provide resources to enable interested parties to present their views to the Task Force.



T Fargey
Executive Vice-President, Toronto

Mr. M. N. Anderson
Chairman and Chief Executive Officer
Cominco Ltd.
Vancouver Office

July 29, 1981

Dear Norman: Re: Canadian Mineral Policy

In September 1980 the Department of Energy, Mines and Resources was requested by Cabinet to develop recommendations for a Canadian mineral policy for the 1980's. EMR have recently produced a 373-page document of which I have a copy. It reflects their perspective of the Canadian mineral industry and its outlook for the next decade or two. The document incorporates numerous recommendations for policy and policy changes. Some seem reasonable while others are not.

An indication of the scope of the document is contained in the attached Executive Summary and Conclusions. Also attached is a table of contents for the document revealing its comprehensive nature.

I am preparing two photocopies of the entire document and will forward these to yourself and to Don Griffiths as soon as possible.

It seems that the Minister of State for Mines is anxious to present her recommendations for mineral policy to Cabinet as quickly as possible. I understand that the views of various ministers in the federal government have already been solicited by EMR, and that the policy paper was presented on July 23 to the Committee of Economic Deputies which comprises Deputy Ministers. I am advised that the Committee will review the matter on July 30 and also on August 6. If approved by the Committee of Economic Deputies, the next step is presentation to Cabinet.

Dan MacKinnon tells me there is considerable interdepartment opposition to certain aspects of the EMR mineral policy recommendations. He expects that the EMR proposals will

Cont'd.../

Mr. M. N. Anderson - 2

have a rough time in the Committee of Economic Deputies, but of course this cannot be taken for granted. The staff and chairman of the Committee of Economic Deputies are aware that the EMR recommendations have been made without consultation with industry.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Harold".

HTF:bg

Encls.

cc: D. F. Griffiths

P. A. Manson/B. J. Partridge

~~W.~~ G. Wilson/R. P. Douglas

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EXECUTIVE SUMMARY AND CONCLUSIONSA. Objective

1. The background report on Mineral Policy assesses the current and expected performance of the non-fuel mineral industry, evaluates the effect of existing government policies on that performance, identifies a number of key policy areas and potential opportunities for the coming decade, and suggests policy alternatives to enhance the net benefits generated by the sector to the general welfare of all Canadians. The purpose of the report is two-fold:

- (1) to outline a number of specific initiatives and policy options that would enhance the performance and contribution of the sector to the Canadian economy; and
- (2) to provide an analytical approach to the problems of the industry and a global framework for decision making.

Of the two objectives the latter receives relatively more attention.

2. Given the diversity of subject areas covered, it was not intended in this paper to deal with policies and programs in a very detailed way. This task is left for subsequent memoranda to Cabinet which will outline the specifics of policies and programs flowing from this background report.

B. Introduction

3. This Mineral Policy Review was undertaken in response to a request by the federal Cabinet during its deliberations at Lake Louise in September 1980, and in accordance with the commitments made in the Speech from the Throne. Also in accordance with Cabinet directives, the report focuses on three areas of special concern: the resource base, research and development, and international marketing. The resource base issue is considered here in a very broad sense. It includes not only matters relating to adequacy of mineral resource availability in Canada and security of supply, but more importantly with issues relating to Canada's competitive position, taxation, foreign ownership, junior mining, infrastructure, northern and regional development, labour and the environment. As well, it includes an assessment of the potential to enhance the diversification and growth of the national economy through the further processing of minerals as well as the development of backward linkages, notably with respect to the mining machinery and equipment sector.

4. The emphasis in the report is on the opportunities which exist in the sector for enhancing the returns to both labour and capital without compromising the government's stated social goals with respect to environmental quality, health and safety, native land claims and so forth. This is in marked contrast to the National Energy Program in which equal emphasis is placed on the objectives of "security", "fairness" and "opportunity".

5. The report questions the wisdom of setting fixed targets, such as the maintenance of market shares or the setting of growth targets, which involve a commitment by government to assure their achievement. The quality and not quantity of mineral development is stressed. The proposition that Canada's competitive position will permit the maintenance of market shares or even increases for some commodities is not rejected, but the paper points to the danger of attempting to force this result rather than allowing market criteria, including both social and private costs, to guide the pattern and level of development and production in the mineral industry.

6. Another central theme of the report is the principle that there should be no subsidization of the sector or, for that matter, any sector of the economy except for very special purposes. On the whole, market criteria should determine the allocation of resources in the industry and the total economy. Stimulation of the industry through direct or indirect subsidization, tax expenditures, lower wages, inferior working conditions or reduced environmental safeguards and the like is explicitly rejected except for special circumstances such as for regional development (where underemployed resources are available).

7. While the report strongly rejects the use of artificial stimuli to enhance the growth or size of the industry, it does not, however, advocate a passive role for governments, particularly the federal government. Indeed, the paper not only recommends the continuation of a strong federal presence in this policy area, but also recommends a number of policy initiatives to strengthen the performance and enhance the contribution of this sector to the Canadian economy. The main thrusts of these initiatives lie in:

- (1) the removal of existing imperfections to improve performance (e.g., by strengthening the junior mining sector and the Canadian mining machinery and equipment industry);
- (2) the counteracting of barriers in international markets (e.g., by removing or offsetting tariffs and non-tariff barriers to increase domestic mineral processing and fabrication);
- (3) the maintenance, of at least, the historical level of public services in the minerals area such as the gathering, assessment and dissemination of economic, geological and technical information (e.g., through the Geological Survey of Canada);

- (4) the increase in public R and D (a) in support of policy initiatives and (b) in specific areas where the private sector is unable or unwilling to fulfill this role (e.g., through the activities of the Canada Centre for Mineral and Energy Technology);
- (5) the promotion of social goals such as the protection of the environment, improved health and safety, the attainment of equitable land claims settlements and the like; and
- (6) the refereeing of interprovincial competition for mineral development.

C. The Mineral Industry in the Canadian Economy

8. The importance of the mineral sector in the Canadian economy can be briefly summarized as follows:

- (i) Contribution to GNP. The gross value of minerals output up to and including the refined metal stage was \$31.4 billion in 1980. In terms of "value added" the sector contributed 4.7% of total GNP in 1978.
- (ii) Employment. The mineral sector employs some 274,000 (1980) persons directly. It also employs substantial numbers in mineral service activities as well as mining machinery and equipment and metal fabrication.
- (iii) Value Added per Employee. The average value added per man (1978) exceeds that of manufacturing:

Mineral Sector	Total Manufacturing
\$42,000 per employee	\$31,000 per employee

- (iv) Investment and Capital Intensity. Investment in the mineral industry as a proportion of total investment in the Canadian economy (6.9%) is higher than similar ratios for contribution to GNP (value added as per cent of GNP) and employment (employment as a proportion of the labour force). This reflects the capital intensive nature of the sector especially at the smelting and refining stages.
- (v) Foreign Exchange Earnings. The sector is generally responsible for 15-20% of the value of Canada's exports of goods and services depending on the year chosen. In 1979, exports amounted to \$11.1 billion while imports were \$5.1 billion, for a positive net trade balance of \$6.0 billion. Total Canadian merchandise exports were \$65.5 billion in 1979.

- (vi) Tax Revenues. The mineral sector's contribution to federal and provincial tax revenues is small relative to the petroleum sector. Total taxes (including mining taxes and royalties) in the oil and gas sector were \$4,089.1 million in 1978, compared to \$588.5 million for non-fuel minerals. It is also worthwhile to note that mineral revenues are more dispersed across the country, and therefore, cause less regional inequality and give rise to lesser equalization payments.
- (vii) Transportation. Minerals are important users of Canada's transportation systems. They constitute about 60% of all railway freight (by weight), one-half of all cargoes loaded at Canadian seaports and about one-half of Seaway and Great Lakes shipping traffic. In this way, minerals contribute substantially to covering the overhead costs of the transportation systems.
- (viii) Regional, Frontier and Northern Development. The mineral sector generates the principle proportions of employment income in many mining communities in Northern Manitoba, Ontario, Quebec, Saskatchewan and British Columbia as well as Labrador, the Northwest Territories and the Yukon. Some 175 communities are dependent upon mining as the major economic base and source of employment income. The sector has played and continues to play a significant role in the opening up of frontier regions of the country.
- (ix) Forward and Backward Linkages. The mineral industry is an important purchaser of goods and services and a supplier of intermediate products to downstream mineral-based manufacturing industries. This acts to stimulate further investment and employment in the economy and generate additional income and wealth, contributing to a more diversified and balanced economy.

9. As the statistics above indicate, the importance of minerals in the life of this country and the prosperity of its people cannot be overstated. However, size and importance are not very effective arguments for special treatment or for government action. This is why the statistics above are presented for information purposes only. None of the government initiatives proposed in this report are based on this rationale. To re-emphasize the earlier statement, the report explicitly rejects the suggestion that the sector be promoted through subsidies, tax expenditures or other such schemes because the emphasis is on quality rather than quantity of development.

10. In addition to these economic ratios, there are some more fundamental characteristics of the industry which bear mentioning. These include: (i) the diversity of the industry; (ii) the instability of product prices (iii) the international character of the industry and (iv) the provincial ownership of most mineral resources.

D. Competitive Position of the Canadian Mineral Industry

11. By world standards, Canada is a relatively well explored and developed mining region as well as being abundantly endowed with mineral resources. Canada is the third largest world producer of minerals, after the United States and the USSR, and the largest exporter. In 1980, approximately 80 per cent of the value of production was exported. Of course, there was great diversity among minerals with regard to this ratio, but the domestic market is of primary importance only in the case of low value, high bulk, commodities such as cement. This international orientation is perhaps the most important characteristic of the industry and explains the importance attached to international competitiveness.

12. A major conclusion of the report is that, in the league of major world mineral producing countries, Canada has a favourable position in terms of cost competitiveness, at least, in so far as existing production is concerned. Though this conclusion needs to be tempered somewhat with the realization that mineral markets are not all alike and that Canada's competitive position is different for each and every mineral commodity, it is nonetheless clear that Canada has an enviable overall position in world mineral markets, especially for the major non-ferrous metals.

13. The major factors impacting on the competitive position of the Canadian mineral industry, and their likely impact in the 1980's, can be briefly summarized as follows:

- (i) Ore Grades. These, on the whole, are lower in Canada than in many competing countries. Our competitive position in this regard is likely to deteriorate somewhat as average ore grades fall relative to other countries in the 1980's.
- (ii) Types of Ore. Many currently mined mineral deposits in Canada contain valuable coproducts and byproducts and this factor tends to offset the disadvantage of lower ore grades. This has been particularly important in recent years with the rapid rise in precious metal prices and the prices for molybdenum and cobalt. In the absence of a dramatic fall in precious metal prices, Canada should continue to have a competitive edge as a result of coproduction.
- (iii) Location. Canada's competitiveness has, in recent years, been, and will continue to be, reduced as more and more new developments take place in Canada's northern regions away from existing infrastructure and in regions with severe climatic conditions.

- (iv) Labour Costs. Canada has historically had a competitive disadvantage in terms of labour costs with labour compensation levels in Canada exceeding those in most countries, particularly those in the less developed countries, Canada's major competitors on world mineral markets. This is unlikely to change much over the 1980's. In addition, there is the danger that wage rates in the buoyant energy sector could continue to rise and exert upward pressure on wage rates paid in the Canadian mineral industry, particularly in Western Canada and, thus, negatively impact on competitiveness.
- (v) Energy Costs. Energy, as a component of cost, has and will continue to make a positive contribution to the competitive position of the Canadian mineral industry during the 1980's. Over the coming decade, oil prices in Canada are not expected to exceed 85 per cent of international prices and, moreover, the parity price of natural gas is expected to decline. Therefore, while energy prices may rise faster in Canada over the next decade than in many other countries, these will remain below world levels. In addition, electricity rates tend to be relatively favourable.
- (vi) Exchange Rate. The competitive position of Canadian mineral producers is particularly sensitive to the exchange rate. The impact on profitability and competitiveness of a change in the exchange rate is almost analogous to a similar percentage change in output prices and is more significant than an identical percentage change in operating costs, such as labour or energy costs. The devaluation of the Canadian dollar on international exchanges in the second half of the 1970's significantly enhanced the industry's competitive position. A significant appreciation of the Canadian dollar in the future would lead to a significant deterioration of the industry's present favourable international position, everything else being equal.
- (vii) Taxation. The total federal and provincial tax burden (including mining taxes and royalties) on the mineral industry was increased appreciably in the 1970's. However, the industry overall does not appear to be unfavourably taxed compared to other sectors of the Canadian economy, notably the manufacturing sector. Moreover, the impact of taxation changes on profitability and, hence, competitiveness is much less than that of changes in output prices, the exchange rate or operating costs.
- (viii) Capital Costs. Capital goods prices for the Canadian mineral industry rose at a faster pace during the 1970's than for other sectors of the Canadian economy. The same phenomenon can also be observed in the U.S. except for some timing differences. While data is not available to generalize the experience in Canada and the United States to other parts of

the world, there is no reason to expect a much different experience. Therefore, the rapid rise in capital goods prices for the mineral industry in Canada was not unique and was probably a world wide phenomenon. In the short and medium-term future, however, the escalation in capital goods prices in Canada could exceed somewhat that in other countries because of demand pressures arising from massive developments in the energy sector. If the level of activity in the energy sector were to increase significantly, the development of bottlenecks in Canada could result in higher construction costs and high prices for equipment and machinery, at least, in the short term. This would adversely affect the competitive position of new mineral developments and, to a lesser extent, the competitive position of present operations through increases in prices for replacement capital assets.

- (ix) Technology. Historically, Canada has had a competitive edge in terms of exploration, mining and processing technology compared to many of the lesser developed mineral exporting countries. This has offset, to a degree, Canada's disadvantage in terms of higher labour compensation rates and lower ore grades. To remain competitive, it is imperative for Canada to remain on the forefront of the development of new technology and, as important, that this new technology be continuously adopted by the industry.
- (x) Tariffs and Trade Barriers. Canadian mineral exports have traditionally faced, and continue to face, a system of escalating tariffs whereby the level of protection increases with the degree of processing. Tariffs, as well as other trade barriers, are practically non-existent or extremely low for relatively unprocessed mineral commodities but escalate rapidly with the level of processing. Unless steps are taken in conjunction with other countries, to dismantle this system or, alternatively, if no measures are taken to compensate or correct for these distortions in international trade, Canada's aim of processing more of its minerals domestically will remain unfulfilled.

14. From a policy context, it is crucial to assess the extent to which the above factors are amenable to alteration through government intervention. Clearly, ore grades, types of ore and location lie outside the government's sphere of influence. These are determined by geological factors and cannot be directly altered by government policies, though the discovery and development rate can be influenced indirectly by government through policies affecting the economic climate within which exploration and development are conducted.

15. The same, however, is not true for the other factors. These can be directly influenced by government policies, though there are clearly degrees and limits to which each factor can be altered.

Government could, if it chose to, directly affect the competitive position of the Canadian mineral industry by affecting changes to variables such as the level of taxes imposed on mining, the level of energy prices and, perhaps, even the exchange rate level. Other variables, however, are and have, in the past, proved to be difficult to influence, such as the general level of inflation affecting factor input prices, including capital costs, and the erection of foreign trade barriers by other countries.

16. It needs to be emphasized that the factors which affect the cost competitiveness of the mineral industry are largely the same as those which affect any other industry. The obvious exceptions to this statement concern ore grades, types of ore and location. Therefore, macro policies to reduce the level of interest rates, to maintain a favourable exchange rate, to keep energy prices below world levels and to enhance productivity growth have a beneficial impact on the industry as well as on other sectors of the Canadian economy. The importance of these macro policies and their impact on the industry's international competitiveness cannot be overemphasized.

E. Security of Supply

17. Several recent events have heightened the anxiety of Western industrialized countries regarding the security of mineral supplies. The first event was the emergence during the seventies of OPEC's pervasive influence upon the global economy. The second was the renewal of economic, social and political upheaval and tensions in Southern Africa, a major producing area of strategic minerals such as chromium and manganese. The third event of importance was the fairly sudden reversal of the U.S.S.R. from an exporter to an importer of important raw materials. These events rekindled concerns and fears that Western industrialized countries could face disruptions and supply difficulties because of their heavy reliance upon imported raw materials.

18. From a Canadian perspective, the military or strategic aspects of the security of supply issue are of little relevance. Canada is not likely to take part in any armaments race or engage in a conventional conflict. In the case of a nuclear war, security of supply concerns are likely to be the least of our and other nations' problems. The commercial aspects of the issue are, however, of relevance to Canada. First, despite the fact that Canada is a major producer and exporter of minerals, Canada is not self-sufficient in all minerals. Supply disruptions of certain minerals could adversely affect some segments of the mineral processing and fabricating industry in Canada. Second, of greater importance, perhaps, is the fact that the concern expressed by Canada's major trading partners for secure access to raw materials offers opportunities to Canada as a net exporter of such minerals as cobalt, tungsten, platinum, molybdenum and others.

19. A conclusion of the report is that of 72 minerals and related products, the supply of only two can be considered, at this time, to be vulnerable from a domestic viewpoint. These are manganese and chromium. The report also proposes that the situation with respect to security of supply be closely monitored and, when warranted, that special studies be conducted on individual minerals facing potential supply disruptions. Needless-to-say, in a dynamic world, what may not appear to be a problem could develop into one over time.

20. There are a number of actions that a country can take to counter supply-side exigencies or disruptions. Possible options are:

- (a) the exploitation of known sub-economic domestic deposits;
- (b) the development of substitutes and new processes through R and D;
- (c) the encouragement of exploration activities for new sources;
- (d) the negotiation of mutually beneficial international accords to get access to supplies; and
- (e) stockpiling.

21. For manganese and chromium, the recommended policy responses are:

- (1) to increase the R and D effort to improve extraction technology for existing domestic resources which are currently sub-economic; and
- (2) to increase the effort to delineate existing deposits and to discover new deposits of these minerals through the Geological Survey of Canada (GSC) or joint GSC-private sector action.

No stockpiling of these two minerals is proposed at this time. Such a proposal would have to await a full cost-benefit analysis to see whether the economic losses from any interruptions of supply justified the costs of stockpiling these commodities.

22. As noted above, the most important aspect of the security of supply issue is that the policies of the U.S., Japan and the EEC to cope with potential supply disruptions or shortages offers opportunities to Canada. Canada is a major world producer of minerals some of which are strategic. Hence, it is in a very good position to take advantage of efforts by industrialized countries to gain secured access to vital minerals. For example, assured access to Canadian minerals could be bargained off for foreign technology and access to foreign markets for Canadian processed minerals. Marginal deposits in Canada could be developed through bilateral agreements whereby the whole or

part of the production could be dedicated to a particular country or foreign firm in return for convenient financing arrangements. In sum, the security of supply issue should be viewed essentially from the opportunity point-of-view rather than be viewed as a problem area.

F. Taxation

23. Both income and mining taxation of resource income underwent significant changes in Canada during the 1970's. The effect of these changes was an increase in the overall tax burden on the industry and the alteration of the federal/provincial shares of taxation revenue. The overall effective tax rate, defined as provincial and federal income taxes plus mining taxes and royalties as a per cent of before-tax book income, rose from 21.5 per cent in 1969 to 32.9 per cent in 1978. Despite this increase, however, the industry, at the present time, does not appear to be unfavourably treated relative to other sectors of the Canadian economy. The impact of the tax changes was to bring the overall tax burden on the industry up to a level approaching that for manufacturing.

24. The increase in federal taxation of the industry was fairly modest compared to the significant increase in provincial taxation. This had the effect of decreasing the Federal Government's share of total tax revenues from the industry from 46.1 per cent in 1969 to 37.8 per cent in 1978. The increase in provincial taxation, without over-taxing the industry, was, to a large extent, made possible because the Federal Income Tax Act treats mining income more favourably than income from other sectors, such as manufacturing. In essence, the favourable federal tax treatment of mining income made it possible for the provinces to increase their share of tax revenues from the industry during the 1970's.

25. It cannot be emphasized too strongly that the international and domestic markets for minerals differ fundamentally from those for energy products. As a result, the "rents" in the oil and gas sector that can and should be tapped by a form of tax far exceed the "rents" available from the mineral sector. Total federal and provincial income taxes, including mining taxes plus royalties, collected from the mineral industry in 1978 amounted to \$588.5 million compared to \$4.09 billion for the oil and gas sectors. Furthermore, the federal/provincial division of taxation revenues from the mineral industry compared to the oil and gas industry is much more equitable. The federal share of total taxation revenues from the mineral sector in 1978 was 37.8 per cent compared to only 19.6 per cent for the oil and gas sector. In addition, mineral revenues are more dispersed across the country, and therefore, cause less regional inequality and give rise to lesser equalization payments.

26. While the overall tax burden on the mineral industry is reasonable when compared to other sectors of the Canadian economy, notably the manufacturing sector, the report identifies two problems with the Canadian tax structure as it applies to resource income. First, the tax structure is discriminatory to junior mining companies which do not have mining income against which to deduct the incentives and allowances provided by the federal and provincial income and mining tax regimes. In many cases, tax incentives and allowances provided in the various tax systems have to be deferred by these junior mining companies, making the net present worth of the incentives and allowances less than that to established producing companies. Second, the mining tax and royalty regimes in the Northwest and Yukon Territories are clearly more favourable than those in most provincial jurisdictions. *with the should be*

27. The report strongly recommends that the tax disadvantages or imbalances that work to the detriment of junior mining companies be addressed on the grounds of equity, neutrality and economic efficiency. These disadvantages could be reduced, to an extent, by a system of exploration grants or, preferably, by enhancing existing provisions in the Income Tax Act allowing junior mining companies to pass through to primary Canadian equity investors the flow-through benefits now available to established producing companies. As well, the paper goes one step further and suggests that serious consideration be given to provide the junior mining sector with certain special incentives or benefits in an attempt to arrest and even reverse the sector's recent decline.

28. Historically, the junior mining sector has been very productive in finding new mineral deposits. It has been responsible for many major finds which have led to major developments. Unfortunately, the sector has fallen on hard times in recent years as a result of: technological changes which have increased the cost of exploration; taxation changes which have reduced the after-tax profitability of new mine investment by junior mining companies; and securities legislation changes which have made it more difficult for junior mining companies to raise equity capital.

Moreover, the weakening of the "junior mining" sector has resulted in primary exploration and new deposit discovery activity to be heavily concentrated in the "senior resource corporations" sector. The latter has a larger foreign ownership and control proportion than the junior mining sector. In particular, the major foreign-dominated oil corporations have become increasingly aggressive in non-petroleum mineral exploration. Foreign governments also continue to have a significant presence on the mineral exploration and development front in Canada. Assuming that those investors who are making most of the new mineral discoveries will also be the dominant equity participants in the related project development investments, it is obvious that the mining industry may be vulnerable to "de-Canadianization" pressures in the future if the junior mining sector, which is heavily Canadian, continues to decline.

30. Therefore, the report recommends that serious consideration should be given to provide the junior mining sector with certain special incentives or benefits to arrest and, hopefully, reverse the decline of this sector. In addition to the two options mentioned earlier, that of enhancing flow-through benefits for primary Canadian equity investors and the introduction of exploration grants, consideration ought to be given to:

- (1) exempting from tax the proceeds earned from the first sale of mining properties by Canadian individuals or mining firms;
- (2) exempting from capital gains taxation any income realized from the purchase and sale of primary equity shares by Canadians.

31. As mentioned above, the mining taxes and royalties in the Northwest and Yukon territories are much lower than in most provincial jurisdiction. In view of this and on the basis of equity and economic efficiency, the report recommends that the federal government proceed, as rapidly as possible, to review and amend the mining tax and royalty regimes in the territories to more closely reflect the situation in the provinces.

Bad!
Why?

G. Foreign Ownership

32. With the publication and implementation of the National Energy Program (NEP), there has been an increase in private sector apprehension that the Canadianization measures of the NEP would be applied to the mineral sector of the Canadian economy. Given that the ownership ratios for minerals differ considerably from those for the energy sector, such concerns are fundamentally mistaken. A goal such as 50 per cent Canadian ownership by 1990 makes no sense for the mineral industry because in 1978 64 per cent of assets and 63.5 per cent of sales for the sector were already Canadian controlled. This compares with 36 per cent and 18 per cent for the energy sector respectively.

33. In addition to the difference in ownership ratios, there are three other reasons for treating the foreign ownership issue differently for the minerals sector compared to the energy sector. First, the security of supply issue is less pressing - the impact of any interruptions in supply is less serious for the economy, the opportunity for cartel action more limited than in the case of oil, the ability and desire to use mineral resources as a political weapon less pronounced. Second, Canada is on a more equal footing with other countries since she has her own mineral industry multinationals - Canadians have similar opportunities to make the important decisions as do citizens of other countries. Third, the mineral sector, as already noted, is not as profitable as the petroleum sector, and therefore poses a smaller threat of dividend outflows and diversion of investments.

34. Despite these observations, which certainly indicate that it would be inadvisable, at this time, to set particular targets for Canadian ownership in the mineral sector, there are disturbing trends and dynamic forces at play which have the capacity to increase foreign ownership of the Canadian mineral industry in the 1980's. Of particular importance is the increasing foreign domination of the exploration phase of the mineral cycle. Clearly, if the companies that are presently doing the exploration and making the new mineral discoveries are also the same ones that take dominant equity positions in any related developments, then it is obvious that the industry could be vulnerable to "de-Canadianization" pressures. The increase in the foreign domination of exploration activity in this country is due to the decline in the largely Canadian-owned and controlled junior mining sector, the considerable diversification of foreign-owned oil and gas companies into mineral exploration and development, and the continued active participation in mineral exploration of companies owned or controlled by foreign governments.

35. In order to maintain current Canadian ownership levels, and to give encouragement to the further Canadianization of the sector, the report suggests a number of policy alternatives for consideration. These can be divided into two groups or categories:

(1) options to strengthen and expand the mandate of the Foreign Review Agency; and

(2) options to strengthen the junior mining sector.

The latter options, dealing with the strengthening of the junior mining sector, are discussed in the next section.

36. The report recommends that an amendment to the Foreign Investment Review process be enacted which would henceforth require all newly established exploration subsidiaries of foreign controlled companies to be reviewable not only at the time the exploration venture is first established, but also in the event that the exploration venture proves successful and development of a deposit is undertaken. In other words, all newly established foreign exploration subsidiaries or companies would be reviewable twice. It should be noted that such an amendment would not involve any change in policy since FIRA, at the present time, negotiates a commitment from companies undertaking exploration efforts to meet the 50-60% Canadian ownership objective in case a major new development results from such efforts. The proposal would simply increase the government's administrative effectiveness in maintaining present Canadian ownership levels. This amendment, however, would leave unchanged the present situation where major new developments by already established foreign subsidiaries or companies in Canada are not reviewable. In the event that Canadian ownership levels were to fall significantly in the coming decade, it may be necessary to consider at some future date making all major development projects by foreign controlled companies reviewable.

37. Currently, the FIR Act permits a foreign investor who already has "ultimate de facto" control of a major Canadian resource corporation to increase his ownership of the company without review. The report raises the issue of increasing the scope of reviewable cases under the FIR Act, by appropriate amendments, which would permit the Agency to deal with the issue of ownership as well as control. The objective would be to give the Agency the power to review cases where foreign investors propose to increase significantly their ownership positions in major resource companies. This would give the Agency the opportunity to determine whether these were of significant benefit to Canada.

note! 38. Finally, the report recommends that the diversification of foreign oil and gas companies into the mineral sector be discouraged in accordance with the National Energy Program. A strict interpretation of NEP policy would require that all reviewable cases be rejected. A less strict interpretation would require that each case be evaluated separately to see if it was of significant benefit to Canada and if it met the government's existing 50 to 60 per cent Canadian ownership objective for major, new development projects.

H. Junior Mining

39. The expression junior mining is a colloquialism referring to that sector of the Canadian mineral industry which consists of small, independent exploration and/or development companies. Such enterprises are usually Canadian owned and controlled, and vary from self-employed individual prospectors to a publicly traded corporation with perhaps 40 employees at the height of the field season (\$5 million annual exploration budget).

40. As indicated previously, the junior mining sector has gone into decline. This not only reflects the reduced growth in the Canadian mineral sector in the 1970's as compared with earlier periods but is also due to changes in (a) taxation (b) securities legislation and (c) exploration technology which have worked to the detriment of junior mining.

41. The report strongly recommends policy action to arrest and reverse the decline of the junior mining sector for the following reasons. First, despite the fact that the junior mining sector has been in decline, the sector is still more productive in finding new deposits than the senior resource sector. While the junior mining sector's share of mineral exploration expenditures fell from approximately 50 per cent in 1969 to 10 per cent of the total in 1979, this segment of the industry was still responsible for 40 per cent of all new discoveries in the 1970's. Second, the sector is largely Canadian owned and controlled. A healthy and vibrant junior mining sector would act to enhance and strengthen the Canadianization of the mineral

industry or, at least, reduce the potential of de-Canadianization. Third, the preservation of junior mining would act to increase the number and variety of geological models which are applied in the exploration effort. Fourth, it would act to increase the rate of new entrants, that are mostly Canadian, into the ranks of the senior producers.

42. The solution to the junior mining issue involves four policy areas at the federal level: (a) taxation, (b) the dissemination of geological information, (c) the encouragement of custom milling in response to economies-of-scale and (d) R and D with respect to exploration technology. The first item has already been discussed under taxation and the fourth is covered below under R and D. The other two issues are now discussed in turn.

43. There is empirical evidence available which indicates that more effective public dissemination of geological information obtained by all companies during their exploration efforts can lead to a more dynamic and viable junior mining sector. In the case of Alberta, the argument is often made that junior petroleum companies have benefitted greatly from the ability to re-examine and re-interpret information (drill logs, cores, etc.) filed by the majors as required by Alberta legislation and regulations that are considered a model in the oil and gas industry.

44. In sum, a need exists (a) to improve the quality and substantially increase the quantity of geoscientific information and technical data filed with governments and (b) to standardize filing requirements and confidentiality periods among federal and provincial jurisdictions. In view of this, the report recommends that the Federal Government improve the existing system of collecting, managing and disseminating information generated by private companies in their exploration efforts on Canada lands. Once this system is in place, provinces would be encouraged to adopt a similar approach.

45. Another initiative that would be of direct benefit to junior mining companies would be the implementation of a custom milling program in support of small operators. The Ontario Government is in the process of implementing just such a program. The ultimate cost of the program is expected to be \$10 million, initially involving perhaps four different custom mills or expansions to existing mills. Such a program would be beneficial to junior operators with low tonnage deposits for which the construction of a mill is not justified because of economies-of-scale. An obvious solution to this problem involves the sponsoring of either a program involving portable mills which could be moved from one deposit to another as reserves are exhausted, or a program of custom mills which could serve a number of junior mines in given regions from a central location.

46. The report, therefore, recommends that the Federal Government should design and implement a program in support of custom milling. Such a program would probably involve loans, loan guarantees and/or equity participation by the Government, but no outright grants because of the basic economic viability of the scheme. A number of steps such as delineating the appropriate regions or areas for such a scheme and specifying the nature of government participation would have to be undertaken prior to seeking approval for the program.

I. Infrastructure

47. Mineral developments in new mineral areas or in remote regions usually require substantial new infrastructure. The costs of this infrastructure can represent a significant portion of the total costs of the entire project. For example, in the case of Pine Point, a major mineral development in the Northwest Territories, infrastructure capital costs accounted for 77.9 per cent of the total initial costs of the entire project. In another case, that of Cyprus Anvil, another major mineral development but this time in the Yukon, infrastructure costs accounted for 42 per cent of total costs. The development of a number of new mining areas, such as the MacMillan Pass area in the Yukon, the Northeastern region of B.C., and areas in the High Arctic, hinges on the provision and availability of infrastructure.

48. The provision of infrastructure, either at subsidized rates or on a cost recovery basis, can be of very significant assistance to private sponsors of mineral projects in remote areas. By accepting the high costs of creating infrastructure, and by spreading the recovery of these costs over long periods of time, the government can alleviate the financial burden on private developers and extend an incentive to them to invest. The Pine Point and Cyprus Anvil cases can be called upon to illustrate this point. In the case of Pine Point, the provision of infrastructure by the federal government raised that company's expected annual lifetime before-tax real internal rate-of-return on the project from 19 per cent to 91 per cent per annum, an increase of 72 percentage points. In the case of Cyprus Anvil, the infrastructure provided by the federal government raised that company's expected lifetime rate-of-return from 11.5 per cent to 15 per cent, an increase of 4.5 percentage points.

49. The report recommends that government supplied infrastructure be provided on a cost recovery basis, as a general rule. Only if the social worth of a project exceeds its value to private individuals is the subsidization of infrastructure justified and that only if the social rate-of-return exceeds the minimum socially acceptable rate. It would be undesirable from a societal point-of-view for governments to subsidize infrastructure which produced no tangible social benefits in excess of those accruing to private investors. Social benefits in excess of private benefits would be created, for example, where society

places value on and the project in question enhances job employment opportunities for native people, increases job prospects in regions of high unemployment or underemployment, creates regional economic spin-offs or increases industrial benefits for Canada. Subsidization of a mineral project, through the provision of subsidized infrastructure, however, cannot be justified simply on the grounds that the activity would create employment unless the job creation occurs in a region of high unemployment or underemployment. Job creation per se is not a sufficient justification for subsidization nor is the generation of foreign exchange earnings. }

50. In the case of unsubsidized publicly provided infrastructure, the creation of desirable social benefits over and above those accruing to the private investors is much less relevant from a public policy point-of-view. By definition, the activity by itself is socially desirable as long as there are no net indirect social costs. As such, government investment in the activity need not be predicated on the creation of these additional social benefits. This is in contrast to a subsidized project where public investment can be justified only if the investment results in the creation of additional desirable social benefits whose net value to society exceed the cost of subsidization.

51. Given that the subsidization of infrastructure to promote the development of a mineral deposit is only warranted if there is the creation of social benefits over and above those accruing to private individuals, the report recommends that, in providing subsidized infrastructure, governments should receive firm guarantees or commitments from the private sector that these additional social benefits will, in fact, be forthcoming when the deposit is developed. In the case of infrastructure, provided on a cost recovery basis, guarantees or commitments from private industry that they will meet certain social objectives are clearly not necessary. This is because the activity in itself is socially desirable and its social worth does not depend on the creation of benefits additional to those accruing to private individuals.

52. It is frequently argued that the government, in providing infrastructure for remote mineral developments, whether subsidized or not, can find itself taking most of the downside risks without having the opportunity to share in any of the substantial upside profits that could accrue from the development. As a result, it has been suggested that the government share in the potential future upside profits, in developments where it has invested heavily in infrastructure, either through minority equity participation, through some form of contractual agreement with private industry for a share of profits over and above a certain minimum level, through flexible user fees or through progressive taxation.

53. The report recommends that, if government is to be involved in the provision of infrastructure, it should do so in ways that minimize risk on its capital, and provide opportunities for sharing in

profits indirectly resulting from its investment in infrastructure, through user-pay charges and/or progressive taxes. Government should seek to minimize risk by ensuring multiple use of infrastructure, and by insisting on the provision of sufficient data from the private sector to satisfy itself that the private sector venture will be successful. Multiple use of infrastructure implies provision of infrastructure within a regional, rather than a single mine context. Repayment for infrastructure costs may therefore be designed on a regional basis, rather than having to be borne entirely by the initial mine. Of course, the distribution of costs should recognize the value to the initial user of early availability.

J. Northern and Regional Development

54. In lands "North of 60" (i.e., in the territories), offshore regions and national parks, the federal government has a clear obligation for management of the mineral base. The obligations which accompany this responsibility represent opportunities and challenges for the federal government. The general philosophy which should govern this response is one which, as a rule, would let market forces determine the pace of exploration and the viability of development. However, this must be tempered by the realization that mining is only one possible use of the land and that decisions on land use need to take account of the economics of alternatives and the interests of all affected "communities" (local to national). Furthermore, this decision-making is currently subject to a degree of uncertainty related to the negotiation of comprehensive native land claim settlements.

55. Until native land claim settlements are obtained, there are three possible approaches regarding mineral development on lands subject to native land claims. First, a moratorium on all development could be imposed until land claims are settled. Second, development could be permitted to proceed with industry bearing all the risks associated with their investments, pending the outcome of the land claim negotiations. Third, development could be permitted to proceed but with assurances from the Federal Government that private sector interests would be safeguarded in all land claim settlements. Existing government policy is that resource development and claims negotiations must proceed simultaneously, without either being of detriment to the other. The report recommends the continuation of this policy with an urging that a resolution of native land claims be affected as soon as possible in order to remove an element of uncertainty with respect to the development of the North. As well, it is recommended that settlements minimize the alienation of subsurface rights.

56. As the level of mineral development rises on Canada lands, there will be a need for greater hydroelectric power availability, for efficient transport systems, for navigational aids and assistance and

for social services. The federal government should be prepared to provide these goods and services to complement and promote mineral development, but this should be, wherever possible, on a cost recovery basis. Furthermore, the provision of these goods and services should be undertaken on a less reactive basis than in the past, that is, in the expectation of future demand. This is especially important with respect to the provision of hydroelectric power as, under the provisions of its charter, the Northern Canada Power Commission can only expand its generating capacity if it has firm commitments from the private sector for this power. The Commission cannot expand its facilities in anticipation of future increased demand. The report recommends that the Commission be permitted the same flexibility as that enjoyed by other utilities elsewhere in Canada. It is certainly true that this will result in either current consumers, the Federal Government through the provision of upfront capital, or preferably both, paying for the temporary excess capacity, but this should be of limited scope and manageable.

57. In regions "South of 60", the mineral resource base may offer opportunities to reduce regional disparities. In most of Canada's relatively disadvantaged regions (i.e., mainly the Maritimes and Gaspé), the search for minerals has already been quite extensive. However, the continual progress towards greater sophistication of geological theory and of exploration techniques and instrumentation creates the possibility that a renewed exploration effort could reveal previously undetected deposits. If these are found to be feasible to develop, then a new source of economic activity would be introduced into a region where the gain to society would be greater than would be the case with a comparable development in a region with more fully employed resources. Towards this end, the Federal Government should continue its support for the design and development of more advanced instruments and techniques of exploration, and through federal-provincial agreements, its support for provincial initiatives on the design and development of equipment and on geological information generation.

58. It is essential, however, to heed the limitations of subsidizing industrial development to reduce regional economic disparities, especially mineral development. The distribution of economic opportunities related to geology is not one which is easily altered. Some modifications to the economic environment can be envisaged, but these are clearly subordinate to the quality of the mineral resources whose extraction or processing is being considered. Any attempt to contrive a local mining industry is unlikely to succeed. The local mineral resources must be just at the margin if subsidization is to be considered, and the benefit of employing underutilized (human) resources must be significant for there to be any likelihood that the Canadian economy will benefit from proceeding with subsidized developments.

59. In guiding any mineral development which will create a community dependency upon the sector, the realities of such dependency must be recognized. While the resource here is non-renewable, many mineral projects have a very long expected lifetime of a century or more. Many others, however, will not be nearly as long-lived and will only provide employment to the factors of production for a dozen years or so. Here, there is a clear demand for mobile capital, private and public, and a work force which is prepared to be somewhat nomadic. Towards this end, the report suggests the creation of a mobility account funded by employers. A study of the actual costs incurred by government as a result of a mine shut-down, given existing public programs designed to cushion some of the impact upon the community, should be conducted as a preliminary step in setting up such an account.

K. Quality of Working Life Issues

60. The report has established the maximization of per capita income in Canada as the basic objective by which policy in the mineral sector should be guided but this is subject to social objectives and considerations. There is often a considerable divergence between private and social costs and benefits, arising for instance, from the cost society must bear for industrial accidents, impairment of health or inadequate pension benefits. Moreover, while quality of life issues may not show up directly on industry balance sheets, they nevertheless affect productivity and profitability indirectly. For these reasons, the report recognizes the significant and special role of governments in this area.

61. Current attention on labour issues in the mineral sector has been focussed on the emerging production bottlenecks anticipated in the 1980's from shortages of skilled labour. Traditionally, vacancy and turnover rates, particularly among skilled workers, have been relatively high in the mining industry relative to the national average. This is not anticipated to change much in the 1980's, particularly in the Prairies where increasing competition for skilled manpower is expected from the energy sector.

62. Given that the problems of skilled labour shortages are being addressed on a national level by the CEIC, no government programs specifically geared to the mineral industry are proposed at this time. The report, however, concludes that the industry will have to do more to attract and retain skilled workers. It will have to continue to pay competitive wages, to broaden categories of certifiable skills, to expand on-the-job training, to improve workplace health and safety and to recruit from non-traditional sources such as women and native people.

63. The record of the mining industry in the employment of native people is far from adequate. Less than 1 per cent of the national labour force in the mining industry is native. Even in the Northwest Territories, where manpower bottlenecks in the mining sector have been particularly acute, and where native people account for 95 per cent of the labour force, only 6.0 per cent of the mine labour force were native in 1978. The report concludes that no new federal programs appear necessary but that the private sector needs to exert a greater effort to recruit, train and retain native workers. On Canada lands, where the Federal Government has direct jurisdiction, consideration could be given to the establishment of terms and conditions for native employment similar to those prevailing in northern Saskatchewan, namely, quotas, work environment modification, company-sponsored programmes for commuting, training, and financial and managerial assistance to native service businesses.

64. Workplace health and safety is emerging as a major issue in the mining industry, particularly since this sector has significantly higher fatality and accident rates than any other industry in Canada with the notable exception of the forestry and fishing industries, which have roughly similar records. Because of the importance of this problem and the way that the public perceives the Federal Government's role in this area, the report recommends that the Federal Government: coordinate with the provinces in data gathering and analysis; develop model standards representing state of the art applications of regulations and technology as general guidelines and for application in areas under federal jurisdiction; rationalize responsibility for health and safety at the federal level within the Department of Labour; reference the Ontario Health and Safety Act in the Canada Labour Code; and increase research and development in the field of health and safety particularly in the Canada Centre for Energy and Mineral Technology (CANMET).

65. The issue of pensions in the mining sector is becoming of increasing concern in labour negotiations, as the demographic structure of the general population changes and workers see the value of their retirement savings eroded by inflation. Pension plans in Canada including the mineral industry generally fall short in terms of coverage, vesting, portability and survivor benefits. A particular problem in the mineral industry is the inadequate vesting and portability of pensions, which coupled with the high attrition rate in the sector, means that many employees in the industry will never be eligible for a pension. The report concludes that this problem can only be adequately dealt with at the national level through legislated minimum standards or augmented Canada/Quebec pension plans. However, in the meantime, the mineral industry is urged to proceed on its own in reforming privately sponsored pension plans to meet the criteria for good pensions established by the Canadian Life and Health Insurance Association.

L. Environment - Acid Rain

66. As is the case for most industrial activities, mining and mineral processing have the potential of disrupting the environment in which Canadians work and live. The exploration for minerals requires access to relatively large areas of land which could conflict with conservationists and native people desiring to protect virgin areas and natural landscapes from any commercial type of activity. After discovery of a mineral deposit, the mining of it, particularly, if it is by open pit methods, can affect the aesthetic quality of the nearby environment as well as have more important and profound off-property effects on water quality. After the resource is mined, it can be either exported or processed in Canada. If processed within Canada, water and air quality can be affected by contaminants disposed in the tailings or through flue gas stacks into the atmosphere. One of the more serious environmental problems today is that of acid rain caused by the emission of sulphur dioxide and nitrogen oxides into the atmosphere. This has become a major concern and the subject of much study in Canada and internationally.

67. With respect to environmental issues, the report deals only with the problem of acid rain. This does not mean that there are no other environmental problems in the sector but simply acknowledges that the industry in Canada is a major contributor to acid rain and that acid rain is a major problem of national concern.

68. Generally speaking, sulphur dioxide is responsible for about two-thirds of the acidity in precipitation, the other one-third is due to nitrogen oxides. Given the present state of the art, the sulphur dioxide problem appears to be more tractable than the nitrogen oxides problem. Therefore, attention has been and should continue to be focussed on sulphur dioxide emissions, the major contributing source of acidity as well as the most tractable problem.

69. The acid rain problem, though not confined to one area of North America, is particularly acute in eastern Canada and the northeastern part of the United States. The major emission source of sulphur dioxide in eastern Canada are non-ferrous metal smelters which emit well over 40 per cent of total emissions in eastern Canada. In the United States, the major emission source are fossil fuel fired electrical generating stations which account for well over 60 per cent of all emissions. In terms of deposition, about 50 per cent of the sulphur dioxide that falls in eastern Canada in the form of acid rain comes from the United States. Canada's contribution to total United States depositions is about 10 per cent.

70. While the ecological effects and health hazards of sulphur dioxide pollution are still poorly understood, there is unrefutable evidence to suggest that sulphur dioxide pollution has harmed the environment. The most notable example is the acidification of lakes,

rivers and streams. Though the costs of pollution abatement at eastern Canadian non-ferrous smelters are still to be fully worked out, the available studies suggest that annualized costs of \$120 to \$150 million would have to be incurred to reduce emissions by about 57 per cent. There is, as yet, no estimate of the economic repercussions, in terms of lost production and lost opportunities, that would flow from the imposition of tougher environmental standards. Despite this, it is clear that the acid rain problem is serious and requires that action be taken, in cooperation with the United States, to reduce sulphur dioxide emissions in the next few years.

71. With this in mind, Canada should continue to strive to conclude a transboundary air quality agreement with the United States. For existing facilities, pollution abatement limits should be set on a case-by-case approach. For new facilities, the application of best practicable technology should be a non-negotiable requirement where socially warranted. In essence, all new non-ferrous metal smelters should, at least, control for 90 to 95 per cent of the sulphur in their concentrate feed. Canada, being the downstream victim of transboundary pollution, has to be prepared to take the initial steps in reducing emissions and to keep after the United States to convince the Administration, Congress, interest groups and the general public of the seriousness of the problem.

M. Further Processing

72. Further processing of resources has been a continuing objective of Canadian public policy, with the aim of providing employment, value added, regional development and increased incomes to Canadians. In recognition of the desirability of this objective, the Federal Government, in 1974, amended the Imports and Exports Control Act to provide an instrument which could be used to support the upgrading of resources as an objective. The Foreign Investment Review Agency also examines the extent of further processing in Canada as a criterion in assessing significant benefits in proposals from applicants.

73. The pursuit of further processing as an objective per se, however, must be approached very carefully. The Canadian Mineral Industry can conveniently be divided into five stages: exploration, mining, milling and concentration, smelting and refining and semi-fabrication. The Mineral Industry itself is part of the Mineral System which includes successive stages of fabrication and mineral-based manufacturing. As a general rule, as minerals are processed through the successive production stages, the beneficial impacts on the economy in terms of income, wealth, and employment generation increase. The major exception is the smelting and refining stage. In terms of value added per dollar of ore processed, employment per unit of capital invested,

energy consumption per dollar of output and tax expenditures foregone per job created, the smelting and refining stage is the least beneficial to the Canadian economy of all the stages of production from exploration, mining to mineral-based manufacturing. In addition, the costs of securing mineral smelting and refining plants can be high, due to subsidies required to offset international trade barriers, anomalies in freight rates, implicit subsidies in the form of energy prices considerably below market prices, and pollution costs incurred by mineral processing.

74. Despite these considerations, smelting and refining opportunities in Canada should not be dismissed off-hand if they are economically viable and socially desirable. One of the conclusions of the report is that the volume of non-ferrous mineral concentrate exported from Canada appears to present significant opportunities for domestic processing. If all of this concentrate were smelted and refined in Canada, approximately 3,300 jobs would be created, in five new world scale plants costing approximately \$1.8 billion in 1980 dollars. The possible location of certain opportunities, in north-east New Brunswick and the Yukon, could contribute to the Federal Government's regional employment objectives. However, the report stresses that the public subsidies and tax expenditures foregone that would be required to bring these projects to fruition are high. As well, the capital cost per job created is significantly higher than for other types of activities notably mining, fabricating and manufacturing activities. Therefore, these opportunities have to be weighed against other investment opportunities that could pay a higher social rate of return and generate greater employment at lower public sector costs.

75. The main factors affecting the viability of new Canadian smelters and refineries have been foreign government resource procurement policies, reinforced by tariff and non-tariff barriers. The paper recommends a renewed effort to develop a trade strategy which would provide greater access to foreign markets for Canadian manufactured mineral products.

76. In addition, the paper recommends a number of other public initiatives that could enhance the future competitive position of the Canadian non-ferrous smelting industry and, hence, lead to an increase in investment in this sector. One such recommendation is the intensification of CANMET/private sector research activities into environmentally safe, efficient non-ferrous smelting technologies. CANMET's budget could be augmented after review to support more intensive R & D activities into processing technologies, where such technologies constitute a public good, expected returns exceed the social discount rate, and control of the technology will remain in Canada. Another is the coordination of investment decisions and overseas delivery contracts in order to pool concentrate through a commonly owned world scale smelter which would permit the achievement of economies-of-scale. Current subsidies for smelting and refining in the form of tax expenditures and energy pricing should be reviewed while no new programmes of financial assistance should be considered.

N. Minerals Machinery and Equipment

77. The Canadian mining machinery sector is small when compared to the large size of the domestic mineral industry, currently the third largest in the world. This is one evidence of Canada's failure to use its resource wealth to generate spin-off benefits, in this case, through the creation of a dynamic and vibrant mineral capital goods industry. The depletable character of mineral resources adds an element of urgency to this spin-off issue: once foregone, industrial development opportunities based on depletable natural resources are lost forever.

78. Historically, the performance of the Canadian mining equipment sector has fallen far short of what could have been expected from the size of the domestic market. As evidence, Canada has had a low degree of self-sufficiency in the production of mining equipment. Value added in the industry is low due to the high foreign content of production. The industry has specialized in the lower end of the technology spectrum and, thus, has deprived Canadians of high skilled and well paying employment. The domination of the industry by subsidiaries of foreign firms has produced a situation whereby new technology developed in Canada is often passed on to the foreign parent company for design and patent of related equipment which is then exported to other countries including Canada. Lastly, the lack of turn-key capability has severely limited market opportunities for the domestic industry.

79. Significant shifts in the demand for specific types of mineral processing equipment are expected to occur in the 1980's as a result of: tar sands developments, the continuing shift from underground to open-pit mining, the growing concern for energy efficiency and for quality of life issues, and the increasing substitution of capital for labour. Unfortunately, the areas of high growth potential identified in the report are precisely the areas where Canada's manufacturing capability is limited. The implications of this are obvious. Unless strong public action is taken, this sector, rather than expanding to take advantage of new market opportunities, could, in fact, contract in relative terms. (Several of the steps proposed in the report to deal with the issue are consistent with current initiatives of Industry, Trade and Commerce.)

80. In order to enhance this sector's contribution to the Canadian economy, the report recommends that the following steps be taken. First, a domestic procurement policy be developed and enunciated for major mineral developments. As an example, where feasible and without prejudice to the mining industry's competitiveness, procurement from Canadian sources could be required in new mining projects which receive any federal funding, including the provision of infrastructure. Second, the foreign ownership issue and the associated truncation arising from branch-plant structures, particularly in strategic sectors, should be examined with the view of granting world product mandates to Canadian subsidiaries of foreign firms. This product mandate could cover: (i) product development (R & D and design), (ii) production for world markets and (iii) international marketing.

81. Third, the links between the mining companies, the engineering, project management and construction companies (EPC) and the mining equipment manufacturers need to be strengthened by fostering an expansion in Canadian EPC capability. In addition, serious consideration should be given to the establishment of a Canadian consortium of engineering and construction firms, mining equipment manufacturers and perhaps some mining firms to compatibilize equipment design and jointly market mine/mill/smelter/refinery complexes, with possible public equity participation if necessary.

82. Fourth, it is imperative that an export promotion strategy be formulated specifically for this sector and that mining equipment manufacturers are informed and make use of the wide variety of government programs and instruments for export promotion that are already in place. Fifth, CANMET R & D expertise and research efforts have to be focussed and directed to stimulate the expansion of the domestic minerals equipment sector to take advantage of domestic and export markets.

0. Science and Technology

83. For purposes of the report, Science and Technology activities are defined to cover the geoscience base, mineral exploration, mineral production from mine development to mineral-based manufacturing, and mineral consumption. Government is involved with industry at all stages of S & T, but the relative importance of government S & T is not uniform over the mineral system. In the past, government has been most active at the geoscience stage and, to a lesser extent, at the mineral exploration, mining and processing stages and considerably less active at the mineral-based manufacturing and consumption stages.

84. The paper identifies four broad areas (specific examples are provided in the text) that require new or refocussed S & T in order to enhance the quality of mineral development in Canada, irrespective of whether this S & T is conducted by the private or public sectors. These needs are:

- (1) a better understanding of the natural processes that formed mineral deposits and their geological environments;
- (2) the development of better methods and technologies for the exploration, mining and processing of minerals;
- (3) a better understanding of the ways in which mineral activities affect the environment and worker health and safety, and the development of methods and technologies to minimize their deleterious effects; and
- (4) an enhancement of exploration and R & D efforts to discover new deposits and improved technologies with respect to strategic minerals within the context of the security of supply issue.

85. The federal government currently provides and facilitates a wide range of programs and services to the economy which fall under the heading of science and technology in support of mineral development in Canada, spanning many sponsoring authorities, including EMR itself, DINA, NRC, CCA, NSERC, ITC, CPDL, DREE, etc. The diversity of agencies indicates the importance of effective coordination of the various efforts.

86. Mineral S & T can be divided into two broad classes or categories: earth sciences programs and minerals technology programs. The first category involves activities aimed at enhancing geoscientific knowledge and developing exploration technologies. The latter includes activities aimed at developing and diffusing technologies used at the various stages of the mineral processing system. The involvement and role of government S & T in the geoscience area can be established in a fairly clearcut way and supported on the basis that the service is of a public nature, that is, on the public good criterion. The role of government S & T in the development and use of technology at the various exploration and processing stages of the mineral system, however, cannot be established in a precise and clearcut manner. There is clearly a role for government S & T in providing certain goods that can be classified as public goods or aimed at meeting social objectives in the area of health and safety and the environment. But except for these special cases, the development and use of minerals technology should normally lie with the private sector. The difficulty, however, is that the private sector may not always fulfill its role or take advantage of opportunities. This would tend to call for government action either to: (1) do the research not done by the private sector, or (2) alter the environment within which private research is conducted in order to foster more or special R & D activities. With respect to the development and use of new production techniques and processes, the report concludes that there is a need in Canada to ascertain the level, type and adequacy of R & D done by the private mineral sector as well as an assessment to see whether Canada lags the rest of the world in the use of advanced, latest, or best practice technology and production process. This inventory-taking of the state of technological development of the industry is a prerequisite to the development of a strategic plan of action to counter the deficiencies of the private sector in this area.

87. The paper provides a general framework for the setting of priorities for the Federal Government's earth sciences and minerals technology programs. Under the earth sciences program, the priorities set out are:

- (1) the development of a standardized and consolidated national geoscience data bank;
- (2) the development of regulations for the release of specific earth science information acquired by the private sector to governments and the public;

- (3) the development of sophisticated exploration technologies;
- (4) the development of mineral deposit predictive models;
- (5) reversing the current shortage of geologists and geophysicists.

For the minerals technology program, the priorities that have been identified are as follows:

- (1) the continuous monitoring and assessment of technical processes used in Canada in relation to current best available technology;
- (2) the coordination by EMR of federal mineral S & T;
- (3) the increased disclosure of technical knowledge (including geoscience) as a requirement for new investment under FIRA;
- (4) the improvement of the use of information, knowledge and technology in the Canadian Mineral Industry; and
- (5) the coordination by EMR of existing technology demonstration projects and the diffusion of mineral S & T.

Many of the priorities above are of an institutional nature. This chapter and others of the report identify specific S & T priorities.

P. International Marketing of Minerals

88. The Canadian minerals industry has evolved largely as a producer for foreign markets in an open international economic environment. While the industry has developed and thrived under its export orientation, it has, nonetheless, faced a number of persistent difficulties of an international marketing character. The most important of these is the failure to appreciably penetrate foreign markets for fabricated and manufactured mineral-based products. Even for processed minerals (e.g., refined metals) Canadian-based firms have encountered difficulties in increasing their penetration of foreign markets. The major obstacles have been foreign government discriminatory procurement policies and tariff and non-tariff trade barriers.

89. Canada has tried on a number of occasions through various international fora to have these barriers eliminated or, at least, reduced. Unfortunately, our success in this area has been very limited. The report offers no new solutions but reiterates that efforts along those lines should continue and that more emphasis be placed on bilateral negotiations, particularly with Japan, the EEC, and newly industrialized countries such as Brazil and South Korea.

90. In view of some of the challenging changes occurring in the international minerals environment (e.g., changing patterns of global mineral consumption, supply security orientations of major importers, changing institutional structures governing minerals trade), it may be that a new form of mineral marketing enterprise could constitute a useful supplement to the marketing efforts of mining companies. A preliminary analysis of a number of marketing enterprise innovations has led to the conclusion that if the proposed National Trading Corporation is established, consideration should be given to the creation within it of a Minerals and Minerals Products Division. Such a Division could enhance export performance by (i) fostering "government to government transactions", (ii) entering long term "security of supply" contracts and (iii) undertaking market reconnaissance and export promotion activities, particularly for semi-manufactured products. Since the establishment of the National Trading Corporation is currently under consideration, the most appropriate course of action concerning institutional innovation in minerals marketing is to await the outcome of these deliberations.

91. In recent years, a variety of mineral programs, policies, and institutions have evolved in Japan, Germany, France and the United States designed to increase security of supplies of strategic minerals. These mineral procurement strategies have not as yet seriously affected Canada as a mineral exporter. They are, however, worrisome and have the potential of becoming harmful if the industrialized countries were to subsidize overtly the production of strategic materials in countries competing with Canada for foreign markets. At the same time, however, the report stresses that this offers an opportunity to Canada to sell herself as a secure supplier of minerals some of which are strategic. In this way, international markets for our exports could be enlarged.

92. Less developed countries, particularly commodity exporting nations, have, for the last few years, been seeking a greater share of the world's wealth and power. They have been trying to redress what they perceive as an imbalance in the terms of trade. Falling prices in real terms, coupled with erratic price fluctuations for many raw materials, they argue, have hindered attempts at industrial development and diversification. In an attempt to rectify what they perceive as inequitable, some developing nations have attempted to adopt concerted action to redress this imbalance. Except for OPEC, none of the attempts to establish mineral cartels have borne much success so far, for any sustained period of time, and are unlikely to do so in the future. In fact, the report emphasizes that there is little possibility of significant long-term gains or losses to Canada from cartel action due to the non-viability of mineral cartels for more than short periods of time.

93. The Canadian response to attempts to manage international mineral markets through commodity agreements reflects our unique position as a large producer and exporter as well as a large consumer and importer of minerals. If intergovernmental cooperation is required, the general policy has always favoured a recognition of the rights of both producers and consumers as the basis for bargaining in international commodity arrangements. The paper recommends that this policy be continued. But the present policy of not joining producer associations, whose main purpose is to share data, information and market intelligence, be reconsidered. Canada might benefit by joining other exporting countries such as Australia in producer associations such as CIPEC, the copper producers' association, or the Association of Iron Ore Exporting Countries.

94. Given the Reagan Administration's refusal to accept the terms of the Law of the Sea Treaty, negotiations on it are likely to be reopened. If this were to happen, Canada would have a second chance to defend the interests of its land-based nickel industry. The best defense of the industry would be through the maintenance of fair competitive practices and a liberal trading regime. Therefore, Canada should advocate forcefully the inclusion in the treaty of a comprehensive anti-subsidization clause and a free market access clause rather than tinkering with floors and ceilings for land-based and deep-sea production. The free market orientation of the present United States Administration improves the prospects of such an agreement.

Q. Interdepartmental Issues

95. With respect to interdepartmental issues, the report notes that many of the policies which affect the mineral industry are subject to the control of departments other than EMR. Moreover, the report highlights the importance of analyzing and evaluating the sectoral impact of functional policies (taxation, environment, trade, infrastructure, etc.) prior to their implementation. As well, some departments have indicated that their knowledge of and information on EMR activities pertaining to policy development and science and technology is less than perfect. For all of these reasons, the report suggests the establishment of a coordinating mechanism to be called the Senior Interdepartmental Committee on the Mineral Industry, chaired by EMR. This committee would act as an umbrella organization for the various committees which already exist to deal with specific issues related to the mineral industry.

96. The report concludes that certain macro-economic policies, specifically exchange rate policy, have a crucial impact on the export-oriented natural resource sectors. It, therefore, suggests that an advisory committee on macro-economic policies consisting of the resource departments on the one hand, and the central agencies (Finance, MSED, PCO, TBS) on the other hand be established in order to evaluate and comment on the sector impact of macro-economic policies.

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