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**EVIDENCE**

**Wednesday, February 29, 2012**

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**Chair**

**Mr. Dean Allison**



# Standing Committee on Foreign Affairs and International Development

Wednesday, February 29, 2012

• (1535)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** Pursuant to Standing Order 108(2) our meeting on the role of the private sector in achieving Canada's international development interests will commence.

I want to thank our two witnesses for being here today. We have Anthony Bebbington, who is a professor from the Graduate School of Geography at Clark University.

Welcome, Anthony. We're glad to have you here today.

We also have Brent Bergeron, who is here today on behalf of Goldcorp Inc. He is their vice-president of corporate affairs.

It's very nice to meet you. I believe both of you have opening statements. After both of you have spoken, we'll go around the room and ask some follow-up questions.

Anthony, why don't we start with you, sir? You have 10 minutes.

**Professor Anthony Bebbington (Professor, Graduate School of Geography, Clark University, As an Individual):** Thank you very much, and thank you for the invitation.

My comments will focus on the relationships between mining and development, and they draw on a decade of research exploring relationships among extractive industries, social conflict, governance, livelihoods, and development in Latin America. I, along with postgraduate students and a range of research partners, have been involved in that work. The comments also draw on relatively close collaborations with civil society and governmental organizations in the region.

I want to begin by suggesting that rather than talking about development and development projects, it's perhaps more appropriate to talk about the relationship between mining and transformation. The appearance and the expansion of large-scale mining changes so much, so profoundly, that achieving development in such a context becomes particularly complicated and difficult. While these transformations do not make development impossible, they are of such a magnitude that any effort to foster development cannot simply focus on projects. Instead, it must focus on institution-building and regulation. It must also get sequences right. Very often mining expansion happens first and then efforts are made to build capacities later, usually after conflicts begin to emerge. By then it's too late, and the train has already left the station.

With that opening gambit in mind about transformation and the difference between projects and institution-building, I want to

organize my remaining comments around three themes: mining and social conflict, mining and possible pathways to development, and the whole issue of legitimacy and legality.

On mining and social conflict, which has been a topic of our work, not all mining leads to social conflict; however, much does. The Peruvian human rights ombudsman consistently reports that over half of social conflicts in Peru are socio-environmental and related, in particular, to mining and, secondarily, to hydrocarbons. Similar patterns, though not so extreme, are visible in Bolivia and Ecuador, and mining-related conflicts are a particularly serious governance challenge for the government of El Salvador at present.

There's a narrative that says that these conflicts are manipulated. But who is deemed to be the manipulator depends very much on who's making the allegations, and that can range from the communist party to international NGOs to USAID. Those are all from allegations in the last few months.

This very diversity, and who's being accused of agitating, already weaken this interpretation of conflicts. More seriously, it's impossible to explain why so many people take to the streets, risk their physical safety, and invest so much time in protesting, if they're simply being manipulated. It seems more reasonable to conclude that their own motivations and frustrations lead them to put themselves in harm's way and to run such risks. I think it's also worth noting that in many cases people who are protesting and questioning are often themselves capitalists, agricultural producers, dairy farmers, fruit exporters, and the like.

So how do we understand this conflict?

I think one way into it is to look at maps of mining concessions, which are at the end of my paper. Those maps reveal that very significant areas are already affected by mining concessions. They reveal concessions overlapping with water resources. Fifteen of Peru's largest rivers have 25% or more of their drainage basin under concession. They reveal concessions overlapping with other forms of governing territory. Some experts calculate that about 55%—at least over half—of Peru's registered peasant communities are affected by concessions, and concessions overlap with landscapes that mean something to many people.

Of course, concessions are not mining projects. Projects cover far smaller areas.

So what do these concession maps tell us?

I think, from our research, that they can be best understood as maps of uncertainty. When people know that their land has been concessioned, their understanding of the future changes profoundly. They perceive new risks, new threats, and new opportunities. How much threat they perceive depends very much on the context in which they are living. In cases like Peru and El Salvador, where a whole range of people worry so very much about water, it's not surprising that people mobilize, worried about the effects of concessions on water sources.

Now while some people see threats, others see opportunities. Indeed, a recurrent feature in our research has been that the areas that are caught in the expansion of mining are characterized by severe internal divisions. Just as an illustration, in 2008, I was present as an invited speaker at the public consultation of Ecuador's Constituent Assembly on mining. We went to Loja and Zamora Chinchipe, a region where Canadian mining actually happens to be active. At two meetings, each with around a thousand people, the room was divided down the middle by police. It's the only time I've ever spoken to a room divided by police, and hopefully it will be the last time.

Much more detailed work at a local level by one of my graduate students shows how that polarization reaches into everyday life. School kids shoot notes or fight in playgrounds depending on whether their families are pro- or anti-mining. People's decisions on where to buy food, where to have their hair done, or even what taxi to take depend on the whether the provider is pro- or anti-mining. Shopping, she notes, has never been so complicated.

• (1540)

Under conditions where everyday social relations have become so polarized, achieving development is that much harder.

I also want to say one more thing about social conflict before moving to my next point—very quickly—and it has to do with the effects of fiscal transfers on conflicts. One of the primary contributions, of course, to the extractive industries is through the taxes and the royalties that they pay.

A colleague of mine, Dr. Javier Arellano-Yanguas, has shown through very careful econometric work and field study that, in the last few years, the primary source of conflicts in Peru has been related to struggles over, and conflicts over, what to do with these tax transfers. Groups struggle to get access to local government to control those resources. Groups inside communities struggle to control those resources. Neighbouring administrative unions struggle to get increased access to those resources. The submission has an example, which I won't speak to now, that shows one case of how that works out in practice.

I have just a few words about conflicts. I want to say something about mining and pathways to development, related to this observation on conflict, because such conflict is undesirable in itself. It's a negative development outcome, but it also affects other possible links between mining and development.

Discussions on mining and development generally identify three pathways through which mining can contribute to development: through multiplier effects, such as employment service purchasing and so forth; through CSR and community development programs;

and through these tax transfers to local authorities. These pathways, however, don't occur automatically. They require institutional, organizational, and social conditions to be in place if they are to operate. The first pathway needs organizations that will train skilled labour that can respond to the demands of companies. The second pathway requires that CSR and community development initiatives of companies have a degree of autonomy from the other operations of companies, so they can respond to development dynamics rather than mine dynamics. The third pathway, above all, requires relationships of trust and collaboration in society so that people can agree on what to do with these fiscal transfers, which are so significant.

There are critical questions there. Do those institutions that need to be there actually exist? Can they be built, and how easily? Does the presence of mining facilitate or undermine that process of building these institutions?

I think the answer to the first questions is very often, no, they don't exist. To the second, generally, yes. They can be built, but this takes time and should precede the expansion of mining. The troubling question is really the third one, because I think there's reasonable evidence to suggest that in many cases—and the comments on conflict beforehand suggest this—the presence of mining can undermine the very social institutional arrangements that need to exist for mining to be translated into development.

I won't speak anymore on that because my time's running out.

I want to say something now about legitimacy.

I shared a panel with a twice-former minister of energy and mines in Peru. The minister, by then, ex-minister, once said that what matters most is not legalities around mining, but questions of legitimacy. If distrust and uncertainty are so dominant in areas affected by mining, and if trust is so central to economic development and to the fostering of partnerships, and if actors and processes must have some legitimacy before others will begin to trust them, then it is absolutely vital to seek that legitimacy.

Of course, not all companies are of the same feather, but the point I think is an important one. If a Canadian company in northern Ecuador even appears to be associated with the use of force as it pursues its legal rights, what does that do for the possibilities of partnership and trust in the future? Or if a different Canadian company in Central America professes its commitment to development, but then pursues a legal case against the government of El Salvador for various tens of millions of dollars, how legitimate is its claim to being committed to development going to appear to the Government of El Salvador and the population of El Salvador? How will that contradictory combination of orientations affect the claims of other Canadian companies that they are committed to development?

Questions of legitimacy apply to the sector more generally, as well. As long as governments have minimal professional and technical capacity to exercise binding environmental oversight over companies, many people will simply not believe in the environmental claims of mining companies through no fault of the companies themselves. El Salvador's office to regulate mining, for instance, only has three professionals to regulate the whole sector, and none are trained in environmental or mining sciences.

Until the approval of environmental impact assessments and the monitoring of the environmental and social performance of mining companies are placed in autonomous environmental authorities that are independent of the executive office, the approval of environmental and social impact assessments will always have legitimacy problems with the population.

• (1545)

We conclude from our work so far that these are the sorts of long-term institution and capacity building that need to precede the expansion of mining, if that mining is going to have the legitimacy it needs to contribute to development. Once again, the link between mining and development is not a question of development projects. It's a question of institutional development and addressing institutional constraints.

Also related to these thoughts on legitimacy, I have one final observation. My comments have really not been Canada-specific, but the case of Canada does come up in our research and our interviews. I want to share three quotations—two are literal and one is paraphrased.

The first two are from a pretty middle-of-the road minister of environment in Latin America who is concerned with mining. He said to me, in the context of a discussion about mining and Canadian policy, "I don't know if Canada has been quite so discredited in its history." Then he went on to say, "I don't think they really care."

My paraphrasing of a quotation from a then sub-secretary in a ministry of energy and mines is, "As far as I can tell, the Canadian ambassador here is a representative for Canadian mining companies."

It seems to me that these sorts of comments matter. They're not from raving, left-of-centre activists. They're not from MiningWatch. They're from politically appointed technocrats trying to build public policy, and address questions of poverty and vulnerability in very practical ways.

If someone were to say similar things about my faculty members in my department then I would conclude that something was seriously wrong.

Thank you very much.

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

We're now going to move to Mr. Bergeron.

**Mr. Brent Bergeron (Vice-President, Corporate Affairs, Goldcorp Inc.):** *Bonjour.* Good Afternoon.

Mr. Chairman, honourable members of Parliament, thank you for the opportunity to present before the Standing Committee on Foreign Affairs and International Development.

As the second-largest gold producing company in the world by market capitalization, Goldcorp is very pleased to appear before the committee to share with you our view on how Canada's international development initiatives can be enhanced by the participation of the private sector. However, before sharing our experiences, challenges, and opportunities with regard to the role of the private sector, allow me to briefly describe our company and operations.

Goldcorp is a Canadian gold mining company with its head office in Vancouver, and a worldwide workforce of approximately 14,000 employees. If you take a look at a world map where Goldcorp currently has its operations, you would think that we were focused on the Americas. We have operations in Canada, United States, Mexico, Guatemala, Dominican Republic, Chile and Argentina. However, the majority of our company's production still remains here in Canada, representing 47% of total production. Mexico is in second place at 23%, and Guatemala is at 16%. Our mines in Dominican Republic, Chile, and Argentina are under construction. At the beginning of 2012, our company announced our commitment to the construction of both of these projects in Chile and Argentina, which represent an approximate investment of \$5 billion.

Our company is known for being a growth leader in the industry, and a company that is responsible and welcomed in stable jurisdictions with low political risk.

While Goldcorp continues to expand significantly at the international level, we are also committed to managing and expanding our operations in Canada. Goldcorp currently has three mines in Ontario and one under construction in Quebec. The mines in Ontario collectively produce 1.2 million ounces of gold, which represents 80% of the gold produced in the province of Ontario.

Our other Canadian mining project, which is currently under construction, is located in northern Quebec and represents an investment of \$1.8 billion.

The reason for mentioning these operations is to demonstrate that our experience with our operations and stakeholders, whether government, aboriginal groups, or academic institutions, has led, and continues to lead, to significant economic and social growth. For example, our company recently signed a collaboration agreement with the Cree Nation of Wemindji for the development of our Quebec project. The agreement, considered to be the first of its kind in Quebec, included the creation of several joint committees with Cree officials dealing with jobs and skills creation, education, and economic and business development activities.

To date, the significance of this agreement has been impressive. In 2012, Goldcorp awarded \$49 million dollars worth of contracts at this mine in Quebec. Of this total amount, \$39.7 million was awarded to Cree companies, which represents 81% of the total contracts awarded. This is a clear example of how a previous development project in Canada, which was the James Bay hydro project, led to the economic and social development of communities in northern Quebec. The Cree leaders had the vision and capacity to use the funds derived from this project to reinvest in their communities, develop the skills of their people, and invest in businesses that now supply Goldcorp and other projects in the region.

The most important aspect of the development activities was to increase the capacity of these communities to negotiate collaborative agreements with large multinational companies, in this case Goldcorp. With this collaborative agreement the Cree Nation will directly benefit from the success of the mine. This is the model we strive for at all of our international operations, and we have encouraged Cree officials to also reach out to local communities to share their positive experience where we operate.

However, challenges do exist when our company attempts to replicate similar collaboration agreements in other areas of the world. Our challenges often deal with the lack of capacity of local governments and businesses, the lack of capacity of national governments to provide essential services that are necessary for the social and economic benefit of local communities, and the lack of adequate skills and labour to provide services to the mining operation.

We see this as an incredible opportunity for the private and public sector to significantly contribute to Canada's international development interests. Goldcorp operates under the premise of sustainable prosperity, meaning our mining operations must contribute to significant economic and social development activities in the regions and countries where we operate. As a condition, these activities, whether directly or indirectly related to the mining operation, must be sustainable during and after the life of our mine.

• (1550)

While we do see improvements in the quality of life in the areas where we operate, we also see opportunities to increase this effect by partnering with organizations such as government, development institutions, financial and academic institutions, and non-governmental organizations with expertise in performing and delivering economic and social development activities.

Mining operations are often called upon to provide many basic services to our employees in communities where foreign govern-

ments have traditionally not been able to perform. In addition to job creation, our company also invests in many activities related to health, education, and business creation. As we know, mining companies are very skilled at providing and building the technical infrastructure needed to provide these services. Where we lack the skills and knowledge is in the training of the human capital and resources needed to actually manage and deliver the services within the clinics and the schools that we build, and manage the funds that we directly transfer to communities.

The very fact that our company funds many infrastructure projects also creates challenges for us with local and national governments by creating a dependence on the management and operation of these facilities. While our company has the ability to provide funding for the operation of the facilities, the strategy is not sustainable in the long term. A strategy to decrease this dependence needs to be implemented, and Goldcorp does believe that leveraging the skills of the Canadian government and NGOs will decrease the dependence and, therefore, increase the overall development activities in foreign countries. This is why we suggest that a trilateral partnership could be established with the Canadian government and NGOs, which are more capable of performing economic and social development activities.

From an extractive industry point of view, mining companies make investment decisions that are over the long period. Therefore, we have an interest in ensuring that we are operating in an environment that is considered stable over the long run. Our investments also include funding community development projects, which are an important part of our social licence to operate in communities and countries.

If governments believe that the extractive industry can contribute significantly to the economic development strategy of their country, they must ensure that they have the necessary capacity to regulate, monitor, and report on activities of operating companies. Perceived increased stability and confidence in their ability to accomplish these activities will result in an increase in foreign investment, thereby allowing the government to increase their revenues and provide more basic services to their communities.

By also participating in this partnership, non-governmental organizations will have further ability to capitalize on funding for extensive development activities in these communities.

Overall, this type of trilateral partnership will achieve the main objective that all three parties strive for; that is, increasing the social and economic benefits to the communities where our industry operates, and also the country as a whole. Therefore, to be successful, we need to implement these types of private-public partnerships, which will lead to the increased effectiveness of Canada's development initiatives, and certain criteria should be met.

Partnerships must include increasing the capacity of national and local governments in regulating, monitoring, and reporting on the extractive industries in their respective countries. Development activities must ensure that transparency initiatives within the development process are included, while advocating strong consultative processes with local and municipal communities. There must be a commitment by all parties to implement activities that are sustainable in the long term. We must also further partnerships with NGOs and government institutions that can supply much of the technical skills to increase the potential benefit of CSR activities. Finally, partnerships need to be established with the donor communities. This will increase credibility, and will bridge the path to long-term sustainability.

Goldcorp firmly believes that these types of strategies, which promote strong cooperation within the private and public sector, will enhance Canada's international development initiatives.

In addition, we believe that such partnerships will contribute to preserving the integrity and reputation of Canada's extractive industry as a strong contributor to economic and social development in the countries where we operate.

Thank you very much.

• (1555)

**The Chair:** Thank you, Brent.

Now we are going to go around the room from party to party asking questions.

We're going to start over on my left-hand side with Ms. Sims, first, from the NDP. You have seven minutes.

**Ms. Jinny Jogindera Sims (Newton—North Delta, NDP):** Thank you.

I want to thank both of you for the presentations you've made here, and to make clear, at the outset, that we are here looking at the role of the private sector in our international development work, so any comments or any questions we ask are not related to work that is done here in the mining industry. I wanted to separate the two at the outset.

One of the points you just made was very telling for me. You said that NGOs are often best suited for long-term, sustainable development work, and that they have experience. What more do you think we could do to support those NGOs so that we can do long-term sustainable work, and build up strong civil societies in an ongoing way?

**Mr. Brent Bergeron:** We believe there are a lot of very good NGOs operating both at the international and the local levels, which in the past have had certain issues about joining forces with the extractive industry in terms of it damaging their credibility with the local communities. It has been a challenge for us. We've found that there are more NGOs lately that have come forward and have expressed an interest in terms of being able to cooperate with the extractive industry, and Goldcorp per se.

We believe that the role of the government can add even more credibility to this type of activity by bridging the gap in between these organizations, which are doing very good work locally, and

partnerships with the different corporations, so that we can actually capitalize on more funding for certain types of projects.

• (1600)

**Ms. Jinny Jogindera Sims:** Thank you very much.

On a similar note, you could also have these NGOs, through CIDA projects and others, doing great parallel work on their own, and your corporation—not just you, others—could be doing your work, as far as your social responsibility is concerned.

But my next question is actually for Mr. Bebbington.

While foreign direct investment does play a key role in alleviating poverty in the developing world—and I don't think any of us doubt that—there are some questions around the economic benefits from the extractive industry. In fact, in Goldcorp's 2010 human rights impact assessment report, on page 155—and I know that you've all memorized the report—there is this statement:

From a human rights perspective the temporal nature of the economic stimulus presents a risk that the end result will be more negative than positive.

Can you please comment on the relationship between poverty reduction and the mining industry?

**Prof. Anthony Bebbington:** One comment is that in the countries in which I work it is a highly contested relationship. I would say, empirically and analytically, the jury's out as to what the conclusion would be. In the countries in which we work, let's take Peru, in particular, while the primary argument that is made is that the channels through which poverty reduction might occur are the three that I noted, plus the payment of taxes, that then gets used to finance national cash transfer programs essentially, social investment programs that are cash transfers, conditional or not. So I think there's a series of questions that can be raised about those mechanisms, which isn't to denigrate them, but to ask how far conditional cash transfer programs are going to have a sustainable effect on poverty reduction, as opposed to being mechanisms for poverty alleviation. So there are design issues there. Then there are the sorts of questions that I was trying to raise earlier about the effects of fiscal transfers on local development dynamics.

Another set of questions, which I think are perhaps more significant still, are related to the effect of a significant dependence on extractive industries for the broader diversification of the economy, both within a territory, at a subnational level, and nationally. To the extent that a commitment to extractive industry doesn't translate into a diversification of the economy, poverty reduction ultimately continues to depend upon cash transfers paid through taxes or paid through these programs, and so will only continue as long as extraction continues to proceed. Once the extraction comes to an end, the absence of a diversified economy, which can provide other employment opportunities that are not dependent upon the mineral value chain, will mean that the possibilities of sustained poverty reduction are not going to be realized.

One can ask questions about these particular mechanisms, but the broader question relates to how far a diversified economy that goes beyond extraction can emerge, under circumstances where extraction is the primary player within a subnational economy or a national economy.

**Ms. Jinny Jogindera Sims:** Thank you very much.

One of the issues we hear about is that companies, when they go in, will say, yes, we built a school. We built a hospital. We provided health care. One thing that always gets to me is that those are always done on a temporary basis. Once the mining company leaves, who's going to run the school and who's going to run the hospital? We don't see the kind of systemic, long-term developmental change that we need to see.

What could be done to ensure there are long-term diversification and long-term development, which are sustainable beyond the company's departure?

**Prof. Anthony Bebbington:** Prior to doing work on extractive industries, I spent a number of years working on non-governmental organizations and their role in development. One of the recurring critical observations made on non-governmental organizations, including by their own governments, was precisely that. These are projects, but then when the NGO goes, the project falls apart and the effects are not sustained over time. It seems to me that as one thinks about the relationships between extractive industries and development, there are a lot of lessons that can already be drawn from this earlier commitment to NGO-led forms of development.

What might be done? I think there is a series of issues to do with looking for instruments that can foster the diversification of the economy. Back to that—instruments that would separate the flow of investment resources from the extractive industry—it strikes me that there is also a lot to be learned from the Ford Foundation's experience with community development foundations. One can imagine the use of surplus revenue coming from extractive industries and being invested in community foundations, which could have a national orientation or a regional, sub-national orientation, that would operate independently in sectors such as investment in new enterprise possibilities, and so on and so forth.

• (1605)

**The Chair:** Mr. Bebbington, I'm going to have to cut you off. We can maybe pick this thread back up another time. We're over time a little bit here.

We're going to move over to Ms. Brown. You have seven minutes, please.

**Ms. Lois Brown (Newmarket—Aurora, CPC):** Thank you very much, Mr. Chair.

Gentlemen, thank you for being here with us today. It has been a very interesting investigation into this topic on the part of this committee.

Mr. Bebbington, I find it interesting that you are talking about Peru in particular. We had Hernando de Soto here on November 22. One of the things he told us was that 63% of the property in Peru is owned by women. Women are obviously making some decisions on their own futures. I find that very interesting.

I want to turn the tables a little bit, though. A month ago, I was in South Sudan. These are going to be questions directed to both of you. Mr. Bergeron, I may flip back and forth here. I was in South Sudan. It is a country that has enormous wealth in oil. There are also agricultural possibilities there. They believe they have mineral resources. I can't comment on that. I don't know. I expect the gold companies are probably doing some investigation there. What we observed in this brand new country is that they are struggling to build institutions and to build capacity to deal with the revenues they have.

We've seen what's happened in Nigeria. I was there a year ago. Nigeria, which has this huge pot of money available to it in oil resources, is finding it exceedingly difficult in the context of that government to handle the money well. I think that Goodluck Jonathan, the current president, is making some real endeavours. But here are countries that have enormous resources and opportunities to really provide for their own populations, yet the populations are desperately in need.

What's missing? How can Canada be a participant in helping a country like South Sudan get on its feet, get the capacity building that needs to be done, help it with its institutions, and help it move forward? Do you have any ideas on those?

**Mr. Brent Bergeron:** I can relate it to one of our examples in terms of something we struggle with. For instance, I'll take our mine in Guatemala. We have gotten into voluntary arrangements in Guatemala in terms of trying to ensure that the royalty payments we make to the national government will go to the local level and build that type of infrastructure locally.

**Ms. Lois Brown:** May I just insert a question here that you might like to address? What kind of tax revenue are you providing to the governments of the countries in which you are investing?

**Mr. Brent Bergeron:** That's a very good question. For instance, in Guatemala, we are contributing...I believe last year it was getting close to \$80 million in terms of taxes and royalties. That's not just to the federal government. We also pay a voluntary royalty to the local government.

That's where the challenge occurs. There was a very good point that was brought up in terms of making sure these types of activities will continue after the life of the mine. We transfer these funds to a local government and we'd like some of the activities we do to be sustainable over the long term, but they don't have the capacity to put forward an economic plan in terms of looking five to 10 years down the road, and saying what they're going to need.

Canadian companies get involved in looking at the local plans and trying to identify the necessary items they need for economic development in the region, but we need to be able to build that capacity in terms of implementing those plans.

Now through our CSR work, we try to build that local capacity. This is where we believe government organizations, and non-governmental organizations also, can assist us in providing training for that local capacity. So when there is an influx of funds that come to them due to an extractive project, they will have the ability to take those funds, invest them wisely in their people, communities, and their businesses so that these types of activities will survive after the mine is gone.

•(1610)

**Ms. Lois Brown:** Do you have any idea what that \$80 million looks like in their total GDP?

**Mr. Brent Bergeron:** I haven't taken a look exactly at that. I know we're one of the largest taxpayers in that country, but I haven't taken a look specifically at how much that is in terms of GDP.

**Prof. Anthony Bebbington:** As an addendum, I genuinely believe there's a sequence issue here. Of course one can't postpone extraction of natural resources indefinitely until institutions have been built, but there is a sense, and I think cases like Nigeria and other historical examples support that sense, that if the extractive economy grows very quickly without significant progress in building institutions to regulate that economy and use resources transparently in ways that foster stronger relationships between governments and citizens, then it's very difficult to catch up after the fact. Once the incentives have been distorted, once politics functions on the basis of access to rents, it becomes very difficult to turn that around after the fact.

So sequencing, which means working on these institutional questions aggressively and systemically early on, and not encouraging a rapid race to extract as much as can possibly be extracted quickly, seems to me to be a very important part of the answer to your question.

I think there is another set of issues, and then I'll stop. Many have made the observation that one of the problems with the rise of extractive industries in societies, such as the ones you're talking about, is that government's attention—because its income primarily comes from extractive industry—is oriented towards the extractive industry rather than the citizenry.

Working on initiatives that can strengthen the relationships between governments and citizens, whether it's through electoral support or transparency initiatives and such, seems to me to be also critical to try to avoid that distortion of government's orientation away from its citizenry and towards extractive industries, given that extractive industries are the primary source of income...even establishing tax-based systems. There's a strong argument to be made that tax and democracy go together.

**The Chair:** Thank you. That's all the time we have.

We're going to move back to the final questioner in the first round, Mr. LeBlanc.

**Hon. Dominic LeBlanc (Beauséjour, Lib.):** Thank you, Mr. Chairman,

Gentlemen, thank you for your presentations. I think there's a lot of substance to reflect on, and both of you have raised issues on which I would like to ask questions. Because of the limited time, I'm

going to try to put two questions, first to Dr. Bebbington, and then after to Mr. Bergeron.

Dr. Bebbington, I think one of the difficulties that surrounds a number of countries where you've done work, or perhaps where Mr. Bergeron has investments, is that conflict arises, whether it's local or regional conflict. Some of it is political instability.

I have a sense that land use planning, and basic elements of social or environmental impact assessment tools or mechanisms, would over the medium and long term reduce some of these conflict areas and give some confidence to local populations, and host or foreign governments.

Do you think that's the case from some of the research or the work you've done?

•(1615)

**Prof. Anthony Bebbington:** I certainly do, particularly in the case of land use planning.

Indeed, there have been initiatives and efforts on the part of local organizations to try to establish basic land use planning procedures as a way of trying to think strategically about the expansion of extractive industries. What tends to happen is that extractive industries invest in places where deposits are, and are accessible, but in ways that are not coordinated with other development initiatives within those regions, so a land use planning process would have many benefits.

Let me mention two that seem to me to be of particular importance. One would simply be planning space strategically so one can foster synergies among different economic activities, and so one can protect certain natural resources, water sources, and so on. That would be a chance to plan strategically, which currently doesn't occur in the sense that the extractive industry investment happens and everything else catches up.

Two, a land use planning procedure that *ex ante* identified certain areas as off limits to mining, or off limits to hydrocarbon extraction, would do an awful lot to improve the legitimacy of the sector. If there were this sense on the part of a populace that even the sector accepted that significant areas were off limits because they were important for water resources, community access, or even for reasons of landscape, but particularly for water resources, that would enhance the legitimacy of the sector as well. Land use planning and supporting efforts to link land use planning with development planning would be critical and would be positive for the sector as well as the population.

On environmental impact assessment there is also a very important role for impact assessment. One of the great difficulties however is that citizens, and even governments, have a hard time making sense of such enormous reports. Work on simplifying environmental impact assessment, and then linking project-level impact assessment to a strategic environmental impact assessment that would be more regional, strikes me as an important way forward as well.

**Hon. Dominic LeBlanc:** Thank you very much.

Mr. Bergeron, I'll put two questions to you, and perhaps we'll have time to hear your answers.

We heard from witnesses earlier—Revenue Watch Institute and other colleagues in your industry—about the Dodd-Frank legislation in the United States requiring companies to disclose payments made to foreign governments. Without getting into the details, obviously there are jurisdictional issues in Canada, constitutional issues about securities regulators, and the devil is always in the details as to how one reports, whether it is a level playing field and so on, and what it means for junior companies. I appreciate that, but as a principle I found it interesting.

We saw some of the confusion—that's the polite way of putting it—that SNC-Lavalin is facing with respect to payments they made or didn't make in Libya. If there were a legislative framework that was level, transparent, and applied in the U.S. to companies trading in the U.S.—and many companies are traded in both jurisdictions—I'm wondering if, in principle, you think there would be merit in that kind of idea, subject, of course, to seeing how it's applied and how it would be implemented.

I was interested in some of the good work your company has done with regard to helping local communities where you have large investments to develop social infrastructure. You said something important, that a partnership between local NGOs, and perhaps government actors as well, is the long-term way to make these investments succeed.

Maybe you could expand on that. I always thought that a company investing a large amount of money in a jurisdiction was questionable. The rule of law is pretty important. If something goes wrong with your lease you want to be able to go to a court and have it enforced. If you have a judicial system that is dysfunctional or corrupt, it's obviously a huge challenge.

Your company won't be training judges or helping to build a judiciary, but perhaps investments or contributions with other partners would help build a courthouse, and then governments could help train those people. It's capacity building. I'm curious how companies as large and successful as yours view that kind of activity from a corporate perspective.

**Mr. Brent Bergeron:** Thank you very much.

On the first issue of Dodd-Frank, Goldcorp shares are traded on the New York and Toronto stock exchanges, so in terms of when that legislation will be coming through, we will be able to do the reporting requirements that are necessary.

The only thing that we see by placing another type of reporting mechanism or regulation here in Canada, is that when I pass by the offices of our financial people, the reporting requirements are getting to be extremely high. That doesn't mean that we shy away from any type of a reporting requirement. We think they're extremely important. We want to try to get as much information out as possible. The burden is extremely high in terms of the amount of work that we need to do. However, if and when Dodd-Frank comes into play, we will be reporting our information according to those regulations also.

In terms of your second question, one of Goldcorp's principal pillars is partnerships. We believe very strongly that, in terms of

only the work we do at our mines but also the work that we do in our communities, it depends on the types of partnerships that we put in place. That was one of the reasons why I brought up our Canadian operations at the beginning, to demonstrate that we have some very good partners here in Canada. The experience that we have here in terms of not just developing very good projects but developing partnerships with local communities, we need to take that experience and export it to other places where we operate.

As I mentioned before, we try to do this, but the local capacities as you mentioned are sometimes lacking. So we look at the priorities of the communities where we are, we look at priorities of the national governments where we operate, and we say that...

I'll give you another example. In Guatemala, I would like to see them modernize their mining regulations. That would add to the stability of the environment within which we deal in Guatemala. Can I go as Goldcorp and start training the Ministry of Energy and Mines? I can't do that. The credibility behind that is not right. However, I think it makes a lot of sense to have a government institution come in to take our experience here in Canada—Natural Resources Canada in terms of their experience—and bring that experience to Guatemala. That's why we're looking to partner with other organizations.

Thank you, Mr. Chair.

• (1620)

**The Chair:** Thank you very much.

We're going to move to our second round.

Mr. Van Kesteren for five minutes.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you both for appearing here with us today.

Mr. LeBlanc sounded like he was quoting Dr. DeSoto when he was here. I don't know if you were here at the time but he showed the importance.... I think he factored in two main issues. Number one was that we expect the governments we're dealing with to be at the same level as we are, and of course, we've gone through this process for a millennium. If you think about England and where we've obtained the parliamentary procedure, for instance, that's just not possible. We try to have the same rules and that's just something that hinders us so much. Property rights was the other thing that he noted as so important in moving these things forward.

Dr. Bebbington, you mentioned something about mineral extraction, and I don't know if I want to talk about that but I'm curious. You said that we should slow things down. When you say that, I think about, for instance, slowing our extraction down. There are probably many people who thought the United States had gone a little bit too far with oil extraction back in the early 1900s, and today we're finding out that there's a whole lot more oil. And that seems to be the history of the world too.

I remember when we first were elected in 2006, peak oil was the big issue, and all of a sudden they were talking at that time of natural gas running out by the end of the century, if we were that lucky to have that. Now they talk about 400 or possibly 500 years, so we keep finding these new resources and we have complications, and that seems to be the history of the world.

I think everybody would agree mining has been a great source of revenue—labour, trade, and then especially building infrastructure. I think about British Columbia when I see those roads. Well, most of those roads were probably built to get to the trees, and once that was established, then of course villages and towns opened up and commerce started to expand from there.

I know you probably want to mention it but before you do, I want Mr. Bergeron maybe to tell us what you've seen as spinoff. And I know many of us have been to Africa. When I was in Ghana, I saw a number of spinoffs from some of the projects that the NGOs were working with and how that started to improve the economy.

Can you tell us about maybe some of the spinoffs? We talk about the \$80 billion, but what about the people who supply your mines and the jobs that are established there, and maybe the new roads that open new frontiers? Are you seeing some of that where there are areas that they can farm and maybe grow coffee? Can you maybe just tell the committee about that a bit?

• (1625)

**Mr. Brent Bergeron:** Absolutely. We saw an important development activity, for instance, at our mine in Guatemala. It was very interesting to us simply because we just completed an economic impact study from the start of the mine to last year, and we tried to see exactly what kinds of spinoffs there were. One of the most important ones was due to the fact that, at one point, a lot of the workers in the area where we operate the mine actually were seasonal workers. They would either go to Mexico, because it's close to the border with Mexico, or they would go to other places in Guatemala to work in agricultural jobs.

We've seen an increase in terms of enrolment in primary schools in the area of about 82%. That's simply due to the fact that a lot of people who are now employed at the mine have permanent jobs in the area. They don't need to take their kids out of school to be able to bring them with them when they do go over to these other jobs. Those have been significant impacts for us, just seeing an enrolment. We've also contributed to the fact that we've built some of the schools where these kids are going.

When we started operating the mine in Guatemala there were no health facilities there at all, so we started handling a lot of the health cases in the area at our mine operation. It started to grow so quickly that we were worried about the number of people who were coming in to the mine, so we built clinics outside the mining area. Now people have access to them. Our biggest challenge there was actually trying to work with the national government, the ministry of health, to take over the actual running of these clinics. Now we have another hospital open, and people have access to health care in the area, so that is an important part.

On the other part, which I think is extremely important, we have seen the creation of businesses in the area that have started by supplying to the mining operation. Now we've also seen them start

supplying to other operations in the area. It's not mining operations, because we're the only one there in that area, but they've become more aggressive in terms of looking at other business opportunities. That has worked out pretty well for them also.

**The Chair:** Thank you.

Thank you, Mr. Van Kesteren.

We're now going to move to Ms. Sims for five minutes.

**Ms. Jinny Jogindera Sims:** Thank you very much.

I want to just follow up a little bit on what Mr. Bergeron was saying just now. Absolutely, you have these hospitals and you have these clinics all going right now. But once your mine closes down, which it will eventually, after you leave will you continue to fund those clinics and make sure that they are operational?

**Mr. Brent Bergeron:** Our objective is to create an environment whereby the ministries or the local municipal government officials take responsibility for these types of operations. Goldcorp believes that it's sustainable in the long run, as long as there are funds committed to making sure that they continue to be run. We at Goldcorp, in some cases, in some parts of the world where we have actually closed mines, are still participating with the different foundations of some of the businesses that are operating in those areas. We believe that to make them sustainable Goldcorp needs to remove themselves from it, but if there is an engine working in the area in terms of economic development, we believe that these should be sustainable.

**Ms. Jinny Jogindera Sims:** Thank you for that answer. It goes back to a belief that I'm beginning to develop more and more, which is when you have infrastructure, whether it's education, social infrastructure, hospitals, or whatever, maybe it's best if companies are not directly involved in running them. Because if we want to build capacity and look at long-term sustainability, then right from the beginning, if the resources are supplied and capacity building occurs in the communities, those can be sustained, whereas in the current system they're often not.

My question now is to Mr. Bebbington. Should companies be in the business of providing schooling and other social infrastructures? Or are there other more effective ways of ensuring that long-term sustainability?

• (1630)

**Prof. Anthony Bebbington:** At the margin, I would say there are other more effective ways of ensuring it.

**Ms. Jinny Jogindera Sims:** But what would those look like?

**Prof. Anthony Bebbington:** Those would look like... I think there are two issues of particular significance. One you were just talking about, which is the question of organizational capacities and management capacities, and building up those capacities. In many cases, they exist already. The other is the financial capacity to continue generating the revenue to support those institutions. That's what takes me back to questions of economic diversification, as well as patrimonial financing, which is not a replacement for economic diversification, but I think it's part of a long-term strategy.

Patrimonial financing means resources not being controlled by the company but going into endowments that would generate a revenue in perpetuity to support certain services and certain activities. Economic diversification means broadening a tax base that can continue generating revenue that's not based upon natural resource extraction and can be used to finance these activities. Then, the organizational capacity building, or the human capacity building, is the nuts and bolts of managing these systems—not just isolated projects, but systems of health care, systems of education provision—into the long term.

**The Chair:** Ms. Groguhé.

[*Translation*]

**Mrs. Sadia Groguhé (Saint-Lambert, NDP):** Thanks to both of you for your comments. I definitely have a question for you.

Mr. Bebbington, you talked about legitimacy. I find this notion important and I think that, as far as the populations are concerned, the importance given by people to such legitimacy would no doubt come from the fact of being able to measure the impact that businesses have in the area of development.

Is it possible to evaluate and measure this impact and provide clear and accurate information about the results obtained in terms of sustainable development for the populations?

[*English*]

**Prof. Anthony Bebbington:** I hope this is an adequate answer.

I think legitimacy can come from various sources. One is performance, so that's quality of impact and generating that information on impact. One can gain legitimacy by performing well. Another general source is around issues of accountability and transparency. Legitimacy can be given to those who act in ways that seem accountable and transparent. I think there are issues about measuring performance, about measuring impact, and there are issues around accountability and transparency.

Legitimacy also—and this is what I was trying to say with my couple of examples—comes as a consequence of forms of corporate behaviour that are not really captured, necessarily, by the language of corporate social responsibility, but rather, by consistent behaviour. So if you say you're in the business of promoting development, then do that and don't pursue other activities that could be conceived as pulling in an opposite direction.

Then I think, fourthly, that systems give legitimacy as well. When the populace feels there is a system of regulation that they can believe in and that they know will hold to account, in this case, corporate actors, but also a variety of actors, then actually I think they're more likely—and certainly this is the centre of debates in

Peru right now—to apportion legitimacy to corporate actors because they know they're going to be regulated.

So I think legitimacy comes from performance, accountability, behaviour, and systems.

**The Chair:** Thank you very much. We're over time, but we'll get a chance to come back.

Mr. Bruinooge, welcome to the committee. You have the floor.

**Mr. Rod Bruinooge (Winnipeg South, CPC):** Thank you, Mr. Chair.

It's just a pleasure to hear your testimony today.

Mr. Bergeron, before I get to my questions, I was just going to maybe follow up on some of the points you were making earlier in relation to Dodd-Frank, and some of the other new international approaches to regulation that seemingly are creeping into the discourse.

Having just lived through the previous Parliament, where I attempted to be as active as possible in preventing what I thought was a somewhat punitive measure for mining companies, which was an attempt to hold them to standards that exist in Canada yet might not occur in other jurisdictions, I'm glad, first, that our government isn't pursuing those policies. Second, I am just glad to see that Goldcorp maintains its corporate presence in Canada. As somebody from the west and from an aboriginal population, I know that your company has very strong relationships with the indigenous population. Those industries are so important to the ability of the aboriginal communities to develop economic benefits for themselves and to become a key part of the Canadian economy.

My question, actually, is going to be somewhat related to that. I know, again from my own experience, that your relationships with indigenous groups in Canada are quite strong. I know that internationally that is the case also. When you're interacting with indigenous groups in a region where you share responsibilities, such as perhaps at your mine in Argentina—I think you have a partnership with another company—how do you provide some congruence between their policies in relation to indigenous relations and yours? Do you have an internal mechanism that you follow?

• (1635)

**Mr. Brent Bergeron:** Yes, we do, actually. In many cases in our partnerships with other companies, the operations of the mine are normally determined by who has the larger percentage in terms of ownership. We have another case similar to this in the Dominican Republic, where Barrick is the operator and the largest shareholder.

We monitor the situation very carefully. We have discussions with the companies in terms of how Goldcorp operates. We try, quite a bit, to be more symbiotic in terms of the policies that we have here in Canada with different aboriginal groups, and those in the projects we have in Latin America. Sometimes it's not necessarily that we impose a condition on them, but it's more that we try to let them know about the positive experience we've had in other places that may be able to alleviate some of the problems they are currently having with other groups.

There's quite a bit of sharing of experience and information that is done between partners and partnerships, and we try to ensure that the relationships are going as smoothly as they can.

**Mr. Rod Bruinooge:** In relation to your interactions with the various indigenous groups in South America, in particular, have you seen significant economic benefits accrued, similar to what we see in Canada?

**Mr. Brent Bergeron:** The situation in Latin America can be different from area to area, and it is quite different from here in Canada. If we take a look at our mine in Guatemala, a lot of the people in the communities where we operate are aboriginal people. Therefore, they are considered to be part of the local community, and we try to consult with them on an ongoing basis. We do it in two ways. We consult with them in terms of their local governments, both municipal and provincial. We also consult with them at the mine operation itself. We bring people to the mine operation, we explain a lot of the technical issues they don't understand regarding how a mine operates, and then we actually discuss with them community grievance mechanisms.

For instance, I was in Guatemala a couple of weeks ago, where we had a blockade of a road. It was a protest, and we didn't now what the protest was about. Basically, it was a family who wanted us to hire their sons to work at the mine. So sometimes it's cultural.

We need to get closer to these people and actually allow them to know that there are other ways of approaching us, and it's not necessary to grab our attention by doing these types of activities.

•(1640)

**The Chair:** Thanks very much.

We'll move on to round three, and we'll start with Ms. Grewal.

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Thank you, Chair, and thanks everyone for your time and your presentations.

My question is for Mr. Bergeron.

You might have heard about IAMGOLD. It's a pilot project with a gold extraction company in Burkina Faso. The goal of the project is to train about 10,000 people within those 13 communities to foster economic growth. Girls between the ages of 13 and 18 will receive training, job skills, etc.

Do you have similar types of goals as IAMGOLD?

**Mr. Brent Bergeron:** We get involved in a lot of projects both inside our mining operation and outside our mining operation. Some of them are specifically targeted to different groups. I can give you a very good example that we're extremely proud of.

In Mexico at our Peñasquito mine, 43% of the drivers of the large machinery are women. We have found that they're better drivers, because they're not as aggressive with the machinery and the machinery lasts longer. It has been very good for us, because not only do we include them in non-traditional jobs, but we also train them. We have extensive training programs where they're able to come in and not feel any type of peer pressure from working in a non-traditional type of employment.

We are looking at other opportunities in other countries, but we haven't worked with government organizations yet. We would like to do similar types of projects.

**Mrs. Nina Grewal:** In addition to capacity building for education, what do you think these extractive industries can bring to the table for the alleviation of poverty?

**Mr. Brent Bergeron:** When our president came out with the term "sustainable prosperity" it was because we were seeing the mining sector go into areas where there would be some people were benefiting from the mine, and some other people who were perceived as not benefiting from the mine.

We want to try to include a larger group of people, therefore we look at activities that could specifically target hunger, health, and poverty in the areas. We try to make sure that sustainable prosperity for us meant that a larger group of people were benefiting from the mining operation in the area. So those would all be part of our CSR activities that we implement.

**Mrs. Nina Grewal:** Talking about the Marlin Mine in Guatemala, a study demonstrated that extractive projects improve the quality of and access to health services, increase economic opportunities through micro-loans, promote environmental awareness, and allow developing local communities to have greater capacity.

Can you update the committee on some of the outcomes of this initiative?

**Mr. Brent Bergeron:** We continue with our initiatives at Marlin. We'd like to do a lot more, and we believe there is a lot more that we can do. It comes back to the theme of why we're here today. We want to be able to partner with more organizations and expand the number of social activities we are doing in the community.

In 2010, Goldcorp spent \$600 million in CSR activities outside of our mining operations. My goal, or my concern, with that amount is to make sure we are getting the most benefit from that. I believe we can only do that by partnering with other organizations to expand that even more.

**The Chair:** Do you have another quick question?

**Mrs. Nina Grewal:** Yes.

How can we partner with NGOs to build the capacity necessary to improve the life of the poor?

**Mr. Brent Bergeron:** We have a very interesting proposal right now from a foundation here in Canada that does eye surgery. They would like to work with us in Guatemala. They have another foundation in Guatemala that they work with, but they're a bit afraid of working with an extractive company. Having the Canadian government assist in managing that project with the extractive industry would add to the credibility of being able to attract the local NGOs and make a project work.

•(1645)

**The Chair:** Thank you very much.

We are going to go over to Ms. Sims, and then if there are no other final questions, we're going to finish with Mr. Schellenberger.

So we'll have Ms. Sims for five minutes, and then we'll move over here.

**Ms. Jinny Jogindera Sims:** Thank you.

My question is to Mr. Bebbington.

I think what I'm hearing is that all of us want to see long-term, sustainable development, and I'm hearing that from both of the speakers here.

One thing we do know is that both advocacy and civil society play a really critical role in holding both governments and corporations, not only accountable, but more transparent in their process. We really nourish our civil society movements here, because we know how they play out and we want the same in other countries as well.

Do you believe that Canada's overseas development aid can be used in creating capacity in civil society? That's my first question.

My second question is to you, again, Mr. Bebbington. As a specialist in extractive industries with your commentaries—this is talking about overseas extractive industries—can you also comment on your knowledge of the kind of impacts you've seen in Peru around this particular industry?

**Prof. Anthony Bebbington:** I think the answer to the first question is clearly a yes. There is also clearly a history of Canadian foreign aid, either directly, bilaterally, or in partnership with Canadian civil society organizations, building a range of capacities or working in partnership with civil society organizations internationally to build capacities, whether it's in advocacy, monitoring, or straight development administration. There's a track record there.

I guess the question is what's the most appropriate mechanism to do that through. It's not the only question, but it's an important question. It strikes me that some of that history of sustained partnerships between civil society groups, universities, or maybe even public organizations here and similar organizations internationally has a lot to offer to that process.

Personally, I'm not convinced that doing that through combining forces with CSR activities would be a way to go, not only because of the social sensitivities that my colleague has referred to, but because, on the one hand, there must always be the open question as to whether the combination of CIDA resources and company resources is adding value or simply displacing resources that companies might have spent otherwise. On the other hand, it can create an aura around capacity-building initiatives that might lead many critical organizations to distance themselves in that process.

That would be my answer to the first question, an absolutely resounding yes. There is significant experience to draw upon already in Canada through these partnership arrangements.

On the impacts of extractive industries in Peru, you could...well, there are many books written on that topic.

**Ms. Jinny Jogindera Sims:** The key points.

**Prof. Anthony Bebbington:** I think the most critical point is the point about social conflicts. The data produced by the human rights ombudsman's office on social conflicts shows a very significant increase in conflicts in Peru over the last decade. It shows

consistently that around half of those conflicts are linked to extractive industries.

So that's one set of impacts, and one set of correlations. There's clearly a relationship between the rise of extractive industries and conflict.

There is a set of impacts around environment. It's very debated, but I think the most critical effects relate to generalized concern around the security of water resources. I was in Peru just a couple of weeks ago, in the south, which is very dry, talking to regional presidents and people in government. There's clearly grave concern about that issue. The fear is that extractive industries that need significant quantities of water resources will divert those resources from other activities.

Here we link back to questions around economic diversification. If the water gets used for extraction rather than expanding the agricultural frontier, you not only divert the water use, but also reduce the possibility of economic diversification. So there are critical issues around the water.

I think there is a series of issues around governance as well, and then with this, I'll stop. I don't think, I'm sure, that the relationship between tax transfers to regions, and increases not just in conflictiveness in regions but in the distortion of what municipalities do, is an issue. There are municipalities in the south of Peru that have very large lists of employees who are basically kept on holding contracts that are funded by these tax transfers. They're not working particularly productively; it's a political patronage machine.

I think the importance here is not just that it happens; it's that once patterns are in place, it becomes very difficult to escape from certain patterns of behaviour and certain reputations that get created in these processes. It creates a series of governance problems, looking forward, that I think there isn't an easy solution to yet.

So conflicts, water, and governance would be my three main domains.

• (1650)

**The Chair:** Thank you very much.

Mr. Schellenberger, we're going to finish up with you today. You have the final word.

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Thank you, Chair.

Thank you to our witnesses today. I've been listening intently to some of the things that have been said.

First, you talked about the discontent that can happen in some of these areas and that can divide a community. We have a little of that in Ontario right now, with the wind turbine farms that the Government of Ontario has decided to subsidize very heavily. What happens in these proceedings is that contracts are signed by wind turbine companies, and they're done in secrecy. Then all of a sudden you find out that you didn't sign on—you didn't want to have any health problems or some of those things that might come from those facilities—but your neighbour signed it a year ago, and there will be a wind turbine within 550 metres of your home.

These things can happen, and I'm wondering if this isn't what causes some of the conflict in some of these places. Maybe the extractive industry people, when they go into some of these areas...

Is it done through the government or is it done gradually, through the people who live in those communities?

Mr. Bergeron, please.

**Mr. Brent Bergeron:** In terms of how the process works for us—I can't speak to you in terms of the other companies—we have been developing a project in Chile, for instance, of which we recently announced the construction and that's going to start in September of this year. We've been involved in the communities at different levels. We've been having conversations with the different communities in terms of the actual environmental assessment that was done. We've had consultations with them in terms of the actual planning of the mine area, where they have the ability to tell us that they don't want certain parts of our mine placed here, or they want it placed in another area.

The consultative process actually starts quite before we even start the construction part. That's in part legislated in certain countries in terms of the regulations you need to follow. Our company has actually taken the step of going even further on something like this, because we believe it's the only way to ensure that we will have good community relations.

Now there are some communities that decide they do not want to consult with you. We try to send them information anyway, but at the end of the day, it's their choice as to what they would like to do. In general we try to reach out to as many people as we can. We try to reach out to the local politicians also, in terms of them being able to get the information to the communities.

• (1655)

**Mr. Gary Schellenberger:** Mr. Bebbington, do you have anything on that?

**Prof. Anthony Bebbington:** Your wind farm example, I think, actually takes us back to the issue of land use planning as well. If there was a prior process of strategic planning on the use of land and the linking of that development plan, then people *ex ante* would be much clearer on the sorts of things that are or are not likely to happen in the areas in which they live, and would know better how to position themselves vis-à-vis that rather than trying to second guess their neighbours.

I think that's what I wanted to link to that.

**Mr. Gary Schellenberger:** All I can say is that this does divide communities. We now have small communities, rural communities, that used to hold a dance on Saturday night, and they can't even hold

the dance anymore because there are those for and those against, and they get into big fights. So I can understand wholeheartedly what happens in some of these developing communities.

Land registry is very important. Are there land registry issues? Do most of the people who live in these areas have land rights, or is it government land that you do your extractive industry on?

**Mr. Brent Bergeron:** It differs from one country to the next. For instance in Mexico, there are land owners, and it's communal land that is owned by different people, but anything that's below ground will actually be owned by the national government. The concessions are registered with the federal government, but we have to do a long-term partnership arrangement—a lease or rental agreement—over the period of the mine with the actual land owners.

These types of agreements are negotiated and consulted on from the beginning, so that they are actually aware of what is coming. In Mexico, for instance, there is an attorney general for the land owners. We've been involved quite a bit with them in terms of having them consult with us with the actual land owners. They represent the land owners, but they actually work with the extractive industry, tourism, or agricultural industries to make sure that whatever type of agreement you reach with these land owners is fair to them and is fair for the company over the long term. That, to us, adds a lot more stability in terms of the environment within which we're operating.

**Mr. Gary Schellenberger:** Thank you.

**The Chair:** I want to ask a question.

Did you have another question, or did John, or anyone else?

We'll have a quick question and then we'll wrap up.

**Ms. Jinny Jogindera Sims:** First of all, I want to thank both of you. You've helped me to clarify lots, and you've given us lots to think about. As a committee member, I felt I could not let something go today, because I've been sitting here, and a comment that you made has really been bothering me. I realized how much work we as a committee have to do on this.

When I heard the comment—and you quoted it, it was not your own words—"I don't know if Canada has been quite so discredited", and it was followed up with, "I do not think Canada cares" or something to that effect. What that really brought home to me is that we have to take a look at all of this very seriously, because all of us around this table do care very deeply, and we care about protecting Canada's reputation and making sure that the name of Canada is not tarnished internationally. So we want to make sure that our international work really makes us shine, rather than that.

Also the comment that was made, once again a quote, about the role of the ambassador and connection, and what is the role of an ambassador in another nation. As a committee member, what I am taking away from what I've heard from you is that you've given us some things that we have to address in a very serious manner, because it's not the first time I've heard comments similar to those.

**Prof. Anthony Bebbington:** I think there's a relationship between this point and the point about the divided community that you just made, which is that, when a community becomes that divided, it's just so hard to think about doing development in that sort of context because it's so hard to think about recovering trust, recovering mutual confidence, and building partnerships. The challenge is—I think for all of us, but in this case for Canadian foreign aid—to avoid souring the relationships so much that it makes your job building partnerships much harder, and to recover trust and to be able to do development together with other actors. But I think these are just the same problems at different scales.

• (1700)

**Ms. Jinny Jogindera Sims:** Thank you so much.

**The Chair:** Thank you.

I think the other thing we've seen here as well is that there's probably a right way to do it, and there's a wrong way to do it. As Goldcorp has demonstrated, when you go in, you consult, and you do the right things, you don't divide the communities like you can if you don't lay that groundwork. So there are some good thoughts on both sides of the coin.

To our witnesses, thank you very much for taking the time today. We appreciate that.

Just to remind people, we will be meeting on Ukraine next week. We'll be meeting in Centre Block, because it will be televised, and we've invited the Subcommittee on International Human Rights to join us and sit in on our meetings as well. So just to remind everybody, we'll be meeting on the issue of the Ukraine next week, and we're doing that in Centre Block, 237-C.

Thank you, everyone. Meeting is adjourned.

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