



Crown-Indigenous Relations
and Northern Affairs Canada

Relations Couronne-Autochtones
et Affaires du Nord Canada

Financial Security

Nunavut Mining Symposium

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Canada



MINE SITE RECLAMATION POLICY FOR NUNAVUT

- Developed in 2002 with the objective to strengthen federal standards for both the protection of the environment and the reclamation of mine sites in Nunavut.
- The policy serves four main objectives:
 - Ensure the impact of mining on the environment and human health and safety is minimized.
 - Reduce the environmental liability that falls to government to the greatest extent possible.
 - Provide industry and the public with a clear signal of the government's expectations.
 - Build positive and supportive relationships with the regulatory authorities coming into operation in the North.





PRINCIPLES OF MINE SITE RECLAMATION

- Polluter pays principle and ensuring mining operations are able to support the cost of reclamation.
- Standard of reclamation is to return mine sites and affected areas to viable and, wherever practicable, self-sustaining ecosystems that are compatible with a healthy environment and with human activities.
- Adequate security should be provided to ensure the cost of reclamation, including shutdown, closure and post-closure, is borne by the operator of the mine rather than the Crown.
- Communication and consultation among all parties should be comprehensive, complete and timely.





RECLAMATION PLANNING

- Every mine should, at all times, have a mine closure and reclamation plan which includes measures to be taken in the event of a temporary closure.
- The direct closure impact of all components of a mine site should be addressed as an integral part of the design criteria during the detailed engineering phase of the project.
- Approaches to mine site reclamation need to remain dynamic and evolving. Best practices should be an integral component of reclamation planning.
- When revisions to mining plans require significant changes in reclamation requirements, an amendment to the plan will be required.
- Progressive reclamation is a preferred approach and financial security will be maintained to cover environmental liability.





FINANCIAL SECURITY

- The total financial security for final reclamation required at any time during the life of the mine should be equal to the total outstanding reclamation liability for land and water combined.
- Estimates of reclamation costs, for the purposes of financial security, should be based on the cost of having the necessary reclamation work done by a third-party contractor if the operator defaults.
- Financial security requirements related to reclamation should be clearly set out in water licenses, land leases and other regulatory instruments.
- Financial security for mine site reclamation for new mines must be readily convertible to cash, retain its full value throughout the life of the mine, and if applicable, beyond.
- It must provide the Crown with immediate, unconditional, unencumbered access to the full amount of the security. It must remain beyond the control of the mining company, or its creditors in the event of insolvency.





COORDINATION AMONGST AUTHORITIES

- In Nunavut security is typically held as:
 - Water Licence Security - reclamation security is provided to the Crown as a condition to authorization to use water resources as per the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The security amount is set by the Nunavut Water Board and held by the Minister responsible for Northern Affairs.
 - Land Security - reclamation security is required by Regional Inuit Associations (RIA) as landowners to obtain authorization to develop on Inuit Owned Land. In addition, CIRNAC may require security for land activities under the *Territorial Lands Act* or the Territorial Land Use Regulations (max 100k under the Regs) for Crown land.
- Interveners (e.g. RIAs, Crown-Indigenous Relations and Northern Affairs Canada) and the proponent provide reclamation estimates to the Nunavut Water Board.
- The Nunavut Water Board sets the amount of security in the Water Licence based on the evidence provided and criteria contained in the Waters Regulations.
- The Water Licensing process provides opportunity to ensure that over-bonding does not occur amongst parties required to hold security.





FORMS OF FINANCIAL SECURITY

- The Nunavut Waters Regulations sec10(3) state security must be in the form of:
 - (a) a promissory note guaranteed by a bank listed in Schedule I or II to the [Bank Act](#) and made payable to the Receiver General;
 - (b) a certified cheque drawn on a bank listed in Schedule I or II to the [Bank Act](#) and made payable to the Receiver General;
 - (c) a performance bond approved by the Treasury Board for the purposes of paragraph (c) of the definition *security deposit* in section 2 of the [Government Contracts Regulations](#);
 - (d) an irrevocable letter of credit from a bank listed in Schedule I or II to the [Bank Act](#); or
 - (e) a cash payment.
- The Mine Site Reclamation Policy and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* allow for consideration of additional forms of security (provided that certain criteria is met).





Going Forward

- Reviewing the Mine Site Reclamation Policy for Nunavut. Examining a few key areas for potential adjustments:
 - Updating the costing and components covered in RECLAIM
 - Evaluating additional forms of security (e.g. Surety Bonds)
 - Guidance on reclamation planning
- Other...





Thank you, Nakurmiik, Matna, Koana, Merci

Questions?

