

# **YUKON MINERAL DEVELOPMENT STRATEGY**

## **Discussion Paper**

Version 1.0



In 2017, the Minister of Energy, Mines and Resources, the Grand Chief of the Council of Yukon First Nations and Chiefs of the self-governing Yukon First Nations signed the Mining Memorandum of Understanding.

Under the Mining Memorandum of Understanding, the Yukon government and Yukon First Nations have established an independent panel to develop and recommend a draft Mineral Development Strategy for the benefit of communities, residents and businesses in Yukon.

The panel will develop the draft strategy through a consultative and inclusive process involving First Nations, industry, stakeholders and interested Yukoners. The Mineral Development Strategy will be a comprehensive long term guide for a successful and responsible mining industry in Yukon.

Yukon First Nations and the Yukon government are committed to the long-term responsible management of Yukon's mineral resources and to supporting a healthy mining industry that adheres to high environmental standards.

The Yukon Mineral Development Strategy will:

- encompass all aspects of placer and quartz mineral development including prospecting, exploration, development, production, reclamation and post-closure management;
- be founded on respect for Yukon First Nations' special relationship with the land and resources in traditional territories; and,
- support the development of a thriving and prosperous economy that benefits all Yukoners.

The purpose of this discussion paper is to initiate a conversation and seek input for the development of a place-based Mineral Development Strategy that ensures all Yukon people will benefit from mineral development opportunities.

## What is placed-based development?

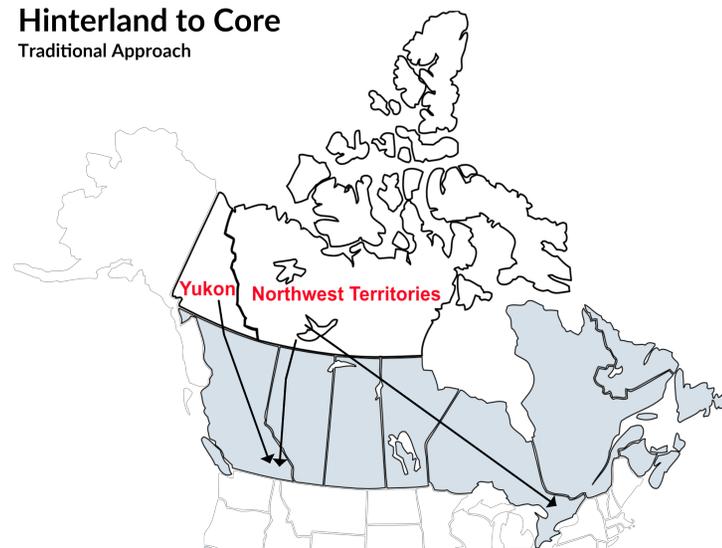
*“The message from our interactions with people across northern BC is very clear: people want economic development that not only creates jobs for residents, but that also respects people, the environment, and the quality of life that defines the rural and small-town lifestyle.*

*Economic development that depends on flying in employees, where most of the social and economic benefits flow out of the region, and where the region is left only with the social or environmental costs of this new activity, does not fit well with this message.”*

Markey, S., Halseth, G. and Manson, G. 2012. Investing in Place: Economic Renewal in Northern British Columbia. UBC Press.

The traditional hinterland-to-core model of regional economic development is “spatially blind” — it focusses mainly on the potential value of resource wealth and the transportation infrastructure needed to get raw resources to market.

When regional development is spatially blind, the specific attributes of an area or place – people, culture and governance – are discounted and ignored.



*“Place-based development takes advantage of the physical, social, economic and cultural value of the region. Different regions have different strengths, challenges, and problems and it is essential to identify them.*

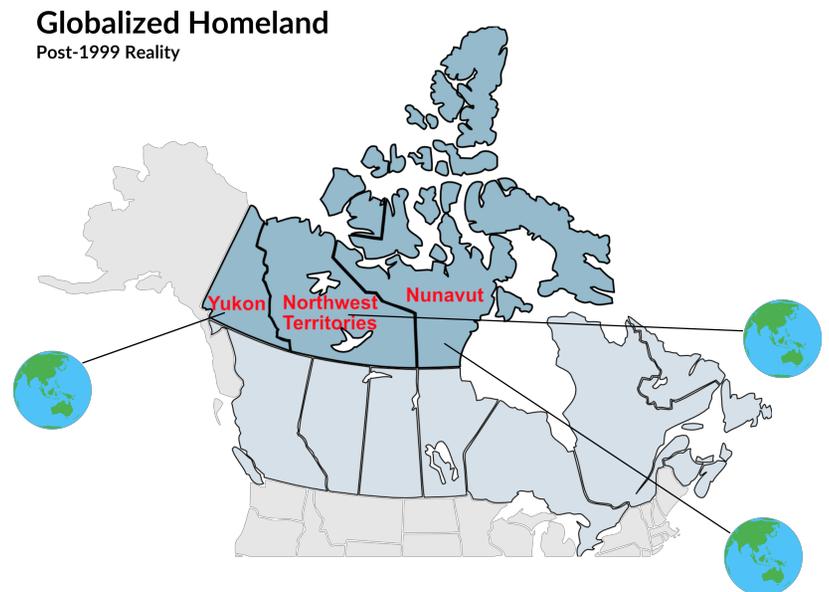
*There is a strong emphasis on the concept of agency as no development can take place without active people who give localities meanings from very different points of view and with very different interests.”*

Luoto, I. and Virkkala, S. 2017. “Place-based regional development as a strategic guideline”. Finland Ministry of Economic Affairs and Employment Enterprise and Regional Development Department.

Place-based development focusses on:

- community-level values and outcomes;
- strategies to capture local benefits; and,
- local assets rather than external investments and transfers

**...and place-based development emphasizes opportunity rather than disadvantage.**





## **Reconciliation with Yukon First Nations people is at the heart of the place-based approach to northern economic development.**

### **Truth and Reconciliation Commission Call to Action No. 92**

“We call upon the corporate sector in Canada to adopt the *United Nations Declaration on the Rights of Indigenous Peoples* as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources.

This would include, but not be limited to, the following:

- Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects.
- Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.
- Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the *United Nations Declaration on the Rights of Indigenous Peoples*, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills based training in intercultural competency, conflict resolution, human rights, and anti-racism.”

The chart below illustrates the volume of historical mineral production in the Yukon between 1886 and 2017 for the five main minerals mined in the Yukon: lead, zinc, copper, silver and gold. Production data are not available for the years 1956 to 1959.

Yukon Lead Production (tonnes)



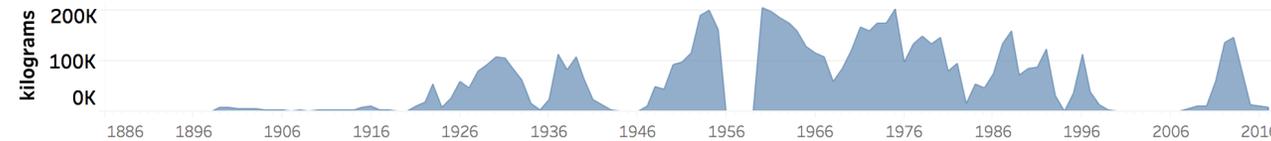
Yukon Zinc Production (tonnes)



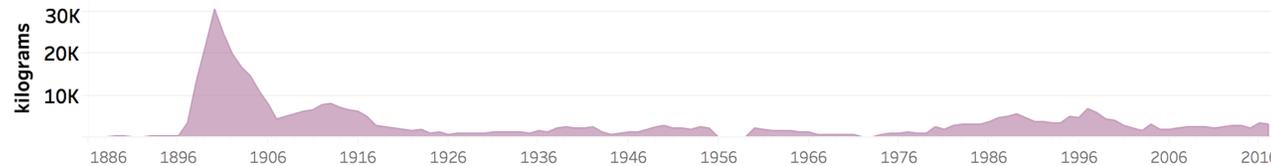
Yukon Copper Production (tonnes)



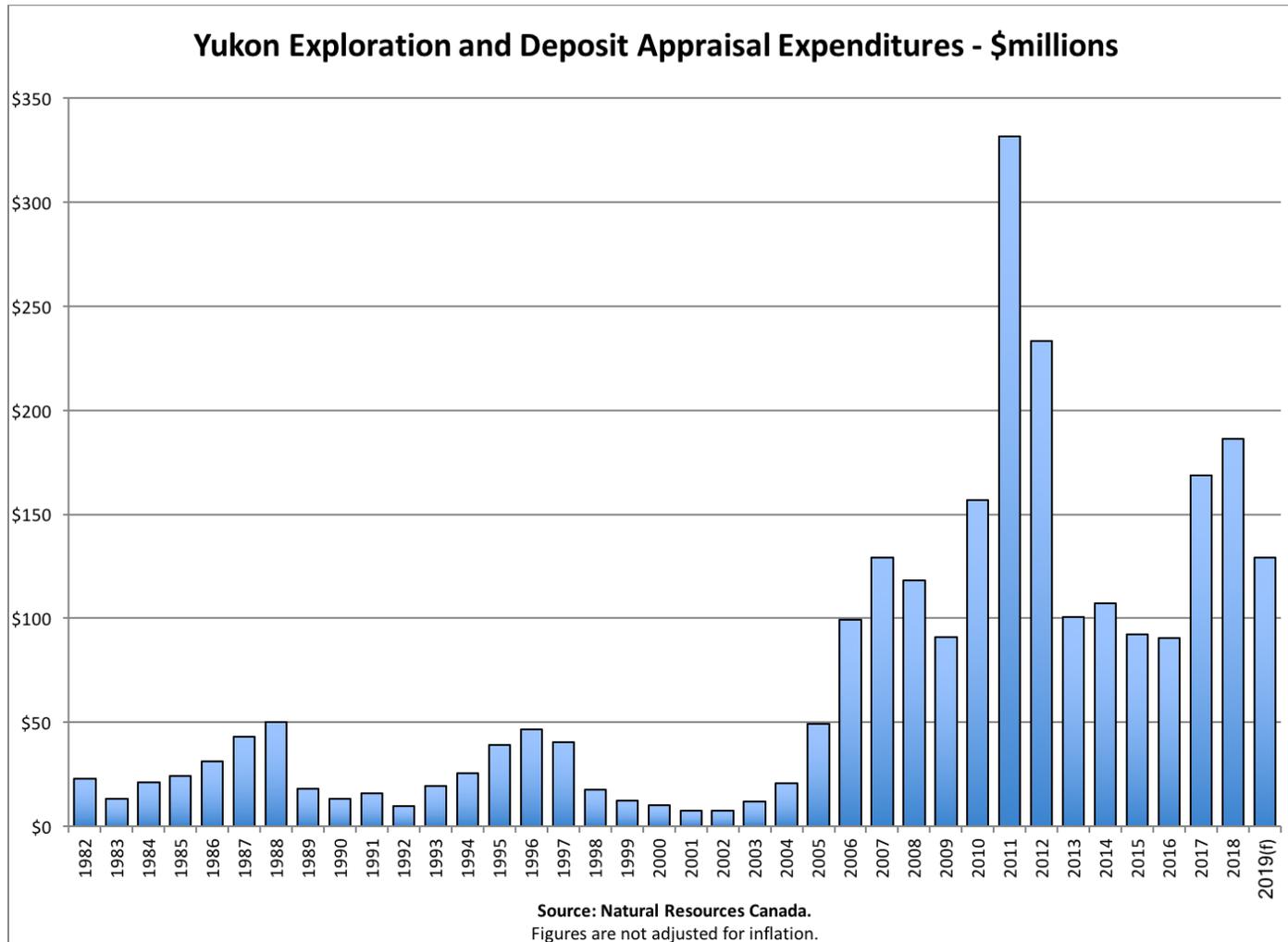
Yukon Silver Production (kilograms)



Yukon Gold Production (kilograms)



Mineral exploration is also a key part of the Yukon's mining industry. Over the last five years, expenditures on mineral exploration and deposit appraisal activities averaged approximately \$130 million per year.

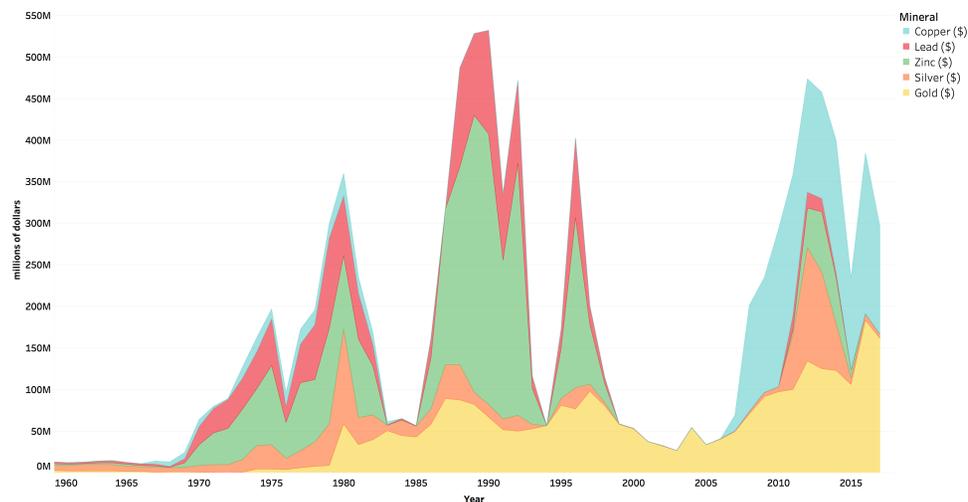


This next section of the paper presents a starter list of eight issues that could be considered in the development of a place-based mineral resource strategy:

## Issue No. 1 Sustainable industry development

As illustrated in the chart below, the total value of mineral production was highly variable between 1960 and 2017, in response to changes in metal prices determined in global markets.

Value of Yukon Mineral Production (\$ millions)  
1960 to 2017



### For discussion:

Given that Yukon mineral producers are price takers, and that production costs in the North are higher than in other jurisdictions, how can a Yukon Mineral Development Strategy help encourage sustainable industry development?

How can a Yukon Mineral Development Strategy help ensure that Yukon communities are involved in development activities and that positive benefits accrue to Yukon people over the long term?

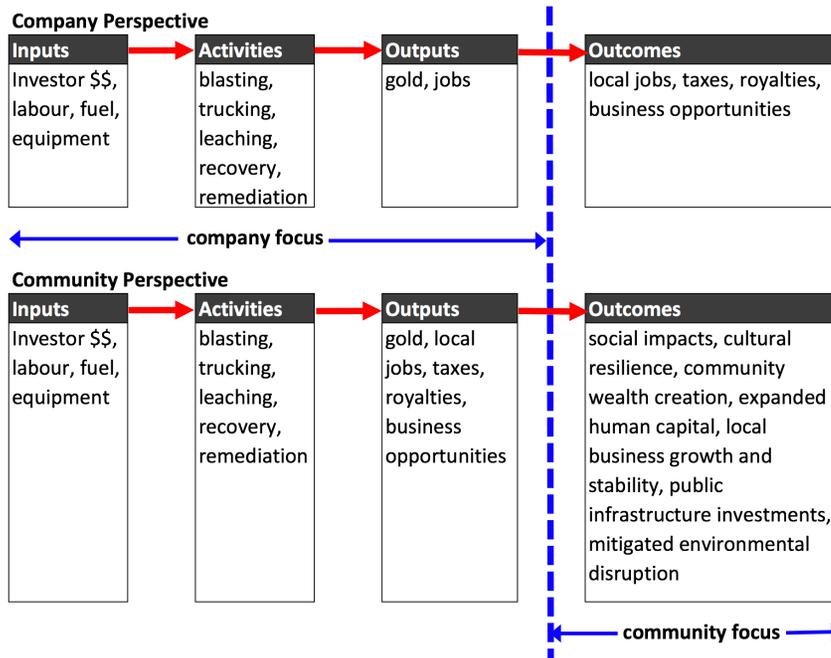
What are some concrete actions that industry, communities and governments can take to maximize positive benefits from mining projects and mitigate negative impacts on Yukon communities?

## Issue No. 2

### Outcomes-based approach to development

By assuming that undeveloped regions are “empty”, the traditional hinterland to core approach of regional economic development often treats project outputs as outcomes and ignores the outcomes that are valued by community members.

#### Mining Logic Model



#### For discussion:

How can the outcomes of interest to community members be considered in a Yukon Mineral Development Strategy?

How can mineral development be undertaken in a way that delivers a net economic benefit to Yukon communities and Yukon people?

How can mineral development be undertaken in a way that improves the cultural resilience of people in Yukon communities?

What additional education and training activities are needed to help ensure that Yukon people and businesses capture a greater proportion of benefits from mineral development?

## Issue No. 3

### Mining Legislation and Regulations

The *Quartz Mining Act* and *Placer Mining Act* were drafted decades ago and predate both environmental assessment legislation and the initiation of the comprehensive land claims process in Yukon.

As such, both the *Quartz Mining Act* and *Placer Mining Act* continue to reflect the traditional hinterland to core approach to regional economic development.

Both the *Quartz Mining Act* and *Placer Mining Act* were “mirrored” at the time of devolution of responsibility for the administration of mineral resources to the Yukon government from the federal government. Neither Act has been replaced or materially altered since.

#### For discussion:

What should be considered in a possible update to the *Quartz Mining Act* and *Placer Mining Act*? For example:

- should the requirement to physically stake a mining claim be replaced with map or online staking?
- should the free entry staking system be modified?

How should the *Quartz Mining Act* and *Placer Mining Act* be changed to align with:

- Yukon First Nation Final and Self-government agreements?
- common law in areas of the Yukon where the land claims process has not been completed?

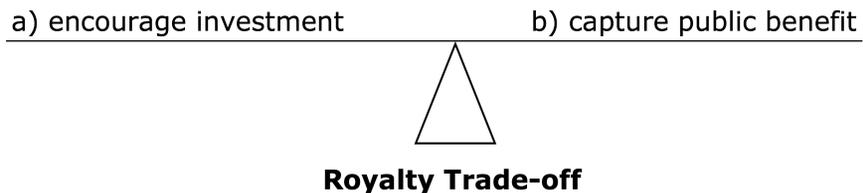
## Issue No. 4

### Royalty Distribution

The distribution of profits from resource extraction is a balance between:

a) encouraging investment and production in the mineral industry; and,

b) ensuring that a reasonable amount of public benefit (i.e., royalties) is captured by governments on behalf of its citizens.



### For discussion:

What is the level of interest in revisiting the current balance between encouraging investment and capturing public benefit? Should the Yukon Mineral Development Strategy consider:

- an alternate approach to mineral taxation such as the cash flow tax used in British Columbia?
- modernizing the resource revenue offset calculation used in Yukon's territorial formula financing arrangements to match the approach now used in the Northwest Territories?
- modifying the resource revenue sharing provisions outlined in Chapter 23 of the Umbrella Final Agreement?
- introducing an aboriginal resource tax that applies within First Nation traditional territories?

## Issue No. 5

### Regional Land Use Planning

Chapter 11 of the Umbrella Final Agreement contemplates a total of eight land use planning commissions and regional land use plans that were to have been completed soon after ratification of individual land claim agreements.

The Peel Watershed Regional Land Use Plan, signed on 22 August 2019, is only the second of eight regional land use plans to be completed and the first to be completed since the North Yukon Regional Land Use Plan was signed in 2009.



#### *For discussion:*

Where does the regional land use planning process fit within the development of a Yukon Mineral Development Strategy?

Are sub-regional land use plans — such as the Beaver River Land Use Plan — a reasonable alternative to regional land use plans from a resource development point of view?

How can a Yukon Mineral Development Strategy help ensure that cumulative effects from development are adequately considered?

Should regional land use plans be subject to periodic review to consider changes in factors such as land use patterns, climate change and advances in geologic thinking?

## Issue No. 6 Regulatory Coordination

From reading headlines in the local media, it would seem that few in industry are happy with the current state of affairs for the regulation of resource development in the Yukon.

The Whitehorse STAR, Thursday, April 18, 2019 OPINION 15

### Our personal civil liberties are being eroded

The Yukon Prospectors Association (YPA) would like to address the gradual but inexorable erosion of Yukon's land base for responsible exploration. More crucially, the YPA wishes to address the erosion of personal civil liberties to Yukoners who wish to continue responsible exploration within our territory.

As important is that access to their claim blocks will also remain guaranteed. Otherwise, the property becomes worthless, which may lead to compensation for *de facto* expropriation (but that's another story). "Certainly" abruptly ended on non-settlement land (the traditional territories of the remaining three First Nations) with the

definable as "freedom from governmental infringement of such individual rights as freedom of action and speech" (*Webster's Dictionary*).

**LETTERS TO THE EDITOR**

The rights to access the land

from one group while preserving those of all other groups is not what democracy in Canada is about. This is an unfair process, impairing the ability of prospectors and explorationists to function. Denying the civil liberties of one group over all other groups does not right past wrongs. It

ment of land claims in the traditional territories of the Ross River and Liard First Nations. Yukon is about to resume the Dawson Regional Land Use Planning process, and all Yukon will eventually be subject to similar processes. Hopefully, these will result in fair and reasonable land use allocation and will respect all civil

North

### BMC Minerals cancels Yukon drilling program this year, blames red tape

'We would be happy if it were going more quickly,' said BMC president Scott Donaldson

CBC News · Posted: Mar 26, 2019 7:00 AM CT | Last Updated: March 26

### For discussion:

Does harmonization between regulatory processes (e.g., YESAB, Water Board and Decision Bodies) need to be improved for mineral development to thrive in the Yukon?

What aspects of environmental regulation specific to mineral development can be addressed in a Yukon Mineral Development Strategy that can help streamline mine permitting in the Yukon?

What other actions are required to establish a more attractive investment climate for resource development in the Yukon while still ensuring a high level of environmental integrity?

How can consistency in decision making within regulatory agencies be improved to encourage mineral resource development?



## Issue No. 7

### Climate Change Adaptation

The effects of climate change resulting from greenhouse gas emissions are being felt more quickly and acutely in Canada's north, including in the Yukon.

*"Research on climate change shows that temperatures in Yukon have risen at a faster rate than in Canada as a whole. In 2016, most of Yukon had average temperatures that were more than 3 degrees Celsius higher than those recorded from 1961 to 1990, according to Environment and Climate Change Canada. The same source states that in Canada, the average temperature rose by 1.7 degrees Celsius from 1948 to 2016."*

Source: 2017 December Report of the Auditor General of Canada to the Yukon Legislative Assembly.

#### **For discussion:**

How can a Yukon Mineral Development Strategy be integrated with the Yukon's climate change adaptation efforts?

How can climate change adaptation knowledge be harnessed for more effective adaptation strategies in the mineral sector?

What can be done to address vulnerabilities to climate change at mine sites such as loss of permafrost during the post-operational phase of mines?

## Issue No. 8

### Built Infrastructure

Much of Yukon's mining infrastructure is a legacy of direct federal regional economic development support. Some examples include:

*Highways:* Nahanni, Robert Campbell, Top of the World, South Klondike

*Electricity Generation:* Wareham Dam, Whitehorse Rapids, Aishihik Hydro Facility

*Electricity Transmission:* Faro and Aishihik 138 kV Transmission Lines



#### **For discussion:**

Given the Yukon Government's limited capacity to debt finance new infrastructure, how can the repair and maintenance of existing infrastructure, and the development of new infrastructure, be funded?

What kinds of investment partnerships with Yukon First Nation governments could be used to finance the development of new built infrastructure for use in the Yukon's mineral sector?



Thank you for taking the time to read and respond to the issues listed in this discussion paper.

Have we missed anything? What other issues should be considered in the development of a Yukon Mineral Development Strategy?

This paper is the first step in the independent panel's preparation of a comprehensive draft Yukon Mineral Development Strategy. Over the next several months, the panel will be listening to, and engaging with, First Nations, interested Yukoners, industry and other stakeholders to gain a better understanding of issues, challenges and opportunities that should be considered in a Yukon Mineral Development Strategy.

Your comments and suggestions are essential to the development of this important strategy, and your input will be captured in a "What We Heard" document. This important information, along with the panel's cross jurisdictional reviews and additional policy research, will guide and inform the creation of a new place-based Yukon Mineral Development Strategy that the panel will recommend to the Yukon and First Nation governments.

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