



PROSPECTORS &  
DEVELOPERS  
ASSOCIATION  
OF CANADA

ASSOCIATION  
CANADIENNE DES  
PROSPECTEURS ET  
ENTREPRENEURS

**Prospectors and Developers Association of Canada's Submission to the  
Standing Committee on Environment and Sustainable Development Regarding  
Bill C-12: *An Act respecting transparency and accountability in Canada's efforts  
to achieve net-zero greenhouse gas emissions by the year 2050***

**May 17th 2021**

As the voice of Canada's mineral exploration and development community, representing more than 7,200 corporate and individual members, the Prospectors and Developers Association of Canada (PDAC) takes an active interest in regulatory and policy initiatives that shape the landscape within which our industry operates.

PDAC recognizes the importance of the Government of Canada's national commitment to net-zero emissions by 2050 through Bill C-12: *An Act respecting transparency and accountability in Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050*. Achieving net-zero will not be possible without the mineral industry and the essential materials that come from mineral extraction. A core tenant of PDAC's strategic goals is ensuring that Canadian mineral explorers are at the forefront of innovation and performance efficiencies.

As the House of Commons Standing Committee on Environment and Sustainable Development has begun to study Bill C-12, PDAC welcomes this opportunity to share the perspectives of the exploration and development sector.

## Mineral Industry Perspectives & Considerations for Reaching Net-Zero

The mineral industry, and exploration companies in particular, represent the largest cohort of public companies listed in Canada and the dynamics that frame the industry are largely unique, in comparison to other industrial sectors. In this context, we have identified a number of issues that should be considered, as well as possible ways to mitigate unintended negative impacts on the mineral industry as they relate to Bill C-12.

### **Canada is a top destination for the critical minerals necessary for a low-carbon economy**

Given Canada's unique geological landscape, vast resource potential, and industrial prowess, we are well-positioned to supplant reliance on critical minerals from China. In doing so, Canada will solidify and build new trade relationships in a global transition to a low-carbon future.

To position Canada as the world's supplier of choice and meet growing demands for critical minerals that will be needed to meet emissions targets, the federal government must continue to develop a comprehensive policy strategy, including greater investments in infrastructure, technology and public geoscience programs.

### **Canada is a global leader in responsible exploration**

Canada's excellence in mineral exploration extends beyond scientific and financial expertise, and Canadian companies continue to lead the way in evolving industry best practices with respect to sustainability, the environment, corporate governance and public engagement. This evolution is in step with rapid growth in responsible investment funds, the increasing importance of Environmental, Social and Governance (ESG) performance for investors and is necessary for Canadian companies to remain globally competitive.

PDAC has long-supported industry in expanding responsible practices and our industry-first guidance framework, [e3Plus](#), is designed to help mineral exploration companies improve their social, environmental, and health and safety performance.

## **Canada faces a declining rate of mineral discovery & mine development**

Canada has experienced a long-term decline in grassroots mineral exploration, and a decline in new mineral discoveries over the last 30 years as deposits proximal to infrastructure become increasingly rare. These trends have heightened risks involved with mineral exploration as industry activities become more dislocated from supports like roadways, grid power and everyday commercial services. This trend presents a significant risk to Canada's mineral industry competitiveness and our ability to become a global supplier of choice for a low-carbon future. It also presents risks for northern and remote regions of the country that receive significant socioeconomic benefits as a direct result of mineral exploration activity.

PDAC has been a long-time supporter of public geoscience and recent evaluation of Federal Government geoscience programming has shown that every \$1 spent in public geoscience is estimated to generate approximately 7-times the overall economic benefit to Canada.

## **A lack of infrastructure and alternative energy sources has significant cost implications**

It is important to bear in mind there is a competitive disadvantage for companies that operate in northern and remote areas, as there is a significant cost premium due to a lack of road and energy infrastructure.

A 2015 study by PDAC found that remote exploration projects (more than 50km from a supply route) have average costs that are double to triple than those of non-remote projects, with capital costs to develop a mine up to 2.5 times more in remote areas. Operating costs were estimated to be as much as 60% higher in remote operations. This cost differential has almost certainly expanded in recent years as anecdotal evidence suggests remote projects costs can be an order of magnitude higher relative to operations with access to grid power and roadways.

These additional costs impact the ability of projects in remote Canada to attract investment and become economically viable. In addition, limited access to alternative energy sources is a continuing challenge the mineral exploration industry faces in working to reduce carbon emissions. Such headwinds to competitiveness have contributed to a significant decline in investment in domestic mineral exploration over the past decade.

## **Carbon Tax**

Due to lack of energy infrastructure and access to grid power in remote areas, exploration and mining companies rely heavily on diesel power generation, which cannot practically be substituted for less emission-intensive energy sources. Strategies such as carbon taxes on companies operating in Canada's north and remote areas will only add costs for companies, and without affecting behaviour changes, as there are limited or no viable energy alternatives.

Moreover, a decade-long decline in capital investment into mineral exploration means the predominantly small-to-medium size pre-revenue companies that dominate the sector have had even less capacity to invest in carbon emission reductions or renewable energy technology. If C-12 is passed in its current form, mineral exploration and development companies will be facing significant carbon tax costs with very few viable alternatives to reduce emissions and the legislation will result in unintended impacts on an entire industrial sector.

## PDAC Recommendations for Bill C-12

### **Industry Participation in the Independent Advisory Body**

The Bill includes a commitment for the federal government to establish an independent advisory body to determine credible pathways to the milestone targets. Within the first three months of its establishment, the advisory body will produce a public document outlining their proposed priorities in developing a pathway to net-zero. The advisory body will also produce an annual report which will summarize its engagements, and provide advice to the minister regarding next steps. PDAC welcomes the opportunity to be an active contributor to the advisory body. In addition, we recommend that the government prioritize defining transparent and inclusive consultation processes to develop and update the public on the work of the advisory body.

### **Government Coordination in the Carbon Emissions Targets**

The PDAC recognizes that a high degree of government coordination will be required to develop and meet carbon emission reduction targets over the next four decades. PDAC recommends that a whole-of-government approach needs to be applied in developing and implementing Canada's net-zero goals, including cross-ministerial collaboration and federal, provincial and territorial coordination.

### **Balance Investments to Reduce Emissions and Improve Energy Efficiencies Against a Carbon Tax**

While we acknowledge the need for a carbon tax to change behavior and promote investments in green technologies, we would also like to address the practicality of this approach for the mineral industry. As an alternative, PDAC recommends that funds invested in reducing emissions or improving energy efficiency could be balanced against payable carbon taxes. Such investments could be accounted for based on accelerated rates or multipliers depending on the type of effort being conducted, or resulting impacts.

We appreciate your consideration of the mineral industry's perspectives. PDAC would welcome an appearance before the committee to expand on the points made above and we look forward to collaborative engagement as Bill C-12 continues through the parliamentary process.

Sincerely,



Lisa McDonald  
Executive Director  
Prospectors & Developers Association of Canada (PDAC)