

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, April 22, 2015

LEGISLATIVE CHAMBER

**Department of Natural Resources
Mineral Resources Management**

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Public Accounts Committee

Mr. Allan MacMaster, Chairman

Mr. Iain Rankin, Vice-Chairman

Ms. Margaret Miller

Ms. Suzanne Lohnes-Croft

Mr. Brendan Maguire

Mr. Joachim Stroink

Mr. Tim Houston

Hon. Maureen MacDonald

Hon. David Wilson

[Mr. Lloyd Hines replaced Mr. Brendan Maguire]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Mr. Michael Pickup
Auditor General

Mr. Terry Spicer
Deputy Auditor General

WITNESSES

Department of Natural Resources

Mr. Frank Dunn, Deputy Minister

Mr. Donald James, Executive Director, Geoscience and Mines Branch



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, APRIL 22, 2015

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Iain Rankin

MR. CHAIRMAN: I call this meeting to order, and I would like to remind those in attendance to make sure your cellphones are turned off or placed on silent.

We have the Department of Natural Resources with us and we're going to talk about mineral resources management. We'll begin with introduction of committee members.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Thank you. Mr. Dunn, perhaps you would begin with some opening comments.

MR. FRANK DUNN: I am Frank Dunn, Deputy Minister of the Department of Natural Resources, and this morning I have with me Dr. Don James who is our Executive Director of the Geoscience and Minerals Branch.

Thank you, Mr. Chairman. I have a few remarks but they are not too long. Thank you for the opportunity to appear before the committee and provide an update on the work undertaken by the Department of Natural Resources to address the Auditor General's recommendations around Nova Scotia's mineral resource management. As you can appreciate, this is an important and complex area of my department's operations so, as I mentioned, I'm pleased to have with me this morning my colleague, Dr. Don James.

As we all know, mining has a long history in Nova Scotia and this sector continues to contribute significantly to our province's economy. Nova Scotia is currently home to 11 active mines. Statistics from the 2012 Gardner Pinfold report indicate that industry provides employment for approximately 5,400 Nova Scotians both from the mining directly, as well as spinoff jobs. It is estimated that the industry has a total payroll of about \$88 million, including wages and benefits, and it is important to remember that many of these jobs are in rural Nova Scotia. Indeed statistics from 2012 indicate that mining directly contributes approximately \$234 million to our provincial GDP. That number rises to \$420 million when indirect contributions are factored in.

I thought it may be useful to give a very quick overview of the process around attaining a mineral licence and establishing a mine in Nova Scotia. This process is a lengthy one as mining in Nova Scotia and elsewhere in the country is one of the most closely regulated of all industrial activities.

Industry would begin an exploration program by accessing online geoscience data; that information is offered by DNR for free. Typically, exploration geologists will meet with Natural Resources staff to talk about their exploration ideas and receive advice on running their exploration program. The exploration geologists may also visit the Core Library in Stellarton to review and sample drill holes. To acquire a mineral claim, which grants exclusive access to explore for minerals, the exploration geologists access NovaROC for application via the Internet. The application is a map-based system which allows companies to acquire a claim - up to 80 claims can be combined for a mineral licence.

An exploration licence is valid for one year, with an option to renew. In order to renew companies are required to invest on their licence \$200 a year per claim; in addition they must file an assessment report with our registry of mineral titles. The amount of exploration investment on licences increases over time; this is an amount to ensure that exploration continues on licences and licensees do not remain idle.

Should a prospector find a significant deposit, a deposit that could become a mine, the licence holder may apply for a mineral lease; this lease gives the company the right to mine the deposit, but not to operate a mine. Under normal circumstances a lease is valid for 20 years. Before a mine can be operated the project must receive an environmental assessment approval and an industrial approval, and meet regulatory approvals administered by Labour and Advanced Education. Some projects will be reviewed by provincial and federal environmental assessments.

As part of the industrial approval process, which is administered by the Nova Scotia Department of Environment, the company must submit a reclamation plan. The plan will include a cost estimate around reclamation. For example, should the company estimate the cost required to claim a mine site to be \$10 million, then \$10 million is set aside as reclamation bond. This is held by DNR as cash, a letter of credit, or a surety bond. The reclamation plan and bond are regularly reviewed by DNR and Nova Scotia Environment.

To assist companies in navigating the regulatory regime, DNR has a One Window mining process. The One Window Committee meets with project proponents to help navigate the system. The One Window Committee also meets to discuss regulatory coordination, which will help streamline the process.

From initial mineral discovery to regulatory approval, a mine could take approximately 10 years. Once in production, companies self-report their production and pay royalties as defined by the regulations in the Mineral Resources Act. DNR staff make routine visits to mine sites to review their operations, mine plans, production data, and their reclamation plans and bonds.

In May 2014, the Auditor General made a series of recommendations to our department around the management of our province's mineral resources. I'd like to thank the Auditor General for his insight, and I'm pleased to report that work is well underway on all these recommendations.

Many of the Auditor General's recommendations will be addressed in the new Mineral Resources Act, which the department plans to introduce in the Fall of 2015. In addition, other recommendations, including the management of the Mineral Incentive Program, have been implemented.

I am proud of the work that the department has undertaken around mining in Nova Scotia. I'm optimistic about the future of mining in the province. With our new Act and the changes recommended by the Auditor General, I hope to see more growth and development in this sector in the years to come. I'd be pleased to answer questions.

MR. CHAIRMAN: Thank you very much, Mr. Dunn. We'll move to the PC caucus and Mr. Houston for 20 minutes.

MR. TIM HOUSTON: Thank you, Mr. Chairman. Thank you, Mr. Dunn, for those opening comments. I have in my hand here a card that has turned up on my desk. I think it was on the desk of every MLA. It was at the caucus office over the last few days, so it's pretty timely. It's from the Mining Association of Nova Scotia. I'm not sure if you've seen this card or not, but I'd be happy to table it.

On the front of this card are snippets of headlines. It says, "NS mining industry loses 800 jobs", "Nova Scotia most expensive jurisdiction in Canada", "Ivany says mining an 'essential foundation' for rural economy". These are headline snippets that are on the front. The one that kind of jumped out at me, "Survey: NS worst province to invest for mining companies". Those are some pretty stark headlines.

I was wondering if you had any opening comments on the state of mining in Nova Scotia - losing jobs, most expensive, worst place to invest, and then Ivany says it's an essential foundation. What do you say about those comments about losing jobs, worst place to invest? Is it hogwash or is there some truth to those words?

MR. FRANK DUNN: Perhaps I can comment briefly on each of them. I don't want to comment specifically on the data that the Mining Association of Nova Scotia had to come up with the number they have. I'm not privy to that. I can say to you that the department has undertaken two studies: one study in 2006 by Gardner Pinfold and another study in 2012 on the mining industry of Nova Scotia.

The study in 2006 indicated that there were 5,200 direct and indirect jobs in Nova Scotia and it contributed approximately \$400 million GDP to the province. The subsequent study that was done in 2012 would indicate that employment in the industry actually grew from 5,200 to 5,400 jobs, both direct and indirect, and the GDP growth went from \$400 million to \$425 million.

With regard to Nova Scotia being the most expensive jurisdiction in the country, I can say to you that there are a number of companies that are currently investing in Nova Scotia: Kameron Collieries in Cape Breton around the Donkin mine, Avalon Rare Metals in the East Kemptville site; we also have Globex and Maritime Potash exploring for potash in Cape Breton, and we have Pioneer Coal exploring for coal in Springhill. So for all those companies, they are willing to invest in Nova Scotia.

I do believe strongly in what Ray Ivany said with regard to mining being an essential foundation for the world economy. He talked about fishing, agriculture, forestry, and mining in his One Nova Scotia report, and made it very clear these are not sunset industries, that they are industries that are the backbone for the rural economy in Nova Scotia. I believe they are.

MR. HOUSTON: Industry says we're a difficult place to do business, and government says maybe so, but you believe the industry is actually growing. I just want to get on that point.

MR. FRANK DUNN: With regard to the survey of executives in the mining industry, I don't want to specifically talk about that. I'm not sure who was surveyed or why. As I said before, I can tell you that there are many companies that are exploring or mining in Nova Scotia. I can also tell you that executives, per se, when they are asked whether they want to invest in a jurisdiction, mining executives today are looking to invest in industries such as gold and diamonds - I like to call it the sexy end of the business.

I think it's important to realize that in Nova Scotia our mining industry is primarily around aggregate, soft coal, and gypsum. When you ask an executive whether they wish to invest in Nova Scotia, without knowing the true context of the questions, I would suggest they're looking to invest in areas that have gold and diamonds and other minerals that to this point Nova Scotia hasn't been able to offer.

MR. HOUSTON: I do appreciate your context and perspective on that. I want to finish up on the card - I flipped to the back, and it says "Isn't it time for some good news?"

It certainly would be nice to have some good news, particularly in rural Nova Scotia, where I come from.

The Mining Association of Nova Scotia says some very specific points here. They say, “We need the provincial government to help us grow and create jobs for Nova Scotians by: Giving us the same fuel tax rebate other resource industries get; Including us in the Capital Investment Tax Credit; getting the overhaul of the Mineral Resources Act right; Reducing claim staking fees to at least what they were in 2013, prior to a 75% increase.”

So there are four specific asks there, around the fuel tax rebate, the Capital Investment Tax Credit, the Mineral Resources Act, and the claim-staking fees. Four very specific asks. My specific question to you would be, are those four reasonable asks? We can get into the detail of each of them, but are those kind of the highlights of what helps the mining industry, in your mind?

MR. FRANK DUNN: Perhaps I can go through each of the four asks very quickly.

With regard to the fuel tax rebate on mining, the commitment has been made to the industry. I believe Minister Whalen actually stood in the House yesterday and made the comment that government would look at the fuel tax rebate for the mining sector when the financial situation improves within the next three years. The department is keenly aware of the contribution that the mining sector has in the economy. However, there were tough choices that needed to be made in the budget this year, as we have deficits that limit what we can do in one particular year. I know the commitment is to look at that fuel tax rebate within the next three years.

With regard to the Capital Investment Tax Credit, that credit is currently with the Department of Finance and Treasury Board. The criteria to apply for the Capital Investment Tax Credit mirror the criteria of the federal program, the Atlantic Investment Tax Credit. We have talked to MANS and have said to them that if you could convince the federal government to change the criteria around their tax credit that the criteria would allow them to be covered under our current Capital Investment Tax Credit.

With regard to an overhaul of the Mineral Resources Act, it is a commitment of the department. We’ve had a series of engagement sessions with stakeholders and our plan is to release or revise the Mineral Resources Act in the Fall of 2015. I am not going to get into details of what is in the legislation but I can tell you that the themes that were expressed by both the mining industry and other stakeholders were around royalties, reclamation, community engagement, and land access issues. So that Mineral Resources Act will be overhauled and tabled in the Fall of 2015.

With regard to reducing claim-staking fees by 75 per cent - that is in reference to an increase in staking fees from \$5.71 to \$10 per staking fee. That increase took place last year. The increase was a result of implementing a computerized system we call NovaROC, which is the acronym for Nova Registry of Claims. It allows prospectors to file a claim

through the Internet anywhere in the world. It is much more efficient and reduces red tape and burden that prospectors have when they visit our office, or when they used to visit our office.

I can say to you that if you look at how much it costs for an exploration licence or claim, if you add in how much it costs to renew an exploration licence and add in the criteria that are required for a prospector to do work on a claim, over a five-year period we are very competitive with other provinces and over a 10-year period we are actually towards the top.

So that is a brief run through on those four items.

MR. HOUSTON: Okay, thank you for that. They are important, they're important points; you can see that these are four important issues for the industry. In terms of the fuel tax rebate, my understanding is that it is something the industry was expecting to happen sooner rather than later and now they are hearing that it's for another day. I think the department thinks it's important but it can't happen right now. I don't want to speak for you but I kind of got that.

I will ask a specific question. When the Minister of Finance and Treasury Board communicated back to the department that there will be no changes to the fuel tax rebate right now, maybe someday there will be but right now there won't be, did the department push back to the Minister of Finance and Treasury Board and say, look we need that fuel tax rebate?

MR. FRANK DUNN: We did have conversations with the Department of Finance and Treasury Board and staff, however I think it's important to note that government and the Department of Natural Resources needed to make tough choices in this budget to recognize the deficit we have, so the decision was made at this point in time, because of the financial situation of the province, that the fuel tax rebate could not be implemented.

MR. HOUSTON: How was the decision to - let's call it break the fuel tax rebate promise - how was that communicated to industry? Did they learn about it the same time I learned about it, on Budget Day, or were there some discussions with them prior to that?

MR. FRANK DUNN: I can give you a bit of a history around the communications with the Mining Association of Nova Scotia. I think it's important to note that since 2013 we have had 10 meetings with the Mining Association of Nova Scotia on a number of issues including the fuel tax rebate. I believe that my colleagues at the Department of Finance and Treasury Board have had at least one.

Initially the fuel tax rebate was discussed by Minister Churchill back in November, where he made a statement that the fuel tax rebate would be phased in. That was based upon information that we had in November.

As many of you folks would realize, budgeting is a continuous process. As the Finance and Treasury Board staff moved through their analysis, they advised us that it wasn't possible to phase in a fuel tax rebate from an administrative perspective - that it needed to be implemented all at once - thus the comments that Minister Whalen made in the House yesterday. Both Minister Churchill and Minister Whalen have committed to look at the fuel tax rebate once finances improve, within the next three years of the current government's mandate.

MR. HOUSTON: Yes, I did hear the minister's comments yesterday. I found it disappointing, but not surprising, to hear the minister say that the old administration was getting in the way of doing what's right; we can't put it in because of administration challenges. Obviously, that's disappointing to people in the mining industry, I'm sure.

The mining of uranium is banned in the province, but my question is, has there been any prospecting for uranium resources in Nova Scotia over the last five years?

MR. DONALD JAMES: No, there is no uranium exploration occurring in the province.

MR. HOUSTON: And no prospecting. There is nothing happening right now?

MR. JAMES: Not with the Act in place - prospectors aren't going to look for the commodity.

MR. HOUSTON: Okay. I just wanted to be clear on that. Has the minister engaged in any conversations with reviewing the uranium ban?

MR. FRANK DUNN: Not to my knowledge.

MR. HOUSTON: Okay, so it is just a non-issue right now in the province. I did have a few more questions. I guess I have five minutes, Mr. Chairman?

MR. CHAIRMAN: Yes, you do, Mr. Houston.

MR. HOUSTON: In terms of the regulatory review that's happening - the Mineral Resources Act review - I think, Mr. Dunn, I heard you say that in the Fall there will be some communication from the government as to the outcome of that review, I guess. I'm just wondering, in terms of the review process, how many submissions did you receive from industry of people providing feedback on the review that's happening?

MR. JAMES: We received a little over 100 submissions online in the consultation process that was open for a little more than a month. About half of the submissions were people who self-identify as being from industry; the other half, other stakeholders. We met with six or seven invited groups. I asked some folks in the department yesterday to contrast

that - the 100 submissions - to the Mineral Resources Act with over 22,000 on Sunday hunting. It gauges the level of interest to the Act.

We had some very interested and concerned people come forward and I think the consultation was very thorough. We met informally on the consultation with groups in advance of the formal consultation process with the Mining Association, prospectors, and environmental NGOs.

MR. HOUSTON: Okay, so about 100 submissions. You mentioned 22,000 submissions on Sunday hunting. What's next on Sunday hunting? What's the department's plan for dealing with that? How are you going to assess those responses on Sunday hunting, and what is the next plan for the department on that?

MR. FRANK DUNN: As the member would know, we had a survey that was conducted. That survey has been concluded. Our minister has been very public that this will be one tool. Looking at the issue, we're currently in the process of gathering that information and presenting it to the minister. I would suspect that a decision will be made shortly.

MR. HOUSTON: So the 22,000 responses are being tabulated, I guess? What are you doing with those 22,000? It wasn't just an "are you in favour or are you not in favour?" question; it was some subjective questions that people would have responded to. How are you analyzing that data?

MR. FRANK DUNN: I can tell you that the work is ongoing. Basically, the data will be organized into themes - so themes with regard to those that are supportive of the idea and those that are non-supportive. Those themes will be used as input in allowing the minister to make a decision on a go-forward plan.

MR. HOUSTON: Would those themes be made public? Is it your intention to have a public report of those themes, and when could we expect that report?

MR. FRANK DUNN: We haven't talked about releasing a report publicly. I know that the minister has publicly stated that he would be willing to share the survey results, so I see no reason why we couldn't also publish the themes.

MR. HOUSTON: Do I have time?

MR. CHAIRMAN: You still have about one minute, Mr. Houston.

MR. HOUSTON: What was the time frame for that? I think you initially said that people could expect to hear - I thought the word was "shortly", but I wasn't sure. What is the time frame - so two questions: the time frame of the survey, and then you mentioned that there are other parts that will feed into this; can you share those other parts with us?

MR. FRANK DUNN: The survey has closed. I'm thinking April 9th, but I'm guessing at the date. It has been closed for a couple of weeks now, so we're gathering that data. It's our intention to have recommendations to the minister so that he can make an informed decision prior to hunting season this Fall.

MR. CHAIRMAN: Order, we will now move to the NDP caucus and Mr. David Wilson.

HON. DAVID WILSON: Thank you, Mr. Chairman, and thank you, Deputy Minister and Mr. James, for coming in today. This is an important topic and your department is extremely important to the economy of our province. I don't know if Nova Scotians recognize that, but the industries that you work with play an important role, especially in rural Nova Scotia, to drive the economy.

Going to the Auditor General's Report and review on mineral resource management, my first question - I don't believe Natural Resources has been up in Estimates, but could you remind us where your budget is? Did you have a reduction in your budget this year or did you have an increase? I'll have some questions around mineral resource management, but was there an increase or a reduction in the budget?

MR. FRANK DUNN: There was a reduction in the Natural Resources budget of about \$6.3 million; specifically to the Geoscience and Mines Branch, that budget is reduced about \$300,000, from \$4.6 million to \$4.3 million.

MR. DAVID WILSON: The reason I wanted to start with that is the fact that the Auditor General's Report went through and found some significant weaknesses. There were a number of recommendations - I believe over 20 recommendations. I know, in the report that the Auditor General gave to the committee members, that the Department of Natural Resources accepted and agreed to implement all of the recommendations. Is that correct? Is that your response to the Auditor General's audit that was done on mineral resources?

MR. FRANK DUNN: That's correct. We agree with all 20 recommendations.

MR. DAVID WILSON: So saying that and knowing how important it is, I think, for departments to respond adequately to the Auditor General's Report, I'm a bit concerned when we see the response of yes, we're going to implement them all. That's good. I hope it's not just to keep the Office of the Auditor General quiet and we'll see them in a couple of years when they update us on the recommendations.

When I go through the recommendations, there is some significant work that needs to be done and I'm concerned. You mentioned a \$300,000 reduction in the budget this year and an overall \$6.3 million in the whole department. Would you not need additional resources to implement all 20 recommendations? Or are you confident that you can meet that goal with the resources and the budget that are allocated to your department?

MR. FRANK DUNN: We're confident that we can address all the recommendations in the Auditor General's Report with our existing budget. I think it's important for committee members to know that when the Auditor General conducted his audit of the Geoscience and Mines Branch we were on a manual paper system and, subsequent to that audit, we have implemented a computerized system. I briefly talked about it, NovaROC.

So in the past everything was done manually and it required extensive paper flow and interaction with individuals that came into the office. With this system, as with many technologies, you can do things more efficiently, so we're confident that many of the recommendations can be addressed because of the implementation of NovaROC, primarily recommendations around reporting and follow-up and collection of revenues.

The other important item we will be doing which will address the other recommendations is the Mineral Resources Act review, the new legislation which will take place in the Fall of 2015, and that will address issues primarily around reclamation bonding and royalty collection.

MR. DAVID WILSON: I appreciate that. Definitely I would think things would be more efficient when you have use of electronic instead of a paper trail. Many of the recommendations can be captured by a program that might alert staff that something wasn't done or this report wasn't taken.

I understand it's not in your control, the budget you receive. Treasury plays a major role in the finances of each department. Was there a request from yourself or your staff to the minister to ask for additional resources to not only meet the recommendations but now a review that's going to take place of mineral resources here in the province? I would think that work alone is going to be heavy on using resources within the department - was there a recommendation for an increase to the minister that would help assist you in doing not only the review but implementing the 20 recommendations from the audit?

MR. FRANK DUNN: No, it's our belief that we can implement those recommendations with our existing resources.

MR. DAVID WILSON: I know your department has lost a number of FTEs and they're shipping out to other departments. Out of the 20 recommendations so far are you able to indicate how many of those may be - if you could give us a breakdown, how many are completed, how many are ongoing and do you have a timeline on the full implementation of these? And excuse me if you did provide that to the Auditor General, through estimates the last week or so I haven't been through all the data that was provided in detail. I wonder if you could provide us with that framework or a report on where you stand on implementing the recommendations.

MR. JAMES: We have tabled an action plan on the recommendations on each of the 20, they're in a really lengthy spreadsheet - the member may have these with him - and

they address the action that we're taking, the anticipated outcome as well as the timeline. We have addressed each of those, they're variably complete, some are completed in last fiscal year. Many of those, as the deputy has indicated, will be addressed when we bring forward the new Mineral Resources Act this Fall.

MR. DAVID WILSON: So you will be reporting the results of the review this Fall - is that what you're saying?

MR. FRANK DUNN: We will actually be tabling a new Mineral Resources Act this Fall.

MR. DAVID WILSON: I know the industry will be looking forward to that.

Just quickly, on the card that was sent around by MANS. Over the last number of years I see quite a few pieces of information from that organization, how would you describe the relationship between MANS and the department? I know you indicated you have met with them recently, but is there an ongoing attempt to build a relationship there that, I think, will be productive for the industry? Some of their materials are quite critical of government over the last number of years.

I wonder if there is any work being done to foster maybe a better relationship, or is that perception wrong? Maybe you could elaborate on what you've been doing and what the department's been doing to work with MANS to move the sector forward and really grow the sector.

MR. FRANK DUNN: As I mentioned in my opening remarks, the department considers the mining industry, and MANS as the organization that represents that industry, as being critical in providing for the rural economy. I mentioned the fact that we've met with the organization at least on 10 occasions since 2013. I know that the MANS executive director has been offered an opportunity to speak at our annual Geology Matters conference in November in 2013 and 2014.

The relationship between the department and MANS is critical. As in many relationships sometimes, MANS would like the Department of Natural Resources to move a little quicker on things that we're just unable to do at this point in time because of the fiscal situation of the province.

We don't necessarily disagree with anything that MANS has to say with regards to the four points that they would like the department to look at; I think the difference of opinion is the speed by which the organization would prefer to have the request implemented.

MR. DAVID WILSON: Thank you. I'm glad to see that because I think that's the key as we move forward, as the province tries to move forward to grow the economy. I've heard over the years the term of sunset industries when it comes to natural resources,

especially mining and forestry; by no means do I believe that that's the case. I think it's evident in the Ivany report that these sectors can contribute immensely to the growth of our economy here in Nova Scotia and especially the jobs that come with that in rural Nova Scotia. That's the key.

Going through the audit, one thing that stood out to me is the likelihood that managing the leases that we have now has been challenging, so a lot of the recommendations are reports that aren't being provided and so on and so on. Would that characterize the situation today? Are you able to manage these leases, that we have currently, adequately and are you confident that the department is meeting the needs and, most importantly, meeting the requirements, not only legislative but what the public would want the department to do? Do you feel confident that you're meeting the needs of the leases now, and if so - I'll leave at that; I'll have some follow-up questions on that one.

MR. JAMES: It's apparent from the report that we need to do a better job of managing and monitoring the leases that we have. We've taken steps to change some internal policies, particularly on examining leases when they come up for review to make sure that our leaseholders are making their royalty payments on time and that we're making appropriate and timely site visits by our mine engineering group to each of the sites.

MR. DAVID WILSON: Are you contemplating, even for a brief time, putting a hold or a moratorium on any new leases so that you can work on the audit recommendations in the review, or is that not - you're just going to look at any new leases that might come onto your table, or are you looking at maybe holding off until you fix the problems that were identified through the Auditor General's Office?

MR. FRANK DUNN: No moratorium; it is business as usual.

MR. DAVID WILSON: Okay, thank you. A quick question on gypsum - I know that they are treated differently from other minerals and I don't know the history on this as most of my career has been spent in health, but why do we treat that sector differently than other mineral sectors, and wouldn't it be more lucrative for the province if they were all treated the same? Maybe there is a good reason why we don't.

MR. JAMES: Thank you for the question. There is a very long history there. Gypsum mining has occurred in Nova Scotia since the 1700s before there was a Mineral Resources Act and so it exists from the time without regulation. The gypsum rights are traditionally tied with property rights, so the gypsum rights are owned by the landowner and not by the Crown, and they are not managed as other minerals which are owned by the Crown.

We still collect some revenue from gypsum mining. It is defined within the Gypsum Mining Income Tax Act and so the province does collect revenue from gypsum mining in the province.

MR. DAVID WILSON: I am not by any means suggesting we should - I'm sure I'll get emails about wanting to change something that has been going on since 1700 in our province - but I was just going through some reading and wondering what the issue was there.

I know I have about six minutes left and then I'll have to come back in my second round.

Recently in the budget we learned that your conservation officers will be leaving the department, I believe it is July 1st, and going to the Department of Environment to create a new Public Safety and Protection - I believe it is what they are going to be called - was that a recommendation from your department or was that something that there was a government initiative and then they came to your department and said, by the way, we're going to remove these 50, I believe it's 50, conservation officers from your department? I'm wondering if we could have some clarity on that, or any comment on that.

MR. FRANK DUNN: There are approximately 50 conservation officers who will be transferred to the new Department of Environment to form a new division that will house compliance officers and inspectors from the Department of Agriculture and the Department of Health and Wellness, and the Department of Environment, as well as our conservation officers.

The idea is through economies of scale and efficiencies that this new branch will be able to provide increased regulatory oversight, both on mines and other files that government has a regulatory authority for. The Department of Environment is our regulatory department on many of these issues, so it was a natural fit to have the division housed in that department.

MR. DAVID WILSON: So with that comment I would take away from that - and maybe you could correct me - that no, it wasn't a recommendation from yourself or your staff to the minister, it was an overall change in policy. Is that correct?

MR. FRANK DUNN: That is correct.

MR. DAVID WILSON: I'm here to voice some concerns with that. I understand the government wanting to find efficiencies, but usually when you hear that word, "efficiency", it means a reduction in personnel, number one. Knowing the work, not only of the conservation officers from the Department of Natural Resources but in the other sector, and one that I'm more aware of is in public health and public health officers, inspectors, the important role that each of them play. I don't think the driver of this should be, how do we save money, how do we be more efficient to the detriment of the role that these officers play, especially under your department. Are you concerned that your officers will be tasked with doing other work?

I mean, when you say “efficiencies”, then I perceive that potentially they will be cross-trained, maybe; I don’t know. We haven’t really been given much information on what will happen and the Minister of Environment hasn’t provided that information. Are you concerned that the work and the scope of work that the Department of Natural Resources conservation officers do now will be diminished or reduced because of efficiencies under the new - I don’t know if you call them a sector or a program or whatever - the public safety and protection group?

MR. FRANK DUNN: At this point, I’m not concerned. As the member notes, we’re in a bit of a transition period here. The new division goes into effect July 1st. I’m surmising here, and some of this is not etched in stone, but I would suspect that the new division will have service level agreements with the various departments that these entities serve. At this point I’m not concerned that any reduced resources may come from DNR’s perspective.

If I might, one other comment that I should raise is that - and I can’t speak for the other entities that move from departments, but from Natural Resources’ perspective, what this allows us to do - and we have been somewhat criticized about this in the past - this will allow the Department of Natural Resources to develop policy to drive the economy, to develop policy for wildlife and biodiversity, and not have that view that you can’t develop policy and regulate it and enforce it within the same division.

What this does is it allows us to focus on driving the economy and focus on developing policy that protects wildlife and biodiversity, and the enforcement and compliance of that policy will rest with another department.

MR. CHAIRMAN: Order. We will now move to the Liberal caucus and Mr. Rankin.

MR. IAIN RANKIN: Further to the topic that was just talked about there, and the structural change within the department and moving the safety office to Environment - presumably that will help the department focus in and target in on growing the rural economy with mineral resources. I’m wondering if you can elucidate on how that impacts your department, specifically on the administration - not necessarily the FTE count, but how does that allow you to focus on resource development, both in mining and quarry development?

MR. FRANK DUNN: What it does allow us to do is focus our attention, as I mentioned, on developing policy, first of all from an economic perspective. That policy will be developed under the umbrella of the strategic policy that will be developed by the new Department of Business. It will allow us to focus on growing the economy in those sectors in rural Nova Scotia that we’re responsible for, including mining.

As I mentioned before, it also takes away that perceived conflict that the department may have in both developing policy and regulating and enforcing that policy.

MR. RANKIN: So has your mandate improved in terms of - because Environment was always the channel that people had to go through for approval for quarries - is the department still hands-off from that? Is there any mandate, given that these are the highest-paying jobs in the rural-type economy, and also given the fact that aggregate pricing is directly related to the supply of what's coming out of the quarries? I'm just wondering, is there an expansion of the mandate for the department to actually try to grow that sector?

MR. FRANK DUNN: I wouldn't characterize it as expansion. I would characterize it more as the department being more focused on developing the economy in general. I know that Mr. James' department, a good portion of what he does is driving the economy or setting the environment which will allow business to thrive in the mining sector, whether that's through the reduction of red tape, whether that's through the implementation of the One Window mining committee, which allows mining companies, including those that are looking for coal and other minerals, to come in and speak with our staff and staff from Environment and staff from the federal government.

So there is an opportunity for department staff to liaise with industry staff to provide them with direction around how to sometimes move through a rather complex regulatory environment. I mentioned earlier that mines are one of the most heavily regulated industries in the world, so it does allow us to focus on that a little more.

MR. RANKIN: Do you have an exact number of how many active mines there are in Nova Scotia and how many quarries are active?

MR. FRANK DUNN: I can speak to the active mines, there are 11. As far as the quarries are concerned, I don't have that information. I don't know, no, we don't have the quarries. On the number of mines there are 11 - four of them are for limestone, three for gypsum, two for salt, one for silica or sand, and one for coal.

MR. RANKIN: Mr. James, do you have the number of the amount of quarries we have within the radius of HRM?

MR. JAMES: No, we don't. Quarries and aggregate materials are not defined as minerals within the Act and so we don't oversee and regulate the industry. We have industrial minerals geologists who provide assistance to the quarry industry if they're thinking about developing a quarry and we can help them assess their stone and so on, but we don't track quarry developments or the number of quarries; they're not regulated in the same way.

MR. RANKIN: Okay. Just one further question in terms of the prospectors and the talk about the staking fees that have seen an increase over the last couple of years - how does that compare, I guess, to other provinces, particularly in this region? I'm not necessarily concerned about further away, but in the Maritimes - do you have a number? I'm just wondering if we compare, if we're competitive with New Brunswick or some of the closer provinces.

MR. FRANK DUNN: I understand the staking fee in New Brunswick and Newfoundland and Labrador is the same as ours, \$10 per claim. I also understand that New Brunswick requires an additional \$50 deposit.

As I mentioned earlier, it's difficult to compare not only staking claims and royalties and taxes across jurisdictions because a lot of it is like comparing apples or oranges. Depending upon the criteria the qualified reductions that companies are allowed to take vary across the country. I have a spreadsheet that I'd be happy, Mr. Chairman, to table with the committee which just shows the complexity of trying to compare jurisdictions across the country.

I can say to you though that if you look at - and I mentioned this earlier - from a claims prospective if you look at how much it costs a prospector to file a claim, to renew a claim, and to meet criteria around the amount of money that needs to be put into a claim, we're slightly more expensive if you compare us with other jurisdictions over a five-year period, but over a ten-year period you will see that we are one of the least expensive jurisdictions in the country. So it just goes to show the complexity around trying to compare various jurisdictions.

MR. RANKIN: Okay, that would be great if you could provide that to the committee. That's all I have. Thank you.

MR. CHAIRMAN: Mr. Stroink.

MR. JOACHIM STROINK: I guess I wanted to touch on the MANS piece again since it got a bit of attention here today - it says Nova Scotia is the worst province to invest in for mining companies, and Nova Scotia is the most expensive jurisdiction in Canada. From my understanding we're getting quite a bit of investment from outside of Nova Scotia into the mining industry - could you maybe walk me through some of the companies that have chosen Nova Scotia to invest in?

MR. FRANK DUNN: I think probably the best example that I can share with the committee is the Donkin coal mine in Cape Breton. Donkin was purchased by an individual by the name of Chris Cline, who is a well-known coal producer in Illinois. Mr. Cline purchased the mine from Xstrata. There was no government money put into that mine; this mine was purchased by Mr. Cline and his company out of his own resources. It does show that the companies are willing to invest here - particularly important if you look at the fact that the coal market is currently depressed, yet Mr. Cline was still willing to make an investment in Nova Scotia.

MR. STROINK: I'm assuming some milestones have been placed for the Donkin mine to make sure that they're actually going to move ahead with their plans - maybe you could just maybe walk me through a bit of that.

MR. FRANK DUNN: When we were aware that Mr. Cline was pursuing the purchase of Donkin, we looked at the special lease that we had previously with Donkin Tenements. This was very much a commercial transaction between two parties, but one of the things that government needed to do was transfer the special lease for coal from Donkin Tenements to Kameron Collieries, which is the company that will be operating Donkin.

Included in that special lease are a series of milestones that the company needs to meet. Those milestones were put into the special lease because the department did not want to go through another experience where the mine would be purchased and sit idle for a period of time. These milestones allow the minister to look at the progress at the mine to ensure to his satisfaction that the mine is moving towards, eventually, production of coal.

I can tell you that the first milestone, which was March 31, 2015, was that Kameron Collieries would begin to dewater the mine. They have done that. I believe they have about 15 employees on staff currently dewatering the mine. The next milestone in the special lease is for the following March - March 31, 2016 - at which point the company will need to have some geotechnical studies done and they will also have rehabilitated the tunnels. Our understanding is that there is at least one tunnel that has collapsed in the mine. Once the dewatering is concluded, the company will be able to look at the tunnels and have an opportunity to assess how quickly they can rehabilitate the tunnels.

In 2017, the first production of coal should be projected to have happened. In March 2018, we have a milestone where they should have a composite inventory of coal, which they will need to produce for at least eight potential buyers, and we will need to see evidence that there is negotiation going on with regard to selling that coal.

MR. STROINK: Thank you. I guess with that - and this is one example of an outside investment - out of the 11 mines that are being developed right now, how much of that is outside investment?

MR. FRANK DUNN: I'm looking at the list of the 11 mines. I guess if you mean by outside investment - there is some local Nova Scotia investment in these mines, but there is no government money, if that is the question. These are all private citizens or private companies investing in mining in Nova Scotia.

MR. STROINK: Great. I just find it interesting when you have 11 companies coming forward and working in Nova Scotia in the mining sector in rural parts of Nova Scotia, and MANS is saying that it's the hardest place to do business or Nova Scotia is the worst province to invest. It seems like there is investment happening, so I'm just trying to figure out where they're getting this information - do you have any sense where that's coming from?

MR. FRANK DUNN: You know, another example I can use is the East Milford gypsum quarry. It's the largest gypsum quarry in Canada and they are, in fact, at a stage where they are looking at expanding that quarry. They will need to go through the regular industrial approval and environmental assessment piece to expand that quarry, but it's

another example of investment. This is National Gypsum so it is a very large company, outside Nova Scotia, investing in Nova Scotia.

One other example I can give you is the tin mine in East Kemptonville. There is an exploration licence that has been issued to Avalon Rare Metals and they are in the process of exploring for tin and other rare metals in the area.

MR. STROINK: Thank you. It sounds like we are open for business when it comes to mining, so thank you for all your hard work.

MR. SPEAKER: Ms. Miller, six minutes remain.

MS. MARGARET MILLER: You stole a little bit of my thunder there. I was just going to mention the National Gypsum property because, of course, that is part of Hants East, my constituency. I was very fortunate last Fall, the Mining Association of Nova Scotia invited some of the MLAs to come and tour their properties. I have lived all my life in Hants East, very close to the quarry, and never realized the depth of the whole business concept of what they do. I was just so impressed. Their slogan is this is not your father's mining, and it couldn't be more true. For them to open it up for the public or for people to come in and have a look, for us to come in and look, you really appreciate what's going on in Nova Scotia, so kudos to them.

One thing that I am dealing with a little bit, locally - and you mentioned that small quarries don't fall under your jurisdiction - a lot of people don't understand that. They think quarries and mining, it should be the same type thing. Why is it that a small quarry might fall under a different department - can you tell me a little bit more about that? Why is there a distinction between mining and a quarry?

MR. JAMES: I am happy to address that. This is another commodity where the quarry rights, the rights to the aggregates, are tied to the land. They are owned by the landowner as opposed to being owned by the Crown. Our job is to manage the Crown mineral resources, those that are owned by the Crown. Aggregates are not - traditionally they have been managed and overseen by processes, the Pit and Quarry Guidelines, which are administered by Nova Scotia Environment.

Should the project be large enough to trigger an environmental assessment and industrial approval process, they will be reviewed in the same way that a mining project is reviewed - the environmental assessment industrial approval. I appreciate that they look the same; they are administered slightly differently.

MS. MILLER: Also, part of approvals goes for Aboriginal consultation or approval from the Aboriginal community. Can you tell me a little bit about that and how much involvement has there been - do most approvals include that as well?

MR. JAMES: We engage with the Mi'kmaq regularly. We have a mining consultation table and we follow the terms of reference, and at the consultation table we meet with Chief Terry Paul and representatives of the Mi'kmaq as well as representatives from our department. We give them a heads-up on projects that are of interest to all Nova Scotians, including the Mi'kmaq, and then we consult formally on projects anytime we issue a mining lease.

MS. MILLER: Thank you. I'll pass to my colleague.

MR. SPEAKER: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: When we were getting our briefing from the Auditor General there was a lot of concern about fees that weren't collected - GST, money on leases. In your action plan, do you plan on correcting this? Will that reflect in revenues that we will see in the budget, and is it a significant amount?

MR. FRANK DUNN: I would say you will not see a significant increase in our revenues. The Auditor General's recommendations were valid. I'm guessing somewhat here, but my suggestion would be that the increase that we collect from fees would not make a material difference in particular with regard to our revenues.

I can say that it's our belief, now that we've implemented the NovaROC system, that the ability to track those fees - when they're due, when reports are due - will be enhanced. There is a position within the department called the Mine Assessor. It's not in Mr. James' shop - it's in the Resources CSU; it's a financial position. That person will also be responsible for ensuring that reports from companies with regards to production and royalties that are due to be paid - that will be the Mineral Assessor's responsibility to do.

MS. LOHNES-CROFT: So, have you upgraded your software program? How are you going to make sure that this doesn't slide again?

MR. FRANK DUNN: The NovaROC program is a new software program. It was implemented in August 2013. It was concluded shortly after the Auditor General did his audit. It wasn't something that we had implemented because of the Auditor General's recommendations - it was already in the works - but it does address many of the concerns he had with regard to collection of fees and the like.

It's one of those situations where technology allows people to do more with the same number or fewer employees. This is an ability to be able to increase the level of scrutiny when it comes to collecting fees and ensuring that leases are paid on time and the proper reports are in by utilizing the system.

MR. CHAIRMAN: Order, thank you. The time has expired.

Mr. Houston, in the last round of questions, you slipped in a question on deer hunting. It was one that I missed and there were some other questions related to that. I have

to caution, because questions do have to be connected to the subject. If there is a way that you can connect that, then that is fine. But going forward - and we have had some question - I noticed some displeasure among some of the other committee members and I wasn't sure why because I had missed that initial question and wasn't able to pick up on - you were talking reports after that and I couldn't connect it back to the original question.

I just want to remind all members of the committee that there is freedom to ask questions and each caucus has an allotted time, but there should be some connection. Mr. Houston, I just caution you with that and ask that you proceed, but if there is a connection, you could make it, or perhaps you are through with that line of questioning. Please go ahead.

MR. HOUSTON: Thank you, Mr. Chairman. I would like to respond to that but I wouldn't like it to use my time.

MR. CHAIRMAN: Sure, you can respond briefly and it won't be included in your time.

MR. HOUSTON: I'm not going to continue with that subject at the moment, but for the integrity of the future of this panel, I would like to say that I was asking a question about changes to the Mineral Resources Act and how many submissions had been made from the public in that context. In the response, it was noted that there were 100, and that was compared to another study, which also falls under this department, that had 22,000.

It opened a question in my mind mainly because obviously a lot of mining takes place in rural areas and hunting takes place in rural areas. It opened a question about mining and hunting in the same areas at the same time. That was purely my thought process on that. It was, would there be some changes to the hunting regulations?

I'm finished with that line of questioning at the moment, Mr. Chairman, but I do see that being completely relevant to a discussion about mining, so I'd just leave that with you for now.

MR. CHAIRMAN: Thank you, Mr. Houston. I'll allow you to proceed now with your question.

MR. HOUSTON: Thank you very much. We talked a little bit about the department's budget and my colleague mentioned that DNR hasn't come up in Estimates yet; it may come up this week or it may not. What I did notice in my review of the budget is that the department's mining incentive grants had been reduced by \$150,000. I just had a question about - what are those mining incentive grants that the department may issue?

MR. FRANK DUNN: I'll start, and then maybe I'll have Mr. James specifically answer the question. A point of clarification; I know the \$150,000 was a number that was reported in *The Chronicle Herald*. That number is actually incorrect. Mineral incentive grants were reduced by \$250,000. Last year the estimate for the mineral incentive grant

was \$650,000. In the budget this year it's \$400,000. That change is to realign the estimate with actual expenditures that came out of that account, so the \$400,000 that's in the estimates more accurately reflects the actual payments that were made to companies and prospectors last year. With regard to the specifics about the program, I'll turn that to Mr. James.

MR. JAMES: Thank you. The program will support prospectors to carry out grassroots exploration on their claims. The grants are up to \$15,000 for prospectors to work on their projects, to help advance them to the point where they can be advanced in exploration. We have advanced program grants that are up to \$100,000; they are cost-matching grants, so the company will match the funding that's provided in the program. Generally that will occur to help to support trenching or drilling or more advanced geophysical studies.

We have business development grants. These allow the prospectors to travel to the major trade shows, like the prospectors show in Toronto or Vancouver, to help them market their projects to a larger audience. Then we have training and professional development grants, and one of those was to the Mining Association, for them to develop professional development and training materials for prospectors.

MR. HOUSTON: So are all those categories encompassed in the \$400,000 that exists now?

MR. JAMES: That's correct.

MR. HOUSTON: Okay. It sounds like a lot of categories and grants for a relatively small amount of money. So \$400,000 was spent under that program last year, so for budgeting purposes this year, they said, let's keep that the same. I understand that's kind of what happened.

Is that a program that could be - was there just not much uptake on that? It sounds like there are some pretty good options there to help people with some of these projects, but not a lot of people took it up?

MR. FRANK DUNN: It is an attractive program for exploration, for prospectors and for companies alike. I think it's important to note, though, that exploration of minerals in general is tied to the global economy, and the mineral industry in general worldwide and current commodity prices for minerals are depressed. There's that piece, and the other piece is the available capital that the industry in general is chasing. So when you're squeezed on available capital to invest in mining and commodity prices in some areas are depressed, you're going to get less exploration.

I might add that our figures show that it looks like exploration is down about 40 per cent. However, if you compare us to the rest of the country, most jurisdictions across the country are seeing exploration decrease by 50 or 60 per cent. So although we're seeing a decline, it's not as great as other jurisdictions in the country.

MR. HOUSTON: So this was a tool to encourage - a business development tool for the province is really what it was, and it has been cut back a little bit. Any thoughts on that, at a time when maybe we should be trying to encourage an increase in mining and getting people going on an industry where we're cutting back on our business development tools? Any quick comments on that one?

MR. FRANK DUNN: I think it's important to note that the reduction in the program aligns itself with actual expenditures out of the program, so we're realigning the estimate to ensure that it will more accurately reflect the uptake in the program last year.

MR. HOUSTON: But were people aware of it? Is it a program that maybe wasn't properly marketed? I wonder what analysis was done to decide well no, this program - because by reducing it it's actually making a statement that this is a program that people won't use. And to make that conclusion based on the history that people didn't use it - there is a difference between won't use and didn't use, like if you don't know you can't do it. It's a relatively small number in the grand scheme of things, but it speaks to a mindset for me that if we want to develop business we should properly use the business development tools we have and I'm worried there is a disconnect here with this one.

MR. FRANK DUNN: The Mineral Incentive Program is a fairly new program, I believe it's three years old. As in any program in government there is continuous review of the program to ensure that estimates and dollars attached to the program adequately reflect how the program is used. In this particular case, actual expenditures of the program last year were in the vicinity of \$400,000 so we realigned the estimate that more accurately reflects the uptake and usage of the program.

It's not a program that we don't advertise, so it is a program that prospectors and companies are aware of. It is our belief that the current estimate in the budget this year will be adequate to address any applications that are brought forward.

MR. HOUSTON: Thank you. Now, I know over at that Department of Energy they seem fairly engaged in promoting Nova Scotia. They have that Play Fairway Analysis, that's an example of that. I wonder, does the Department of Natural Resources have a similar culture of promotion - do you feel the pressure to grow this industry, or where is your kind of focus on that?

MR. JAMES: Thank you for the question; I'm very happy to address that. We have a dedicated team of expert geologists and geoscientists within the department and it's their job annually to go out and collect new geoscience data to analyze that, to disseminate that, and to come up with new exploration models that are actively promoted to industry, identically to the way that they do in Energy. Our folks publish their materials, they meet regularly with industry - we have an open door and meet routinely with prospectors, providing them with some advice.

We know that there is an exploration project right now in the Cobequid Hills and we have three of our geologists on-site helping them analyze their material, help them make better exploration and investment decisions. The department routinely visits the major trade shows, we have a major presence at the prospectors and developers show in Toronto every year where we're there with our prospectors to help market and promote exploration and investment opportunity in the province, and to help the prospectors meet potential investors who will help them advance their projects. So I think we do an excellent job at promoting the geological potential and the investment potential for minerals in the province.

MR. HOUSTON: Thank you for that response; I appreciate that. I did want to go back to uranium just for a quick question. I know that under the legislation that's in place to ban the uranium development, there is a certain threshold that if you happen to dig up some uranium - up to some, I think it's 0.1 of something - you have to stop and report that, and that might happen if you're digging something else and you come across some uranium. Has that been reported to the department, has anyone kind of inadvertently or accidentally dug up content of uranium that exceeded that legislation and called the department and said we've got some uranium here - has that happened?

MR. JAMES: No, but we do know that there are folks who do routinely explore in areas where there is some uranium potential and so this is high on their radar, as it is on ours, and we routinely meet to discuss that with them, but we haven't had an occurrence yet where someone has said I have to stop my project because I've exceeded that threshold.

MR. HOUSTON: So that hasn't happened, okay. Just in the theme of business promotion I'm wondering if I can get a comment on we said there is no - I don't want to put words, Mr. James, but I think you said with the ban in place there would be nobody prospecting for uranium, that wouldn't happen. I am thinking of that in terms of the Department of Energy's ban on fracking where they said there would still be companies that would be interested in exploring for natural gas in the province, despite the ban.

On the one hand with the uranium ban there is nobody looking for it, nobody doing it and then we have the Department of Energy saying fracking is banned but people will still look for natural gas. I wonder if those conflicting statements - did you notice those statements as that ban was happening and think to yourself, I wonder how that is? Did you have any thoughts on that?

Specifically I would ask, is there any expertise left in your department about uranium or has all that expertise gone in light of the banning?

MR. JAMES: On the first part I'll reserve comment on the fracking issue. There was a significant amount of uranium exploration, which occurred in the province in the 1970s and 1980s so we know where some of the most promising occurrences occur and their potential. Right now it would probably be unwise for a prospector or a company to make an exploration decision to look for uranium or any commodity when they know they

can't mine it so we don't have anyone in the province actively exploring for uranium. We have expertise on staff who still understand the deposits and their occurrences.

MR. HOUSTON: Okay, thank you for that answer. One of the things that the Auditor General noted in his report is that the department should develop guidelines to assist staff in calculating reclamation cost estimates. Has that been completed, that part of it? Do we have guidelines for calculating reclamation costs?

MR. FRANK DUNN: The issue of reclamation guidelines will be addressed when we table the Mineral Resources Act in the Fall.

MR. HOUSTON: Okay, so it's covered in there. Should people expect to see a new royalty fee regime in that Act as well? That is something that I believe was covered as part of that.

MR. FRANK DUNN: Without getting into detail around what will be in the specifics in the legislation in the Fall, I can say to you that there were four major themes that were brought forward by both MANS and other interested stakeholders. They were: access to land, royalties, reclamation issues and community engagement. Those four things will all be addressed in the Mineral Resources Act in the Fall.

MR. HOUSTON: That's this Fall, I think you mentioned that that would come out. I appreciate that. Well, Mr. Chairman, I have one minute do I? I think I'll concede that minute and I thank the members.

MR. CHAIRMAN: Thank you, Mr. Houston. There was a card that you had referenced at the start of your questions today. I wonder if you would be able to table that for the committee. Thank you.

We'll now move to Mr. David Wilson of the NDP caucus.

MR. DAVID WILSON: Thank you and I'll use my colleague's one minute to talk about something that I didn't think I was going to talk on or ask any questions on and that's the uranium ban that is in place in our province. For those who might not recall, there was a moratorium in place for a number of years and under the NDP Government we introduced legislation to - I believe it was legislation - we introduced a ban, moratorium.

Knowing people like Rudy Haase who is talking in my ear right now, I just want to make it very clear and hopefully - I think you were in your initial comments - is the province looking at lifting that ban on uranium mining here in Nova Scotia?

MR. JAMES: No.

MR. DAVID WILSON: Thank you, and I wish I could question my colleagues because it's interesting, some of the lines of questioning, and it would be interesting to know if they would do it if they had a chance to be in government but we're going to work

hard to make sure that doesn't happen in the next while. I hope the current government continues with that ban and I'll move on to other questioning.

Just to finish up, I know I asked a few questions around the transfer of your Natural Resources conservation officers over to - it will be called a new division - and the concern I have around that, the deputy mentioned that it was not a decision that came from within your department. Are you aware of where that decision came from or was it just relayed to you through the minister that your officers were going to be moved out of the department?

MR. FRANK DUNN: No, I'm not aware of where that came from.

MR. DAVID WILSON: Just a couple more on this and then I'll move on. The concern is that with the amalgamation of all these officers - I believe there will be about 180 of them that will be in this new division - it would be much easier down the road to maybe eliminate some of those officers when you look at a number like 180 compared to saying you have 50 conservation officers and if the department is going to remove one, it will be very noticeable. That's where we do have some concerns.

It's my understanding the officers will still continue to work alongside - and I believe in the same places they work now - next to Department of Natural Resources employees. Is that correct? Is my understanding correct with that?

MR. FRANK DUNN: I can't answer specifically. After the transfer takes place, I can say that that would be a logical conclusion. These folks are in 27 offices around the province. They have ATVs, snowmobiles, garages; they have secure areas for custody of materials that need to go to court cases. Where the conservation officers will end up at the end of the day will be a decision that will be made by the Department of Environment, taking into consideration costs and economies of scale.

MR. DAVID WILSON: Thank you for that. Just to finish up on that section - there will be some concerns. You will have employees who are working together and alongside each other that potentially will be in two different departments. I understand that there's not a lot of details, which also concerns me. It seems to be a trend with the current government to make these changes and not a lot of details and no real plan. We'll see down the road.

Anyway, back to the number of employees that you have within the department. Going through the responses that the department provided to the Auditor General, I noticed - I don't know if there were a couple, but at least in one instance - there was a vacant position and that may have led to assessment files not being assessed properly. I believe it was due to a retirement. One, is that the case for that specific one? And two, how many vacancies do you have within the department currently?

MR. JAMES: It's true that at the time we had a chap retire and it was his job in Stellarton to review the assessment files. During the time it took to replace him, there was

obviously a gap in getting that done, but the chap has been replaced. We have someone new in place and we're up to speed now on reviewing the assessment files. I can't speak for the department, but right now in the branch, we have two vacant positions.

MR. DAVID WILSON: Do you have a timeline of when those vacancies will be covered off or is there a directive from maybe Treasury or somebody to hold off on filling vacancies for some time? I know that happens - I was in the minister's office, and at times vacancies are held, sometimes to be a cost-saving measure.

Has there been any directive or indication that you should hold off filling those vacancies or are you actively searching for those two that Mr. James mentioned, but any others within the department and maybe a number of other vacancies within the department?

MR. FRANK DUNN: There are vacancies within the Department of Natural Resources. They currently are on hold. As all the members would know, the budget that was tabled last week includes the layoff of both bargaining unit employees and excluded employees in the system. In order to attempt to accommodate those who are laid off from both a bargaining unit position and an excluded position, Natural Resources is holding positions so that the collective agreement can be followed. If any bargaining unit employees have been laid off and have the necessary skill sets and attributes to move into that position, then that's what we'll do.

I'm very conscious of the fact that when employees get laid off, Natural Resources will do all they can to ensure that those folks can land on their feet. So we do have a degree of responsibility, particularly from the collective bargaining perspective, that we try to find jobs for those folks as well as the excluded employees. We do have some vacancies that are currently going through the transition process and the hope is that those positions will be filled as we move through the transition process with the Public Service Commission.

MR. DAVID WILSON: Are you able to provide the committee with a breakdown of those vacancies - what the details are, like which positions are vacant currently? I know some of them you can find out there, but for the committee's information, I wonder if you could provide us with that breakdown.

MR. FRANK DUNN: I don't have a specific breakdown. I can talk in general terms perhaps for the minister. I believe we have four or five excluded positions around the province and that ranges from a position in our Sydney office with regard to a regional director; we have a director of parks position that is currently vacant; an area manager position that's vacant in Lunenburg; and a position in Shubenacadie. Those are all excluded positions.

From a bargaining unit point of view, I don't have the exact number. I can tell you that they would range from program admin officers to forestry technician jobs to clerical

support. The exact number in each of those categories I don't have. I could get them for the committee; I don't have them with me today.

MR. DAVID WILSON: That would be useful. That kind of leads right into my opening questions around the 20 recommendations. I know you don't have that in front of you, but I would say you have more than a dozen vacancies, I would think. My concern is around the implementation of the recommendations that you've agreed to implement. I know you stated you feel confident - and of course I would think that any deputy minister has confidence in their staff and you're being dealt an envelope to work with in in your department - but I am concerned and I question the ability for the department, just due to the lack of resources potentially that you may have.

If these vacancies are put on hold to figure out what's going on with the collective bargaining and collective agreement with other vacancies, then the work that should be done currently with those positions are on hold also, which I think creates a backlog. We know that one position alone resulted in reviews of assessment files not being done.

Would you maybe make another comment? Are you confident that you can meet the Auditor General's recommendations on top of doing a review that's going to be presented in the Fall and the other challenges that are in front of you? In my view, you're under-resourced right now. You don't have enough support to finish all these accomplishments that I think are important to not only address the Auditor General's concern, but move the sector as whole - mining, forestry, everything that you deal with - forward. That should be the ultimate goal in the end.

I'll ask you again. Are you concerned at all that you're being asked to not only move out employees like the inspectors or conservation officers, but now you're being told to hold off on the vacancies so you can figure out how you deal with those employees who have been let go? Some have been fired - I don't know if they'll be able to apply for the job. Maybe just another comment from the deputy on that to maybe give some reassurance is what I'm looking for.

MR. FRANK DUNN: From a department perspective I am confident that we have the necessary FTEs and resources to deliver our programs. Specifically with regard to the member's comments around the Geoscience and Mines Branch and whether we can address the 20 recommendations in the Auditor General's Report, that branch has two vacant positions: one is a director and one is a geologist. Neither one of those positions would have a material impact on addressing the recommendations in the Auditor General's report so I am comfortable that the timelines that we have outlined in our response back to the recommendations can be met.

MR. DAVID WILSON: Thank you for that and as time goes by we will need to continue to look at the success of your department and I do wish you success. I hope you do have the ability to do the work that is in front of you. It's interesting - I know we don't have a lot of time here, I have about a minute and half left - an area that I wanted to get into a little bit and I think it connects with mining in the province, and that is forestry.

Almost all of that industry is in our rural communities across the province and one of things we know that we need to continue to work on is how to improve the networks and the support for woodlot owners and our forestry sector.

Maybe a quick question that I will leave with you, hopefully you will have time to answer. I know there has been talk about networks of wood hubs so that especially private woodlot owners can reap the benefit of higher-valued wood that can be logged. There is talk around these hubs, or these sorting stations or centres in the province that might assist smaller woodlot owners to get higher value in their product and maybe entice them to move that along. So with the last minute or so, I am sure you are aware, or are you aware of some of the discussion papers that have happened around woodlot hubs and do you have any comments on a support from the department on moving forward with that initiative?

MR. FRANK DUNN: I believe the member is talking about our Cape Breton Private Land Partnership that we have in Cape Breton. I haven't heard the term woodlot hubs before but that organization is an organization of private woodlot owners.

MR. CHAIRMAN: Order. I do apologize but we have run out of time. We will now move back to the Liberal caucus and Mr. Hines.

MR. LLOYD HINES: Thank you very much for joining us here today to talk about this vital industry to Nova Scotia, which government has an integral role in promoting and supporting. We have heard today that this industry goes back to almost as far as the fishing industry in Nova Scotia. The fishing industry predates 1700 by a little while, maybe 150 years, but interesting to know that gypsum was being mined in the 1700s. That's really important. The mining industry as a whole in this province, I think, has had a very significant economic impact on our lives as Nova Scotians and I believe that the collapse, as it were, of the coal mining industry in Cape Breton, overall, put quite a damper on other particular products, and even coal itself that we have in Nova Scotia, and I believe this industry is on the precipice of quite a rebound as the world seeks more natural resources. We've got a significant bounty of them here in Nova Scotia. I agree completely. I don't think we have found any diamonds yet like they have in Yellowknife and the Northwest Territories but there is always hope.

I would like to say, too, that I agree with my colleague from the Third Party about referring to this industry as a sunset industry. I've heard fisheries included in that basket of things that are no longer relevant to our economy here in Nova Scotia. I believe that fish exports may be the second-ranked export in Nova Scotia. It has been around, as I mentioned, since the 1500s - documented. There's one site in my riding at Charlos Cove where a gentleman named Savalette met Champlain in 1508, I think, so it has a long history. The sun doesn't look like it's setting on the fishing industry, and I believe that the same could be said about the mining industry.

I look at Guysborough-Eastern Shore-Tracadie, which is the largest rural riding in the province at 5,300 square kilometres and very thinly populated at that. I am very hopeful

about the many mining opportunities that are in place, starting at Tangier - I believe Flex Mining is in there looking at gold - and the Dufferin mine site, which has currently been suspended, which is a lesson to observers that the mining business is a place for people with deep pockets. It's nice to see Mr. Cline coming to Cape Breton because I understand his pockets are quite deep.

At the Dufferin mine, I believe there were 75 people - hard rock miners who returned to the Eastern Shore from across the country to work at that facility. As the process is underway to reconstruct the financial shape of that particular facility, I think we'll hopefully see that open if the price of gold remains the same.

You brought up the point - and I think it's a very good one - that like many of the things that we're doing in Nova Scotia, these products are commodities and they are subject to changes in global commodity markets that we have very little influence over, but hopefully over time, the value of these resources will persevere and result in improved economies for Nova Scotia.

I want to particularly congratulate your department and this particular section on the work that you've done in the mining industry in the last 10 years. I know that there has been quite a bit of work done to identify potential deposits of various metals.

I want to talk about the application that is currently in the CEAA process from Vulcan Materials in the Black Point area of the riding, which actually is a 400 million-ton proven granite pluton which the department identified to the municipality at the time and which subsequently, though it took three and a half years, was transferred to the ownership of the municipality. It is currently the subject of the CEAA application by that U.S. company to open a tidewater quarry, which I believe has expenditures estimated at over \$100 million and 75 jobs associated with that in an area of the province that certainly can use them. It will be a bookend for the Martin Marietta facility at the causeway, which has been a proven producer for the area for Nova Scotia.

These particular projects on these tidewater quarries have a long horizon. They are estimating 50 years at Black Point. Those are the kinds of things that build communities and build families and provide for intergenerational success.

We have the Orex company near Goldboro, near the natural gas plant, who have been around for a while. They are hopeful about their prospects to develop that particular project. If you look at a real exciting prospect - which you've mentioned - which is Donkin, to think that mining could return to Cape Breton is a really exciting prospect. To see somebody like Cline in here who has the wherewithal and the knowledge, and the deep pockets, to be able to bring this off, that is absolutely outstanding.

I'm aware of significant copper deposits in the riding. You mentioned a tin mine as a possible activity there, we have the zinc mine, and more gold I believe at Moose River - that one is prospective. If something happens with the price of gold, which seems to be

fairly stable over the last while though it has dropped significantly, those are great opportunities also. There is a significant limestone deposit which, I believe, is in the chairman's riding which has great potential for a cement manufacturing facility at the Strait. So, \$420 million or \$400 million you mentioned is the GDP impact, and I'm very hopeful that can be improved as we go forward.

Not to detract from the fact that many of these activities do occur in rural areas where the working phase might be for these projects, these have impacts across the province. Often these companies will house their head office in Halifax or an urban setting, so it's an industry that affects all the demographic in the province.

I'm going to circle to Donkin. I know we've had some discussions about it. Could you highlight some of the timelines around where the Donkin Mine might end up if it were to proceed to production? It's really nice for Nova Scotians to note there are 15 people employed there now at that site even in the development stage. So what's the general overall timeline for that project?

MR. JAMES: Perhaps just to supplement an earlier response from the deputy, we know there are 15 people on-site. They've met and are compliant with the deadlines that are included in their special lease for the project. They're actively dewatering the mine; that should be complete sometime this Spring or early summer. They will get underground and start to do some geotechnical studies and reclamation work on a partial collapse of one of the tunnels and then get down to the coal face. That will allow them to start to make some detailed samples of the coal so that potential customers know of its potential qualities. Once they get that done, then they can start a bulk mining process to collect and test the sample that can be burned for its particular qualities.

At the same time a significant deadline in the special lease will be for them to collect a composite sample of the coal so that they know its broad general characteristics so they can market that to potential customers. We look to them to take appropriate steps to market that coal to potential customers, to at least eight potential customers, by 2018 if they're not in operation.

MR. HINES: Thank you very much, Mr. James, and I'd like to pass my time back to my colleague if I could.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. LOHNES-CROFT: Being an MLA from rural Nova Scotia, the rural economy is always on my agenda. Also the oneNS report makes many references to the economy and getting it moving and what we can do here in Nova Scotia. The Premier said that the rural economy will be driven by the resource sector. I'd like you to expand on that and give people like me hope, and my constituents hope, that we can make an economic difference in our province in rural Nova Scotia by our resource sector.

MR. FRANK DUNN: The resource sector is critical to the long-term viability of rural Nova Scotia and Mr. Ivany and the oneNS report was very clear about that. He talked specifically about aquaculture and fisheries and forestry and mining. Particularly on the mining side, I mentioned earlier there are about 5,400 direct and indirect jobs in Nova Scotia which are attributed to mining, and the vast majority of those are in rural Nova Scotia.

One thing that I haven't mentioned is that if you look at the average weekly wage of those that are involved in the resource sector, the mining sector actually provides the highest average weekly wage with regard to the resource sector in rural communities. Not only is it an industry that I don't believe is in a sunset, it's critical for the development of the rural economy. It pays very well, as well, they are good-paying jobs in the rural economy.

MS. LOHNES-CROFT: You can see it expanding and I know a lot of our exports, especially in the forestry industry we export a great deal, so how does that compare with other exports?

MR. CHAIRMAN: Mr. Dunn, you have just about a minute.

MR. FRANK DUNN: I think it's important to realize the mining sector in Nova Scotia is predominately aggregate. So coal, salt, and gypsum - by far the largest is aggregate. Most of our aggregate is used in the highway system in Nova Scotia so not much of it is exported.

With regard to trying to bring new business into Nova Scotia, Dr. James has talked about the things that the department does with regard to helping those that are interested, that identify potential finds, and also going to trade shows and conferences - basically getting the word out to the rest of the world that Nova Scotia is a viable, interesting, and worthwhile place to come to invest.

MR. CHAIRMAN: Order, please. That concludes our time for questioning. Mr. Dunn, would you like to provide some closing comments?

MR. FRANK DUNN: I didn't prepare any closing comments. I just want to thank the members today for the good questions and the dialogue we had, and looking forward to being back here again very soon.

MR. CHAIRMAN: Thank you, Mr. Dunn. Our clerk will follow up with you - there were a couple of requests for information so our clerk will follow up with you on that.

With that, we just had a couple of items of committee business: correspondence from the Department of Internal Services and from the Tri-County Regional School Board. That is information that everyone will have received by email.

Our next meeting will be April 29th with the Department of Education and Early Childhood Development, the subject is the iNSchool Student Information System. We will now adjourn but reconvene in camera for a briefing with the Auditor General on that subject.

Thank you everyone. This meeting is adjourned.

[The committee adjourned at 10:53 a.m.]