



December 30, 2014

The Honourable David Emerson
Chair, Canada Transportation Act Review Secretariat
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Ottawa, Ontario K1A 0N5

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Dear Mr. Emerson,

Re: Canada Transportation Act Statutory Review

Thank you for the opportunity to participate in the review of the Canada Transportation Act (CTA). The NWT & Nunavut Chamber of Mines is pleased to see the Government of Canada's focus on improvements that will enhance the safety, environmental security, efficiency, and economic competitiveness of Canada's transportation systems, while supporting the prosperity of our sector and generations of northerner's to come.

Please find attached our submission on behalf of the mining industry in the NWT and Nunavut. For purposes of this submission, the Chamber will focus on Part 6 of the Discussion Paper titled "Remote and Northern Transportation and Infrastructure". The following points in particular are relevant to achieving a vibrant mining and exploration sector and increased investor certainty in the North:

- Increase investment in infrastructure to overcome challenges in developing the North
- Government needs to recognize the positive long-term benefits of legacy infrastructure developed for mining projects
- Preserve access to key transportation corridors for future resource development, notably in Lancaster Sound and in the East Arm of Great Slave Lake.

We fully support the work that your government is doing to help improve the transportation environment in Canada and in the North, and we look forward to continuing to participate in the consultation process. Resource development in northern Canada holds great potential for creating the wealth required to put unemployed residents to work, to help increase economic self-reliance, and to make our territories stronger contributors to Canada. By taking the unique northern conditions into account in the CTA, you will be helping the North realize its potential.

Should you require any further clarification, we would be pleased to provide it.

Yours truly,

Brooke Clements
President



NWT & Nunavut Chamber of Mines Submission to the 2015 Review of the Canada Transportation Act December 30, 2014

Executive Summary

The NWT & Nunavut Chamber of Mines (“the Chamber”) is pleased to provide this submission for consideration regarding the review of the *Canada Transportation Act* (CTA). Our comments focus on proposed amendments to Part 6 of the Discussion Paper, “Remote and Northern Transportation and Infrastructure”. We very much appreciate this opportunity given the challenges facing Canada’s transportation system in the NWT and Nunavut (“the North”). These challenges continue to have important impacts on a number of exploration and mining projects in the territories.

The following recommendations are relevant to the northern minerals industry and increased investor certainty in the North:

Increase Investment in Infrastructure to Overcome Challenges in Developing the North: The future of mining lies increasingly in Canada’s vast and remote northern regions. There is natural synergy between resource development and governments’ stated social and economic policy objectives. The Chamber advises the review panel to recommend that government make strategic, material, and long-term infrastructure investments in remote and northern regions that increase the viability of mining projects, and the local, regional, and national social and economic benefits they bring to northerners, Aboriginals and all Canadians.

Recognize the Positive Legacy of Infrastructure Developed for Northern Mining Projects: The ongoing development of transportation infrastructure has contributed to Canada’s growth and socio-economic success. Mining and other resource projects have been strong contributors to building this infrastructure legacy. In northern Canada, government has taken the approach that northern mines remove all infrastructure upon closure. The Chamber strongly recommends that the panel challenge government to change the requirement that transportation infrastructure, including railroads, roads, ports, and airstrips be reclaimed after mine operations have ceased. Leaving it behind as legacy infrastructure can help to reduce the cost of subsequent exploration and mineral development and increase benefits to future generations. Management of these assets could be taken over at the option of the respective territorial governments for future use.

Preserve Access to Key Transportation Corridors for Future Resource Development: In contemplating areas to protect for environmental reasons, Canada must ensure that safe and secure transportation access is also protected. Transport Canada should become an active participant in these protected areas processes so as to help protect critical access for future development. There are currently two key initiatives that require immediate intervention:

- **Lancaster Sound** in Nunavut is the transportation gateway to Canada's Northwest Passage. However, transportation through it to the vast region beyond is being threatened by a Parks Canada proposal to make it a *National Marine Conservation Area*, the marine equivalent of a National Park. A more flexible approach would be to use a *Marine Protected Area* to provide environmental protection and less restriction on transportation.
- **East Arm of Great Slave Lake** is the gateway to the entire southeastern NWT. The proposed Thaidene Nene National Park and other federal land withdrawals would remove a significant opportunity for future mineral exploration and mining investment over a vast portion of the territory. The Federal Government must help find a balance between protection of lands and the provision of strategic access and infrastructure corridors to areas with high mineral potential.



NWT & Nunavut Chamber of Mines Submission to the 2015 Review of the Canada Transportation Act December 30, 2014

Introduction – Remote and Northern Transportation and Infrastructure

The Chamber's comments will focus on proposed amendments to Part 6 of the Discussion Paper, "Remote and Northern Transportation and Infrastructure". Transportation challenges continue to have important impacts on a number of exploration and mining projects in the territories.

Mining is northern Canada's economic advantage, with industry active in the northern regions of provinces, and throughout the territories, from coast-to-coast-to-coast. The discovery, development, and production of mineral resources result in increased regional investment, business development, revenue generation, and employment in regions where few other opportunities exist.

Presently, mining is the largest private sector contributor to GDP in the North with contributions in the NWT of 29% and Nunavut, 18%. There are six operating mines in Nunavut and the NWT. Additionally, there are 22 advanced exploration and mining projects either in, or preparing to enter, the regulatory review process. Looking forward, under favourable market conditions and barring unforeseen delays, a number of these projects could become producing mines. These projects represent billions of dollars in initial capital investment potential, could lead to the creation of thousands of full time jobs, and bring significant opportunities to local communities and businesses.

Increase Infrastructure Investment to Overcome Challenges in Developing the North:

There are challenges associated with realizing the benefits that mining projects can bring. Characterized by a lack of infrastructure, sparse population, and extreme seasonal temperatures, remote and northern regions of Canada are high cost jurisdictions within which to explore for, build, and operate mines. The extent of these challenges faced by the mineral industry – and their associated costs – increases with the remoteness of the project's location.

Too often, companies that develop mines in remote and northern regions are required to build, at significant cost, all of the infrastructure necessary for operation, including ports, roads, railways, airstrips, and power among other pieces of critical infrastructure. These additional costs constitute a northern penalty that companies and industries operating in southern Canada generally do not have to incur. With better access to transportation for mining re-supply and bringing product to market, often a community nearby where a workforce can live, and access to the power grid, southern mines have a significant advantage. The mining cost differential between these jurisdictions can be significant and creates an un-level playing field in the North.

To better understand these costs, the Chamber participated in a study that compared the costs of operating in a remote and northern region relative to the costs of operating a comparable mine in a centrally located jurisdiction. The study (led by the Mining Association of Canada) determined that for base and precious metals, the penalty associated with developing and operating a remote and northern mine ranges from 2 – 2.5 times the cost relative to a comparable mine in a southern region. Further, the study ascertained that 60% of this cost increase is related directly to infrastructure investment.

Acknowledging that the future of mining lies increasingly in remote and northern Canada, and the natural synergy that resource development has with governments' stated social and economic policy objectives, there is significant potential to work together for the benefit of Canadians. To support this goal, the Chamber strongly advises the review panel recommend that government:

Make strategic, material and long term infrastructure investments in remote and northern regions that increase the viability of mining projects, and the local, regional, and national social and economic benefits they bring to northerners, Aboriginals and all Canadians. This infrastructure could also help with improving the quality of life and lowering the cost of living in proximal communities.

Recognize the Positive Legacy of Infrastructure Developed for Northern Mining Projects:

Every mine requires critical infrastructure, most notably transportation. Mines in the North are essentially small, industrial communities with onsite work forces that can approach 1,000 workers. Given the virtually undeveloped terrain in the region, mining companies have largely built and continue to maintain much of the infrastructure they require to operate. In the NWT, for example, mining has contributed valuable and long-lasting infrastructure that includes the territory's only railway and many of its all-weather roads.

Nunavut's mines required significant infrastructure to become operational. For example, Agnico Eagle Mines Ltd. had to install a floating dock system at Baker Lake with a capacity large enough to receive annual operating supplies by boat. The company also built and maintains a 110 km all-weather road – by far the longest road in the territory – at a cost of \$60 million. However, as a condition of the mine's approval, the company will have to dismantle the road and bridges upon closure of the mine in 2018.

From an exploration point of view, there is a "springboard effect" where "in place" infrastructure supports future exploration and ultimate mine development by providing reduced cost access to the area through airstrips, roads, buildings etc. As an example in 2014, through Sabina Gold and Silver's all weather airstrip at Back River, the company was able to provide assistance to the Geological Survey of Canada for its 2014 mapping program, reducing costs significantly. "In place" infrastructure stretches the limited exploration dollar farther.

Infrastructure is an important long-term legacy of mining projects. However, leaving this infrastructure behind for future users is not supported under current government policy. Government should recognize the potential benefits of legacy mining infrastructure by not requiring mines to remove certain types of infrastructure upon closure. The Chamber strongly recommends that the panel challenge government to:

Change the requirement that certain transportation infrastructure, including railroads, roads, ports, and airstrips be reclaimed after mine operations have ceased in order

to reduce the cost of exploration and future mineral development and provide benefits for future generations and local communities. These assets should be taken over at the option of the respective territorial governments for future use.

Preserve Access to Key Transportation Corridors for Future Resource Development:

The vast and remote regions of northern Canada hold significant potential to contribute to Canada's economic future. However, our knowledge and understanding of these areas is limited, their economies are far from self-reliant, and they suffer an infrastructure deficit. At the same time, there are Federal proposals to protect vast tracts of northern lands and waters from any future development, including transportation infrastructure. In considering areas for protection, Canada must preserve access to key transportation corridors so that future development opportunities are not unnecessarily compromised.

To this end, the Chamber has deep concerns about proposals by Parks Canada to establish a National Marine Conservation Area (NMCA) straddling the Lancaster Sound region of Nunavut and, in the NWT to create a 30,000 square kilometre national park over the entire East Arm of Great Slave Lake.

Lancaster Sound

In Canada's remote Arctic marine shipping is the most economic and efficient mode of transportation for bulk goods. Safe and environmentally sound marine shipping requires investments in information infrastructure such as appropriate charting, navigational aids, weather and ice information and systems to deal with response to accidents or spills. The Federal Government plays a key role in all of these areas. Marine shipping is considered to be a safe and environmentally sound choice of transportation in most southern marine areas. With appropriate levels of government services, marine shipping is a safe and environmentally sound approach across the North as well.

Lancaster Sound is the marine gateway to the Canadian Northwest Passage, through which vessels to support the growing northern minerals industry and other commercial interests must travel. Lancaster Sound itself has tremendous resource potential; a study by Natural Resources Canada states that *large petroleum fields the size of Hibernia could be discovered within the assessed area of Lancaster Sound.*

Sustainable mineral development in Nunavut translates into significant economic spin-offs for this economically depressed region. The Chamber believes that the proposal to establish what is essentially a marine version of a national park over and across the gateway to Canada's Northwest Passage is not in the best interest of Nunavut or Canada. Blanketing this area with a NMCA, without further consideration of other available options, may inhibit the development of Nunavut's non-renewable resources – the territory's main economic driver. It would also affect the growing national and international commercial shipping through this important gateway.

Recently, a similar study was completed for the Anguniaqvia niqiqyuam Area of Interest in Darnley Bay, part of the Beaufort Sea in the NWT. There, the decision was made to protect the critical habitat of a number of marine species by way of a much more flexible management tool, a Marine Protected Area (MPA). In this case, the study group recognized that a NMCA was too restrictive as it would not allow for any commercial activities (i.e. mining and oil & gas development) and opted for the MPA designation because it provided the necessary regulatory protection for key species of interest, but also allows for subsistence harvesting, and does not negatively impact potential economic opportunities.

The Chamber believes the same approach should hold true for Lancaster Sound and has made this request directly in writing to the Lancaster Sound Feasibility Study group. However, given that their focus and responsibility is to advance a NMCA, the Chamber believes this issue requires an immediate and expedient intervention from Transport Canada. If various Federal Government departments could collaborate on a creative alternative to an NMCA, it could preclude a damaging and irreversible decision to the present and future development of Nunavut. There is an answer where the unique natural environment and the diverse marine life of Lancaster Sound can be protected and responsible commercial shipping and resource development could proceed in a manner that protects the environment. Such a win-win would be in the best interests of Nunavummiut and all Canadians.

The *Lancaster Sound NMCA Feasibility Study* is being steered solely by Parks Canada with input from the Government of Nunavut and the Qikiqtani Inuit Association. For a well-reasoned review and consideration of alternatives, the Chamber recommends that:

Transport Canada actively contribute to the *Lancaster Sound NMCA Feasibility Study* to find an alternative solution, such as a Marine Protected Area designation, that protects both marine values and transportation and resource development for the future.

Proposed Thaidene Nene National Park and other areas in Southeastern NWT

Northern mines today provide unprecedented benefits to local communities and businesses, but they won't last forever. To sustain and grow these significant benefits, exploration for new mines must continue, and this requires access to land for exploration and development. The Chamber takes a strong interest in the proposed Thaidene Nene National Park and the other alienated lands in the southeastern portion of NWT. Together, they create a significant lost opportunity for mineral exploration and mining investment over a sizeable area of the territory.

The original Federal proposal for Thaidene Nene national park in the 1970s defined a 7,000 square kilometre national park to preserve the natural beauty of the East Arm area of Great Slave Lake. Parks Canada has now expanded that area over four times to 30,000 square kilometres. There is sufficient regulatory protection today to protect lands, and the Chamber believes much of this expanded area is unnecessary.

Providing for marine access in the park with allowances for ports to be placed at strategic locations on the shoreline of Great Slave Lake, and road and power transmission line corridors through the park to areas with high mineral potential in the hinterland beyond is strongly recommended. Without such accommodation, the current proposal would block development in a vast area of the NWT beyond the proposed boundary.

The currently proposed Thaidene Nene national park boundary would result in overly restrictive access to not only in the candidate area but to a vast region of the NWT beyond the boundary. If allowed to advance in its current state, it will block future development opportunities in a vast part of the southeastern NWT. The Chamber strongly encourages the panel recommend that the government:

Provide for marine access in Thaidene Nene National Park with allowances for ports to be placed at strategic locations on the shoreline of Great Slave Lake, and allowances for road and power transmission line corridors to reach areas with high mineral potential.

Conclusion

The Chamber is the leading advocate for responsible and sustainable mineral exploration and development in the NWT and Nunavut. Our key objectives are to encourage, assist and stimulate prosperous, orderly and environmentally responsible development and growth of mining and mineral exploration, in all modes and phases, in the NWT and Nunavut; inform the public of matters relating to mining and minerals exploration, and; seek the cooperation of all persons, associations, corporations and authorities, both public and private, to attain these objectives.

The Chamber appreciates the opportunity to comment on this review. We hope for a continued focus by the Government of Canada on northern transportation systems, as improvements in this area will be an incentive for increased mineral investment in the North and to benefits for northerners and all Canadians.