



# 2015



**YUKON MINERALS ADVISORY BOARD**  
ANNUAL REPORT



# MESSAGE FROM THE CHAIR

**O**n behalf of the Yukon Minerals Advisory Board (YMAB), I am pleased to present this year's Annual Report, which highlights our perspective on the state of the industry in the Yukon and provides recommendations for Yukon Government (YG) action to improve reassessment under the *Yukon Environmental and Socio-economic Assessment Act* [YESAA], regulatory efficiency, intergovernmental relations and infrastructure and development support.

Economic growth and self-sufficiency for the Yukon, and the social benefits that result for Yukoners, are currently challenged in many ways.

Opportunities stemming from the agriculture, forestry and fisheries sectors are all disadvantaged due to the territory's geographic location and distance to market. The Yukon however, is blessed with a mineral endowment second to none as evidenced by the *Fraser Institute Annual Survey of Mining Companies* consistently high ranking of the Yukon's mineral potential.

Some of this potential has already been realized to the benefit of all Yukoners including:

- ▶ The establishment of several successful businesses dependent on the mining sector.
- ▶ High paying employment opportunities.
- ▶ The establishment of a mining education and training facility and the pursuit of innovative research programs.
- ▶ Greatly improved public infrastructure [the most recent being the connection of the north and south electrical grid made possible via the development of the Minto Mine].
- ▶ A transfer of wealth and increased decision making capacity to Yukon First Nations and local communities through cooperative benefit agreements with affected First Nations.
- ▶ Significant contributions to numerous local social initiatives and programs such as the Yukon Imagination Library, *Every Student, Every Day*, the Yukon Hospital Foundation, breakfast and lunch programs in our territory's schools and many more.

The exploration and mining sector is in fact the territory's most vital private sector employer and socio-economic provider and contributes approximately 20 per cent to the territory's GDP each and every year.



In addition, in 2015, the territory's placer industry had over 150 active mine sites and produced 62,528 crude ounces of gold. The industry had significant and continuing positive employment and economic impacts in both the Klondike Region and in the wider Yukon where placer operators are active.

**Despite all this potential we are losing pace with the rest of the country.**

Significant investment capital, jobs, and business opportunities are being lost to other jurisdictions seen as more attractive to engage in exploration and to develop a mining project at lower cost and in less time.

Over two decades ago, Canada and Yukon finalized the *Umbrella Final Agreement* and Final and Self-governing Agreements with 11 of 14 Yukon First Nations and in 2003, Devolution resulted in the enactment of YESAA. These groundbreaking advancements for the territory led to increased regulatory participation through several boards and committees overseeing the development and regulation of resources within the Yukon.

These developments were seen to position the Yukon as having a world-class governance model leading the way on how resource development should move forward. This initial effort paid off and for a time the Yukon regulatory system enjoyed some early success. Exploration flourished and three new mines went into production, with the prospect of several more opportunities to follow.

Fast-forward to the present with the Yukon's last operating mine being pushed to the brink with temporary closure looming. **It is imperative the mine licensing improvement initiatives underway in various YG departments move "off the page" and into practice so that operating mines can remain operational and shovel-ready development projects can move forward.**

The placer mining industry also faces permitting challenges in some of the Yukon's most productive placer areas and has been working with both Canada and Yukon to try to rectify those challenges.

The Fraser Institute survey's Policy Perception Index is a composite index that captures the opinions of industry managers and executives on the effects of policies in jurisdictions with which they are familiar. While the survey reports on an amalgamation of policies, there is a focus on the "interpretation, and enforcement of existing regulations; environmental regulations; [and] regulatory duplication and inconsistencies."

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It is noteworthy that the Yukon's standing on this index has declined significantly in recent years, from 13<sup>th</sup> overall in 2012 to 39<sup>th</sup> overall in 2015.

**There is a very real and urgent need to get back on track to better ensure the Yukon is seen as an attractive jurisdiction for not only exploration but also development and mining.**

While the above statistics point to the substantial work ahead, there are indications YG has made advancements in some key areas. In particular, YMAB commends the work the territorial government is undertaking with Yukon First Nations to improve intergovernmental relations and certainty for all Yukoners. We are encouraged these efforts appear to increasingly be headed in a positive direction.

The board members sincerely appreciate the opportunity YMAB and the Annual Report provide to formally and frankly convey our perspective and recommendations on government actions to enhance mineral exploration and development in the Yukon.

We would further like to extend our appreciation to the Ministers of Energy, Mines and Resources and the Executive Council Office, whom we advise, for enabling and ensuring YMAB continues to provide a valuable voice for industry to openly express these opinions and recommendations. We firmly believe this engagement leads to a stronger mineral exploration and development sector to the benefit of the Yukon.

In closing, I extend my sincere appreciation to the entire volunteer board for providing their invaluable knowledge, experience and time this past year.

Respectfully Submitted,



**MARK AYRANTO**  
CHAIR | YUKON MINERALS ADVISORY BOARD

# SUMMARY OF RECOMMENDATIONS



## Reassessment Under YESAA

The ideas embodied within the provisions of Canada's Bill S-6 currently being repealed were sound, even if the manner in which they came about is viewed as flawed. Without these provisions going forward the mineral industry will be worse off.

More specifically, the process under which projects are 'reassessed' under YESAA is currently very flawed. At best, it serves as a significant burden and barrier to development and capital investments in the Yukon. At worst it threatens the very future of mineral development and mining in the territory. There are at least two mines in the Yukon that either have, or will, shut down prematurely due in large part to reassessment.

Mining projects that have triggered a reassessment under YESAA require the entire project be reassessed rather than only the new or altered project component[s], which triggered the reassessment in the first place. There appears to be a misperception that industry seeks to circumvent future environmental assessments altogether and this perception is incorrect. YMAB is simply suggesting any reassessment be properly scoped to include only those project components that are new or substantially altered from the original assessment.

Unfortunately, the word 'reassessment', in and of itself, is misleading as a reassessment is actually triggered by something that has yet to be assessed under YESAA. Another seeming misperception is that the Yukon Environmental and Socio-economic Assessment Board [YESAB] triggers the reassessment and we would like to remind YG that Decision Bodies are in fact responsible for initiating a reassessment under YESAA. In this regard, YG has considerable discretion in the reassessment of projects under the Act.

The inappropriate scoping of a reassessment to include the entire project versus the newly proposed project components, which actually triggered the reassessment, is the single biggest threat facing the viability of mineral development and mining in the Yukon today. Left unattended, the Yukon will fail to capture the potential benefits the mineral exploration and mining sector has to offer.

**YMAB recommends YG immediately commence work with Yukon First Nations, Canada, the Yukon Water Board, YESAA and industry to address and solve this very pressing challenge of reassessment under YESAA.**

## Improved Regulatory Efficiency

In YMAB's 2013 Annual Report, and reiterated in 2014, it was recommended that "YG develop and implement transparent strategies in order to help restore confidence in the Yukon's assessment and permitting process" based on the observation that "although assessment and permitting in the Yukon have not changed in recent years, the interpretation of YESAA and the Waters Act by Decision Bodies and assessors and their approach to assessment and permitting have resulted in deteriorating timelines and overlapping mandates."

YMAB acknowledges YG's efforts to move forward with regulatory improvements through its Mine Licensing Improvement Initiative [MLII]. However, as feared by industry, it appears MLII rapidly 'jumped the track' and is now bogged down in process with no realization of near-term regulatory improvement.

At present, it is unclear to YMAB if MLII remains focused on improving client services to:

- ▶ Clarify roles and responsibilities between agencies.
- ▶ Avoid duplication.
- ▶ Improve accountability.

Similarly, the Mineral Development Strategy [MDS], believed to be forthcoming last year to help YG position the territory as an attractive investment jurisdiction, has not yet reached its implementation stage.

YMAB appreciates the complexity of the work being undertaken through MLII and the collaborative, foundational approach YG is taking to help ensure enhanced and transparent dialogue with respect to regulatory improvements. However, **the board re-emphasizes the critical need that any regulatory improvements under MLII that fall within YG's mandate, which do not require legislative amendment, be implemented with a sense of urgency to help remove duplication and uncertainty.**

## Intergovernmental Relations

In the 2014 Annual Report, YMAB encouraged the continued efforts by YG and Yukon First Nations to work together to better cultivate intergovernmental relations and recommended this could be best achieved through increased dialogue, greater clarity and enhanced regulatory focus. It was recognized at the time that much of this work was well underway and it appears these efforts are being rewarded with an increasingly positive outlook going forward.

YMAB notes with optimism the numerous positive milestones YG and several Yukon First Nations made in 2015 and early 2016 including:

- ▶ The Framework agreement signed between YG and the Kaska First Nation [2016].
- ▶ The intergovernmental accord signed with Kwanlin Dūn First Nation.
- ▶ The education agreement signed with Kluane First Nation.
- ▶ Finalization of the Tr'ondëk Hwëch'in Traditional Territory Regional Economic Development Plan.
- ▶ Funding support for the Carcross Tagish First Nation learning centre as a result of entering into an intergovernmental accord.
- ▶ An agreement with Kluane First Nation to conduct a geophysical survey.

**YMAB would like to acknowledge the strong efforts and apparent tangible progress YG and Yukon First Nations have achieved in their collaborative engagement. We trust and encourage continued efforts will result in further enhanced intergovernmental relations to the benefit of all Yukoners.**

## Infrastructure and Development Support

YMAB appreciates YG's support for the industry by once again providing \$1.4 million for the Yukon Mineral Exploration Program [YMEP] and for working with Yukon First Nations to hear and address their concerns regarding the issuance of double assessment credits for claimholders on Settlement Lands.

In addition, the board commends YG for supporting the placer mining industry by ensuring that seasonally maintained roads in the Klondike goldfields region are open for use as early as possible in the spring and for working with the Klondike Placer Miners' Association [KPMA] to finalize a wetland reclamation guide for the industry to recommend techniques for the re-establishment of wetlands in placer-mined wetland areas.

Surrounding YG's commitment to resource access roads, YMAB appreciates the work the territorial government has done, and is doing, to pursue joint funding through Infrastructure Canada's Build Canada Fund in order to improve access into the key and resource-rich Dawson and Nahanni Range areas.

**YMAB urges YG to continue this important work with Canada and continually involve industry in this process to help the federal government understand the importance of infrastructure development for industry and all Yukoners.**

The board commends YG for undertaking its recommendation in last year's YMAB Annual Report to establish a one-window, coordinated body for mining proponents shepherding their projects through the development phase.

This recommendation was presented as similar models in other jurisdictions are succeeding to help ensure accountability, procedural fairness and cross-agency communication and to help clarify the roles and responsibilities of YG and a mining project proponent.

Although the recommendation resulted in a pilot project approach with one proponent, **YMAB encourages YG to assess its results and build on its successes to establish a body that remains efficient in size and nimble in approach, with the authority to drive process accountability.**



## Conclusion

In closing, the Yukon mining industry continues to be challenged by regulatory inefficiency and a flawed reassessment process under YESAA, which inhibits new project development and more critically, creates an environment that makes it difficult to keep a mine operating and provide the significant socio-economic benefits a project can offer.

YG has considerable influence on driving regulatory efficiency via MLII and reassessment under YESAA and it is imperative YG take a leadership role to ensure a healthy sustainable mineral exploration and mining sector is able to develop in the Yukon.

Continued constructive engagement with Yukon First Nations is key to ensuring mineral projects are well supported and able to move forward.

Infrastructure investment and development is critical for the Yukon to improve its competitive position, attract investment dollars, enhance First Nation business development opportunities and generally benefit all Yukoners for decades to come.

YMAB looks forward to working with YG in the coming year to help ensure that mining projects in the territory can compete globally through their exploration, development, operation and closure and reclamation phases.

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