



# **Standing Committee on Resources**

*Annual Report*

November 2001

Hon. Murray Scott  
Speaker  
House of Assembly  
Province House  
Halifax, Nova Scotia

Dear Mr. Speaker:

On behalf of the Standing Committee on Resources, I am pleased to submit the 2000 / 2001 Report of the Committee for the Second Session of the Fifty-Eighth General Assembly.

Respectively submitted,

Jim DeWolfe, MLA  
(Pictou East)  
Chairman  
Standing Committee on Resources

Halifax, Nova Scotia  
2001

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## **Foreword**

The report of the Standing Committee on Resources was written in accordance to the mandate of the committee categorizing specific topics of interest under the Departments and Ministers to which the Standing Committee can consider.

The report is written under individualized headings outlining the concerns and issues brought forth from each group /organization.

## **Mandate**

For greater certainty, the Resources Committee is established for the purpose of considering matters normally assigned to or within the purview of the Departments and Ministers of Agriculture and Marketing; of the Environment; of Fisheries and Aquaculture and of Natural Resources. (1987 R. 60(2); am. 1993; am. 1996)

## **Department of Environment and Labour**

### **Witnesses**

Department of Environment and Labour

Mr. Kevin McNamara - Deputy Minister

Environmental and Natural Areas Management Division

Ecosystem and Risk Management Branch

Ms. Kate Moir - Manager

Mr. David Briggins - Hydrogeologist

Environmental Monitoring and Compliance

Mr. David Wigmore - Systems Manager and Regional Manager for Western Region

### **Background**

Under Section 104 of the Environment Act, the Department of Environment and labor has been designated as the lead agency of government to ensure that the province's water resources, including drinking water, are managed appropriately. Factors which complicate drinking water management include raw water quality, treatment processes, improvements in science and subsequent changes to standards.

In Nova Scotia, approximately 60 per cent of the population relies on municipal water supplies, both surface and groundwater sources. The remaining 40 per cent of the population relies on private water supplies, primarily individual wells.

Since the Walkerton tragedy last year in Ontario, there has been increased attention to the safety of drinking water across Canada. The more recent events in North Battleford, Saskatchewan emphasize the need for vigilance, though the situation in Nova Scotia is generally different from the ones faced by these communities.

A Canada public opinion poll on water issues identified drinking water safety as the number one concern about water for more than 4 in 10 Canadians or 43 per cent; comparatively 49 per cent polled in Atlantic Canada said drinking water was their top concern.

A recent report on Nova Scotia's water resources found that the province's drinking water quality is improving. The Department's 1998 "State of the Environment Report" shows the improvement over time and the number of municipal water samples testing negative for coliform bacteria. While chlorination addresses these contaminants there are negative consequences to its use, including impact on fish and human health. THMs have recently been identified at municipal water supplies. Trihalomethanes (THMs) are known to be carcinogenic as a result of long-term exposure. However the level of THMs has dropped from 18 in 1999 to 13 in 2000 and to 9 in 2001. It is expected this number will continue to drop as more communities upgrade and improve their water treatment plants.

New technologies developed in Nova Scotia have shown considerable success in treating THMs. The Department has emphasized continuous improvement in the management of water supplies, and has been making progress over the last number of years.

Nova Scotia follows a multiple-barrier approach. That means there are protective measures or barriers in place at different points along the system to minimize the risk of contamination, those being water supply source protection, proper treatment and system operation, monitoring and testing. This approach is nationally accepted as best management practices and is based on risk management. It also defines the roles and responsibilities for all involved. The water supply owner is responsible for the safety of the water supply. The Department's role is to set standards to audit and enforce approvals and regulations, not just for water supplies but to control potential contaminants that may enter the water.

The number one problem causing bacterial contamination is malfunctioning on-site systems on the same property. Second is improper well construction. The risk of contamination can be reduced by proper management of the septic system. It is recommended it be pumped out regularly at a minimum of once every three years.

There are still a number of areas where the Department plans to make improvements to drinking water management. The immediate steps (short term) include: ongoing implementation of regulations; continue to audit municipal facilities and public supplies; nutrient management strategy, including manure, sludge, fertilizer and leachate and on sewage-management and drinking-water education, in the long term, using the water strategy as their guide, looking at municipal water supply protection, and a continuous review of their regulations.

Sixty per cent of the federal/provincial infrastructure agreement is dedicated to sewer and water projects and will allow much needed progress in these areas. The Nova Scotia Department of Environment and Labour is currently working with Environment Canada to determine whether the strategic portion of the same fund might provide an opportunity to address the on-site sewage upgrades.

The Throne Speech committed an additional \$758,000 funding to water management in the area of enforcement and the water strategy.

## **Matters of Discussion**

There were a number of matters discussed throughout the meeting. Outlined below are the topics that were dealt with during the meeting:

- ~ Environmental permits for construction project sites and the monitoring of these sites with regard to possible groundwater contamination.
- ~ Possible contamination of the groundwater supply resulting from the Sydney tar ponds.
- ~Public consultation methods undertaken regarding the water strategy process.
- ~Concerns other than drinking water, i.e. land use and land management, pollution prevention and best management practices, forestry operations around wetlands and agriculture.
- ~The designation of watershed areas, and how they could better be regulated and controlled by working with the landowners and having extensive public discussions.
- ~No mandatory watershed protection; the protection initiative has to come from municipalities.
- ~National Drinking Water Guidelines. The Department of Environment requires that suppliers meet all health-based guidelines, but do not require that they test for every parameter in the guideline on a regular basis.
- ~There is no certification program in place for labs that test water. However a certification policy should be in place by January 2003 by the Department of Environment.
- ~ Incorporation of an Operator Certification program to minimize the opportunity for human error and deception.
- ~ Protection of aquifers from environmental damage.
- ~The Department has been continually improving their resources to prevent the possibility of a Walkerton or North Battleford tragedy from happening in Nova Scotia.

## **Documentation Requested**

The standing committee has requested the following information:

Information regarding the Shale Pit Remediation project in Antrim; and information on the possible contamination of the groundwater supply surrounding the Sydney Coke Ovens.

A copy of the transcript is available from the Legislative Committees Office. The transcript of this meeting can also be found online at the following address:

<http://www.gov.ns.ca/legi/hansard/comm/r/re010508.htm>

## **Aquaculture Association of Nova Scotia**

### **Witnesses**

Aquaculture Association of Nova Scotia

Mr. Brian Muise - President & Aquaculture Strategist

Ms. Marli MacNeil - Executive Director

### **Background**

Aquaculture is quite simply the farming of aquatic animals and plants. The industry is spread throughout the province contributing annual sales of Nova Scotia farmed seafood from \$7 million in 1994 to \$34 million in 1999. There are approximately 1,100 people employed directly on the farms and in the processing plants, the industry also creates spin-off employment and sales in the industries which supply the aquaculture operations. Nationwide the value of the industry has risen to \$550 million annually.

The aquaculture industry holds significant opportunities for growth in this region. Nova Scotia has an international reputation for producing top quality seafood enabling the industry to take advantage of and add to this tradition. Farmed fish products are now being sold into the markets that were once flooded with captured products.

The significant human resource in fishing and farming communities must be considered as well. Trained experienced aquacultural workers make up a large portion of the workforce, and local educational institutions, i.e. the Nova Scotia Community College and the Agricultural College are graduating new skilled workers with technicians' diplomas and university degrees. Aquaculture is increasingly becoming a knowledge-based industry.

Nova Scotia is favored with significant research capabilities and has been responsible for the development of both the technology and science which has promoted the growth of the industry. The province is blessed with an abundance of cool, pristine water which produces the quality products that are prized in the market place. It has over 29 square kilometers of coastline presently of which only 255 of those square kilometers are being used for aquaculture. That is less than 1 per cent of the provinces coastline being used for both finfish and shellfish farming.

Aquaculture has the potential to become a significant contributor to the economy, but there are problems, and there are constraints to the growth of the industry. Nova Scotia's coastal areas have multiple users and sometimes the best place in which to site a finfish or shellfish farm is also the best place for recreational use for another industrial. Developing a true coastal zone planning process which recognizes aquatic farmers as legitimate users of this resource is critical to the survival of the industry. In fact, the biggest obstacle to the growth of the industry is the lack of growing areas.



### Lease Applications

The scrutiny under which a lease application is placed is onerous. This intense analysis of how an aquaculture site might impact on the host community often fails to consider the best use of the marine environment, but this analysis is successful in keeping aquaculture from growing. Less than 25 per cent of all aquaculture lease applications are ever approved.

In addition there are well-publicized concerns about aquaculture and the environment. Aquaculture does have an impact, however aquaculture, well practiced, is an ecologically sustainable activity. One of the associations' priority goals is to help farmers learn the best practices to achieve sustainability.

The associations members have recently adopted environmental management guidelines for both finfish and shellfish. These guidelines are part of a multi-phase approach to environmental responsibility. The next phases are the development of an environmental monitoring program for both finfish and shellfish farms and the creation of environmental management plans. Farmers have recognized the value of environmental stewardship to the efficient and effective management of their operations. The responsible practices and sustainable farms and public concern must be taken seriously and the residents of communities in which aquaculture is practiced deserve to have their environmental concerns addressed.

The Canadian Environmental Assessment Act now requires many proposed aquaculture leases to undergo an environmental assessment before an application is approved. The industry welcomes this, the assessment gives the applicant important information about the site that he or she is interested in. However, it is necessary that this assessment be based on the risk associated with the activity. The cost of such assessments are also a concern.

Recent guidelines developed by the Department of Fisheries and Ocean to aid the industry in completing these assessments are estimated to start at \$25,000. Members have additional concerns that the rules applied to environmental assessments are so vague that a farm may be required to do several which will add significantly to the cost of accessing the resource and impeding this industry's ability to compete in the market place.

### Other Concerns

Nova Scotia is involved in an industry-led initiative which will result in a national fish health program which is based on disease prevention. The industry is working with other salmon farming provinces and countries to develop an international code of containment to alleviate the fear of finfish escapement. They are also involved in Aquanet, an NSERC National Centre of Excellence program which will lead research into many aspects of aquatic farming. As an example, this region now uses very little medication to treat sick fish as the result of advances in fish health practices and in vaccinations. In the last 10 years, drug use on Maritime Canada farms has been reduced by 90 per cent.

Canada wide, one of the big hurdles facing the industry in the last few years has been concerns over the environment. Any industry, human or farming, has an impact. Whether that impact is acceptable or not, that is a decision process that the industry is now undergoing.

On the federal side they are looking at access to the types of programs that are available to terrestrial farmers such as income stabilization, crop insurance, compensation for eradication of stocks, and others. Nothing like this exists for aquaculture. They are trying to grow an industry that has to compete in a world market, "we have some of the best and brightest. We have this resource in the province that we are wasting". Despite all the problems the industry has, it is experiencing an annual growth rate of 16 - 18 per cent.

People want to see development in rural areas and coastal areas. Aquaculture cannot replace any of the traditional fisheries, but it can complement what is already going on in these communities and it can expand on people's opportunities to stay there and earn a good living.

### **Matters of Discussion**

There were a number of matters discussed throughout the meeting. Outlined below are the topics that were discussed during the meeting.

- ~ Competition in the market place from other provinces and countries.
- ~ High energy costs which prohibits the industry from running an operation indoors. The cost of doing a land based operation is significantly higher than growing in the marina or the freshwater environment naturally.
- ~ Food supply and feed for fish, the cost of feed is about 50 per cent of the cost of production.
- ~ There are short term risks environmentally while a farm is located, however as soon as the farm is removed the impacts disappear very quickly. It is organic waste which is metabolized very quickly in the marine environment.
- ~ Efficient system for dealing with license applications.
- ~ Relationships with coastal communities, and the need for co-existence.
- ~ More federal government involvement.

### **Documentation Requested**

There was no documentation requested during this meeting.

## **Suggestions**

The following suggestions were made by the presenters:

~ Regulatory framework for aquaculture. This industry requires regulations and policies designed for a culture industry practiced in public waters.

The lack of a clear development policy for aquaculture has been a constant impediment to growth. Successive governments have failed to provide the sustained support necessary for an emerging industry. The basic support structures such as technical assistance, research and extension services, which bolstered the development of terrestrial farming for over a century in this province.

~ Enhancing an industry which employs Nova Scotians in their home communities and produces, in an ecologically sustainable manner, a quality product which is exported throughout the world must be a common goal of government, industry and public.

~ Assist the industry in expediting the process with the environmental assessment. To try to have the federal department involved come out with some solid recommendations on the criteria the industry has to meet.

~ With regard to the process for reviewing of licences and applications assist the industry in setting up a structure that is more fact based than emotion based.

~To recognize aquaculture as a legitimate industry; and to initiate a development policy within the government.

## **Nova Scotia Federation of Anglers and Hunters**

### **Witnesses**

#### Nova Scotia Federation of Anglers and Hunters

Mr. Bob Bancroft - President

Mr. Tony Rogers - Executive Director

### **Background**

The Nova Scotia Federation of Anglers and Hunters is dedicated to the conservation and propagation of the wildlife in the province for those who hunt, fish, trap or otherwise wish to enjoy the wildlife resources of Nova Scotia. This will be accomplished by education, cooperation and exchange of information with all people and by uniting provincial organizations having similar objectives.

#### Clear-cutting

The federation is very strong on clear-cutting; they want it banned. A lot of this type of cutting is in the private woodlots. People are cashing in their woodlots and the federation is quite concerned about this. There is excessive use of clear cut methods on sites where other viable options are available.

In 1998 there was almost 12.9 million cords in over cutting alone on private woodlots and Crown lands.

#### Crown Land

The stumpage rates on Crown land, in a large way, has been a give-away. As hunters and anglers the federation is quite concerned because they are seeing Crown lands essentially being used for industrial purposes, particularly with the IRM processes that is presently happening.

The federation states there needs to be resource-based management strategies for wildlife and inland fisheries or fisheries in general that are based on enough sampling and monitoring in order to understand what is happening. At present there are no adequate funds available to be able to sample and this becomes a real problem. Nova Scotia has an \$81 million a year recreational fishing industry and there is nothing being done to utilize it to its full economic potential. Additionally, there is \$36 million that is generated in six weeks of deer hunting, incurring the additional \$2.00 more to hunting licences and through habitat's stamp, that will generate over \$100,000 of new money that will be put back into the provinces' habitat.

Tourism, hunting and fishing are part of a protected area sustainable use package. There is a tremendous tourism and outdoor recreation value associated with these activities.

Through Wildlife Habitat Canada, over the last 10 years, \$350 million has been generated for wildlife habitat across Canada. It is important for government to recognize the strengths involved within the hunting and fishing community and to support them, make sure that they don't die off and they have a good recruitment of new people coming in.

### **Matters of Discussion**

There were a number of matters discussed throughout the meeting. Outlined below are the topics that were dealt with during the meeting.

- ~The differences between natural vs clear-cut forest regeneration;
- ~The impact of aerial spraying;
- ~Forestry and wildlife guidelines made into regulations;
- ~Game farming; raising animals in pens increases the potential for disease;
- ~Wildlife and inland fisheries;
- ~Acid rain/pollution and its effects on lakes and watercourses;

### **Documentation Requested**

There was no documentation requested during this meeting.

### **Suggestions**

The following are suggestions presented by the witnesses:

For 70 years the provincial government has helped the federation operate with a financial contribution. In recent times it has been about \$7,000 / year. It is hoped that at some point in time they can have that grant reinstated and continue to work with the government.

Signing and keeping agreements on emissions would be a very positive step, by all governments.

Put money into conservation, i.e. BOW, Conservation School, and others.

## **Kimberly-Clark**

### **Witnesses**

#### Kimberly-Clark Nova Scotia

Mr. Sandy MacGregor - Timberlands Manager

Mr. Steve Rutledge - Forestry Manager

Mr. Jack Kyte - Public Affairs Manager

### **Background**

Kimberly-Clark is responsible for the management of approximately one million acres of land that they own, and also manage approximately 200,000 acres of Crown land under a long-term lease. They have been harvesting 12,000 to 14,000 acres a year on the company's land for the past 33 years.

Their current thinning operation is more commercially viable than previous operations; and can possibly be expanded due to the new technology. Although Clear-cutting works well from a forestry, economic and a wildlife's point of views, if done properly. It is not, however, a public point of view.

Kimberly-Clark's acres of freehold has an allowable cut of approximately 700,000 metric tons of softwood and 230,000 tons of hard wood. On Crown land, the allowable cut is 70,000 tons and that is administered by the province. If regulations and guidelines are adhered to Nova Scotia will be on the road to sustainability.

#### Guidelines and Regulations, (NS)

The company abides by all the Nova Scotia Forestry and Wildlife Guidelines. In fact their contractor and staff virtually do an audit of every site and sign off on every site as to whether it has met all the standards or not.

The forest industry does have the potential for a growing future. Today's forest and forestry practices can best be perceived as being part of a continuum, it is an ever-evolving mix of trees, business and human values. Annually \$1.3 billion in forestry revenues goes to the province.

In the past five to seven years the economy has switched almost from a pulpwood economy to a lumber economy. Although presently it is down and struggling, for the past five years it has really come ahead consequence allowing a woodlot owner tremendous choices. "There may be up to 30 places he can sell a load of wood at the lowest grade".

The logging is done by contractors or mill owners who buy the standing timber. The value of that stumpage (Standing Timber) is what shows the true value of the wood. Five or six years ago a good stand of timber would bring \$500 per acre. In 1999, when business was booming, it would get up to \$3,000 per acre.

The forest industries – pulp, paper, lumber, panels, Christmas trees – are part of a commodity industry, in reality these business must be low-cost producers of quality products or they are simply out of business.

Each of these forest industry players can ensure their future by reinvesting in plant, technology and people, and also in silviculture to sustain future wood supplies. Each of these industries depend on a resource which many – not directly involved – feel a genuine attachment.

### **Matters of Discussion**

There were a number of matters discussed throughout the meeting. Outlined below are the topics that were dealt with during the meeting.

~ The sustainability fund and the fact that Kimberly-Clark does not pay directly into the fund.

~Kimberly-Clark and their contractors abide by the Nova Scotia Forestry and Wildlife Guidelines in accordance with the Nova Scotia guidelines and regulations.

~Although there has been a lot of changes in technology, it is the total harvest that matters. At one time there use to be double the number of people, contractors, and others cutting the same amount of acreage that is being cut today.

~Production reduction. Within the last 10 years quite a bit of the west coast United States federal lands were taken out of production however, the demand for lumber did not cease. Two billion board feet came from Eastern Canada, Ontario, Quebec and the Atlantic Provinces and the rest went down to the Southern United States. Presently the demand has dropped off slightly.

### **Documentation Requested**

There was not documentation requested during this meeting.

A copy of the transcript is available from the Legislative Committees Office. The transcript of this meeting can also be found online at the following address:

<http://www.gov.ns.ca/legi/hansard/comm/r/r000912.htm>

## **Forestry Management**

### **Witnesses**

#### Nova Forest Alliance

Dr. Eldon Gunn - Chairman

#### Nova Scotia Woodlot Owners and Operators Association

Mr. Wade Prest - Past President

### **Background**

Nova Forest Alliance is Nova Scotia's model forest project in the Canadian Model Forest Network that has been in existence since 1998. They are part of what is referred to as Phase II of the model forest process. Since 1992 there were 10 Canadian model forests that came into existence. In 1997 the second phase began and the Waswanipi Cree Model Forest in Quebec was added to the Model Forest Network.

Nova Forest Alliance is made up of more than 40 organizations representing all forest sectors. They have a very broad variety of community groups; professional and technical groups; environmental, recreational and tourism groups; and municipal, provincial and federal governments. With the exception of Kimberly-Clark, all the large forest companies that operate in central Nova Scotia are partners. Their partners are committed to working toward achieving sustainable forest management in Nova Scotia's Acadian forest type.

#### Goals and Objectives

The essence of their goals and objectives consists of three parts. First is working together, second is sustainable forest management and third is Acadian forest. The Acadian forest is Nova Scotia's main forest type. It is a diversified transition forest that occurs between the northern coniferous forest and the southern deciduous forest. Compared to the boreal forests, Nova Scotia species are relatively long-lived; it is blessed with a highly productive forest and a complex one.

One of the dominant themes of NFA partnership has been to protect and enhance the fundamental characteristics of the Acadian forest. Sustainable forest management (the second key phrase of their partnership) simply put is, biodiversity, forest conditions and productivity, soil and water, contribution to global cycles, multiple benefits to society, and decision making processes. Finding good indicators for these criteria that are possible to identify, monitor and manage, and the challenges for people to agree that these are good criteria, is a major challenge for both the province and NFA's partners.



Some of the projects NFA is working on in an attempt to move toward sustainable forest management include their working woodlot program, best practices program for contractors and operators, eco-system science projects, harvest practices project and their Antrim Demonstration Woodlot. One major challenge in the coming year is their work in creating a sustainable management process. They are trying to engage stakeholder communities in designing a process that is based both on community involvement and science.

### Forest Management

The subject of forest management is complex and there are very few simple answers and it takes a lot of work to make progress. Forest management as practiced in Nova Scotia today is both unsustainable and quite inappropriate for the province. It is unsustainable because we are not using the management systems which are suitable for its natural forest, its climate and its soils. It is inappropriate because it delivers fewer benefits to people than is possible under a more appropriate management strategy.

Nova Scotia's natural forest type is the Acadian forest. It is characterized by uneven-aged stands of long-lived species. Under appropriate management, with an even-aged system, this forest will produce a continuous supply of large dimension, very high-valued roundwood which will support any number of high valued-added industries, in addition to the standard dimension lumber pulp and paper industries of today.

An uneven-aged management regime would conserve and protect the very stable ecosystems which themselves will produce a regular yield of other forest values which is taken so much for granted. The recreational, the fish and wildlife, tourism and other benefits, which citizens increasingly demand, are all provided in the highest possible quality by a well managed Acadian forest. The secret to good management is simple and logical. One only takes an amount of timber or other benefit that is in excess of what is needed to maintain the health and productivity of the ecosystem. One maintains the principle and live on the annual interest earned.

Old growth forests are found only in remnant pocket and mature forests are becoming rare. Repeated clear-cutting is destroying stand structure and ecological function within stands across forest landscapes. Lower value, shorter lived species now make up an ever increasing proportion of young and regenerating stands. As balsam fir and white spruce make up more and more of Nova Scotia's softwood stands, the increase in insect and disease problems undertake expensive and unpopular spray programs. The public is being asked to pay the cost of expensive silviculture as a means of maintaining the wood supply.

## Economy

As the indicators of the ecosystem collapse became more apparent, Nova Scotia's harvest levels in the last 20 years has doubled. The rapid increase in harvest rates has been facilitated by mechanization in the woods and in the mills. Twenty years ago the industry was labour intensive, today the key to contractor and sawmill survival is minimizing wage costs per unit of production. The industry is working hard to reduce labour costs so Nova Scotia can export even more lumber, pulp and paper and wood chips. Woodlots are being clear-cut from boundary to boundary in an attempt to repay the capital costs of equipment that is usually manufactured outside of Nova Scotia and often outside of Canada.

The economic benefits to rural communities have not kept pace with the harvest level. Forest workers must often work shift work and travel up to three hours each day to work sites. Machine operators are often under considerable pressure to reach production targets, and forest machines tend to be high maintenance items and are subject to a lot of downtime. Employee turnover can be surprisingly high. Technicological solutions are not always as glamorous as it has been led to believe.

Woodlot owners are receiving payment for their wood, unheard of a few years ago. Many woodlot owners have been carried along with the cash-it-in-for-the-big-bucks now attitude. Corporate consolidation is happening on a smaller scale in Nova Scotia. The number of small private woodlot owners is decreasing, as the acreage of forest land in that ownership category. Forest land is being steadily consolidated in the hands of those with the available or accessible capital. Smaller, labour intensive mills are selling out to larger operations.

The new wood supply sustainability regulations have some good and bad points to them. They are an attempt to maintain forest fibre production by substituting financial and labour resources and inputs for the failing bank of natural capital which sustained Nova Scotia for so long. These regulations will have some effect in increasing the wood supply in the short to medium term, but that whole approach to forest sustainability is wrong because it doesn't recognize that repeated, clear cut harvesting of young stands is destroying the ecological foundations of forest productivity. It emphasizes quantity over quality, which is a pattern that much of the industry has fallen into.

To educate the individual landowners on some of the issues, the Department of Natural Resources has a home study course available on the internet so that woodlot owners can learn various aspects of forest management. NFA has held a series of seminars and continue to hold seminars on everything from forest practices on woodlots to taxation and how a landowner can properly structure themselves so that they can survive the tax regimes that are imposed on them. They also have a Woodlot Opportunities Program that educates the owners on the various opportunities available to them, how to protect wildlife, certain aspects of books and streams, finding different types of species on their land, what their goals and objectives are and how to meet them, amongst others.

## Funding

Before the federal government began withdrawing from all the federal-provincial programs, they had put approximately \$400,000 per year into the forestry program, much of which went to Nova Forest Alliance's education-communications programs; and there was an argument that forestry is not a federal responsibility. So the federal government is there but NFA would like to encourage more federal dollars in research in forestry.

The province is continuing to do research, however more provincial resources would certainly be useful, but the Department of Natural Resources is working as hard as it can given the resources they have to move forward.

## **Matters of Discussion**

There were a number of matters discussed throughout the meeting. Outlined below are the topics that were dealt with during the meeting.

~ The sustainability of Nova Scotia's forests.

~The number of loads of roundwood leaving the province, and the fact that these products could create jobs in Nova Scotia.

~Technology being used to make use of underutilized species, and harvesting costs, the industry in this province is very concerned in trying to get its costs down so we can export more lumber. There has to be standards set as to the way forest can be treated, the condition that they must be left in, and specific requirements for regeneration, stocking and productivity.

~Price discrepancies of pulpwood. It is strictly a function of supply and demand. The industry is hampered by the lack of a cohesive policy.

~Federal funding. There are indications that the federal government is contemplating a Phase III of the Acadian forest, however, NFA is trying to get commitments from their partners. To have them recognize that this is one way for people to work together to move toward sustainable forest management.

~IRM process This is a large obstacle to overcome in trying to convince the public that they can be satisfied with less than total protection, and the ability to actually use the forest for combined multiple-uses.

## **Documentation Requested**

There was no documentation requested from this meeting.

A copy of the transcript is available from the Legislative Committees Office. The transcript of this meeting can also be found online at the following address:

<http://www.gov.ns.ca/legi/hansard/comm/r/re010424.htm>

## **Nova Scotia Chamber of Mineral Resources**

### **Witnesses**

#### Chamber of Mineral Resources

Mr. Byron MacMillan - Vice President  
Mr. Terry Daniels - Managing Director  
Mr. Gordon Dickie - Director  
Mr. Kim Conrad - Director  
Mr. John O'Sullivan - Director

#### LaFarge Canada Inc.

Mr. Dan Kahn - Quarry Co-ordinator

### **Background**

The value of production in the mining industry over the past decade continues to exceed \$300 million U.S. dollars. During the past decade, employment in the industry has been up and down but has stayed between 3,800 - 5,600 people directly employed in the industry. The average weekly wage for the mining sector continues to be the highest for any provincial economic sector. It is significant to note that the majority of these high-paying jobs are located in rural areas of the province. Nova Scotia has 65 mining districts.

Nova Scotia has had a rich mining history that goes back over 300 years. In 1998, Nova Scotia produced seven million tons of gypsum, (that is 80 per cent of the product produced in Canada and seven per cent of the world production), and one million tons of salt (which is equal to seven per cent of Canadian production). The province boasts of several large aggregate producers. Martin Marietta is the seventh largest in Canada with an annual production of two million tons. The industry also produce significant quantities of coal, limestone, dolomite, barite, dimension stone and peat. Equally important is the amount of value added processing of minerals that takes place. These include cement manufacturing, clay products, bricks, pharmaceutical barite, wallboard, salt products, sand, crushed stone, and dimension stone.

#### Exploration and Development

Investment in exploration for new mineral deposits continues to fluctuate between \$4 million and \$5 million annually. The production of natural gas from the offshore has sparked increased interest in salt and potash, which is an essential first step to find underground storage for natural gas. Currently there are about 20,000 acres under active exploration. This represents an expenditure of \$2 million, approximately 40 per cent of the total exploration expenditures. These expenditures pale when compared to those of 1987 when \$50 million was spent looking for minerals in this province.

There are a number of projects at various stages of development. Lynx Minerals began mining their barite deposit in 1999 and also plans to develop a large barite-fluoride deposit. Georgia-Pacific is proceeding to production with a gypsum mine. Tusket Mining Limited continues to work on its Murchyville gypsum deposit. Kaoclay Resources Incorporated continues to evaluate the economic viability of large kaolin and silica sand deposits. Black Bull resources has completed an initial exploration and bulk sampling program for its Flintstone Rock, Kaolin project. C2C Mining Corporation is now planning to build a processing plant to process zeolite. Nar Resources and their partner, Titanium Corporation of Canada Limited, continue to explore for titanium-bearing sands. Newfoundland Goldbar Resources conducted a diamond-drilling program in 1999 and continues to evaluate the Dufferin gold deposit.

Society needs the minerals and metal products that the industry produces and recycles. Minerals and metals are and will continue to make an important contribution to the economy. They are fundamental components of modern lifestyle. A healthy mining industry in Nova Scotia is an important cornerstone for economic prosperity.

### Economy

There are large, associated economic benefits that are a direct result of the mineral production. Every coal mining job creates 3.7 additional jobs, while every dollar of Gross Domestic Product created by coal mining generates a total value of \$7.17 throughout the economy for every dollar. For every \$1 billion in output created by the mining, smelting and refining sectors, direct demand for goods and services increased by \$615 million. In effect, a strong mining industry is an engine for growth from small and medium sized enterprises in the areas of mining services, consulting engineers and equipment sales. Canada in general has experienced a period of sustained economic growth starting in 1993, unfortunately, not all regions of the country have shared equally in the success of this exercise.

The world economy has not been kind to mineral producers over the past few years. Despite the advances in the American economy of the past few years, Canadian mineral producers have faced low prices and heavy competition from international suppliers. The slow pace of the economy in Japan and Southeast Asia has been a major factor in the equation. Commodity prices are expected to continue to suffer as the U.S. economy continues to be sluggish. Prices cannot improve until the U.S. market bottoms out and commences a recovery. Increased competition and rapid technological change have put pressure on the industry to adapt, but opportunities have also been created for efficiencies and economic growth. The industry is becoming industrial leaders in adaptation to new and innovative ways of doing business.

Canadian mine expertise is now highly sought around the world. Foreign exploration, investment and development has grown significantly at the expense of domestic investment to a considerable extent. This shift has been driven by a number of things, including changes to government policy and mineral laws related to privatization of state owned mineral properties, access to land, uncertain environmental processes and attractive geology in foreign lands.

The mineral industry has reached a plateau in Nova Scotia. Profit margins for existing producers are tight, exploration activity is a shadow of what it once was, yet there is bountiful scientific evidence that clearly indicates that there is a strong potential for an expanded industry. The challenge is to find ways to stimulate interests in exploring for and the development of new mineral deposits in Nova Scotia.

### Advantages and Benefits

Nova Scotia is well positioned to attract investment, the geology is favorable with excellent potential for certain minerals, especially zinc and gold, industrial minerals, structural materials and fuels. The province has a stable, consistent legislative framework, complete with an up-to-date Mineral Resources Act and associated regulations. The geography and climate, supplemented by a good transportation network of rail and road service, with connection to superb all weather ports make for a relatively inexpensive access to markets.

The Department of Natural Resources maintains one of the best geological databases in Canada. The province has world class deposits of industrial minerals with proven production records. The workforce here is highly skilled and there is a reputable service industry present in the form of consultants, contractors and suppliers. Costs associated with staking, recording fees, land acquisition, operating and mining is very attractive. There is an equity tax credit available to small business. The availability of natural gas in the offshore has interesting possibilities for added value.

A significant new mineral find would energize the mineral industry. Nova Scotia needs to examine ways and means whereby we can encourage exploration in the province. There are areas of strong geological interest and there is a need to enhance interest in these areas within the exploration industry.

The mining industry can play a key role in creating a strong and robust economy. Increased levels of mining and mineral activity will create well-paid jobs and stimulate the service, supply and consulting sectors of the economy. Government revenues will be enhanced through an expansion of the tax base.

### **Matters of Discussion**

There were a number of matters discussed throughout the meeting. Outlined below are the topics that were dealt with during the meeting.

~Competition and the impact on the industry particularly on foreign activities;

~Improvements to the regulatory process and the fact that there have been some hold ups in terms of permitting access to land, however, the IRM situation has made vast improvement in land access;

~Underground storage for natural gas. A number of companies are looking at these deposits with a view to developing them, mining them out and utilizing them for storage. There were regulations being developed for the last few years in anticipation of that requirement;

~Underground mining opportunities and the utilization of transferrable skill. Skills are transferrable, but movement for miners is limited. There is lack of opportunity at present and not too many turnovers in the industry at present time.

~Attracting investors, a lot in the mining industry depends on the attitude that comes from the province in terms of attracting investors. Renewed optimism is happening within the mining industry of Canada to Canadian potential.; and there seems to be a renewed interest in Nova Scotia. The IRM process has done a lot to clarify the situation for mining companies over the last few years.

### **Documentation Requested**

There has been no documentation requested during this meeting.

### **Suggestions**

The following are suggestions that were made by the witnesses:

~To send a strong signal from the government of this province that mineral exploration and development are welcome in Nova Scotia;

~The process of approving permits and licences needs to be made to work in a timely manner. The concept of the one-window approach, designed to give industry one entry point to all agencies and departments, is a good one, however it require some review to ensure that it is working properly;

~Natural Resources should be encouraged to take a more proactive stance and utilize their exceptional geoscience database to encourage mining and mineral exploration;

~Attendance of departmental staff at the Prospectors and Developers Association's annual general meeting and conference are absolutely essential if we want to attract investors. These are two events in Canada where the people who are making the decisions on where exploration dollars are spent, give priority and they generally attend them to see what is going on and where.

~Large deposits, etc. are required to cover the cost of investment and to ensure an adequate return on investment. To minimize conflicts with other land use activities, emphasis should be placed on developing small and medium sized mining operations. The regulatory regime must develop a process that can be managed both technically and financially by smaller scale projects with lower rates of return for investors.

~Access to land for exploration is essential if mineral exploration is to flourish. The development of a multiple purpose use concept with respect to land use.

~There is a requirement for an investment tax credit for persons who invest in mineral exploration. The industry urges the government to implement an exploration tax credit plan similar to that being implemented in other provinces.

~Underground mining regulations in Nova Scotia have been subject to extensive review and consultation. A key element of this legislation has to be recognized that coal mining requires a set of regulations that are separate and apart from other types of underground mining.

~Provincial employees need to have the cloud of regulatory liability cleared so that they can effectively administer the law. Concern over liability has forced Civil Service employees to take a very conservative, narrow approach to interpreting legislation.

~There is a requirement for us to work together to better educate the general public and decision makers with respect to the essential role the mineral industry plays in modern society.

~The provincial Core library in Stellarton is a valuable mineral exploration asset. It is important that ways and means be found to operate this facility in a manner compatible with the objective of those individuals, corporations and institutions who depend on the resources housed there to conduct their activities.



**STATEMENT OF SUBMISSION**

All of which is respectfully submitted to the House of Assembly  
this \_\_\_ day of \_\_\_\_\_, 2001

\_\_\_\_\_  
Mr. James DeWolfe, MLA (Chairman)  
(Pictou East)

I concur

I concur

\_\_\_\_\_  
Mr. Barry Barnet, MLA  
(Sackville Beaverbank)

\_\_\_\_\_  
Mr. Kenneth MacAskill, MLA  
(Victoria)

I concur

I concur

\_\_\_\_\_  
Mr. Bill Dooks, MLA  
(Eastern Shore)

\_\_\_\_\_  
Mr. Brian Boudreau, MLA  
(Cape Breton the Lakes)

I concur

I concur

\_\_\_\_\_  
Mr. David Hendsbee, MLA  
(Preston)

\_\_\_\_\_  
Mr. Howard Epstein, MLA  
(Halifax Chebucto)

I concur

I concur

\_\_\_\_\_  
Mr. Bill Langille, MLA  
(Colchester North)

\_\_\_\_\_  
Mr. John MacDonell, MLA  
(Hants East)

(The original Statement of Submission was signed by all Members of the Committee and is presented in hard copy)

## **Committee Membership**

During the 2<sup>nd</sup> Session of the 58<sup>th</sup> General Assembly of the House of Assembly, the make-up of the Standing Committee on Resources was comprised of the following members:

Mr. James DeWolfe, MLA (Chairman)  
(Pictou East)

Mr. Kenneth MacAskill, MLA  
(Victoria)

Mrs. Muriel Baillie, MLA  
(Pictou West)

Mr. Brian Boudreau, MLA  
(Cape Breton the Lakes)

Mr. Jon Carey, MLA  
(Kings West)

Mr. Howard Epstein, MLA  
(Halifax Chebucto)

Mr. Frank Chipman, MLA  
(Annapolis)

Mr. John MacDonell, MLA  
(Hants East)

Mr. Kerry Morash, MLA  
(Queens)

During the Session the changes to the Standing Committee membership were as follows:

Mr. Barry Barnet, MLA replaced Mrs. Muriel Baillie, MLA; Mr. Bill Dooks, MLA replaced Mr. Jon Carey, MLA; Mr. David Hendsbee, MLA replaced Mr. Frank Chipman, MLA; Mr. Bill Langille, MLA replaced Mr. Kerry Morash, MLA; and Mr. Graham Steele, MLA replaced Mr. Howard Epstein, MLA.

## **Committee Meetings**

The Standing Committee has been meeting on Tuesdays since its establishment, and all meetings are open to the public. During the 2<sup>nd</sup> Session of the 58<sup>th</sup> General Assembly the Standing Committee on Resources has met on the following dates.

September 12, 2000

October 24, 2000

January 9, 2001

February 6, 2001

March 20, 2001

April 24, 2001

May 8, 2001

## **Notices**

Notices of committee meetings are sent to all members of the committee, support staff of the caucus and legislative offices, the House of Assembly Press Gallery, the government wire services and is published on the internet.

## **Transcripts**

Transcripts of the Committee meetings are available from the Legislative Committees Office, 3<sup>rd</sup> Floor, Dennis Building, 1740 Granville Street, P.O. Box 2630 Station M, Halifax, NS B3J 3N5 or from the provincial government web-site: [www.gov.ns.ca/legi/hansard/comm](http://www.gov.ns.ca/legi/hansard/comm)

## **Annual/Interim Reports**

All reports of the Standing Committee on Resources are compiled by the Legislative Committees Office and forwarded to the committee members for consideration. Once the report is finalized it is then distributed as follows:

The Speaker/Clerk of the House of Assembly; all members of the Legislative Assembly; all presenters who made presentations before the committee; all Legislative Assemblies and Legislative Libraries across Canada, including the Territories and the media. The report is also available to all persons interested in obtaining a copy from the Legislative Committees Office or through the provincial government web-site.

## **Acknowledgments**

The Standing Committee on Resources wishes to extend its gratitude to the following for their time and cooperation:

Kimberly-Clark Nova Scotia, Aquaculture Association of Nova Scotia, Nova Scotia Federation of Anglers and Hunters, Chamber of Mineral Resources, LaFarge Canada Inc., Nova Forest Alliance, Nova Scotia Woodlot Owners and Operators Association, and the Department of Environment and Labour. Many thanks and gratitude to Mr. Robert Kinsman, Manager of Hansard; Hansard Staff; to Mr. Don Ledger, Co-ordinator of Legislative Television and Broadcasting; Legislative Television Staff; to Mr. Michael Laffin, Co-ordinator, House of Assembly Operations; House of Assembly Staff; and to Margaret Murphy, Legislative Librarian and Librarian Staff.