HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

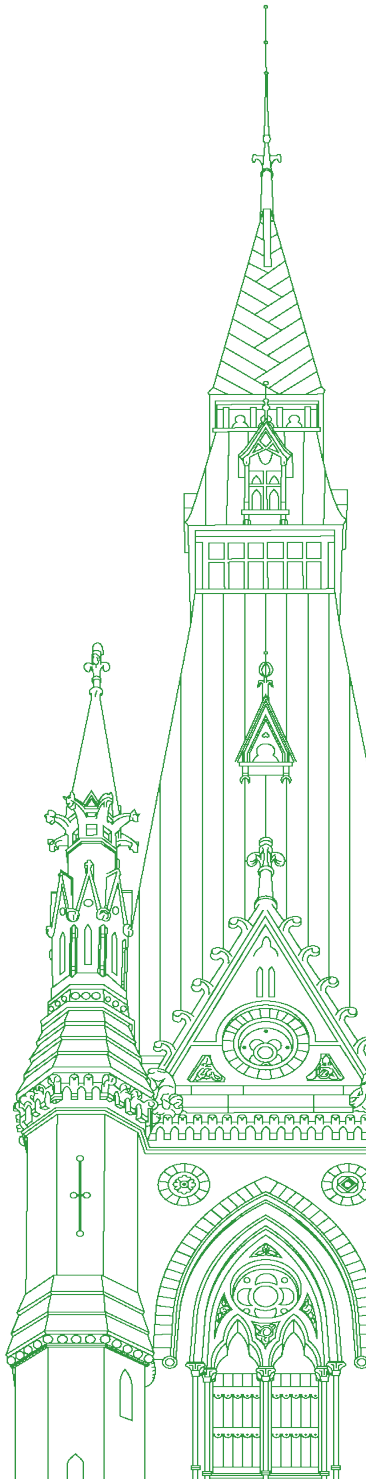
43rd PARLIAMENT, 2nd SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 012

Friday, February 19, 2021



Chair: Mr. James Maloney

Standing Committee on Natural Resources

Friday, February 19, 2021

● (1305)

[*English*]

The Chair (Mr. James Maloney (Etobicoke—Lakeshore, Lib.)): I will call this meeting to order.

First of all, thank you all for attending the meeting on a Friday afternoon. It's our 12th meeting of the standing committee.

We're starting a new study today, on critical minerals and associated value chains in Canada, so it's a fresh start.

Before I get into introducing and thanking our witnesses, I want to let you know that there's a vote in the House of Commons this afternoon, which is expected to start at any time between five minutes from now and 20 minutes from now. As soon as the bells ring, we will have to suspend the meeting. However, if all of you are able to be available after that—the vote should probably take 45 minutes to an hour, tops—then we can come back and continue the meeting. We'll get through the vote as quickly as we can; it could be less, but that remains to be seen.

Thank you, all.

All of our witnesses are familiar with our process. I think all of you have been to committee before, so I don't need to spend any time, or certainly any length of time, explaining the process.

You're free to speak in either official language, and in fact you're encouraged to speak in both official languages. You will be asked questions, most certainly in French and English. You have translation services available. We're doing these meetings by Zoom. Sometimes that comes with challenges, such as delays and whatnot, so everybody has learned to be patient and to wait for things to click in and work.

The other thing I want to do is welcome our newest member, Mr. Lloyd. Thank you for joining the committee. I hope you will come to realize that this is a unique committee and that we get along pretty well. We do have bumps in the road from time to time, but aside from those odd occasions, things run pretty smoothly. We don't generally encounter some of the challenges that you see in other committees, and I hope that continues to be the case. I look forward to working with you.

Mr. McLean, if you and your colleagues could extend our thanks to Ms. Harder for her contribution to the committee while she was here, I would be grateful.

Let's jump in.

We have five witnesses here today. We have the Canadian Critical Minerals and Materials Alliance; the Canadian Institute of Mining, Metallurgy and Petroleum; the Department of Natural Resources, of course; the Mining Association of Canada; and, last but certainly not least, PDAC, and everybody here knows them.

Thank you all for joining.

The process is that each group will be given up to five minutes to make introductory remarks. At the conclusion of all the presentations, I'll open the floor to questions.

On that note, why don't I start with you, Mr. London, since you're by yourself?

● (1310)

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): On a point of order, Mr. Chair, may I make a suggestion? We know that if the bells go, we have about 30 minutes. I would propose that we hear the witnesses.

Certainly if it takes longer than 30 minutes, I would understand, but let's hear from as many witnesses as possible before we jump on to the other call, instead of just suspending immediately to go to that Zoom, where we'll have to wait another 20 minutes.

The Chair: Mr. Zimmer, I would agree with that sentiment generally. Ordinarily, if we're all sitting in Ottawa, that doesn't create a problem, because we can all walk to the House; we know how long that takes. However, in a virtual world, sometimes there are connection challenges, and given that.... I believe we need unanimous consent once the bells start anyway.

Why don't we do this? If there's a witness who is partway through his presentation, we'll let him finish. How's that?

Mr. Bob Zimmer: Thank you, Chair.

The Chair: Okay.

Mr. London, go ahead.

Mr. Ian London (Executive Director, Canadian Critical Minerals and Materials Alliance): Good afternoon, and thank you again for the invitation to appear today.

The world is undergoing an economic transformation, with innovative technologies, clean technologies, driving the pace of change. Both the IEA and the World Bank stress the significant role of minerals and metals, especially non-traditional materials like lithium, graphite, rare earths, scandium and others, for a low-carbon future. China controls much of the full-value chains around these critical minerals. Governments and industrials around the world have called for reliable alternatives to secure sources of supply.

Despite Canada's vast resource wealth, our critical materials remain largely undeveloped and not strategically leveraged, primarily because of the lack of understanding of their significant climate, national security and economic benefits.

The Industry Strategy Council, the forum of experienced business leaders assembled by ISED, recently issued a report and has created a blueprint for implementation, a road map for how Canada can enable critical materials value chains to be developed.

Over the past year, C2M2A, the critical materials alliance, has proposed a suite of recommendations around policy, investment, R and D, secondary sources, education and trade.

With the limited time available today, I'll just touch on three important themes and one specific recommendation.

The first is consumer demand. Consumer demand attracts production, which attracts value-added processing, which attracts raw material supply. “Demand pull” strategies provide stronger results than those built upon “supply push” strategies, an approach we have traditionally taken. Increasing demand for electrified transportation, battery supply, advanced materials and associated manufacturing is a key measure the government needs to expedite to fulfill our clean energy aspirations and ensure that Canada is competitive in this increasingly competitive global theatre. With clarity of Canadian-branded supply, auto and parts manufacturers could be encouraged to establish some of their current out-of-country supply sources to set up shop in Canada. This demand would facilitate reliable Canadian-certified or Canadian-branded mineral development and value creation, where Canada sets the benchmark standards.

The second is clarity of supply, which I just mentioned. Canada has made progress in reducing its capital and operating costs of GHG-reducing mineral production. Canadian resource and material producers must continue to strive to meet and exceed ESG standards, essentially certifying our offerings, the demand for which is of significant interest to consumers. Critically important, though, is the necessity to build value chains local to the demand pull, and to feed components to the factories located close to assembly plants.

The third theme is technology advantage to gain leadership. I'm aware of material research in Canada that has direct implications for local supply chains in an electrified auto sector. Materials for vehicle light-weighting of body structures, traction motors and permanent magnets with reliable production closer to home are all being called for. Canada must also be prepared to deliver materials for energy storage technologies, as well as to handle the rapid changes in those technologies. Advanced materials and process development capabilities are within reach at Canada's commercial and national labs.

The question before the house—and I use that term loosely because in your case you actually have a House—is how to spearhead and champion this critical material campaign.

I'd like to suggest that Canada establish a critical materials office, led by an internationally respected business leader and effectively staffed with economic development, technical, investment and policy experts from industry, government and multidisciplinary academia. The office should be mandated to pull together and create, where necessary, enhanced critical material value chains and work with provincial authorities to ensure regulatory alignment. They should also be prepared to see that the most promising material production and manufacturing pilot and demonstration projects move forward and move towards operation.

Leadership from ISED and NRCan, in partnership with industry, is key to our collective success. This is not a government exercise alone, but we can use our unprecedented Canadian ingenuity.

● (1315)

For the sake of time.... We have the raw materials. We should not be selling them and then buying back processed products. Time is sadly of the essence.

Thank you.

The Chair: Thank you, Mr. London.

As we just discussed a few moments ago, the bells have started ringing in the House.

You have completed your presentation. I'm going to suspend the meeting now, and we can pick up where we left off here after the vote.

Thank you, everybody. We'll see you shortly.

● (1315)

_____(Pause)_____

● (1435)

The Chair: I call the meeting back to order.

Thank you to our witnesses, and apologies. We had a small housekeeping matter in the House that had to be dealt with, which is now behind us.

We had left off with Mr. London having completed his presentation, so why don't we move on to Ms. Espley for five minutes?

Ms. Samantha Espley (President, Canadian Institute of Mining, Metallurgy and Petroleum): Thank you for that.

Thank you for inviting me. As the president of the Canadian Institute of Mining, Metallurgy and Petroleum, it's my pleasure to act as a witness today for these proceedings.

Just by way of background, the CIM is a global mining powerhouse. We have over 10,000 members. We are laser-focused as an institute, and I'm really proud—and maybe you don't realize—that we have 120 years of history under our belt as an institute. That shows a lot of resilience as an organization, having endured world wars, depressions and now getting through a pandemic.

The secret to our success is really our collaborative nature, and we address the mining industry's needs. We drive innovation, we develop best practices, and we are united globally through peer groups. We have peer groups, similar institutes in Australia, the United States, the U.K., Europe, South America and others. CIM right now is very active in leading the global action on tailings for the mining industry, and we're very proud of the work that we're leading there. CIM has helped, and will continue to help, members and the Canadian mineral industry make positive impacts and obtain a competitive edge through our one CIM community, and a gateway to a world of knowledge.

We operate according to three strategic goals. Our first goal is to create, co-create and share leading-edge knowledge. We also unite and engage an entire mining community, and our third goal is to expand the awareness of the mining industry's essential contribution to society.

We know who our members are at the CIM. We have members from government, non-government, academia, industry, the supplies and service sector, OEMs—that's original equipment manufacturers, original technology manufacturers—from financial institutes, investors and indigenous peoples. Together, the CIM and all our stakeholders are represented. We have extraordinary skills. We have deep knowledge and expertise. We have entrepreneurs, visionary leaders, engineers, geologists, and the full spectrum right across the value chain for critical minerals and other products that are offered by the mining industry.

CIM knows that we can leverage our brain power, our collective effort and our energy to benefit the mining industry, to benefit the Canadian economy with good jobs, and for the sustainability of our planet. The CIM has 10 technical societies with our volunteer members. For example, we have a geological society, a management & economics society, an underground mining society, a surface mining society, an environmental and social responsibility society, and others. Each of our societies is working on their specific technical expertise and focus area to build best practices, guidelines and standards that matter to the mining industry and that are driven by the mining industry.

Most recently, we created 10 global mining guidelines. These include the battery electric vehicle guidelines for underground mining. This was made for the mining industry's objective of green mining for green metals for a green economy. This is toward the mining industry's goal of zero net carbon by 2050, or sooner.

At CIM we are proud of our mineral resource, mineral reserve, guidelines and best practices. This is for technical reporting in compliance with national instrument 43-101 disclosure, and the requirements of qualified persons.

Our MRMR guidelines are world-class. They're referenced in all other mining jurisdictions. The CIM and our members are recognized globally for our vision, our spirit and our deep knowledge and expertise in mining, from exploration through to closure and rehabilitation.

Personally, I joined the CIM when I was an engineering student at the University of Toronto. My dad was a mining engineer, and he encouraged me to join to see who's who, to learn about the industry and its enormous value to Canada, to be part of the CIM family, and to make a difference. Thirty years later, I'm the head of the family. I'm the head of the CIM and I want CIM to make a difference.

● (1440)

This is really perfect timing, through this work with the critical minerals, because CIM is completing a strategic plan right now. Critical minerals are an opportunity to be a cornerstone of our future efforts through the CIM.

When I reflect back on 2017, we had a pan-Canadian mining proposal being put together by representatives all around the table from different stakeholders. It was for cluster funding. It was the first time in my history that I had seen such a willingness and collaborative effort.

The Chair: I apologize, Ms. Espley, but I'm going to have to ask you to wrap up very quickly.

Ms. Samantha Espley: Okay.

I would say that we weren't successful then, but the mining industry is poised and ready. We need the government's support. CIM indeed sees critical minerals as an opportunity for Canada to step up, accelerate and lead a pivotal, imperative effort for the Canadian mining industry and for the betterment of the world.

Thank you.

The Chair: Thank you. I apologize for having to cut you off, but we have to stick to our time limits as much as possible.

Why don't we move to the Mining Association of Canada?

[*Translation*]

Mr. Pierre Gratton (President and Chief Executive Officer, Mining Association of Canada): Mr. Chair, members of the committee, and fellow witnesses, I am Pierre Gratton, President and CEO of the Mining Association of Canada (MAC). I'm accompanied by Brendan Marshall, Vice President of Economic and Northern Affairs.

Thank you for the opportunity to discuss the important matter of critical minerals with you today.

[*English*]

Increasing geopolitical uncertainty has focused attention on the precariousness of existing supply sources for many primary materials, including critical minerals classified by Canada's allies as the primary materials on which their economies and national security depend.

An increasingly uncomfortable reliance upon China for many of these commodities has led Europe, the U.S., Canada, Australia and other allies to come together to develop strategies and policy instruments to lessen this dependence.

Within Canada, there is a growing desire to source and procure locally, where possible, especially when doing so achieves better environmental and health outcomes. Recent polling data finds that almost 90% of those surveyed liked the idea of Canada being a preferred global source of critical minerals and would like to see government take a number of steps to support this approach.

The environmental, social and corporate governance leadership of mining companies operating in Canada, boosted by MAC's unique and increasingly globally recognized "Towards sustainable mining" initiative, reinforces confidence that when it comes to world-leading sustainable mining practices, Canadian mining is a leader.

The government has recognized that a resilient Canadian mining and metal manufacturing sector is essential to the 2030 climate plan's goal of establishing a domestic battery electric vehicle manufacturing supply chain. If a prosperous transition economy in Canada is contingent on the establishment of a domestic BEV supply chain, then strategic critical mineral investments are essential.

How do we make it happen? We propose two types of investments: first, programs that de-risk investments currently subject to China's market dominance, thus enabling current gaps in critical and BEV supply chains to be filled domestically in Canada; and second, investments that strengthen and enhance Canada's current levels of critical and BEV mineral and metal production.

For decades, China has held monopoly-like control over critical minerals production and distribution, rendering the rest of the world reliant on procurement and creating a level of risk that deters investors from entering these markets.

For example, who would invest in a rare earth mine with no access to a downstream facility to create value-added rare earth products? Who would invest in a value-added manufacturing facility when there is no upstream mine to source from? What advanced manufacturer would set up shop where they didn't have access to the materials they need to produce their end products—BEVs, high tech, medical or otherwise? The answer is no one, at least not without strategic government support that prioritizes economic security and autonomy enough to enable companies that play by the rules to thrive.

To address these challenges, we propose the establishment of a five-year, $250-million program to de-risk projects across the critical minerals supply chain using a two-tier approach: first, advancing pilot and demonstration projects; and second, scaling the successful ones to a level where operational independence is achieved.

Beyond plugging current supply chain gaps, government must also not compromise existing supply, with the impact of carbon pricing on remote mines being the top concern. Off-grid remote mines are virtually exclusively reliant on diesel fuel for power and haul-fleet operations for the time being. With very limited and currently uneconomic options to displace diesel, the competitiveness and longevity of these operations under the proposed clean fuel regulations and the projected $170 per tonne carbon price will erode.

Why does it matter, in the context of critical minerals? In 2018, for which we have data, 52% of nickel and 62% of cobalt shipped in Canada came from off-grid mines. Today, most EV batteries use cathodes with 60% nickel and 20% cobalt. Unless we get climate policy right, a Canadian critical minerals value chain will not materialize. Even if we plug rare earth supply chain gaps, we cannot compromise our ability to produce the materials that make up 80% of the input into batteries.

To this end, we seek your support for an industrial off-grid clean electrification fund.

COVID-19 has put into sharp focus what happens when we let industries slip away, leaving us at the mercy of global supply chains that, in times of crisis, can fail. Let's seize the tremendous opportunities before us to expand and strengthen our economic future.

Thank you very much.

● (1445)

The Chair: Thank you very much, sir.

Let's move on to PDAC.

I don't know whether it's Ms. McDonald or Mr. Killeen.

Ms. Lisa McDonald (Executive Director, Prospectors and Developers Association of Canada): It will be me.

The Chair: Excellent.

Ms. Lisa McDonald: Good afternoon, Chair and committee members. I'm Lisa McDonald, executive director of the Prospectors and Developers Association of Canada. I thank you for the opportunity to speak to the committee today.

As the leading voice of the mineral exploration and development sector in Canada, PDAC represents more than 7,200 members. Our work focuses on fostering a responsible and competitive mineral industry. Mineral exploration and mining form a cornerstone of our economy, employing over 700,000 Canadians and contributing in excess of $100 billion to our GDP in 2020. It is the largest private sector industrial employer of indigenous people on a proportional basis in Canada, and a key partner of indigenous businesses from coast to coast to coast.

Discovery of new deposits is an essential part of the mineral industry value chain. Over the last decade, more than $15 billion has been spent by companies exploring for minerals and metals in Canada. Mineral exploration is a significant economic driver in many northern and remote parts of the country through employment, procurement of services and providing development opportunities for the future. This sector is uniquely positioned to play a key role in reigniting critical parts of Canada's economy as we look beyond the COVID-19 pandemic.

The pandemic has reminded us of the resiliency of our mineral industry, as many companies were able to quickly adapt to find ways to safely operate. It has also reminded us of the value of infrastructure, and how northern and remote regions in Canada suffer from a deficit in transportation and telecommunications links. In fact, Natural Resources Canada estimates that mineral exploration in our three territories dropped by 50% in 2020 versus the year prior, whereas spending in Ontario and Quebec actually increased over the same period.

To ensure that all of Canada can recover from this pandemic, governments must focus on fiscal and regulatory frameworks that support the competitiveness of our mineral industry and development of the infrastructure needed to build back stronger. If something is not grown, it is either recycled or mined. The things that Canadians rely on each day, the inputs of modern society, come directly from the mineral industry. Our industry expertise, vast resources and potential for further discoveries mean that Canada is well positioned to become the global supplier of choice for the clean technology and renewable energy sectors, and lead our transition towards a low-carbon future.

However, mineral exploration is a complex process with low odds of success. Only about one in 10,000 mineral claims reach an advanced exploration stage, and just one in 1,000 advanced-stage projects become mines. Junior exploration companies do the bulk of this high-risk capital-intensive work, and account for upwards of 70% of all mineral discoveries made in Canada. However, new discoveries in Canada are in decline, with grassroots exploration down by roughly 75% over the last decade.

To become the global supplier of choice, Canada must encourage more investment in grassroots exploration and the search for new critical mineral deposits. To do so, we recommend that the government work with industry to improve the effectiveness of the flow-through share incentive and increase the mineral exploration tax credit from 15% to 30% in each province and from 15% to 40% in each territory, as these two mechanisms combine to generate roughly two-thirds of all funds raised for exploration in Canada.

The government also plays a critical role by facilitating public geoscience. Research by Ernst & Young in 2019 showed that every dollar in public geoscience spending by the government in recent programs has generated more than seven times that in overall economic benefit to Canada. PDAC recommends that the federal government take advantage of this value proposition by creating a new funding mechanism to support comprehensive provincial and territorial mineral resource assessments, based on geoscientific evidence, to identify and incorporate critical mineral potential into infrastructure, land management and conservation decision-making.

Thank you for your time today.

● (1450)

The Chair: Thank you for your presentation. It was much appreciated.

Last but not least, we have representatives from the Department of Natural Resources.

Mr. Labonté, I see you have your mute off, so I will assume you are taking the lead.

Mr. Jeff Labonté (Assistant Deputy Minister, Lands and Minerals Sector, Department of Natural Resources): I am indeed, Chair. Thank you very much for the opportunity.

[*Translation*]

Ladies and gentlemen, thank you for the opportunity to discuss our role in the area of critical minerals.

[*English*]

I'm really pleased to join you here today with some of my colleagues from NRCan and, as previous experts have demonstrated, those from across the country.

I will start by saying that this is an extremely timely discussion, certainly one that is on the top of many people's minds and has been amplified by the pandemic. As Canada looks to rebuild the economy for the better, following the pandemic and the challenges it continues to present, this includes building a future and an economy that's greener, more inclusive and much lower-carbon.

It includes also taking action in areas in which Canada can shine and lead the way. I'll briefly cover three things that I think complement where we've been today with some of the other speakers: one, the importance of critical minerals; two, the opportunity for Canada to be a supplier of choice; and three, some of the work that we're doing at NRCan and with our colleagues to make these things a reality.

First off, as I think we would all say, but maybe it's important to underline, critical minerals go into everything from solar panels to wind turbines; from fuel cells to next-generation batteries and storage facilities for energy; from electric vehicles to robotics, electronics, health applications, defence procurement, and new and modern alloys and metals.

In the decades to come, these minerals are forecast to skyrocket, and we expect that demand will increase. For example, the World Bank has predicted a 500% increase by 2050 in the production of such minerals as graphite, lithium and cobalt just to feed the clean energy transition alone. The World Bank also estimates that over three billion tonnes of minerals and metals will be needed to deploy the clean energy needed for the world's transition to a lower-carbon future.

Here presents the opportunity, an opportunity that Canada is uniquely positioned to take advantage of in this global context. We already produce 60 minerals and metals of different varieties and are capable of producing many more. Canada is, by all estimations, a global giant in the mining and metal community. We are the fourth-largest holder of rare earth elements, behind China, Brazil and Vietnam. We are the only nation in the western hemisphere with all the minerals and metals needed to produce advanced batteries for electric vehicles.

Perhaps most important is that Canada is a world leader in the environmental, social and governance credentials in clean mining practices that are expected and that are not only important but a responsibility for Canada to promote and practise around the world.

These are our competitive advantages, and as we look at the opportunity, it is one we want to see and one in which Canada can shine, not only in getting critical minerals out of the ground, but in building the value chains—as it is identified in your study why these are important.

Let's pause for just a moment to talk about value chains. Value chains are—

● (1455)

The Chair: I'm sorry to interrupt you. We'll just pause for a second.

I'm told that there may be some audio challenges. Your boom may not be in the right place.

Madam Clerk.

The Clerk of the Committee (Ms. Hilary Jane Powell): Mr. Labonté, could you make sure that your microphone is selected? When you look at the Zoom screen, there should be an indication at the bottom showing that your headset is selected on Zoom.

Mr. Jeff Labonté: That appears to be the case. Should I speak louder?

The Clerk: Sure, let's see. If you're able to speak a little bit louder, we'll give that a try.

Thank you very much.

Mr. Jeff Labonté: My apologies, Chair. My children don't think I'm soft-spoken; maybe it's just today.

The Clerk: Mr. Labonté, you can always try lowering your microphone a little too, just towards your mouth. Let's give that a try.

Thank you very much.

Mr. Jeff Labonté: I'll try to pick up again.

We were talking about building value-added midstream and downstream activities that utilize the minerals. When we talk about value chains, there are a lot of different connotations. Essentially, we're talking about building the value-added, all the way from exploring to discovering, to developing, to smelting and mining and processing, to creating the minerals and metals that are needed as inputs, to products and then to actually utilizing those things.

Earlier we would have spoken about the difference between and the importance of supply and demand and the linkage between the two things to connect the dots. This is an easy example as we think about electric vehicle batteries, where Canada has all the materials and minerals. We have a world-leading mining sector and research community, as we've heard. We have a strong and integrated automotive economy and we have much expertise in these areas, in addition to plenty of renewable and affordable energy. Together, these form a value chain that would enable Canada and its partners to work more collaboratively.

The other part that we would underline about critical minerals is that they are a pan-Canadian opportunity. Critical mineral activities or critical mineral potential is seen across the country. It is not concentrated in one region, but rather regions that are interconnected between the north, south, central Canada, western Canada and of course running north-south with our partners in the United States and east-west to partners in Asia and Europe.

This is why NRCan has been working together with other partners across the federal system to build value chains and to focus our attention on how we can develop and further advance working more collaboratively to achieve outcomes. One such example is the battery initiative, where we've conducted consultations with partners at Innovation, Science and Economic Development on what is necessary and what is needed for Canada to succeed in this space.

It certainly has been demonstrated—and we have heard—that a concerted action in each part of the value chain is necessary. We call this the “mines to mobility” approach.

Moving forward with this in mind, our work on critical minerals takes advantage of a whole-of-government span across many departments and many layers and levels of expertise, both in and outside the federal government. Our work with our provinces and territories as partners, and full partners, is through the “Canadian Minerals and Metals Plan”, which is a pan-Canadian strategy developed with the provinces and territories that lays a vision for a stronger, more competitive Canada in the mining sector.

We are also working together with our provinces and territories as partners in a new task team that we've built around all-Canadian critical minerals and battery value chains. This is an important area in which Canada...and our efforts are working to develop a finalized critical minerals list for Canada. It is a list that identifies which minerals and metals are of strategic importance. Our partners in the United States, the European Union, Japan, South Korea and Australia all have such lists and are using them to orient investment, to identify strategic assets and to prioritize decision-making to support critical mineral projects and industrial chains.

Beyond Canada, our current collaboration with the United States is already a positive success story. We have a critical mineral action plan with the United States that provides us with a solid foundation to continue our work with the new U.S. administration and to advance mutual objectives on clean energy supply chain security and economic recovery. We are equally working bilaterally with the EU and Japan.

There is much more to say, and I'm sure other experts have already added. I'd like to conclude by saying that I'm joined here by my colleagues from NRCan. We are looking forward to responding to your questions and providing more information on our actions as we help achieve a vision for working together to make Canada a success in critical minerals.

Thank you, Mr. Chair.

● (1500)

The Chair: Thank you, Mr. Labonté. I appreciate that, and particularly your timing. We can tell you've done this before.

First up, I believe, is Mr. Patzer for six minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Mr. Chair.

Before I begin, I think we have some unfinished committee business that we need to get to. At our last meeting, we had tabled a motion for a study on Keystone XL and we went into debate. We never did vote on our motion.

I would like to retable the motion, as follows:

> That, pursuant to Standing Order 108(2), the committee undertake a study of the cancellation of the Keystone XL pipeline including (a) the loss of jobs and investment across Canada in all sectors that supply the energy sector, (b) the impact the cancellation of this project will have on the economic recovery from COVID-19 of Canada's energy sector/natural resource industry; that the committee invite relevant witnesses, including representatives of industries and workers affected, as well as, the Minister of Natural Resources; that the Minister appear for not less than two hours; that these meetings be televised; that six meeting be allocated for this study; and that following this study a report with recommendations be presented to the House of Commons.

I feel it's important that we do this, as we all know it's extremely important for the recovery of our economy and also for several interested parties. In particular, I'm thinking of my riding and the Neekanet First Nation, the chief of which is the president of Natural Law Energy, which had an equity stake invested in the Keystone XL pipeline.

There are several other groups, of course, who are interested—be it workers or companies—and would want to see this study completed and the government take seriously that this project is a must-have for Canada.

The Chair: Thank you.

I didn't want to interrupt you.

I assume that what you're doing is bringing forward a motion to resume debate. Is that correct?

Mr. Jeremy Patzer: We definitely want to have a vote on it as well, but if we want to resume debate, great. However, we definitely want to have a vote on it today as well.

The Chair: I think there are some procedural machinations that need to be followed here.

Madam Clerk, perhaps you can confirm that for me.

● (1505)

The Clerk: Yes. The member would officially need to move that the committee proceed to another order of business, and then we can go to a vote right away.

The Chair: Okay.

Mr. Patzer, perhaps that's what you intended to do.

Mr. Jeremy Patzer: Yes, I'd like to proceed to a vote on this motion because it's of utmost importance.

The Chair: Thank you.

Madam Clerk, in the circumstances, then, we go straight to a vote. Is that right?

The Clerk: That's correct.

The Chair: Just so I'm clear—it's been a long day—do we just go straight to that vote now on the motion, or do we need to vote on his motion to proceed to do that?

The Clerk: We would be voting on the motion that the committee proceed to another order of business, which would be Mr. McLean's motion. That is considered a dilatory motion, so it's not debatable.

We are voting that the committee proceed to another order of business right now.

The Chair: Okay, can you do a roll call, then, please, and we'll have a vote?

(Motion agreed to: yeas 11; nays 0)

The Chair: That was easy.

Now we proceed to vote on Mr. Patzer's motion. Is that correct?

The Clerk: Yes, the committee has agreed to move to a new order of business. Mr. Patzer has moved that motion, and we can now vote on that.

The Chair: Okay.

Mr. Bob Zimmer: I have a point of order.

Isn't it appropriate, if the motion has been moved again, to go into the motion itself, debate the motion and then go to the vote? We're not debating the motion, and that would be unusual, just like what we just did was a little bit unusual.

I would just challenge the clerk that she is doing things in order.

Thank you.

The Chair: I understood that Mr. Patzer wanted to proceed right to a vote in any event, but, Madam Clerk, do you want to respond to that?

Mr. Bob Zimmer: There is still a procedure that has to be followed.

The Chair: I understand that, Mr. Zimmer. Thank you.

Madam Clerk, if there is an appetite to debate it, then....

I see hands up.

[*Translation*]

Mr. Mario Simard (Jonquière, BQ): Mr. Chair, I would just like to point out that, the last time we had the opportunity to discuss this, some of us were not able to speak.

In that sense, I don't know whether it will be possible to debate the motion.

[*English*]

The Chair: I think that's what we're going to do.

I see hands raised. Let me....

Mr. Simard, you would be up first in that case, so you have the floor.

[*Translation*]

Mr. Mario Simard: I will repeat what I just said, more or less.

As I recall, the last time we had the opportunity to discuss the motion, some of us did not have time to speak. I didn't and neither did Mr. Cannings. I was wondering whether it is appropriate to debate or discuss the motion before us.

● (1510)

[*English*]

The Chair: We're doing that now. The speakers list I have right now appears to be Mr. Lefebvre. Mr. McLean had his hand up, but I believe he has taken it down.

Mr. Simard, if you're finished, I'll move to Mr. Lefebvre.

Mr. Paul Lefebvre (Sudbury, Lib.): Actually, Mr. McLean put his hand back up.

The Chair: Okay.

Mr. McLean, go ahead.

Mr. Greg McLean (Calgary Centre, CPC): No, I will defer to Mr. Lefebvre and I'll go after him.

The Chair: Okay.

Mr. Lefebvre, go ahead.

Mr. Paul Lefebvre: We understand how important this is. On Monday, we had a vote on establishing a special committee, the Canada-U.S. committee, for which Line 5 is one of the main topics, along with other topics, as we all know, that they will be dealing with at that committee, so I think that by studying this at this committee, we would just be duplicating their work.

Even though I'm certainly in favour.... This is why I voted in favour of proceeding with the Canada-U.S. committee, the special committee, given the relationship between Canada and the U.S. and how tied we are on energy, minerals and metals as well. So that's my position. I agree that this is extremely important. There is a committee that has been set up; there was a vote on this on Monday.

I will be voting against this motion, but I want to remind my colleagues from the Conservatives who brought this forward that I voted for the motion to create the special committee.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Lefebvre.

I have Mr. Simard, Mr. McLean and then Mr. Zimmer.

Before I give the floor to Mr. Simard, I want to thank our witnesses again for their patience. Today is an unfortunate day for disruptions. If you can bear with us for a brief time to see how long this may take.... I'll express some optimism that it may not take long and that we can vote on it, in which case we can carry on with the questions to you. Just bear with us for a few minutes.

Mr. Simard, we go over to you.

[*Translation*]

Mr. Mario Simard: In terms of Mr. McLean's motion, I see no difficulty in undertaking that kind of study. We could do it after we finish what we are doing now, that is, after the six sessions.

I would like to suggest a small amendment to him that would allow me to vote for his motion. We will see how the discussions proceed. The amendment is about the energy transition. It would add an item (c) to Mr. McLean's motion, to also study the energy transition in order to meet the challenges of the climate crisis and the achievement of Canada's environmental targets.

I can send the amendment that I'm proposing to Mr. McLean. If we can add a small amendment dealing with the energy transition, I would perhaps be open to supporting the motion.

[*English*]

The Chair: Are you moving an amendment, Mr. Simard?

[*Translation*]

Mr. Mario Simard: Yes. I could propose an amendment.

[*English*]

The Chair: Okay. I believe we would have to vote on the amendment, if you're moving it now, before we actually vote on the motion.

Do you have wording for the amendment?

[*Translation*]

Mr. Mario Simard: Yes. I can send it to the clerk in no time.

[*English*]

The Chair: Just to keep things moving, why don't we do this? I understand that Mr. Lloyd and Mr. Patzer both want to speak. They are in the room, so their hands don't appear on the screen. Why don't we go to Mr. McLean? Then I'll go to those two, and then I can go to Mr. Zimmer. That will give Mr. Simard time to prepare something for us on his amendment.

Mr. McLean, it's over to you.

Mr. Greg McLean: My understanding is that there's an amendment proposed on the floor, so I'm not sure whether I'm out of order, but I really just want to call the question and have the vote.

The Chair: You're entitled to do that. If that's the case, then I think we have no choice but to wait for Mr. Simard and get the exact wording on his amendment to address it first.

Mr. Simard, we can do one of two things. We can suspend for a moment while you do that, or we could potentially carry on with the witnesses and then come back to this when you indicate you're ready with something for us to look at.

[*Translation*]

Mr. Mario Simard: It should get to the clerk in a few seconds.

[*English*]

The Chair: Why don't we just suspend for a moment, then, and wait for you to send it to the clerk.

We will suspend.

● (1510)

_____(Pause)_____

● (1515)

The Chair: Mr. Simard, if you want to read your amendment into the record, that's fine.

[*Translation*]

Mr. Mario Simard: So I will do that quickly.

After item (b), I would add an item (c) that would read as follows: "(c) the energy transition to meet the challenges of the climate crisis and the achievement of Canada's environmental targets;"

[*English*]

The Chair: Okay. Does anybody need that to be read again?

[*Translation*]

Mr. Mario Simard: I could read you the start of Mr. McLean's motion and then my amendment so that it goes together better.

> That, pursuant to Standing Order 108 (2), the committee undertake a study of the cancellation of the Keystone XL pipeline including (a) the loss of jobs and investment across Canada in all sectors that supply the energy sector, (b) the impact the cancellation of this project will have on the economic recovery from COVID-19 of Canada's energy sector/natural resource industry; (c) the energy transition to meet the challenges of the climate crisis and the achievement of Canada's environmental targets;…

I hope that sounds more consistent to you. You know the rest.

[*English*]

The Chair: Thank you.

Is everybody clear on the proposed language of the amendment?

I see Mr. McLean's hand up first. Is that for the same reason as before? Do you want to bring this to a vote, or did you want to discuss the amendment?

● (1520)

Mr. Greg McLean: I'll discuss the amendment.

I'm sorry, but it wasn't quite flowing about the amended part of it, the transition to.... Could you repeat it again? The verbiage isn't flowing for me at this point. I need to understand it more completely. Can you read it again, and can the translator ensure it is proper? I'm not sure how it ties in with the sentence before it.

Can you repeat it, please, Mr. Simard?

[*Translation*]

Mr. Mario Simard: Mr. McLean, I will read the start of your motion and my proposed addition. It will be clearer for the interpretation.

> That, pursuant to Standing Order 108(2), the committee undertake a study of the cancellation of the Keystone XL pipeline, including the energy transition to meet the challenges of the climate crisis and the achievement of Canada's environmental targets…

This is something I want to add to what you are proposing. In the cancellation of the Keystone XL pipeline, we could see an opportunity to study the energy transition, not only in Alberta, but also in all provinces whose economy is dependent on fossil energy.

[*English*]

The Chair: Does that clarify it, Mr. McLean?

Mr. Greg McLean: Yes, the intent is clear. I just don't think, from the words I heard, they reflected that intent.

I appreciate understanding the intent. That's why I think perhaps the words in translation are necessary for how we view the motion. Thank you.

The Chair: Are you suggesting that you need to see the translation in writing before you're able to vote on the amendment?

Mr. Greg McLean: Well, the words will matter for what we're looking at doing here. From what I heard in the words initially, and from what Mr. Simard just indicated as the intent, I heard two things.

The Chair: We need to make sure everybody is clear on what the amendment is before we move on. The question is how we rectify that.

Mr. Dane Lloyd (Sturgeon River—Parkland, CPC): I have a point of order, Mr. Chair.

The Chair: Mr. Lloyd, go ahead.

Mr. Dane Lloyd: Mr. Chair, in looking at member Simard's amendment, it's significantly different from the substantive motion that was put forward by Mr. Patzer. I would ask for the clerk or for you to make a determination—since the rules are that a substantive motion requires 48 hours' notice—if this amendment is indeed such a substantive motion.

It is a substantive motion on its own, and I would argue that it is not a true amendment. Since there was no 48 hours' notice, I would ask for you to rule this so-called amendment out of order, as not really an amendment but as a substantive motion on its own.

The Chair: If that's a fair comment, and I'm not suggesting it isn't, I think it's important that we know what the amendment is, and I'm not clear that everybody understands what the proposed amendment is at this stage. Mr. McLean has just indicated that he needs some certainty provided on that, so I'm going to—

Go ahead, Mr. McLean.

Mr. Greg McLean: Mr. Chair, from the wording that was translated—

[*Translation*]

Mr. Mario Simard: I would like clarification on what has just been said, Mr. Chair.

I am not introducing a motion.

[*English*]

The Chair: Okay, let's—

[*Translation*]

Mr. Mario Simard: I am proposing an amendment.

[*English*]

The Chair: I understand what you're trying to do, Mr. Simard. You're moving an amendment to the motion that's before us. Mr. Lloyd is telling us that his position is that the amendment in itself is so substantive that it is in effect its own motion and therefore can't stand as an amendment. He wants a ruling on that.

I've been trying to resolve the clarity issue with Mr. McLean, but let me confer with the clerk for a moment. I can address that issue. This may solve the problem in its entirety.

Bear with us. We will suspend for a moment while I confer with the clerk.

● (1520)

(Pause)

● (1525)

The Chair: Let's reconvene.

Here's the dilemma that I face. Mr. Lloyd has asked me to rule on whether the amendment is appropriate and acceptable. I'm suffering from the same problem that Mr. McLean is, in that I'm not entirely clear what the amendment is, because I don't have it in front of me in writing.

Therefore, what I am going to propose will, I hope, resolve the problem to everybody's satisfaction. Given that it is Friday afternoon and that our next meeting is Monday morning, can we defer this discussion to the meeting on Monday morning? At that time, we will have the amendment in writing and we will all be able to understand it, and at that time I will be able to look at it and know what I'm ruling on.

We can rule on it and, if it's appropriate, vote on it, and then we can move on to vote on the main motion. We're losing no time, because we're going to be doing it Monday morning instead of this afternoon, and I'm assuming that none of you is interested in having a meeting this weekend.

If that's to everybody's satisfaction, we can get back to the meeting and get back to our witnesses.

Mr. Dane Lloyd: I have a point of order, Mr. Chair.

The Chair: Yes?

Mr. Dane Lloyd: I believe that if we want to defer the debate on this, we need somebody to move a motion to adjourn debate on it. Then we would have to have a vote on that.

The Chair: Okay. Are you so moving?

Mr. Dane Lloyd: I'm not.

The Chair: Okay.

● (1530)

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): I would happily do that, Mr. Chair.

The Chair: Thank you, Mr. Cannings.

Madam Clerk, we have a motion to adjourn the debate on this discussion. I'm assuming there's no debate on it and that we can move to a vote on it.

The Clerk: That's correct.

The Chair: If you would take a vote on it, then, I would appreciate it.

(Motion agreed to: yeas 6; nays 4)

The Chair: Let's get back to our questions.

Mr. Patzer, you had the floor. I'll give you the floor if you want to continue with questions for our witnesses.

Mr. Jeremy Patzer: Okay. Am I at six minutes still? Where am I for time?

The Chair: Technically, I probably shouldn't, but I'm in a good mood, so go ahead.

Mr. Jeremy Patzer: Thank you. I appreciate it.

I am going to start with a question for the Department of Natural Resources.

Has the government shown any awareness or interest in whether the production of batteries has an environmental impact, including net emissions for greenhouse gases?

Mr. Jeff Labonté: Mr. Chair, is it possible that I could ask for a clarification on what types of batteries the member is asking about?

Mr. Jeremy Patzer: Yes, absolutely. It's just in regard to electric vehicles, EV batteries.

Mr. Jeff Labonté: Thank you.

Your question is whether the department has done any analysis about the emissions or the relationship between generating—

[*Translation*]

Mr. Mario Simard: A point of order, Mr. Chair.

I have no interpretation anymore. I think that Mr. Labonté's audio is not loud enough.

[*English*]

The Chair: I think this is the same problem we were experiencing earlier, Mr. Labonté. I think the volume of your voice is having an impact on the interpretation.

Mr. Jeff Labonté: Indeed. Somebody was trying to correct that while you were working on the motion, but it seems my audio is sketchy.

[*Translation*]

I'm sorry, Mr. Simard. I don't know whether it is possible to increase the volume. If not, I can ask my colleagues from Natural Resources to answer your questions.

[*English*]

If that is possible, Mr. Chair, would it satisfy the committee? If there is an issue with my volume.... I'm not sure whether it's better or worse at this point.

The Chair: You actually cut out. I couldn't hear parts of what you just said.

I am not having any difficulty hearing you, and when you were speaking French, the translation was fine on my end, so why don't we continue?

[*Translation*]

Mr. Mario Simard: I don't know what's happening, but there is no interpretation at all anymore.

[*English*]

Mr. Jeremy Patzer: I'm not getting any interpretation either.

The Chair: I'm not getting any translation from Mr. Simard now.

I am hearing that translation will resume right now.

Why don't we try this again?

Mr. Labonté, try to answer starting from the beginning.

Mr. Jeff Labonté: Thank you very much.

The department has not completed an assessment as outlined by the particular member, but I would indicate that the nature of developing the battery components for EVs is that there are multiple steps and multiple elements that are built in many parts of different countries.

If you think about the components, they come from Canada, from the United States, from Europe, from China; they come from many places. I am not quite sure that I can answer the question in the way that it's framed and posed, because it's not necessarily the way we examine these particular issues, but I certainly understand the nature of where the interest is.

Looking at the process by which activities such as making batteries or other industrial activities are done, they are regulated from within the Canadian regulatory context. Any industrial activity or facility in the country is regulated for the emissions it produces and the kinds of activities it does. It depends on the nature of what it is and where it's located.

I'm not sure that fully responds, but I have tried my best to answer the question.

● (1535)

Mr. Jeremy Patzer: I appreciate that.

Further to that, with regard to the different countries we're importing these materials from, does the Government of Canada charge a carbon tax on products that are shipped in from those other countries, or are we only taxing companies in Canada that are extracting these minerals?

Mr. Jeff Labonté: I really appreciate that question, but the Department of Natural Resources is not responsible for taxation. We're not responsible, either, for regulating greenhouse gas emissions for industrial activities. That would be the Department of Environment and Climate Change, and the Department of Finance for taxation.

Mr. Jeremy Patzer: I appreciate that.

The Chair: Thanks, Mr. Patzer. I am going to have to stop you there.

Mr. Weiler, we'll go over to you for six minutes.

Mr. Jeremy Patzer: That was only two and a half minutes of my time, though. We had a lot of translation issues. That shouldn't count toward my time.

The Chair: I don't think you were short-changed there, Mr. Patzer, in the entirety of the scenario.

Mr. Jeremy Patzer: Well, it definitely wasn't six minutes of questions.

The Chair: Mr. Weiler, we go over to you.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you.

I'd also like to thank the witnesses for their patience today with the unfortunate vote we had in the House and our committee business. I'm deeply sorry for this. You know, although it has been almost a year, it feels as though it has been decades since pretty much our whole committee was at PDAC in Toronto last year, so it's great to see some familiar faces.

I'm really excited to get started with the study today. It comes at a really important time, because the world economy is transforming in many ways, and there's going to be a huge need for critical minerals to support this transition, and also, countries like China are using their dominance in the market of critical minerals to, for instance, hobble the U.S. defence industry or threaten to do that. As countries are seeking to diversify their sourcing of minerals, I think that presents a great opportunity for Canada, but it is going to be a very competitive environment in which to do that.

My first question is for the Mining Association of Canada. What do you see Canada's competitive advantage being in the critical mineral space?

Mr. Pierre Gratton: Well, we have a few obvious ones, and they were, I think, highlighted in my remarks but also in those by NRCan. I think one of our advantages is as leaders in environmental, social and governance issues. When I've been to Europe, back when I was able to go to Europe, and have met with industries there, I have been told that their preference is to source from Canada because they know they can rely on the quality and the rigour of our mining practices. They would rather not have to source from the Congo, for example, or from China, if they can get it from Canada, so that is certainly one advantage.

In many parts of the country, we have an abundance of hydro power, and with your grid connected, you're producing metals that have some of the lowest GHG intensity in the world. Nickel, for example, mined in Sudbury, is some of the lowest-GHG-intensity nickel in the world.

We have, obviously, one of the safest mining industries on the planet. I participate in meetings of the International Council on Mining and Metals. Safety is very important to our industry's culture. They regularly put up annual statistics on fatalities in the mining sector around the world, and Canada never appears on their chart. We just don't rank, which is a good thing. You don't want to be on that list.

We have a highly skilled labour force. We're a very high-tech industry. We're advancing in areas like automation. We're advancing in areas like electrification. So we have many, many advantages, but we also need to be conscious of our challenges, and I flagged one of the really important ones.

Currently some of our metals do come from off-grid mines, and carbon pricing is going to be a challenge for those operations unless we can support those facilities. Specifically, mines like Voisey's Bay in Labrador or the Glencore mine in northern Quebec are off-grid, and yet they are two of the world's most important high-grade nickel mines on the planet, and huge assets for Canada. They also have cobalt as by-products. So we need to think about this. We can't just take it for granted.

The last point I'd make is that, as we all know and as Jeff mentioned in his remarks, this is a vast country and we have everything the world needs. We're not necessarily exploiting it, but we certainly have it. If we can get to it and create the right conditions, we could be in a very, very strong place going forward.

I don't know if my colleague Brendan Marshall might want to add to that, or if, Mr. Chair, that's enough from me and from us.

● (1540)

Mr. Patrick Weiler: Thank you, Mr. Gratton.

I'd like to switch to a question for PDAC and Ms. McDonald.

One of the suggestions you mentioned for ways to advance this industry was to invest in public geoscience. I was hoping you could comment a little bit further on that and on where you see opportunities for the best bang for the buck in terms of where these public geoscience studies should be done.

Ms. Lisa McDonald: You know, as I think was referenced in a couple of the presentations before mine, Canada is a vast country and our resources are spread out across the country, so it's not possible to sit here and cherry-pick and indicate a particular area. I think that, in and of itself, speaks to some of the challenges and the opportunities that are in front of us.

It is absolutely crucial, if we want to be successful with the critical mineral strategy, that we engage with the provinces and the territories and provide the funding that is necessary for the provinces and territories to do those resource assessments themselves. No one knows better what the opportunities are within their various jurisdictions than the provinces and territories themselves.

The Chair: Thanks, Mr. Weiler. I'm going to have to stop you there.

Mr. Simard, it's over to you for six minutes, please.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

I would like to ask Mr. Gratton and Mr. London a question. I hope that they can hear me clearly on the interpretation channel. Any time Quebec's mining sector is mentioned, what comes to everyone's mind is the iron ore mines from which the Duplessis government was sending Quebec's iron to the United States for a penny a ton. That's our history, and perhaps the shock and the trauma in Quebec lives on when the mining industry is mentioned.

It makes clear to us the great importance of added value, of secondary and tertiary processing. With critical minerals, my impression is that our interests lie in developing clusters around new technologies and batteries. But are we doing enough of that?

So I would like to ask you whether, in your opinion, the federal government has any helpful strategies for secondary and tertiary processing, for added value? If not, what in your opinion should be done to prevent the critical minerals here from simply being exported for processing?

[*English*]

Mr. Ian London: Pierre, why don't you go first? I don't get translation somehow.

Mr. Pierre Gratton: Okay. I was going to suggest that you go first because I was on earlier for five minutes.

● (1545)

[*Translation*]

My answer would be that we are currently working with the federal government and with Natural Resources Canada precisely to determine the strategies needed to achieve the objectives you have just pointed out. We must create a demand for those products here in North America, not just in Canada, but in Canada and the United States. We must create a demand so that there is a good reason to operate the mines.

I can give you a recent example that involves Natural Resources Canada. The Government of Canada, together with the Government of Ontario, has invested in the reopening of a cobalt refinery in northern Ontario. That is one example. A cobalt refinery that closed a number of years ago has been reopened. That's a very good development.

Since you are from Quebec, let me point out that the Government of Quebec is perhaps the most focused on this issue. Quebec has a very advanced strategy on strategic minerals, not only to find mines, but also to increase the development of the material containing mining products, with the goal of selling them in the United States, in Europe and around the world.

Perhaps my colleague wants to add something. He can actually speak for the downstream work.

[*English*]

Do you want me to help with the translation? He is asking what you—

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Gratton. Your French is very good.

I'm going to ask Mr. Labonté a quick question.

Mr. Labonté, in your presentation, you said that Canada is a supplier of choice. I would like to clarify what you understand by "supplier". It gives me the impression that we can export these critical minerals without really processing them.

First, I would like a clarification on that. Second, I would also like a clarification on the federal government's strategy in developing value chains for critical minerals.

Mr. Jeff Labonté: Thank you for your question, Mr. Simard. Your questions are important ones.

Basically, here, we are working on the strategy for the chain with our provincial and territorial colleagues. We have to work from exploration to mine development, to refinery processing, and to development, as Pierre Gratton mentioned. We are working with our partners.

As always, in Canada and in the North American context, there is integration among provinces. Some mines in Quebec are processing the products of mining. In Ontario, processing is done in order to create products for export to the United States. In return, we get things like automobiles and other forms of transportation. So everything really is integrated.

It is important to create a demand for some products and to hold strategic discussions among provinces and our North American partners to study, look for and perhaps identify significant chains. So we are working with the United States on batteries for electric vehicles. We are also working on semiconductors for computers and the advancement of technologies. We are also working on advanced technologies in healthcare.

So, in the course of our discussions with our partners, we have found that in some significant areas—

● (1550)

[*English*]

The Chair: I'm going to have to interrupt you and stop you there, anyway.

Mr. Labonté and Mr. Simard, thank you.

[*Translation*]

Mr. Mario Simard: Thank you for your reply, Mr. Labonté.

[*English*]

The Chair: Mr. Cannings, it's over to you, sir, for six minutes.

Mr. Richard Cannings: Thank you.

I want to thank the witnesses again for coming before us today and for their patience.

I'll start with a question, broadly, for Mr. Labonté from NRCan and for PDAC. These critical minerals and metals are often found in very small amounts, I imagine. For instance, in my riding we have the Teck smelter in Trail, British Columbia, which produces mainly lead and zinc. It also produces germanium and indium in enough quantity—it might be a matter of only a few kilograms, maybe 10 or 20 kilograms; I forget the amount—to be one of the major suppliers for the world.

I'm just wondering about the challenge of actually finding some of these critical minerals—perhaps like lithium or cobalt—and the role the federal government could play there. I guess specifically my question would be, what directions and funding the federal government is providing to the Geological Survey of Canada to provide better information for prospectors and other companies to actually find these materials across our big country?

Mr. Jeff Labonté: Mr. Chair, if it pleases you, I'll start the answer and perhaps allow my colleagues from PDAC to pick it up following that.

The Chair: By all means, please do.

Mr. Jeff Labonté: Thank you.

A very important part of the prospect of moving forward on critical minerals is to realize and discover what minerals we have and what their potential looks like.

As you point out, Mr. Cannings, sometimes the critical minerals that are produced are by-products or smaller components of a bigger operation. You have a primary metal or mineral that's being produced, and almost as a sub-item you also have the critical mineral that's produced as a by-product. It's interesting, because in some cases it's expected that those by-products will become the primary products over time and their importance grows.

The government recently, actually, included a renewal of the geoscience program under the Geological Survey, which falls under the responsibility of our department and my sector, of $130-some million over the next seven years. It's called the geo-mapping for energy and minerals program. It works predominantly in the north. Then there's a secondary program called the targeted geoscience initiative, which actually doubles up with the provinces to work in specific areas where we have opportunities to grow.

We also have research programs that are revisiting mining the value from waste, so taking waste or what might have previously been discarded product and materials produced at mining sites and re-mining those materials and extracting more value from them—extracting, for example, from some of the tailings and other elements, those finer materials that are actually quite valuable now in the critical minerals space.

I'll leave it at that for now, Mr. Chair.

Ms. Lisa McDonald: I'm going to pass this question on to my colleague, Jeff Killeen, our director of policy and programs, who is here with us today.

Mr. Jeff Killeen (Director, Policy and Programs, Prospectors and Developers Association of Canada): Thank you very much, Lisa.

Thank you for that question, Mr. Chair and Mr. Cannings. I think it's a very valid one.

To put a point on it, you're right, in that many of these types of deposits we're talking about, when we get into critical minerals, can be more challenging to discover, and they can be of smaller scale. I would also echo what Mr. Labonté just mentioned. The TGI and GEM programs, which have been running for a number of years, are instrumental in providing that knowledge base for industry to be able to step off and conduct good work.

Also, when we think about the challenge that's in front of us—when we think of the size of this country and the amount of deposits that may still rest in some of those remote terrigenous regions—there is a real need for more support from the federal government. I think that's particularly why we've landed on thinking about the mineral exploration tax credit and expanding that incentive. It's something that currently exists, and it's something that's been instrumental in making sure there is real, significant capital investment into exploration in Canada each and every year through the METC and the flow-through share regime.

In thinking about trying to spur more investment into these types of potentially smaller deposits and more challenging things to find, it makes sense to consider expanding that incentive, particularly in light of how it is a relatively low-cost item for the government and it's a way to direct retail investment in Canada towards new discoveries. We think that's a simple way to move forward.

We also see where there is a real need beyond just the TGI and GEM programs for further geoscience work, and in particular, as we've talked about, in working with the provinces to a greater degree, to understand where there could be logical centroids or logical places for infrastructure to be developed that maybe can help to bring some of these smaller deposits together and create that upstream production potential that may be lacking right now.

Thank you.

● (1555)

Mr. Richard Cannings: Thanks.

How much time do I have, Mr. Chair?

The Chair: You have just under a minute.

Mr. Richard Cannings: I'll just ask a quick question, perhaps for Mr. Gratton, or for anyone who wants to answer. It's more about the international challenges of developing some of these deposits.

I have a graphite mine in my riding. I think we're going to hear from them next week. They have graphite kind of on the surface. You can crush the ore with your hands. It's very easy to develop, and yet they can't compete with Mozambique, for instance, in getting that graphite into production in terms of finding big buyers. This is one of those you mentioned where demand will be going up 500%. I'm just wondering if there are any comments on the help that producers have in getting international partners to move that material.

The Chair: We have time for a very brief answer.

Mr. Pierre Gratton: Who would like to answer?

Mr. Ian London: I don't mind jumping in on some of that. It's something that comes back to the discussion we had before, and that's value adding. If some of those manufacturers that use the graphite in some of the end products are located here, or if it's through Canadian content requirements, that would be incented, but on a raw commodity basis, Canada is going to have some challenges on the value-added side—we know that—because of our metallurgical capabilities. It's not just about resources or new resources, but about how you add value to it.

On some of the other discussions, especially on the minor or smaller-volume critical materials, there are secondary sources. There are streams coming off production facilities right now that can be tapped into and made a value. That's how the Chinese got into the rare earth business. It actually came out of their biggest, richest deposits. The rare earths are an off-product from iron ore mining.

The Chair: Thank you, Mr. London and Mr. Cannings.

We'll go to Mr. Lloyd for five minutes.

Mr. Dane Lloyd: Thank you, Mr. Chair. My questions will be primarily pointed to Mr. Gratton.

Thank you to all the witnesses for their presentations today.

Mr. Gratton, I don't know much about the mining industry, but I do have some friends who are very involved. Making a discovery is one thing, but it takes years to take something from discovery to production. Wouldn't you agree?

Mr. Pierre Gratton: You got that right. Yes.

Mr. Dane Lloyd: Thank you.

Canada has so many great champions in the mining sector, but it seems like they're doing most of their work abroad. We're champions abroad, but in Canada we're not making any major new discoveries. Do you have any comment on that?

Mr. Pierre Gratton: We have seen over the past decade a gradual decline in our percentage share of mineral exploration spending, which is, of course—

Mr. Dane Lloyd: What do you attribute that decline to?

Mr. Pierre Gratton: I think there are multiple factors. One is that our competition, which is, notably, Australia, now has a METC of its own, which has boosted its attractiveness. I think the long time it takes to get a project through environmental assessments, impact assessments, and the fact that we require two levels of impact assessment in Canada, which is unique in the world—

Mr. Dane Lloyd: That was something that I was sort of looking at—and I'm sorry to interrupt, but I have only a limited amount of time. I appreciate the back-and-forth.

I have a geologist in my riding, a very interesting fellow, and he does work around the world. He was telling me about the amount of time it takes to get a permit in Nevada, a matter of a few months. How long would you say it would take, on average, to get a mining permit in Canada?

Mr. Pierre Gratton: When you use the word “permit”, it depends.

● (1600)

Mr. Dane Lloyd: I mean a federal permit.

Mr. Pierre Gratton: For the federal one, that involves an impact assessment, an environmental assessment, and that takes several years.

Mr. Dane Lloyd: We've seen sales of electric vehicles booming across the world. We're seeing Tesla, GM, Ford, even Land Rover and Jaguar pledging to go electric, so we know there is a need now, and that need is going to explode. Would you say it's accurate to say that the need will explode and that it will be several years before Canada can even begin producing the raw materials needed to meet that need?

Mr. Pierre Gratton: The timelines that it takes to get mines through both federal and provincial processes present a real risk to our ability to take advantage of this opportunity. There's no question.

Mr. Dane Lloyd: I'm the critic for rural economic development, and I know that mines are located predominantly, if not completely, in rural areas. What's going to be the impact on our rural regions if Canada doesn't have a seat at the table in prospecting and developing these great resources that we know are in Canada?

Mr. Pierre Gratton: I think it will be very hard on rural Canada. I think we're already seeing some of the impacts on parts of rural Canada. We're not building and developing mines at the pace that we used to. Part of it is that we're not finding them. We have explored southern Canada a lot and we have found some great deposits and we've mined them for decades.

Our future is increasingly in the north. There, the bigger challenge is not timelines but infrastructure. We have some world-class deposits that we know of that we could mine tomorrow if it were economical to do so, but it's not, because they have no access to power and road supports.

Mr. Dane Lloyd: One thing that you alluded to, something that really concerns me, is the issue of carbon leakage. We have increased carbon taxes and put in clean fuel standards, but as we know, most of the mining done by Canadian companies is being done abroad. When we're talking about the input costs increasing with carbon prices and without any sort of offsets that they can use, are we really just seeing mining being outsourced to other countries and Canada not producing our world-class environmental deposits here?

Mr. Pierre Gratton: We're on the public record as being in support of carbon pricing and we have been for years, but we've also said that we have to be sensitive to Canada's north, large parts of which are off-grid and—

Mr. Dane Lloyd: Do you think that the prospect of these higher—

The Chair: Mr. Lloyd, that's all your time. Thanks very much.

Mr. Pierre Gratton: Am I done, too, then?

The Chair: You are until the next person asks you a question, which I expect will happen.

Mr. Lefebvre, we move over to you for five minutes.

Mr. Paul Lefebvre: Thank you, Mr. Chair.

Hello, everyone. I know a lot of faces on the screen. Again, I apologize for the delay. This is a classy panel that we have here.

I'm joining you from Sudbury, where we have eight operating mines right now. I know Samantha is here as well in Sudbury. Actually, the irony is that this morning I was with a businessman who works in electric vehicle batteries. This is a person who is looking at making very important investments in this sector. Certainly we're talking about reusing existing batteries that are used in mining vehicles. We know that a lot of them were actually manufactured right here in Sudbury. There's a lot of amazing technology that is being produced, created, here in Sudbury.

Six minutes will not give me any time to really dive it into what I'd love to talk about for hours, because this is a very, very important file for my riding and, I certainly believe, for Canada.

Maybe I'll start with you, Ms. Espley. With your knowledge and your experience, maybe on the processing and manufacturing side, what opportunities do you see and what challenges do you see with regard to what more we can do here in Canada? I know that here in Sudbury we're lucky. We have two huge smelters, some of the largest in the world when it comes to nickel. Given your experience, how would you say we could increase our processing and manufacturing capacity for our minerals here in Canada?

Ms. Samantha Espley: That's a good question, Paul. I think that's a challenge for us. There's a lot of effort on the hydrometallurgy side to supplement the pyrometallurgy for the recovery of the metals. We're seeing a lot of agreements being made between mining companies and those processors. Whether you have a smelter or not, we're doing custom smelting for a multitude of mining companies, allowing us to make better utilization of the facilities.

I think it's an opportunity that we can explore in the mining industry as best we can. The opportunity really is to look for new technologies and support from the government in finding new and innovative ways of treating this or doing modular, if you like, or different types of technologies. We're always pushing the envelope from CIM and working with industry and folks in academics and the government and the like in order to try to come up with new solutions.

● (1605)

Mr. Paul Lefebvre: Yes. That's critical.

We're going to have PDAC next month, or in a few weeks, and we'll be doing so virtually. I know that Ms. McDonald is here. Certainly every time I go to PDAC, people from the world show up to Canada and really look at Canada to see what we're doing here and import our best practices of what's going on here. We certainly talked about it as we were looking at the critical minerals and the importance of exploration and investing in exploration and the challenges we have there.

Ms. McDonald, we talked about the geosciences and the importance of those investments to the exploration sector in Canada. I know we just renewed it, but maybe you can very briefly tell us from PDAC's perspective why it's so important to make those investments.

Ms. Lisa McDonald: I think as has been evidenced in most of the conversation today, it's clear that Canada has the minerals. We know they're here. We've found the easy stuff, and now what's left are the more challenging things to find. They're at depth. They're more remote.

Of course, with the critical minerals, we're talking about a suite of minerals and metals that have their challenges with how they are found. It's not necessarily using the same traditional methods that we've used and become so good at and become those world leaders for. Those kinds of investments in geoscience will help ensure that we remain a world leader in terms of expertise.

Mr. Paul Lefebvre: Agreed.

Pierre or Mr. London, just to go back to the battery supply chain, how can we secure more of that supply chain in Canada? I think that's what we're talking about here as we're looking at the electrification of our world and how that is so important. I know you addressed it in some of your comments, but I want to touch on that again. What gaps exist right now in Canada in the battery supply chain? What can we as a government do to further support that research and further support that development?

The Chair: Mr. Lefebvre, I hate to do this, but I will have to stop you there. You started by saying that six minutes wasn't enough, but I have bad news for you: You only had five.

I'm sure that issue will get addressed in the next round.

Mr. Paul Lefebvre: Mr. Chair, I'm hoping we can send letters and ask our witnesses to answer our questions by writing.

The Chair: Yes, of course, always.

Mr. Paul Lefebvre: Thank you.

The Chair: Mr. Simard, you have two and a half minutes, please.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

What I gather from Mr. Lalonde's answer, and perhaps from Mr. Gratton's, is that we have to create a demand for these critical minerals.

My impression is that a lot of that demand will come from electrifying transportation. In that sense, if we want to create demand and support the electrification of transportation, I feel that putting a price on carbon is a very good thing. We would have transportation options with low greenhouse gas emissions.

Mr. Gratton and Mr. Labonté, can you tell me whether those are helpful strategies?

First, carbon pricing, and second, the way in which the government could go about accelerating the electrification of transportation, thereby creating a more worthwhile ecosystem for the critical minerals.

● (1610)

[*English*]

Mr. Ian London: I'm not sure who the question is directed to.

The Chair: Does anyone want to take that on?

Mr. Brendan Marshall (Vice-President, Economic and Northern Affairs, Mining Association of Canada): I can speak to that very briefly.

As Pierre mentioned, the association does support carbon pricing. What we're trying to do is effect behavioural change and incentivize the appropriate behaviours on the basis of a carbon price. At the end of the day, we also need to be sensitive that a one-size-fits-all solution isn't apportioned equally in all shapes and sizes. We are carbon-vulnerable in remote and northern regions in this country. As we approach a higher threshold of carbon costs, we're going to need a managed transition to a lower-carbon reality for some of these off-grid sites.

If we want to grow the critical mineral supply chain, then there are many things we can do. I'll speak to that in one moment. We cannot lose sight of or take for granted the pre-existing world-class critical mineral supply chain that already exists in Canada—in Quebec, Ontario, in other provinces and the north.

The next part of your question also speaks to a question that Mr. Lefebvre had: What gaps need to be filled here? I think it would be a false impression for this committee to take away that a critical mineral supply chain and a battery electric vehicle supply chain are one and the same thing. They overlap, but the reality is they are also very different. Some critical minerals don't go into batteries, but they do go into electric vehicles. Some critical minerals go into computer chips that electric vehicles can't work without, but they're not in the battery themselves.

The Chair: I hate to do this, but I'm going to have to interrupt and stop you. Mr. Simard is beyond his time.

I'll move on to Mr. Cannings for two and a half minutes.

Mr. Richard Cannings: Thank you.

I'd like to talk about recycling, as briefly as I can. The recycling of these new batteries is often brought up as a challenge. I wonder if perhaps Mr. Labonté or someone can comment on the opportunities that are there for recycling.

Again, I have a recycling company in Trail, one of the companies surrounding the smelter. I think it's the only company in the world that will recycle basically any battery in the world, including pure lithium batteries. I'm wondering what opportunities Canadian companies have in that sphere.

Mr. Jeff Labonté: It's a terrific question.

The issue here is about creating a circular economy. Many of the minerals, critical minerals and metals that we have and need, will come in a circular economy. A metal can be used almost endlessly, as it begins and ends its life in different products and forms.

We're looking at a number of instruments and certainly a number of places. We're doing research on extracting from existing streams and looking at some of those streams as being recycling.

There's the regulatory context of the recycling regulations that exist across the country. They are different in different places, for different materials. In some instances, the drive behind those regimes has often been waste reduction, to reduce the amount and volume of waste, rather than extracting a value from the waste. Some of this is about turning around the purpose for the recycling, and of course having a dual interest. Less metal requirement from a demand point of view will also lessen the amount of waste that's produced if it's drawn from recycling sources and purposes.

There is a manner in which we can work together and think that through a little more closely. One of the topics we're working on with our provincial and territorial colleagues is about exploring and understanding where that value can be extracted from recycling activities.

Mr. Richard Cannings: Thank you. That's all I have.

The Chair: Thanks, Mr. Cannings.

We're going to go to Mr. Zimmer, and then we are going to finish up with Mr. Sidhu.

Mr. Zimmer, you have the floor for five minutes.

Mr. Bob Zimmer: Thank you, Chair.

Thank you all for your testimonies today.

I have a question, a bit of a different take on it, I suppose. I think Mr. Lloyd alluded to this too, about how governments can kneecap industry and make it so difficult to operate with timelines of approval, etc. It becomes very vulnerable to takeovers. Many of you have seen the recent attempt at a takeover, but blocked by this government, which I give them kudos for doing. Everybody knows the TMAC Resources Hope Bay situation.

Mr. Gratton, what would you do to best ensure that our resources aren't put at risk by some of these situations?

I see some of the way this government has kneecapped the resource sector; it makes it—

● (1615)

The Chair: Mr. Zimmer, I apologize for interrupting, but apparently your mike needs to be moved a little closer to your mouth.

Mr. Bob Zimmer: Okay. Is that better?

The Chair: Yes, I think that's better. Thank you. I'm sorry about that.

Mr. Bob Zimmer: I'll just get to the question, Mr. Gratton. You've heard the principle of what I was saying, especially with regard to the concern. Everybody understands the need for capital, especially in mining. We get that. I'm in northern B.C. and I understand that, but especially when we see a Chinese takeover, when the Chinese.... There are some concerns around their actions of late in that they put our resources at risk.

Anyway, go ahead and answer, please.

Mr. Pierre Gratton: Our sector has a complicated relationship with China. They're the largest consumer of minerals and metals. Our industry is enjoying buoyant commodity prices more or less across the board right now, and it's largely because China's economy has rebounded, but it's also true that they don't play by our rules when it comes to investing in the mining business.

They're not a market-based economy. They're state-run enterprises and they invest for strategic reasons. We have members that compete with them around the world, and it's hard to compete with them. I've heard many stories from many of our members of just how tricky that is, because in other parts of the world it's a government-to-government relationship that they engage in, whereas we're the private sector trying to compete using private sector rules. It's difficult—

Mr. Bob Zimmer: I'm sorry to interrupt you, Mr. Gratton. It's good to have you here, especially with your expertise.

How do we look at the positive side of this? How do we strengthen our mining sector, I guess, without saying that we're protecting the industry? We want to compete with nations around the globe. How do we positively strengthen our industry without subsidizing it? How do we strengthen it so that, again, our industry isn't vulnerable to these kinds of actions?

Mr. Pierre Gratton: I guess this goes to one of the core questions that this study is about. How do we create the North American demand for these products? What is the downstream pull that we can create so that it is more viable than going to China for these products? The automotive sector and the battery strategy are part of it, but as we've also heard, that's not the only part.

What are the different things we can do? There are offtake agreements that can be negotiated between mines and downstream users of those products. There's the support we've seen that's starting to flow from governments to help a cobalt refinery relaunch, and once it's up and running, the market conditions can then take over.

We may need some seed funding. We talked in our presentation about the importance of pilot projects and then helping them to commercialize. Once they're up and running, the market forces will take over, but we need to create that internal North American demand, supported as well by European demand. This is a geopolitical issue that is taking shape faster than I think many of us realize. We need to be really laser-focused on it.

The Chair: Thanks, Mr. Zimmer. You have about 10 seconds left.

Mr. Bob Zimmer: It concerns how we see them as well, Mr. Gratton, from my side of the fence, but hopefully we can do some things to make us players in the game again, where we don't need to worry about these takeovers.

Thank you.

The Chair: Thank you, Mr. Zimmer.

Mr. Sidhu, you are last but not least today. You have the floor for five minutes.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Mr. Chair.

Thank you to our witnesses for hanging here with us today on this beautiful Friday afternoon.

My first question is, how can we ensure that critical mineral processing and manufacturing capacity is increased within Canada? I'd like to hear from PDAC first.

Ms. Lisa McDonald: On the processing and manufacturing, I really don't think it's a good use of our limited time here for me to speak to that. I think I'm going to pass it over to Mr. London, if you're okay with that.

● (1620)

Mr. Maninder Sidhu: Sure.

Mr. Ian London: Two things have happened recently in the U.S. I'm sure you've been appropriately briefed, or you will be. One is the contemplation of the GREEN Act, where the Trump administration put caps on the number of electric vehicles that could be produced in the U.S. by each manufacturer. That has been tripled in the last little while.

How do you encourage more electric vehicles? How do we put in requirements by the manufacturers of the vehicles? We put a lot of money into General Motors, the Oakville plants and all of this. On Canadian content rules, there are ways of doing it. The Europeans are very interested in Canadian minerals. They're just as interested in processing them. I suggest we don't get too engaged in selling them or providing them with just pure raw materials. How do we value-add to it? We can do that through these trade agreements, and branding Canada's product as cleaner and more transparent in terms of traceability, provenance and so on. There are a number of ways for Canada to be at the table on standards and on metallurgy.

I want to compliment the folks around the table. It's not just batteries. It's also the light weight in materials. If we can take 500 pounds off the weight of that car, we can carry that battery. There are a number of these things. We have different kinds of wiring in vehicles. We have the manufacturing base. Jaguar already makes an all-electric vehicle. It's actually built by Magna in Austria. We shouldn't kid ourselves about advancing technologies. How do we engage those end-users? They will create demand and they have the pull on the supply chain. It will make it easier to finance some of the mining projects.

My last comment—I appreciate having this time—is about demand pull versus supply push. We need to create that. As such, if you look at demand pull, no disrespect to all my colleagues who come out of that world, but this is not necessarily a mining initiative. It's not just mining. It's that whole industrialization that we're talking about. We should not lose sight of that fact.

Mr. Maninder Sidhu: Thank you for that, Mr. London. Definitely, I know there's much more to mining than just electric vehicle batteries, but I'm getting a lot of calls into my constituency office, especially after the Ford announcement and the GM announcement and Canada's investments into that sector. That's something that relates a lot to the bedroom community here in Brampton.

Can you elaborate more on the risks associated with not securing our supply chains for these commodities? I know you spoke about many of the benefits. Can you elaborate more on the risks associated with not securing supply chains?

Mr. Ian London: I won't talk about vaccines. I'm not even going to go there, but it's associated with all these minerals and capabilities that we have. So goes the technology. If we're not producing the product, we don't have control of it. How did the Chinese build an entire infrastructure? They created 100 million jobs just around rare earth. It started with their rare earth supplies, commodities, powders and so on. They eventually took the magnet business. We now buy their refrigerators, motors and washing machines.

If we look at it that way, in terms of demand pull, that's the kind of strategy this country can implement. We have access to European markets, the American markets and our own. That's what we have to take advantage of. The risk of not doing it is that there also goes the technology—the high-tech jobs and high-tech schools and programs. As well, there's the environment. They're trucking all this stuff. We're trucking the heavy stuff and bringing back the light stuff. I'd prefer not to truck the heavy stuff.

Mr. Maninder Sidhu: Thank you. I appreciate that.

Mr. Chair, I will take my last few seconds to thank everyone for being here and for sharing their insights with us. I definitely learned a lot today.

The Chair: Thanks, Mr. Sidhu. I appreciate your sticking to the time.

To all our witnesses, thank you for your input. This was the first day of the study. You got us off to a great start. Thank you again for your patience and for indulging us. It has been, for some more than others, a very strange day in our business. Sometimes things get in the way. You guys were great.

I want to thank all the staff and the people who hung around and helped us get this meeting concluded. It has been a long day and a long week.

All the best, everyone, and thanks very much.

The meeting is adjourned.