

# ANNUAL REPORT

# 2013

Yukon Minerals Advisory Board



# YMAB CHAIR MESSAGE

On behalf of the Yukon Minerals Advisory Board (YMAB), I am pleased to present the board's perspective to help the territory's mineral industry achieve competitiveness and sustainability to support the quality of life Yukon residents enjoy and to reinforce the success of all economic sectors.

YMAB was established in 1999 by an Order in Council under the *Economic Development Act* to advise the Minister of Energy, Mines and Resources on matters related to mineral development in the territory. YMAB is unique, as it is the only legislated board in Canada that provides recommendations directly to a territorial or provincial Cabinet Minister versus through a governmental department or agency.

In 2013, at the urging of industry, the Government of Yukon made a significant commitment and investment to provide Yukoners with the skills they need to secure employment in the mining industry. YMAB extends its appreciation for the territorial government support that was provided to help establish the Centre for Northern Innovation in Mining (CNIM) at Yukon College.

In addition, Government of Yukon support has allowed YMAB to examine the challenging environment the mineral industry is facing due to the territory's current assessment and permitting regime.

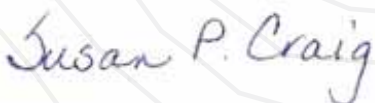
This year's YMAB Annual Report is different than previous reports as it solely focuses on the board's findings with respect to the Yukon's assessment and permitting regime. The board's analysis is critical of the current process, however provides constructive and practical recommendations to improve the current system.

Over the past several years, the Yukon's mineral development industry has experienced a marked deterioration in the efficiency and reliability of the assessment and licensing of mining projects in the territory – a situation industry refers to as one of 'moving goal posts'. The system has become more costly, cumbersome and protracted and as a result, the Yukon is developing an increasingly negative image as an attractive investment destination.

Resolving these issues surrounding assessment and permitting in the Yukon is crucial to the development and ultimate survival of the Yukon's mining industry, particularly given the difficult global economic environment the industry is currently facing.

The members of YMAB appreciate the opportunity this report provides to formally express industry's concerns to the Government of Yukon, to evaluate the actions that need to be taken and to present solutions that support the industry. YMAB recognizes the significant contributions that Yukon metals, minerals and mining expertise make to the territory's economic and social foundation and looks forward to working with the Government of Yukon in the year ahead to help re-establish certainty and investor confidence in the territory's assessment and permitting regime.

Respectfully Submitted,



Susan P. Craig, M.Sc., P.Geo.  
Chair, Yukon Minerals Advisory Board



# OVERVIEW

This report reflects YMAB members' collective experience, opinions and observations paired with independent research surrounding some of the key issues that are negatively impacting the industry.

YMAB recognizes that the responsibility and jurisdiction for two of the three main assessment and licensing issues affecting the mineral industry lie with the Yukon Executive Council Office (YESAA and the Yukon Water Board) and the third is under the authority of Yukon Energy, Mines and Resources (Quartz Mining License).

Mining and exploration companies navigate the entire assessment and permitting process and therefore, provide a comprehensive and holistic perspective of the Yukon's regime. Commencing with a Decision Body's determination of the need and scope of a YESAA assessment, it has been clearly revealed that *there is no single point of authority or accountability within the Government of Yukon (YG) at this time for the entire assessment and permitting process.*

Although assessment and permitting in the Yukon have not changed in recent years, the interpretation of the *Yukon Environmental and Socio-economic Assessment Act* (YESAA) and the *Waters Act* (2003) by Decision Bodies and assessors and their approach to assessment and permitting have resulted in deteriorating timelines and overlapping mandates.

The decision-making process is not clear, even to proponents within the system.

This has led to assessors to refer to YESAA as an 'evolving' process and to Decision Bodies, in certain instances, using the assessment phase for regulatory purposes. This approach is negatively perceived by the industry and has resulted in significant uncertainty regarding the Yukon's regime around the territory, around the country and around the world.

Although a volunteer board, with the support of YG, YMAB has worked diligently over the past year to find timely, achievable solutions and present recommendations to YG to help improve the territory's standing as an attractive destination for exploration and capital investment.

**YMAB recommends that YG develop and implement transparent strategies in order to help restore confidence in the Yukon's assessment and permitting process and looks forward to working with YG in the year ahead to help re-establish the territory as a competitive and effective mining jurisdiction.**

## YMAB Mandate

**YMAB recommends measures, including government actions, to the Minister of Yukon Energy, Mines and Resources to:**

- **Increase the potential for mineral exploration and development in the Yukon;**
- **Attract capital for the exploration and development of new mines;**
- **Ensure that mines can be developed feasibly and in a timely fashion;**
- **Improve the potential for producing mines to remain viable;**
- **Enhance Yukon participation in mining;**
- **Reduce constraints, including government constraints, on the development of minerals in the Yukon; and,**
- **Engage with First Nations to explore the opportunities and benefits of mineral exploration and development in the Yukon.**

# SUMMARY OF ISSUES

Mineral exploration and development companies invest in jurisdictions and in projects they feel confident that if a discovery is made, it can be assessed, permitted and constructed in a timely manner and keep operating.

Currently, some key issues are hampering the efficiency and reliability of the assessment and licensing of mining projects in the Yukon and exploration and development dollars are being invested in other jurisdictions as represented in the chart below.

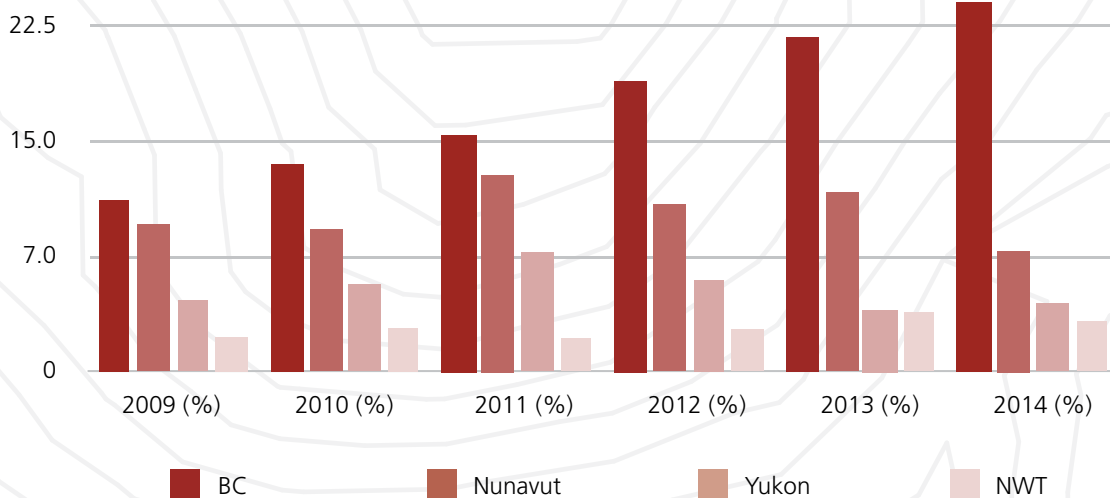
In 2013, Yukon mineral industry members have identified key issues, which include:

- Once mines have completed the assessment and licensing process and have commenced production, they are not free from permitting delays

and associated costs. As the system is currently being interpreted and administered, most operations do and will require repeated, detailed re-assessment and re-permitting to accommodate the inevitable 'normal course' and evolutionary nature of mining project operations.

- Although the legislative and regulatory regime for mining approvals has not changed in recent years, proponents' experience securing approvals has worsened dramatically. There has been a gradual deterioration in the interpretation and administration of existing laws and regulations by government agencies and this uncertainty is affecting capital investment decisions.

**Exploration and Development Spending (millions) for BC, Nunavut, Yukon and NWT**



- Given this deterioration, mining company management is increasingly forced to allow regulatory and permitting constraints to take precedence over engineering considerations in operational decision-making, which is negatively affecting project economics.
- Proponents have widely experienced increasingly excessive, inappropriate and redundant information requests during the adequacy review period both from the Yukon Environmental and Socio-

economic Assessment Board (YESAB) and the Yukon Water Board.

Their respective adequacy review processes are currently open-ended, increasingly opaque and rely extensively on external consultants. Oversight of the adequacy review and the external consultants is lacking and leading to 'pre-assessment' or 'pre-licensing' processes conducted outside Yukon's existing acts and regulations.

## RECOMMENDATIONS

As previously noted, mineral exploration and development proponents navigate the entire assessment and permitting process in the territory and therefore, contribute a holistic perspective to assessment through YESAA and permitting via the Yukon Water Board and Yukon Energy, Mines and Resources (EMR).

To this end, YMAB puts forth the following recommendations to YG, as they are achievable and can result in immediate positive impacts in the next three to six months.

### **YMAB's Reporting Relationship**

As YMAB represents a cross-section of the mineral industry, the board possesses vital knowledge and experience in the Yukon. The board wishes to provide industry's perspective not only to EMR but also to ECO.

**YMAB therefore recommends that YG broaden the reporting relationship of YMAB to include the Premier as the Minister of ECO to better integrate the substantive role ECO exercises in the**

**oversight of two of the three processes affecting the industry (YESAA and the Yukon Water Board).**

### **Establish Greater Accountability for YESAA Delivery with Yukon Government**

YMAB further recommends the development and implementation of an administrative Memorandum of Understanding (MOU) between the Deputy Minister of ECO and the Deputy Minister of Aboriginal Affairs and Northern Development Canada (AANDC) regarding a locally accountable operationalization of YESAA. The intent of the MOU is to guide the operational delivery of YESAA in the Yukon and to help clarify YG's role to help ensure that the territory's assessment regime is operating effectively and efficiently. This MOU would represent a significant opportunity for improvement in accountability and transparency for industry and for the Yukon.

## **Adequacy Review Timelines for YESAA and the Water Board**

Short timelines for adequacy reviews must be set for YESAA and for the Yukon Water Board. These adequacy processes are not proxies to conduct pre-assessments or establish regulatory standards and must revert to their intended purpose and be brought back under the guidance of the acts and regulations to ensure procedural and judicial fairness.

YMAB recognizes that over the past two years, ECO, the Water Board Secretariat and EMR have been undertaking an extensive examination of possible water licensing improvements. The board appreciates the recent announcement by ECO of changes to the *Waters Act* regulations that will establish clear timelines for internal review measures of processing quartz mining applications.

## **YESAA Re-assessment Process Clarity**

The process to determine whether a YESAA re-assessment is required when an authorization is renewed or amended needs to be clarified. A more transparent decision-making process is also needed, particularly with respect to how and when these determinations are made by **Decision Bodies**. Clarity outlining where authority lies, and what information is required, will lead to a clearer process, as well as appropriate re-assessment and re-permitting of actual amendments, if and when required.

## **Consolidation of Mine Project Oversight and Coordination**

YMAB recommends that a one-window, coordinated point of entry for mining proponents with accountability for timelines, process improvement and process fairness within YG should be established as this coordination would make a significant difference to the industry.

This initiative would also provide an excellent service delivery instrument to help support the cross-departmental, internal YG planning exercise known as the Business Improvement Initiative.

Moving forward on this front, YMAB would be pleased to provide input into the development of this one window 'conduit' in order to truly reflect the experiences of the mineral industry and provide YG with options and approaches based upon best practices in other jurisdictions.

## **Establish A Formal Process for Tri-lateral Board Meetings**

Over the past year, YMAB has had board-to-board meetings with both YESAB and the Yukon Water Board. All three boards agree that increased collaboration and communication will benefit the territory's assessment and permitting process and YMAB is committed to investing the time and resources of its members to ensure this dialogue and collaboration regularly occurs.

**YMAB recommends that YG coordinate with YMAB to ensure its consistent involvement and participation in this board-to-board-to-board dialogue.**

# CONCLUSION

In past years and in previous YMAB Annual Reports, the board has provided the Government of Yukon with recommendations surrounding numerous issues affecting the Yukon's mineral industry from land use planning and energy to mine training and inter-governmental relations.

In 2013 however, as reflected in this report, YMAB chose to focus on what industry has determined is the key issue negatively impacting the industry; **the deterioration in the efficiency and reliability of the assessment and licensing of mining projects in the territory.**

The system has become more costly, cumbersome and protracted and the Yukon's mineral industry is developing an increasingly negative image as an attractive investment destination. One of the Yukon's three producing mines is on an interim shutdown and a second has recently undergone the layoff of 44 employees. **There is a clear urgency for the Government of Yukon to act.**

The 2013 *Fraser Institute Annual Survey of Mining Companies* surveyed over 4,000 exploration, development and other mining-related companies around the world to assess how mineral endowments and public policy factors, such as taxation and regulatory uncertainty, affect exploration investment.

Of the 112 global mining jurisdictions ranked by the institute, the Yukon was 19<sup>th</sup> – a dramatic drop from the territory's 8<sup>th</sup> place ranking in 2012.

The survey results indicate that this decrease reflects a decline in global perception surrounding the Yukon's policy factors that 'encourage investment', namely uncertainty concerning the administration, interpretation and enforcement of existing regulations (a drop of 20 percentage points from 2012).

YMAB appreciates the support of the Government of Yukon that allowed the board to obtain independent research to inform the recommendations included in this report. The board believes that these recommendations are practical, achievable and in large part should contribute to the expeditious implementation of numerous improvements currently being advanced by YG.

Moving forward, YMAB is eager to work with the Government of Yukon on 'next steps' in order to help make changes to the Yukon's assessment and permitting process that will attract investment to the territory's mineral industry once again and re-establish the Yukon as a viable exploration and mining jurisdiction.



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## Yukon Minerals Advisory Board 2013 Members

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Alexco Resource Corp.
- Eira Thomas  
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Casino Mining Corp.
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- Communications:** Amanda Leslie  
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Coffee Gold Project  
White Gold District, Yukon