



February 14, 2014

Hon. Stephen McNeil, Premier
One Government Place
1700 Granville Street, 7th floor
Halifax, NS
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Sent via email: premier@gov.ns.ca

Dear Premier:

I am writing on behalf of Nova Scotia's mining and quarrying industry to summarize how your government can "set the table," as you put it when commenting on the Ivany Commission's report, for increased job creation in our industry.

The Commission on Building Our New Economy has done a good job recognizing our industry's importance, particularly in rural areas, while also flagging that government can do more to help the industry grow and create jobs. We agree with your comment in response to the report: "We, as a government, I think, have to send a (message) that we're setting the table, and then we need the private sector to actually create the jobs."

While we have been arranging meetings with your key cabinet ministers to discuss how they each can support job creation in our industry in their areas of responsibility, we want to provide you and your colleagues with this overview of what actions your government can take in the short term to support growth in mining and quarrying – how you can set the table and help us create more jobs for Nova Scotians.

Background

While we are a large and important industry in this province – we employ 5500 people and generate \$420 million per year in economic activity – we face significant challenges:

- According to 2013 research commissioned by the Department of Natural Resources (DNR), Nova Scotia's mining and quarrying industry lost approximately 800 jobs in the past five years, and its economic output shrank by \$80 million per year.¹
- According to PricewaterhouseCoopers, we are the highest cost jurisdiction in Canada in terms of royalty/tax payments to the provincial government.²
- We have an unnecessarily difficult and burdensome regulatory regime, particularly at the prospecting/exploration stage of the mining cycle.

¹ http://novascotia.ca/natr/meb/data/pubs/13ofr03/ofr_me_2013-003.pdf

² www.pwc.com/ca/canminingtax

Following are solutions that the government can implement in the short term to help us create more jobs for Nova Scotians, particularly in rural areas.

Fuel Tax Rebate

Include the mining and quarrying industry in the off-highway fuel tax rebate in the upcoming budget. Doing so would help the industry grow and create jobs for Nova Scotians, particularly in the rural areas that are in such desperate need of help, and send a signal to the global mining industry that Nova Scotia is open for business.

As you know, the provincial fuel tax is supposed to help pay for public roads and highways by charging the vehicle owners who use them. The government gives other resource industries a tax rebate for fuel used in vehicles that do not go on public roads, such as fishing boats, farm tractors and forestry harvesters. Nova Scotia gives the rebate to fishing, farming and forestry, but does not give it to mining and quarrying even though most of our vehicles also do not use public roads and highways.

The government should treat all resource industries the same. Forestry, fishing and farming get the off-highway fuel tax rebate. The mining and quarrying industry should get it too.

The Nova Scotia Liberal Party's response to our election questionnaire stated unequivocally that "The Nova Scotia Liberal Party will extend the fuel tax rebate to the mining and quarrying industry." While we obviously hope it will be 100% implemented in the 2014-15 budget, given the government's fiscal challenges, we are open to a phased approach that would see the industry get, for example, 25% of the rebate in the government's first budget, 50% in its second, etc. as long as the rebate is 100% implemented within four years. This approach would cost the government only \$650,000 per year in incremental foregone revenue (a quarter of the \$2.6 million total cost of giving us the rebate).

Protect Land and Jobs

The province needs to strike a better balance between protecting jobs and protecting land in its Parks and Protected Areas Plan.

While there is an obvious public good in protecting lands, economic uses of land are also a public good, and permanently removing land from economic use harms the province's economy. It prevents those lands from being used to create jobs, prosperity and tax revenues. It decreases the province's economic potential, both now and for future generations.

Currently, the Government of Nova Scotia plans to protect over 13% of the province's land mass. By comparison, the other Atlantic provinces have only protected 3.1% (New Brunswick), 2.8% (PEI) and 4.6% (Newfoundland and Labrador) of their land masses. We are clearly out of step with our neighbouring provinces and putting ourselves at a disadvantage economically.

Indeed, the government's protected lands plan will put Nova Scotia in second place nationally in terms of the percentage of land removed from economic use, while we are also among the worst in the country in terms of economic and demographic challenges.

We ask that the government consider the following two simple, pragmatic policy proposals which would result in a better balance between protecting land and economic opportunity:

- A "land swap" mechanism which would allow mining and quarrying companies to access protected land by purchasing land of equal size and ecological value outside of the protected areas and arranging for it to be protected instead. This would ensure that:
 - the total amount of protected land remains the same or grows;
 - the ecological value of protected lands remains the same or grows; and
 - Nova Scotians will continue to be able to access the minerals they need to create jobs and grow the economy.
- A cap on the amount of land that the government can protect. This would put a reasonable limit on the amount of land that is permanently removed from economic use.

We believe these proposals would strike an appropriate balance that protects both natural lands and future economic opportunity for Nova Scotians.

Mineral Resources Act Review

As part of DNR's upcoming review of the Mineral Resources Act, we recently submitted a comprehensive, 9000-word document that highlights over two dozen ways in which the government can improve the policy environment for our industry.³

While our submission is too complex to summarize here, I flag for your consideration that the review of the Act is an opportunity to implement policy changes that will help the industry grow and create more jobs and economic opportunity, especially in rural areas. It is an opportunity to achieve the full benefits of our shared mineral resources.

I think it is important to note that we are not asking the government for subsidies or handouts. Most of our requests would cost the government little to nothing. Even the fuel tax rebate, which would only "cost" the government \$2.6 million in foregone revenue, is money the government should not be taking from our industry in the first place because there is no policy reason to do so. What we are looking for is a fairer, modernized, more sensible regulatory and policy environment in which to operate.

³ MRA review submission available at <http://tmans.ca/key-documents>

Conclusion

While our industry has had some difficult years, our members are increasingly confident that they can reverse recent job losses and create increased opportunity for Nova Scotians.⁴

However, we need the government to help us by “setting the table” and giving us a more supportive policy environment in which to do so.

The policy proposals discussed above are all simple and pragmatic, and can be easily implemented in the short term. We hope you and your colleagues will give them serious consideration and we look forward to working with you on them.

Thank you for your kind consideration.

Yours truly,



Sean Kirby, Executive Director
Mining Association of Nova Scotia

Cc: Hon. Zach Churchill, Minister of Natural Resources
Hon. Diana Whalen, Minister of Finance and Treasury Board
Hon. Randy Delorey, Minister of the Environment
Hon. Michele Samson, Minister of Economic and Rural Development and Tourism

⁴“Optimism rising on mining – survey,” <http://thechronicleherald.ca/business/1186063-optimism-rising-on-mining-survey>