



Mines Ministers' Conference

Action Plan 2002

Mindful of the vital role that the mining industry plays in the lives of all Canadians, Ministers were impressed by the quality and relevance of the presentations made by industry associations and stakeholders. Ministers noted that the mining industry directly supports more than 100 communities representing a total population of over 600 000 people. They also noted that recent socio-economic studies and impact/benefits agreements associated with new mine developments across Canada demonstrate the important role of mineral development in contributing to sustainable development at both the regional and community level.

Ministers were pleased to see that as they continue to work to ensure that government regulatory and taxation regimes are fair and workable, industry is making sincere efforts to live up to the social and environmental responsibilities that, while incumbent on us all, are particularly visible in communities heavily dependent on a single employer.

Industry stressed the need for government-funded geoscience information to provide a foundation for exploration and thus a sustainable mining industry across Canada. Ministers recognize this need as well as the broader role that government-funded geoscience plays in supporting informed decision-making.

In considering the submissions stemming from Action Plan 2001, Ministers agreed to continued action in the following areas:

- Corporate and Industry Performance;
- Mineral Exploration Funding;
- Orphaned and Abandoned Mine-Site Rehabilitation;
- Gold Sector Support;
- Cooperative Geological Mapping Strategies; and
- Aboriginal-Industry Partnerships.

Based on the discussions with industry and stakeholder representatives, Ministers also agreed to launch new initiatives focused on the following:

- International competitiveness of the mining industry in Canada;
- Implementation of climate change policies;
- Growth and diversification of the diamond industry; and
- Metal recycling opportunities.



Corporate and Industry Performance

Mines Ministers expressed concerns that resource industries have not yet been able to benefit from federal corporate income tax rate reductions announced in 2000 and that certain tax reform proposals being discussed could affect the international competitiveness of the mining industry.

In Action Plan 2001, provincial and territorial ministers expressed the need for a reduction in the federal corporate tax rate for the mining sector, in keeping with reductions for other industrial sectors. Ministers mentioned that this reduction should not affect any specific allowances currently granted to the industry with regard to the particular nature of the sector such as the resource allowance and accelerated depreciation. Ministers are recommending that Finance Canada should continue to hold provincial/territorial discussions on tax reform prior to finalizing the new tax structure.

Considering the budgetary consultations in progress in the federal government, the Minister of Natural Resources Canada undertook to continue dialogue with his colleague, the Minister of Finance, regarding the impacts of various tax treatments on the mining sector.

Provincial and territorial ministers will continue to seek tax improvements in their jurisdictions.

Mineral Exploration Funding

Ministers were pleased with improvements in current exploration spending across Canada resulting from incentives put in place by various jurisdictions.

Noting that recovery in the exploration sector is far from complete, and that the fiscal and budgetary measures put in place by various governments in recent years are only beginning to achieve desired results, ministers shared industry's view that further steps must be taken to ensure new discoveries and the renewal of reserves of many commodities in Canada.

In accordance with recommendations of the Intergovernmental Working Group, Ministers agreed that the Minister of Natural Resources Canada will inform his colleague, the Minister of Finance, about the need to:

- Extend to December 31, 2004, the Investment Tax Credit for Exploration, with consideration given to another one-year extension; and
- Extend by one year the allowed spending period for the money raised in the final year of the program.

Concerned provincial mines ministers will, as well, inform their colleague ministers of finance of these recommendations.

Ministers also agreed to extend by one year the mandate of the Intergovernmental Working Group, asking for a final report at their next conference.

Orphaned and Abandoned Mine-Site Rehabilitation

Ministers agreed with stakeholder and industry representatives that continued emphasis on the development, in the short term, of strategies related to rehabilitation of orphaned and abandoned mine sites adapted to the needs of each jurisdiction is a priority.

In continuing the mandate of the multi-stakeholder advisory committee, Ministers asked that:

- Issues related to regulatory and institutional barriers to collaboration be studied;
- Guiding principles and a best practices guide to foster meaningful community involvement be developed;
- Accurate data management and a prioritization process be developed; and
- Funding approaches and preferred options be documented.

Furthermore, Ministers asked to obtain specific recommendations related to these issues for their next conference.

Gold Sector Support

Ministers supported the recommendations of the Joint Government-Industry Working Group on Gold, facilitated by Ontario and Québec. Ministers expressed their appreciation to all those who participated in that process.

In particular, Ministers agreed to encourage research and development in identifying new industrial uses of gold, promote the use of gold in a wide variety of applications, and continue efforts to revise policy on the sale of gold reserves by Central Banks and international institutions.

Mines Ministers mandated the joint Government-Industry Working Group on Gold to monitor and report progress on the implementation of these decisions when appropriate.

Cooperative Geological Mapping Strategies

Ministers agreed with industry that the acquisition and dissemination of accurate and up-to-date geoscience information is a critical element of both private and public sector decision-making.

Ministers were unanimous in their support of continuing efforts to develop strategies to foster ongoing support for geoscience initiatives. The Minister of Natural Resources Canada will continue to seek the funding needed to implement the federal component of the cooperative mapping strategies, while provincial and territorial ministers are willing to develop and finance their share of their own strategy adapted to their specific needs.

Aboriginal-Industry Partnerships

Ministers took note of the progress made in many jurisdictions with respect to this important issue. It was recognized that mineral development activity offers an important opportunity for Aboriginal communities to benefit from associated social and economic impacts.

Ministers supported the formation of a multi-stakeholder advisory committee on Aboriginal-Industry Partnerships with strong linkages to the intergovernmental committee on Aboriginal Participation in Mining. Over the next year, the advisory committee will organize a workshop to review existing programs and best practices, identify gaps and current needs, and develop appropriate action plans that meet the needs of each province and territory.

Ministers asked for a progress report on these issues for their next conference.

International Competitiveness of the Mining Industry in Canada

Ministers share industry concerns about the competitiveness of the mining industry in Canada compared to its principal competitors on the world market. Ministers agreed in principle with a proposal to commission a study of key factors affecting competitiveness as a guide for future policy development.

Accordingly, Ministers mandated the Intergovernmental Working Group on the Mineral Industry (IGWG) to form a sub-committee to develop terms of reference for the study. Ministers emphasized that this study should be focussed and practical, and asked to obtain a progress report at their next conference. Ministers accepted Manitoba's offer to facilitate the work of this sub-committee.

Implementation of Climate Change Policies

In light of the announcement by the Government of Canada of its intention to ratify the Kyoto protocol, Ministers agreed with the industry proposal to form a joint government-industry study group to monitor policy development and evaluate potential impacts of implementation on the mining sector, particularly with respect to competitiveness, regional equity and innovation.

Ministers asked to obtain a progress report at their next conference.

Growth and Diversification of the Diamond Industry

Ministers examined opportunities and specific considerations related to the development of the diamond industry in Canada.

While generally supportive of the Kimberley Process, Ministers also recognized the need to develop cooperative strategies to maximize value and benefits from all stages (including geoscience, mining, and value added) for Canadians from the emerging diamond industry, including programs that enhance the opportunity for development of secondary industry in local communities. Ministers appreciated the requirement for flexibility in implementing strategies and regulations that meet specific provincial and territorial concerns.

Mines Ministers asked that an intergovernmental coordinating committee be formed from representatives of all interested jurisdictions under the auspices of IGWG, with a mandate to share information, assure full consultation, and coordinate efforts related to the Kimberley Process and the cooperative strategies.

Metal Recycling Opportunities

Ministers acknowledged direct links between development of the recycling industry, innovation and technology development, and sustainable development, citing the fact that the recycling industry currently comprises more than 3500 companies directly employing more than 15 000 persons in Canada. Recognizing the key role of metals recycling to the sustainable development of mining in Canada, Ministers agreed on the need to provide appropriate regulations to facilitate international movement of recyclable materials while protecting the environment.

Accordingly, Ministers asked that a joint industry-government working group be formed, facilitated by New Brunswick and NRCan, to share information and concerns, and propose appropriate actions. Considering the importance of this issue for many communities, Ministers asked for a report at their next conference.

Meeting Again in Halifax

Ministers accepted the invitation of Minister Tim Olive to meet again at the 60th Mines Ministers' Conference in Halifax on September 28-30, 2003.