

**GOVERNMENT OF CANADA RESPONSE TO
THE STANDING COMMITTEE ON NATURAL RESOURCES' REPORT:**

**"THE FUTURE OF CANADA'S MINING SECTOR: SUSTAINABLE GROWTH BEYOND THE GLOBAL
DOWNTURN"**

June 21, 2017

INTRODUCTION

The Government of Canada has reviewed the report of the Standing Committee and thanks its members for their efforts in developing this report. The Government also wishes to extend its thanks to the numerous witnesses who provided expert testimony to the Committee, providing the members with a diversity of perspectives on the mining sector.

The mining and mineral processing industry is an important source of prosperity and jobs across Canada, particularly in northern and rural regions as an important source of employment and driver of economic activity. In 2015, Canada's mining and mineral processing industries employed more than 373,000 Canadians, including over 10,000 Indigenous workers, and accounted for 3.3 percent of Canada's total gross domestic product (GDP). This percentage is much higher in Canada's North, where mining contributes significantly to the GDP in Yukon (13%), the NWT (17%) and Nunavut (24%).

The Standing Committee's report found that while the Canadian mining sector remains among the top producers for a number of key commodities (e.g., potash, cobalt, diamonds, gold, nickel, platinum group metals, salt, tungsten, and uranium), it faces a number of challenges that could affect the competitiveness and sustainable growth of the sector over the long term. The challenges identified by the Committee and its expert witnesses include stagnant global demand, weak commodity prices, uncertain investment climate, regulatory uncertainty, potential impacts from carbon pricing, declining mineral reserves, reduced exploration spending, lack of enabling infrastructure in the North, and the need for greater investments in innovation and productivity. The report also highlighted social and environmental factors that are critical to sustainable mineral development such as meaningful Indigenous engagement based on recognition of rights, respect, co-operation, and partnership, and concerns regarding potential environmental impacts, in particular reclamation costs in the case of spills or accidents.

The Government recognizes that sustainable mineral development is paramount to the continued success of Canada's mining industry as an environmentally and socially responsible supplier of essential minerals and metals to meet global demand.

The Government's Response to the specific recommendations made by the Committee has been grouped into four themes in order to provide a logical and coherent overall response. The following responses will elaborate on efforts to support a competitive and sustainable mining industry; collaboration with governments, communities and industry to provide clarity regarding land access and to strengthen environmental stewardship through effective and transparent, science- and evidence-based regulatory processes; the actions being taken to drive innovation and clean technology implementation in mining; and, the collaborative approach to enhance Indigenous consultation and participation in pursuing a renewed relationship with Indigenous peoples as partners in resource development.

THEME 1: FOSTERING A COMPETITIVE AND SUSTAINABLE MINING INDUSTRY

RECOMMENDATION 1: *The Committee recommends that the Government of Canada continue to encourage investment in mining exploration activities:*

- a) by renewing the Mineral Exploration Tax Credit (METC); and,***
- b) by maintaining flow-through share investment options for Canada's mining sector.***

The Government of Canada understands the importance of the mining industry to the Canadian economy and local communities across Canada.

The current flow-through shares regime, which allows corporations in the oil and gas, mining and renewable energy sectors to transfer certain unused tax deductions to equity investors, was put in place in 1986 and has been maintained.

The Government announced in Budget 2017 the renewal of the Mineral Exploration Tax Credit (METC) for an additional year, until March 31, 2018. Under the existing “look-back” rule, funds raised in one calendar year with the benefit of the credit can be spent on eligible exploration up to the end of the following calendar year. Therefore, for example, funds raised with the credit during the first three months of 2018 can support eligible exploration until the end of 2019.

RECOMMENDATION 2: *The Committee recommends that the Government of Canada work in collaboration with industry, Indigenous governments and communities, and provincial/territorial governments to develop the infrastructure needed to enable and/or facilitate exploration and development activities in northern and remote regions with mineral resource potential.*

The Government of Canada recognizes the crucial role that natural resources play now, and will play, in the economy, and in order for Canada to realize its resource potential, there is a need to invest in enabling infrastructure. In addition, the sustainable development of minerals is essential to creating and maintaining a competitive advantage for Canada, and is imperative for the socioeconomic development of northern, remote and Indigenous communities.

The 2017 Federal Budget announced that the Government will invest \$10.1 billion over 11 years in trade and transportation projects. This included the establishment of a National Trade Corridors Fund, with an allocation of \$2.0 billion over 11 years. This fund will help to build stronger, more efficient transportation corridors to international markets and help Canadian businesses to compete, grow and create more jobs for Canada's middle class. Priority investments will include those that address congestion and bottlenecks along vital corridors and around transportation hubs and ports providing access to world markets. The fund will also look for ways to improve the flow of supplies to northern communities, and unlock economic development in Canada's three territories. Transportation is a lifeline for northern communities and resource development projects in Canada's Arctic.

The Government also announced in Budget 2017 its commitment to establish a new Canada Infrastructure Bank, an arm's-length organization that will work with provincial, territorial, municipal, Indigenous and private sector investment partners to transform the way infrastructure is planned, funded and delivered in Canada. The Canada Infrastructure Bank will be responsible for investing at least \$35 billion over 11 years from the federal government using loans, loan guarantees and equity investments. These investments will be made strategically, with a focus on large, transformative projects.

The Government's foundational geoscience knowledge also informs land use and infrastructure planning and resource development, supporting the efforts of industry, Indigenous governments and communities, and provincial and territorial governments. Geoscientific knowledge of hazards that could place new and existing infrastructure at risk helps industry plan for, adapt and respond to adverse events. Public geoscience information also helps industry identify areas of higher prospectivity for mineral discovery and development. This reduces exploration costs and mitigates risks to development, which, in turn, informs long-term planning by helping to define the long-term infrastructure needed to develop new discoveries.

THEME 2: COLLABORATIVE EFFORTS TO IMPROVE LAND ACCESS, REGULATORY EFFECTIVENESS AND ENVIRONMENTAL STEWARDSHIP

RECOMMENDATION 3: *The Committee recommends that the Government of Canada work in collaboration with industry, Indigenous governments and communities, and provincial/territorial governments to provide more clarity with regards to land access and tenure in northern regions with high mineral potential:*

- a) by working to address the settlement of Indigenous land claims; and,***
- b) by continuing to invest in geo-mapping initiatives, such as the federal geo-mapping for energy and minerals program (GEM) and the targeted geoscience initiative (TGI).***

a) Settlement of Indigenous Land Claims in the North

The Government of Canada will continue to settle Indigenous land claims and provide secure land tenure to all Northerners. It recognizes the importance of clarity with regard to land access and secure land tenure in northern regions with high mineral potential. Secure land tenure ensures Canadians that their property rights are protected and creates a necessary condition to reduce risk to investments in land development projects that are critical to the socioeconomic development of northern, remote and Indigenous communities.

Since 2014, new approaches have been placed into practice to address issues with ongoing comprehensive land claim (modern treaty) negotiation processes. This includes the Minister of Indigenous and Northern Affairs having the authority to negotiate incremental and non-treaty agreements that focus on addressing specific rights, and the initiation of discussion tables with Indigenous partners to explore ways of addressing rights outside the existing policy framework.

Moving forward, the continuation of discussion tables, the development of collaborative approaches for mandates and policies with Indigenous partners, and reforms to policies and processes that guide these negotiations informed by the work of the Working Group of Ministers on the Review of Laws and Policies Related to Indigenous Peoples will continue to help address impediments to negotiations and ultimately lead to the conclusion of more agreements.

The Government of Canada has committed to advancing reconciliation through a, "renewed, nation-to-nation relationship with Indigenous Peoples, based on recognition of rights, respect, co-operation, and partnership." As part of this commitment, the Government of Canada will engage with Indigenous groups to collaboratively develop mandates and policies and to align existing section 35-related policies with the United Nations Declaration of Rights of Indigenous Peoples and the Truth and Reconciliation Commission recommendations. The Government has also conducted national engagement processes on consultation and accommodation with First Nations, Inuit, and Métis groups, to inform guidelines for federal departments and agencies on how to fulfill the duty to consult, with the latest engagement process having taken place from May to August 2015.

The Government of Canada is also supporting this commitment through the Whole-of-Government Approach to Modern Treaty Implementation, launched in July 2015 through the Cabinet Directive on the Federal Approach to Modern Treaty Implementation and Statement of Principles, providing a policy framework for the Government's approach to implementing modern treaties. All federal departments must ensure that any business they conduct in modern treaty areas is compliant with the treaties and the rights of treaty partners. Also created under the auspices of the Cabinet Directive is the Modern Treaty Implementation Office, which provides advice and guidance to other federal departments on developing and implementing initiatives in a "treaty compliant" way. There is a growing awareness of modern treaties and their implications for departments as a result of the Cabinet Directive and the resources being developed and delivered by the Modern Treaty Implementation Office.

The effective implementation of modern treaties in the North is key to promoting clarity around land and resource management as it relates to the mining industry. Modern treaty signatories have specific rights and jurisdictions related to lands and resources within their treaty areas, including a key role in the regulatory process. Regulatory boards established by modern treaties provide Indigenous treaty partners with a significant voice in decision-making around resource exploration and development. The Government of Canada is committed to meeting its ongoing commitments under these important intergovernmental agreements to ensure that the rights of modern treaty holders are respected.

In collaboration with signatory partners, the Government of Canada has implemented four comprehensive land claim agreements in the Northwest Territories, two in Nunavut and eleven in the Yukon. In addition, the Government of Canada is engaged in six self-government negotiation tables in the Northwest Territories, which are subsequent to existing land claim

agreements and has signed four land claim or self-government agreements-in-principle in the North.

In the North, the Government of Canada is also working closely with Indigenous groups through land claim negotiations to achieve clarity and certainty related to Impact and Benefit Agreements (IBAs) for any major mining project that will affect an Indigenous group's settled lands. Indigenous groups see their land claim agreements as the appropriate tool to help inform and guide land and resource access for industry in return for socioeconomic benefits. While the Government is not a party to these types of business agreements (i.e., IBAs), it does have a keen interest to support and encourage the clarity and certainty that these agreements can provide to both the Indigenous groups and the proponents of major mining projects. The outcome of successfully negotiated and implemented business agreements demonstrates community acceptance and fosters positive partnerships with industry that will encourage economic development and contribute toward Indigenous community prosperity.

b) Invest in Geo-mapping Initiatives in the North

The Government of Canada understands the importance of federal investments and partnerships in geo-mapping and innovative geoscience to the economic and social development of Canada's remote and Northern regions. For this reason, the Government of Canada continues to invest in the Geo-mapping for Energy and Minerals (GEM) program by allocating \$200 million in federal funding, consisting of \$100 million from 2008 to 2013 and \$100 million from 2013 to 2020, to the Geo-mapping for Energy and Minerals (GEM) program. GEM provides fundamental, regional geoscience knowledge that northerners and industry can use for land use planning and sustainable resource development decisions. Private sector firms use the GEM program results to help target their exploration programs to discover new petroleum and mineral resources. Studies suggest that this investment in public geoscience may result in upwards of \$1 billion in exploration investment by the private sector.

Further, to support industry in detecting the presence of deeply buried mineral deposits, the Government of Canada allocated \$23 million over five years (to 2020) for the fifth renewal of the Targeted Geoscience Initiative (TGI-5). This program fosters innovation within the mineral exploration industry to enhance the sector's global competitiveness, to create and sustain jobs in remote, mining-dependent communities, and to generate economic growth in Canada. TGI-5 aims to reduce discovery costs and risks for industry by incorporating cutting-edge geoscience into exploration methods.

The Intergovernmental Geoscience Accord between Canada's federal, provincial and territorial mines ministers marks a commitment among Canada's geoscience agencies to work in partnership to collectively increase core public geoscience knowledge available to all Canadians. In 2016, the federal, provincial and territorial mines ministers committed to seek out opportunities for collaboration to enhance mineral geoscience programs across their jurisdictions and to expand the availability of public geoscience data to help facilitate

exploration by junior mining companies.

The Government of Canada also conducts mineral and energy resources assessments to ensure that resource potential is duly considered from a land management perspective for community and stakeholder decision-making. For example, the mineral and energy potential is taken into consideration while establishing protected areas and their boundaries under federal jurisdiction, such as National Parks, Marine Protected Areas or other special designations that restrict mineral or energy development, including those in the territories (Yukon, Northwest Territories, Nunavut) and Canada Lands off-shore. The mineral and energy resources assessments include direct involvement from partners, including provincial, territorial and Indigenous governments.

RECOMMENDATION 4: The Committee recommends that the Government of Canada work with provincial, territorial and Indigenous governments to streamline and simplify Canada's regulatory and environmental assessment (EA) process. At the same time, the Government must ensure that Canada's regulatory process continue to minimize the environmental impacts of mining projects as much as possible, based on scientific evidence and, following robust stakeholder consultations, reflecting the interests of local and Indigenous communities.

The Government believes that a clean environment and a strong economy go hand in hand. As part of a commitment to review and restore confidence in Canada's environmental and regulatory processes, the Government is undertaking a comprehensive review of environmental and regulatory processes, including federal environmental assessment processes; modernizing the National Energy Board (NEB); and, restoring lost protections and introducing modern safeguards to the *Fisheries Act* and the *Navigation Protection Act*. The goal of the review is to ensure that environmental assessment and regulatory processes are robust, incorporate science, protect the environment, respect the rights of Indigenous people, and support economic growth.

The legislation and governance for northern processes is founded on modern day treaties. The resultant co-management system is collaborative and inclusive of participation by all interested parties. The ability for participants to see themselves in the process and to ensure decisions are reflective of northern priorities has encouraged robust participation and general support for the outcomes from these processes.

This is enhanced by the establishment of the Northern Projects Management Office in 2010, which coordinates Canada's participation in reviews, provides pathfinding and issue resolution to proponents and Indigenous participants, and coordinates Crown consultation to ensure protection of section 35 Indigenous rights.

In addition, the Government of Canada recognizes the important value of scientific evidence to both environmental protection and economic benefits when developing mineral and energy resources. The Government of Canada provides geoscience expertise for reviews of projects

undergoing Environmental Assessment (EA) to ensure the identification, consideration and minimization of adverse environmental impacts.

RECOMMENDATION 10: *The Committee recommends that the Government of Canada work with industry, Indigenous governments and communities, provincial/territorial governments, as well as international governments and organizations to promote and improve responsible mining practices in Canada and abroad by ensuring that enough financial securities are available to conduct environmental reclamation effectively regardless of the profitability of mining projects and in cases of unexpected spills or accidents.*

The Government recognizes the importance of adopting environmentally- sustainable practices throughout all phases of mineral development, including the environmental reclamation and mine closure phases.

In Canada, financial security programs for mine site reclamation liabilities generally fall under provincial and territorial jurisdiction. Most jurisdictions impose environmental bonds or financial security obligations in their respective mining acts and include a requirement to meet the obligations of a defined mine closure plan. While the standards, forms, and amounts of financial assurance vary, they are consistent with guidance set out by the International Council of Mining and Metals. Federally, financial guarantees may be imposed under the *Nuclear Safety and Control Act* as a condition of licence issuance for uranium mines; and, quasi-criminal, administrative, and civil liability for violation may be imposed under the *Fisheries Act*. The Canadian mining industry is supportive of providing reasonable financial security to ensure funds will be available at closure to restore and rehabilitate lands and waters affected by mining operations.

The Government works closely with the provinces and territories on this issue through the Mines Intergovernmental Working Group and the Energy and Mines Ministers Conference. In 2016, Ministers recognized the need to build on Canada's reputation as a global leader in environmental performance and worker health safety standards and have tasked officials to explore new and innovative methods for managing environmental liability and to developing a consistent and transparent methodology for calculating mine reclamation security, including the total amount of liability that exists.

Policies and guidance to encourage mine reclamation efforts are promoted through the National Orphaned/Abandoned Mines Initiative (NOAMI), which is guided by a multi-stakeholder advisory committee comprising representatives from the Canadian mining industry, federal, provincial and territorial governments, non-governmental organizations and Indigenous Canadians that is administered by a secretariat at Natural Resources Canada. The Initiative was launched in 2002 to address issues related to orphaned and abandoned mines in Canada and to work towards eliminating future abandonment, including by tightening regulatory approaches. The advisory committee takes direction from the Mines Ministers and reports back via the Mines Intergovernmental Working Group secretariat. NOAMI is developing a National Inventory

of Orphaned/Abandoned Sites, as well as a report on risk identification and cost estimation for long-term care and maintenance programs.

The participation of Indigenous peoples is vital to support sustainable natural resource development. The Government supports meaningful partnerships between project proponents and Indigenous groups, such as Impact and Benefit Agreements, that can help build the capacity of communities and formalize roles for the reclamation and remediation of project sites. The Government also provides funding through the Aboriginal Skills and Employment Training Strategy and the Strategic Partnership Initiative for Indigenous communities and businesses to leverage economic development and business opportunities generated by natural resource projects. Budget 2017 proposes to provide \$25 million over five years, starting in 2017–18, to support the pilot Indigenous Guardians Program, which will provide Indigenous peoples greater responsibility and resources to manage their traditional lands and waterways. These initiatives help support responsible mining practices by ensuring Indigenous groups have the capacity and opportunity to meaningfully participate in the planning and oversight of a project throughout its lifecycle.

The Government of Canada expects that Canadian companies operating abroad respect human rights and all applicable laws, that they meet or exceed widely-recognized international performance standards and that their operations reflect Canadian values. These expectations, which relate to human rights, environmental responsibility and safety and security issues are promoted to the Canadian mining industry working abroad through, “Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada’s Extractive Sector Abroad” (the CSR Strategy).

Companies are also strongly encouraged to adopt best practices by implementing international principles and guidelines into their day to day operations. These include the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on responsible business conduct, the UN Guiding Principles on Business and Human Rights, the International Finance Corporation’s Performance Standards on Social and Environmental Sustainability, and the Voluntary Principles on Security and Human Rights, all of which deal with environmental, safety and security issues. The CSR Strategy also promotes other risk management tools like the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, and the Global Reporting Initiative.

The Government of Canada is also leading a project under the Asia-Pacific Economic Cooperation (APEC) Mining Task Force to develop a, “Mine Closure Checklist for Governments” (the Checklist). The Checklist is a new publication which will provide the essential elements of a successful mine closure governance framework and the tools to get there, in an accessible format that is intended to be universally understood and applicable. The Checklist is intended for governments (as well as companies and NGOs) seeking to advocate for mine closure in their

respective regions and will encourage governments in developing economies to adopt best practices to create favorable conditions for sustainable mining.

THEME 3: MEASURES TO DRIVE INNOVATION AND CLEAN TECHNOLOGY IN MINING

RECOMMENDATION 5: The Committee recommends that the Government of Canada work with the provinces and territories to create a pan-Canadian framework on pricing carbon pollution to ensure that industry is provided with certainty, stability and clarity, while driving innovation in the mining sector.

The Government of Canada agrees with this recommendation.

The Pan-Canadian Framework on Clean Growth and Climate Change¹ was released following a meeting of First Ministers on December 9, 2016. The Framework recognizes that pricing carbon is an efficient way to reduce emissions, drive innovation, and encourage people and businesses to pollute less, while ensuring that the provinces and territories have the flexibility to design their own policies to meet emission-reductions targets. The pan-Canadian approach to pricing carbon pollution will provide certainty, stability and clarity to industry by requiring all jurisdictions in Canada to set a price on carbon pollution for a broad set of emissions sources by 2018 and increase stringency over time.

Some Canadian provinces are leading the way on pricing carbon pollution. British Columbia has a carbon tax, Alberta has a direct price system that combines a carbon levy with a performance-based system for large emitters, and Quebec and Ontario have cap-and-trade systems. Existing provincial action means that broad-based carbon pricing applies in provinces with nearly 85 percent of Canada's economy and population today.

Carbon pricing will drive innovation across the economy, including in the mining sector. Federal, provincial and territorial actions, including those listed in Annex I and Annex II to the Pan-Canadian Framework on Clean Growth and Climate Change, support the development, demonstration and deployment of clean technologies.

The Government of Canada is committed to work together with the provinces and territories to establish the approach to a review of carbon pricing that compares carbon pricing systems across Canada, which will be completed by early 2022 to provide certainty on the path forward. An interim report will be completed in 2020 which will be reviewed and assessed by First Ministers. As an early deliverable, the review will assess approaches and best practices to address the competitiveness of emissions-intensive trade-exposed sectors.

¹ Pan-Canadian Framework on Clean Growth and Climate Change: Canada's Plan to Address Climate Change and Grow the Economy, December 2016.

RECOMMENDATION 6: *The Committee recommends that the Government of Canada provide further support for innovation, clean technology and clusters in the mining sector by continuing to invest in R&D and innovation initiatives in the sector, especially the work of industry-led organizations such as the Canada Mining Innovation Council (CMIC) and the Centre of Excellence in Mining Innovation (CEMI).*

The Government agrees with this recommendation. The Government of Canada is currently working closely with the mining industry and innovation stakeholders, supporting their efforts to innovate and expand opportunities to integrate clean technology into resource operations. The Government, through its policy work and funding of research, development and demonstration of innovative technologies, has made significant investments to reduce greenhouse gas emissions and other environmental impacts in Canada's natural resources sectors, including mining. The Government has also pledged in Budget 2017 to provide \$200 million over four years, starting in 2017-18, to support clean technology research, and the development, demonstration and adoption of clean technology in Canada's natural resource sectors. In addition, Budget 2017 proposed to invest up to \$950 million over five years, starting in 2017-18, in support the creation of a small number of business-led innovation "superclusters" to accelerate economic growth in several areas, including clean technology and clean resources. These investments are designed to help natural resource development in Canada become more sustainable and productive, while enabling new collaborative relationships that can overcome the systemic barriers that often inhibit innovation.

Natural Resources Canada's CanmetMINING laboratory engages with innovation stakeholders, industry, academia, and provincial and territorial governments through the Green Mining Initiative (GMI) to enhance the innovative potential of Canada's mining sector. Since its endorsement by Mines Ministers at the Energy and Mines Ministers' Conference in 2009, Natural Resources Canada has invested significantly in the GMI to enhance the environmental performance and competitiveness of Canada's mining industry. Provincial and territorial priorities are taken into account through the GMI Intergovernmental Working Group. Additionally, participation by key stakeholders, such as CMIC and CEMI, in the GMI Advisory Council has helped align research activities to industry priorities.

THEME 4: ENHANCING INDIGENOUS CONSULTATION AND PARTICIPATION IN RESOURCE DEVELOPMENT

RECOMMENDATION 7: *The Committee recommends that the Government of Canada work in collaboration with industry, Indigenous governments and communities, and provincial/territorial governments to create a framework for a clear and consistent process and protocol for Indigenous consultation and participation.*

The Government of Canada recognizes that the consultation and participation of Indigenous peoples in the exploration and mining sectors is an important aspect in the renewal of the relationship between the federal government and Indigenous peoples. Meaningful participation helps ensure Indigenous peoples share in the opportunities and benefits generated by a project

in proximity to their communities. Consultation with Indigenous peoples also ensures that Indigenous viewpoints on crown activity are considered and that Section 35 rights are respected.

The Government of Canada takes a whole-of-government approach to consultation and accommodation. The Consultation and Accommodation Unit (CAU) within Indigenous and Northern Affairs Canada (INAC) takes the lead in providing guidance to other government departments fulfilling the duty by offering training, drafting guidelines, supporting the negotiation of consultation and accommodation protocols, and administering the Aboriginal and Treaty Rights Information System (ATRIS), a location-based information tool available to governments and the public. The CAU works to update and enhance these roles regularly with the goal of a clear and consistent process for Indigenous consultation. Interdepartmental, Intradepartmental, and Federal/Provincial/Territorial working groups also exist as forums to discuss jurisdiction and department-specific challenges, share best practices and enhance federal coordination and consistency.

The Consultation and Accommodation Guidelines for Federal Officials, 2011, provide guidance to federal officials on fulfilling the duty to consult. Training is also provided by the CAU on these guidelines. Engagement processes were undertaken in the development and updating of the current version of these guidelines with Indigenous Groups, industry representatives, and provincial and territorial officials, with another update planned. Interim policy discussion papers have been developed for federal officials on various topics to provide clarification on key areas until the next round of revisions take place. A prominent message communicated in the guidelines and training is that consultations should be done in a way that upholds the “Honour of the Crown” and ensures that Section 35 rights are respected.

The Government of Canada also negotiates consultation protocols with Indigenous groups. These protocols are agreements between the federal government and Indigenous communities, and in some cases, involve the province or territory in which they are situated. These agreements set out a process for consultation, clarify roles and responsibilities and promote relationship-building. They also support the government’s reconciliation agenda by providing a predictable and efficient process for departments to follow when consulting on activities which may impact established or asserted Aboriginal and treaty rights. It is also noted that a number of Modern Treaties contain specific provisions regarding consultation.

The Government has also made a number of commitments that impact Canada’s approach to Indigenous consultation. For instance, the Major Projects Management Office (MPMO) Initiative integrates consultation into the major project review process in a whole-of-government approach to Indigenous consultation, which includes the provision of dedicated Indigenous participant funding and the capacity to meaningfully consider and address Indigenous concerns. Building on this initiative, Natural Resources Canada established the Major Projects Management Office-West (MPMO-West) to support early engagement on energy infrastructure development and to develop trusting relationships with Indigenous communities on the West Coast.

In February 2017, it was announced that a Working Group of Ministers on the Review of Laws and Policies Related to Indigenous Peoples will examine relevant federal laws, policies, and operational practices to help ensure the Crown is meeting its constitutional obligations with respect to Aboriginal and treaty rights; adhering to international human rights standards; and, supporting the implementation of the Truth and Reconciliation Commission's Calls to Action. In addition, a review of Canada's environmental and regulatory processes is underway to identify ways to strengthen and improve federal environmental assessment processes, including the role of Indigenous peoples in these processes.

The Government also recognizes that the participation of Indigenous peoples in the exploration and mining sector is important for renewing the relationship between the federal government and Indigenous peoples in the era of reconciliation. To support the participation of Indigenous peoples, the Government takes a whole-of-government approach, guided by the Federal Framework for Aboriginal Economic Development, which considers jurisdictional factors affecting the participation of Indigenous peoples in the natural resource economy, such as laws and agreements. Integral to this work is the advancement of meaningful partnerships between governments, Indigenous groups, and industry partners.

The Strategic Partnerships Initiative blends this whole-of-government approach to make investment decisions and coordinate actions to increase Indigenous participation in complex economic opportunities, including in the natural resources sector. Natural Resources Canada leverages this support to enhance participation by Indigenous peoples equipped with informed decision-making capacity for considering and pursuing economic development opportunities. This has included partnerships between Natural Resources Canada and the Council for the Advancement of Native Development Officers (Cando) to deliver workshops to raise awareness of potential opportunities available throughout a project's lifecycle and to promote good practices. In addition, information tools such as the Aboriginal Tool Kit, including the Exploration and Mining Guide for Aboriginal Communities, are also made available on an ongoing basis. These information tools seek to ensure Indigenous groups are aware of the potential opportunities available and the expected socioeconomic benefits for communities.

RECOMMENDATION 8: *The Committee recommends that the Government of Canada address the socioeconomic barriers that hinder the ability of Indigenous peoples to participate meaningfully in resource development decisions:*

- a) by improving access to clean drinking water, adequate housing, education and healthcare;***
- b) by helping them build their capacity to review and assess resource development proposals and fairly represent their interests;***
- c) by improving their capacity to access capital, and thus, to become mining entrepreneurs and business owners; and,***
- d) by helping them develop the business expertise needed to conduct business-to-business interactions with the mining industry.***

The Government is committed to renewing its relationship with Indigenous peoples based on recognition of rights, respect, co-operation, and partnership. Vital to renewing the relationship is ensuring the participation of Indigenous groups in natural resource development. The Government recognizes that not all Indigenous peoples have the same capacity to share in the opportunities of resource development due to a diverse set of factors, including socioeconomic barriers. The Government supports addressing these socioeconomic barriers to improve the well-being of communities and to help ensure that interested Indigenous peoples can participate meaningfully in resource development.

Socioeconomic issues can have a direct impact on the capacity of Indigenous groups and communities to establish meaningful partnerships with governments and industry stakeholders. Successful partnerships require the ability of Indigenous peoples to make informed decisions in a timely manner that meet the interests and needs of their communities. Circumstances that prevent this level of participation by Indigenous peoples reduce access to the benefits immediately derived from resource development, while prolonging socioeconomic issues within Indigenous communities. By assisting the further integration of Indigenous peoples in local and regional economies, the Government can help improve the well-being of communities while supporting the economic and social sustainability of resource development. The Government is considering these issues as they are raised through the ongoing Environmental and Regulatory Review and working to mitigate barriers through targeted programs.

a) Improving socioeconomic outcomes and well-being

The Government is committed to working in collaboration with Indigenous groups to advance the health and social outcomes of Indigenous peoples and to improve essential physical infrastructure for Indigenous communities, including housing. This can contribute to improving a community's readiness to leverage opportunities and share in the benefits of a resource development project.

To make improvements to Indigenous communities, Budget 2017 proposes to invest an additional \$4 billion over 10 years, starting in 2018–19, to build and improve housing, water treatment systems, health facilities and other community infrastructure. This investment will be delivered through the second phase of green infrastructure and social infrastructure funding.

The Government is making other investments in infrastructure that could have a positive impact on Indigenous communities. Budget 2017 proposes to invest \$400 million in an Arctic Energy Fund to address energy security in communities north of the 60th parallel, including Indigenous communities. The Government announced plans to establish a new Canada Infrastructure Bank to transform the way infrastructure is planned, funded, and delivered in Canada through federal, provincial/territorial, Indigenous and private sector partnerships. Budget 2017 references infrastructure partnerships through bilateral agreements that will be negotiated. This includes up to 75 per cent federal funding for projects with Indigenous partners.

Budget 2017 also proposes to invest \$300 million through the Canada Mortgage and Housing Corporation (CMHC) over 11 years for northern housing (Yukon \$24 million, Northwest Territories \$36 million, and Nunavut \$240 million). This targeted investment is in addition to Indigenous-specific housing investments to be made as part of funding for infrastructure in Indigenous communities. In addition, \$225 million over 11 years is targeted to provide financial support to housing providers serving Indigenous peoples not living on-reserve.

The Government has also been making investments in Indigenous education. For example, Budget 2017 proposed:

- \$90 million over two years to increase funding to the Post-Secondary Student Support Program in support of Indigenous post-secondary education. The Government will also undertake a comprehensive and collaborative review with Indigenous partners of all current federal programs that support Indigenous students who wish to pursue post-secondary education. The purpose of the review will be to ensure that these programs meet the needs of individual students while supporting attendance at, and completion of, a post-secondary degree or credential.
- \$14.7 million towards adult education through the Northern Adult Basic Education Program to deliver adult basic education services to local colleges over three years.
- \$25 million over five years to the Indigenous-led charity Indspire, to support Indigenous students attend post-secondary school and find jobs. In total, this will provide \$40 million over five years in bursaries and scholarships for more than 12,000 First Nations, Inuit and Métis students.

These investments have been supported by further education and skills training programs to help increase the readiness of communities to participate in the natural resource sectors. Budget 2017 proposes investments of \$29.5 million over 5 years, for a new digital literacy exchange program that teaches basic digital skills to certain groups that are affected by digital divides, including Indigenous peoples and those living in northern and rural communities. In addition, Budget 2016 invested \$15 million over two years (\$5 million in 2016-17 and \$10 million in 2017-18) to better align Aboriginal Skills Employment and Training Strategy (ASETS) training with community priorities in the areas of housing construction, water treatment, child care and local administration.

Finally, the Government also announced investments of \$18.4 billion over five years in 2016 Budget for education, infrastructure (e.g., housing, clean drinking water, social, green), training, and other targeted programs to improve socioeconomic conditions that will contribute to a better quality of life for Indigenous peoples.

b) Capacity building

The Government recognizes that some Indigenous groups and communities require support to build their capacity to review and assess resource development proposals and fairly represent

their interests.

The Canadian Environmental Assessment Agency (the Agency) facilitates the participation of Indigenous groups in environmental assessments (EA) conducted by the Agency and EAs that have been referred to review panels. This participation is supported by the Participant Funding Program (PFP) which provides funding to Indigenous groups to assist them to prepare for and participate in Indigenous consultation activities and key participation opportunities associated with EAs by the Agency, review panels or joint review panels. Through the PFP, Indigenous groups are better equipped to fairly represent their interests in discussions within an Indigenous community to identify Aboriginal or treaty rights; reviewing and providing input on technical documents; and, consultation with the federal government. Separate Participant Funding Programs are also available through the National Energy Board and the Canadian Nuclear Safety Commission for environmental assessments of projects for which they are the sole Responsible Authority.

The Government is also supporting the participation of Indigenous peoples through the \$200 million Geo-mapping for Energy and Minerals (GEM) program. The GEM program provides the fundamental, regional geoscience knowledge that northerners and Indigenous groups can use for land use planning and responsible resource development decisions. The GEM program engages northern communities throughout the lifecycle of the program to support the decisions about their future economy and society. GEM Multidisciplinary Grants support the development of innovative approaches and tools that facilitate the use of GEM data and knowledge by Northerners, enabling the use of modern regional geoscience knowledge to enhance northern knowledge capacity and to inform northern decision-making. Eligible recipients include Indigenous organizations and groups; academic institutions; profit and non-profit organizations; industry and research associations; and, territorial, provincial, municipal and regional governments.

There is considerable natural resource potential on reserve lands, specifically mining, that many First Nations are interested to explore and develop in order to generate local employment and revenue for their communities. Indigenous and Northern Affairs Canada has developed new innovative ways to promote natural resource development on reserve lands by creating alternative solutions to the constraints of the *Indian Act's* land and resources management provisions through the *First Nations Commercial and Industrial Development Act*. Support for First Nations to participate in a meaningful way in environmental assessments on natural resource projects is also critical, and is supported by the recent Expert Panel's report on the *Canadian Environmental Assessment Act 2012*.

c) Access to finance and capitalizing on economic opportunities

The Government agrees that supporting Indigenous peoples to become entrepreneurs and business owners is important. The Aboriginal Entrepreneurship Program helps improve employment and economic outcomes for Indigenous peoples and reduces the socioeconomic gaps by supporting the creation and expansion of viable Indigenous businesses. This is achieved

by assisting projects that enable Indigenous businesses, institutions and organizations to develop strategies to fully participate in economic opportunities, including improved access to capital delivered by the Aboriginal Financial Institutions network and through business development opportunities provided by the Procurement Strategy for Aboriginal Businesses. This in turn helps entrepreneurs and communities with expenses such as capital costs, business-related training, and business planning to advance the operations and competitiveness of Indigenous businesses. Budget 2017 proposes \$400 million through the Business Development Bank of Canada, on a cash basis over three years for a new Venture Capital Catalyst Initiative that will increase late-stage venture capital available to Canadians.

In addition, Budget 2017 proposes an additional \$14 million over two years to support the next generation of entrepreneurs through Futurpreneur Canada, a not-for-profit organization. This will support young entrepreneurs by providing them with mentorship, learning resources and startup financing to help them bring their business ideas to life—and to market.

Through Budget 2017, the Government has also noted the private sector actions to support growing firms, with the announcement on March 9, 2017, of the creation of the Canadian Business Growth Fund. This will provide long-term capital through minority interests in small and medium-sized Canadian enterprises. The Fund brings together Canada's leading banks and other key financial institutions, which have jointly committed to invest initially over \$500 million, with scope to increase up to \$1 billion over 10 years, to support Canada's promising small and medium-sized firms.

The Government has invested nearly \$29 million over the last five years (2012 to 2017) through the Canadian Northern Economic Development Agency (CanNor) to strengthen the capacity of the northern mining sector including investments in geoscience skills training and business development support. Investments have been made under the following programs: Strategic Investments in Northern Economic Program, Centre for Northern Innovation in Mining, and the Northern Aboriginal Economic Opportunities Program.

d) Partners in development

The Government supports the development of Indigenous peoples' business expertise needed to conduct business-to-business interactions with the mining industry. The Lands and Economic Development Services Program and the Community Opportunity Readiness Program are supporting capacity building efforts to improve the delivery of economic development services thereby increasing the number of communities participating in and benefiting from economic development opportunities as a result of major resource development initiatives in their regions.

In addition, the Aboriginal Entrepreneurship Program improves employment and economic outcomes for Indigenous peoples by reducing socioeconomic gaps and supporting the creation and expansion of viable Indigenous businesses, through access to capital from the Aboriginal Financial Institutions network and business and procurement opportunities provided by the

Procurement Strategy for Aboriginal Businesses. This includes project based supports to develop participation frameworks and strategies that focus on business and employment opportunities.

RECOMMENDATION 9: *The Committee recommends that the Government of Canada work in collaboration with industry, Indigenous governments and communities, and provincial/territorial governments to improve mining education and skills training opportunities, especially for women and Indigenous peoples.*

The exploration and mining industry in Canada can make significant contributions to communities through direct employment and local business opportunities. Prospective recipients of these opportunities need to have the appropriate skills and levels of certification necessary to successfully meet the qualifications of employment or a procurement contract. However, barriers to access education and skills training opportunities have resulted in a diminished level of participation by these groups. The Government is working in collaboration with industry, Indigenous governments and communities, and provincial and territorial governments, to help provide mining education and skills training opportunities to enhance the participation of Indigenous peoples and other marginalized groups in the exploration and mining sectors.

To support education and skills development specific to the exploration and mining sectors, Natural Resources Canada promotes the Mining Essentials Program, developed by the Mining Industry Human Resources Council (MiHR). The program is delivered in partnerships between a community, employer, and educator to help ensure skills are targeted to fulfill the requirements necessary to gain entry-level employment in the local mining sector. Collaboration between communities, industry, and educators helps ensure the program is tailored to attracting and ensuring the success of Indigenous participants in the program.

The Government also supports the Aboriginal Skills and Employment Training Strategy (ASETS), which links skills training needs with labour market demands. The Government identified \$50 million in additional funding for the ASETS in 2017-18. This amount includes new funding, \$10 million announced in Budget 2016, and additional reallocated resources from other programming that support training more generally. These investments will provide ASETS service providers with added capacity to meet the growing demand from Indigenous peoples for skills development and job training. Budget 2017 also proposed further investments in Indigenous skills and development and employment of \$39.2 million to provide case management services for youth living on-reserve to support access to employment opportunities (i.e., pre-employment skills, access education and training, and overcome barriers to employment).

In addition, the Skills and Partnership Fund (SPF) is a competitive, project-based fund designed to maximize partnerships with employers and the job outcomes of Indigenous clients. It is open to all Indigenous people. SPF has been highly successful in building linkages with employers and ensuring that Indigenous workers can benefit from emerging opportunities. The most recent

call-for-proposals was closed in July 2016 and the assessment of proposals is now being completed. It is expected that new projects will be rolled out in the spring of 2017.

The Government has also been taking targeted actions to mitigate the barriers faced by women in the workforce. For example, Budget 2017 stated that the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders will be capitalizing on the work of the Expert Panel on Championing and Mentorship for Women Entrepreneurs, the Advisory Council on Economic Growth and other sources of expertise to advise the Government on swift actions to address barriers that affect women serving in senior leadership positions and increase competitiveness for women entrepreneurs. Additionally, the Government and the Mining Association of Canada provide support to the MiHR's Gender Equity in Mining (GEM) Works program, which offers a suite of resources to promote gender-inclusive workplaces in the Canadian mining sector. Women in Mining and Women Who Rock are other national organizations, partnered with industry, with a mission to advance gender equality in mining. Women in Mining and its regional branches focus their efforts on grassroots initiatives and represent a Canadian national voice in the global mining community. Women Who Rock leverages its professional and social network, including through mentoring programs, to improve gender diversity in mining. Finally, the Women's Association of the Mining Industry of Canada, founded in 1921, continues to offer scholarships, bursaries and awards to encourage young women to complete undergraduate studies in mining-related fields.