

May 17, 2021

Thomas Bigelow,
Clerk of the Standing Committee on Environment and Sustainable Development
via e-mail: ENVI@parl.gc.ca

RE: SMA submission on the Canadian Net-Zero Emissions Accountability Act (Bill C-12) to the House of Commons Standing Committee on Environment and Sustainable Development

Summary

The Saskatchewan Mining Association (SMA) would like to thank you for the opportunity to provide this brief to the House of Commons Standing Committee (the Committee) related to the *Canadian Net-Zero Emissions Accountability Act* (the Act) as set out in (Bill C-12).

The SMA is proposing three amendments that we believe are crucial to the continued success of the Saskatchewan mining industry. Although explained in more detail below, the SMA would specifically request that the Committee consider amendments with respect to:

1. Ensuring that the definition of *net-zero emissions* in the Act is in alignment with Environment and Climate Change's (ECCC) Strategic Assessment of Climate Change, and specifically, ensure that the definition includes:
 - a. avoided domestic GHG emissions; and
 - b. GHG reductions and removals
2. When setting national emissions targets, as set out in s. 8, ensure that the Act requires consideration of:
 - a. international benchmarking of emissions targets and specifically benchmarking against the G20;
 - b. cost competitiveness of Canadian Emissions Intensive Trade Exposed Industries (EITEI); and
 - c. the concept of best available technologies economically achievable (BATEA)
3. Ensuring that the Minister's report, as set out in s 14(2), requires reporting on:
 - a. the comparison of Canada's emission target and that of the G20; and
 - b. an analysis of the impact to the cost competitiveness of Canadian companies as a result of Canada's target

The SMA has continued to actively participate in federal consultations on a variety of Climate Change legislative and regulatory changes and continue to have a keen interest in these important topics.

As identified in a recent report by Natural Resources Canada¹:

- Total mining projects planned and under construction have decreased by more than 50% (or \$86 billion) in value from June 2014 to June 2017; and
- Metal mines experienced the single largest drop, accounting for 81% or 40 of the 49 suspended projects, and 79% (or \$68 billion) of suspended investment.

Mining needs a reasonable and practical approach to climate change regulation.

¹ Natural Resources Canada's Natural Resources: Major Projects Planned and Under Construction – 2017 – 2027

Mining and Climate Change – The Saskatchewan Perspective

The SMA is the voice of the mining industry in Saskatchewan and has the role of liaison and consultant with government and public to ensure the safe, profitable and orderly development of the mineral resources of the Province. Environmental protection and stewardship are important to the members of the SMA as shown by their lifecycle commitment to environmental planning, monitoring, compliance and reclamation. Our members are also among the largest industrial employers of Indigenous people in Canada.

The SMA represents over 35 member companies including producers and exploration companies. Saskatchewan was Canada's 2nd leading mining jurisdiction in 2015 and 4th in 2016, 2017 and 2018 with mineral production valued at \$8.5 billion, \$5.5 billion, \$5.8 billion and \$6.7 billion respectively.^{2,3,4} Our industry annually contributes approximately \$1.5 billion in federal and provincial royalties and taxes. Saskatchewan's Minerals sector directly accounts for more than 6% of provincial GDP; when you include supply sector services such as transportation, manufacturing, professional services etc. mining's contribution to the GDP is closer to 10%.

With respect to employment, the Saskatchewan mining industry represents over 30,500 direct and indirect jobs in Saskatchewan, with over \$2.5 billion annually spent on goods and services, \$388 million of which were purchased from companies owned, or in joint venture with Indigenous economic development agencies or indigenous entrepreneurs. At northern Saskatchewan mine operations, 45% of all mine workers are of First Nations or Metis heritage, earning an annual payroll of approximately \$107 million; approximately 1 in every 5 jobs in this broad and sparsely populated region is directly related to mining.

Polling in Saskatchewan also consistently demonstrates that the public is supportive of the mining industry (91%); with 94% indicating it is important to the province.⁵

With respect to Saskatchewan's mining industry, it is important to recognize the global benefits achieved through the utilization of Saskatchewan mineral resources and technology, compared to their global competitors. Some of these benefits include:

- Saskatchewan's potash sector is already world class producer of low C potash. A recent report by Cheminfo, identified that Canada's 2014 full lifecycle GHG emissions intensity for potash was more than 50% less than other regions.⁶
- Uranium from Saskatchewan mines contributes to global GHG mitigation efforts by enabling GHG emission reductions that can be achieved through clean, safe and reliable nuclear power. Ontario's clean nuclear energy provides 60% of that province's power, with uranium sourced from Saskatchewan companies. Saskatchewan's uranium mines and mills are among the lowest emitting facilities globally.⁷
- Innovation in clean coal technology has demonstrated that Saskatchewan can effectively reduce CO₂ emissions from coal-fired electricity plants and that this technology can be an important technology to reduce coal-fired electricity plant emissions in Saskatchewan and around the world. As of May 12, 2021, the CCS facility at Boundary Dam Power Station had captured more than 4 million tonnes of CO₂⁸, the equivalent of taking 870,000 passenger vehicles off the road for one year.⁹

² NRCan - Canadian Mineral Production Information Bulletin, March 2017

³ NRCan - Canadian Mineral Production Information Bulletin, March 2018

⁴ NRCan - Canadian Mineral Production Information Bulletin, March 2019

⁵ Saskatchewan Mining Association Awareness & Perceptions of Mining Industry Survey Report (2019)

⁶ Cheminfo Services Inc. - Carbon Footprints for Canadian Crops: Canadian Fertilizer Production Data – November 16, 2020

⁷ Parker, D.J., McNaughton, C.S., and Sparks, G.A. 2016. Life Cycle Greenhouse Gas Emissions from Uranium Mining and Milling. Environ. Sci. Technol., 2016, 50(17), pp 9746-9753

⁸ <https://www.saskpower.com/about-us/our-company/blog/2021/bd3-status-update-april-2021>

⁹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

We would also note that Canada, through NRCan, have identified copper, potash, uranium and zinc as being Critical Minerals to Canada. According to NRCan these minerals are essential to Canada's economic security, required for Canada's transition to a low carbon economy, and to provide a sustainable source of critical minerals for our partners. With the essential nature of these resources, it is incumbent on government to enact important legislation and policies in a manner that supports the development of the upstream and downstream critical minerals value supply chain.

As noted above, the SMA and our members continue to be actively engaged with the federal government during the review and consultation on federal climate change legislation and regulations and therefore we have a keen interest in the development and implementation of the Act.

Regulatory uncertainty continues to be a key issue for our industry and the cumulative impact (cost and regulatory uncertainty) of all of the federal legislative and regulatory changes is likely to be crippling for our industry. Some examples of these cumulative impacts are from changes to: *Impact Assessment Act*, the *Greenhouse Gas Pollution Prevention Act*; the *Clean Fuel Regulations*; the *Metal Mining Effluent Regulations*; proposed *Coal Effluent Regulations*; the *Fisheries Act*; *Canadian Navigable Waters Act*; and others. Also adding to this uncertainty was the recent release of the federal government's document entitled "A Healthy Environment and a Healthy Economy", which sets out over 80 significant measures to achieve a transformative reduction in national GHG emissions in a 9-year timeframe.

A review of the measures being proposed by government has indicated to us that at least 30 of the measures (out of 81) are directed at industry; however, very little (\$6 Billion) of the estimated \$30+ Billion in funding is being allocated to support the emissions reductions required by industry to achieve the transformative reduction required. For example, we note that our industry has essentially no access to the \$8 billion provided through the Strategic Innovation Fund's Net Zero Accelerator. The Saskatchewan mining sector is a source of significant Canadian innovation and knowledge and it is critical that the federal government provide meaningful support for our industry as we work to identify and implement the technologies that will advance mining towards a net zero future.

Another concern expressed by members related to the measures set out in the "A Healthy Environment and a Healthy Economy" document is that it appears that it is neither practical nor cost effective as the document provides very little in the way of detailed plans or economic analysis to support the various funding decisions.

Competitiveness of Saskatchewan (and more broadly Canadian) mining companies continues to be a significant challenge due to lower rates of international taxation and less stringent regulatory requirements in other jurisdictions. Additionally, as the Saskatchewan power grid is a high carbon mix (coal, renewable with back-up natural gas, some hydro and CCS) compared to other lower carbon - hydro and nuclear-based grids (Ontario, Quebec, Manitoba, BC), Saskatchewan mining operations are disproportionately affected by the Carbon tax. Targeted federal financial assistance to support the industrial decarbonization of Saskatchewan's relatively higher C power grid will greatly assist the global competitiveness and investment attraction of Saskatchewan mining operations. It should be stressed that the Saskatchewan mining industry believes strongly in a robust and protective regulatory regime, but this regime must be practical and cost-effective if industry is to survive/thrive in Saskatchewan and Canada.

Detailed Comments on Proposed Amendments

Proposed Amendment 1

The definition of *net-zero emissions* in the Act would benefit from additional clarity around how net-zero emissions are calculated. We believe this clarity could be achieved by aligning it with ECCC's Strategic Assessment of Climate Change, which was finalized in October, 2020.

Proposed Amendment 2

In order to ensure that Canadian companies remain competitive in the international marketplace, there needs to be a robust process to establish Canadian targets. We strongly support the intent of the Act to provide accountability and transparency and we believe that this can only truly be achieved by a thorough international benchmarking process against targets of our G20 trading partners, a fulsome evaluation of the competitiveness of Canadian companies, particularly those identified as EITEI, as well as carefully considering what is truly technologically achievable and affordable.

Proposed Amendment 3

In order to assist government with transparency and accountability, it is important to ensure that the Minister's report clearly report back to Canadians, not only with respect to aspects related to how well government did in meeting its targets, but also to provide Canadians with an understanding of what meeting these targets did to improve or harm the Canadian economy as well as to provide a comparison of targets of our G20 trading partners.

Closing Summary

The SMA is proposing three amendments that we believe are crucial to the continued success of the Saskatchewan mining industry. The SMA specifically requests that the Committee consider the following:

1. Ensuring that the definition of *net-zero emissions* in the Act is in alignment with Environment and Climate Change's (ECCC) Strategic Assessment of Climate Change, and specifically, ensure that the definition includes:
 - a. a recognition of avoided domestic GHG emissions; and
 - b. a recognition of GHG reductions and removals
2. When setting national emissions targets, as set out in s. 8, ensure that the Act incorporate the requirement to take into consideration the:
 - a. international benchmarking of emissions targets and specifically benchmarking against the G20;
 - b. cost competitiveness of Canadian Emissions Intensive Trade Exposed Industries (EITEI); and
 - c. concept of best available technologies economically achievable (BATEA)
3. Ensuring that the Minister's report, as set out in s 14(2), includes a requirement to report to Canadians on:
 - a. the comparison of Canada's emission target for the period compared to those of the G20; and
 - b. the impact to the cost competitiveness of Canadian companies as a result of Canada's target.

Yours Sincerely,



Pam Schwann M.Sc. P. Geo.
President