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B.15 – ECONOMIC DEVELOPMENT AND BUSINESS SECTOR

B.15.1 INTRODUCTION

The Proposal defines Economic Development and Business Sector as economic growth, government revenues, and business opportunities in the Yukon economy. Economic development and the business sector was assessed as a Valued Component (VC) in the Proposal because the Casino Project (the Project) would generate employment, income and business opportunities throughout Yukon.

The construction of the Project is expected to require capital expenditures that will have direct, indirect, and induced effects on the regional economy. Direct effects on Yukon's GDP include direct anticipated expenditures of \$261 million, leading to a projected \$363 million increase in Yukon's GDP over a 4-year period. Casino Mining Corporation estimates that approximately 69% of operational spending will occur in Yukon. Indirect effects are related to the purchase of goods and services needed to construct and operate the Project, while induced effects result from expenditures of direct and indirect labour income on consumer goods and services.

The Proposal identified socio-economic enhancement measures including cultural awareness training for employees and contractors; partnering with First Nation communities and their development corporations to access additional funding for training; providing support for non-mining training and entrepreneurial initiatives; and monitoring socio-economic effects of the Project and implementing adaptive management measures where required.

The Proposal concluded that the potential effects of the Project on economic development and the business sector, as a result of the procurement of labour, goods and services are beneficial.

On January 27, 2015, the Executive Committee requested that CMC provide supplementary information to the Casino Project (YESAB Project No. 2014-0002) to enable the Executive Committee to commence Screening. The Executive Committee considered comments from various First Nations, Decision Bodies and regulators on the adequacy of the Project Proposal in the preparation of the Adequacy Review Report (ARR). CMC provided a Supplementary Information Report (SIR-A) on March 16, 2015. Subsequently, the Executive Committee issued a second Adequacy Review Report (ARR No.2) on May 15, 2015 following a second round of review.

Responses to the four requests for supplementary information related to Section 15 and Section A.15 of the Project Proposal and SIR are provided below, as outlined in Table B.15.1-1. CMC is providing this Supplementary Information Report (SIR-B) to comply with the Executive Committee's Adequacy Review Report ARR No.2; CMC anticipates that the information in the two SIRs and in the Proposal, when considered together, is adequate to commence Screening.

Table B.15.1-1 Requests for Supplementary Information Related to Employment and Income

Request #	Request for Supplementary Information	Response
R2-189	Further information on the implementation of employment strategies to mitigate for effects of closure or unplanned closure.	Section B.15.2.1.1
R2-190	Clarification on efforts that will be used to draw employees from unemployed or underemployed populations.	Section 0

B.15.2 BOOM AND BUST CYCLES

B.15.2.1.1 R2-189

R2-189. Further information on the implementation of employment strategies to mitigate for effects of closure or unplanned closure.

CMC considers “closure” to be the planned and scheduled cessation of mining and milling activities due to the complete processing of the resource. Permanent closure will be in accordance with the regulatory approved reclamation and closure plan. Closure may also occur due to a large shift in Project economics; however, this would be considered “temporary” closure, which would be also be defined in the regulatory approved reclamation and closure plan. Temporary suspension of mining and milling activities may also occur due to extreme unplanned events, such as earthquake or major accidents; however, activities would resume once site safety has been assured.

“Unplanned” closure is the abrupt, non-scheduled cessation of mining and milling activities, of which the Yukon has a long history. Abandonment of mine sites in the Yukon is usually due to the mine operator halting mining and milling, entering a period of care and maintenance, and finally entering receivership with responsibility of the site transferring to the Federal government (e.g., Faro mine, United Keno Hill Mines). In light of these abandonments, the Yukon Government created the Yukon Mine Site Reclamation and Closure Policy, which requires that “every mine will have an approved reclamation and closure plan that has been approved by the Yukon government before proceeding with development” (Yukon Government, 2006). Also, the Yukon Water Board has a stated objective to “issue licences only when there is a reasonable certainty that an acceptable level of reclamation of the site can be achieved during mining and/or following cessation of mining” (Yukon Water Board, 2012). Therefore, the concept of “unplanned” closure is an unacceptable outcome for modern mining operations, with assessment, permitting and licencing frameworks to prevent such closures from occurring.

Therefore, while details on the implementation of employment strategies for planned and unplanned closure are provided below, CMC iterates that unplanned closure of the Casino Project is not part of the Proposed Project, and as the Project has robust economics, and is able to continue to operate at low copper prices, is not proposed to occur. The unplanned closure discussion can be considered an aspect of “Accidents and Malfunctions” of the Project for consideration by the Executive Committee.

Planned Closure

CMC will establish a program to monitor the socio-economic effects of the Project during construction, operations, and closure. The monitoring program will include several objectives including working with local agencies to monitor project socio-economic effects, identifying unforeseen socio-economic effects, monitoring employment and skills training programs, and revising and developing new mitigation measures to manage unforeseen socio-economic effects, among others (Socioeconomic Management Plan, Appendix A.22F). This monitoring strategy will hold CMC accountable for its commitments to implement employment strategies.

A mine closure plan is a requirement of Quartz Mining Licencing. Detailed plans are required in order to receive authorization to develop and operate the mine, and subsequent updated plans must be submitted and approved periodically throughout mine development and operation (Yukon Government, 2013). CMC will work with affected communities to develop and refine this plan. Socio-economic considerations of this plan will include:

- Offering on the job training and skills upgrading to workers to provide them with increased capacity to find other jobs;

- Assisting in the development of new economic development opportunities such as by providing seed funding for local contractors to diversify into other sectors; and
- Helping identify new career opportunities and out-placement services such as working with other regional employers to find new jobs for mine employees.

CMC will also implement several strategies to mitigate the effects of closure. These strategies will include:

- Providing materials and support to employees that enable them to identify skills developed and used during their employment tenure on the Project, identify positions in other industries that require these skills, and assist them in the effective presentation of their skills and experiences with resume support.
- Completing a social impact assessment prior to planned closure in order to evaluate the potential social and economic implications of the Casino mine closure on communities and stakeholders as well as identify mitigation measures to minimize the social and economic effects of the Project's closure
- Monitoring and reporting of internal business activities and international markets in order to anticipate and prepare to the extent possible for unplanned closures or reduced operations.
- Evaluating support mechanisms for CMC employees, such as providing employees with a supplement to Employment Insurance benefits for a specified period to time to assist in job transition, in the event of a temporary or unplanned closure.

In each of these strategies, CMC will provide clear and transparent information on planned closure activities and provide as much notice as possible on closure activities.

Unplanned Closure

To present an evaluation of the effects of unplanned closure, and provide mitigative measure, case studies of how some of these small mining communities (and other single industry resource industry towns) have responded to industry closure have been reviewed. The main reference document is the Provincial and Territorial Departments Responsible for Local Government, Resiliency and Recovery Project Committee (PTDRLGRR) *Facing the Challenge of Industry Closure: Managing Transition in Rural Communities* report from February 2005.

Mitigating the effects of planned/unplanned industry closure is a shared responsibility between all community leaders, and the success of such mitigation depends, in part, on the ability of stakeholders to work together to overcome such a challenge (PTDRLGRR, 2005). Nevertheless, CMC will play a lead role in coordinating communications, planning and activities between all stakeholders in the community to advance plans to manage and mitigate a planned/unplanned closure. Research demonstrates that “effective transition management anticipates and plans for industry closure instead of reacting to it...[as] stakeholders should expect [closure] and prepare for it as a normal event in the life of industries that depend on non-renewable resources or resources that depend on shifting global markets” (PTDRLGRR, 2005).

CMC has reviewed the key conclusions and best practices identified by the PTDRLGRR Project Committee, and will incorporate these findings in their planning and activities (e.g. development of mitigation strategies) for a planned/unplanned closure. As found by the PTDRLGRR, there is no simple, transferable process to ensure the successful transition of a community following industry closure (2005). Rather, the successful transition of a community following an industry closure depends on a “complex interrelated range of action” directed by how an individual community defines or visions a ‘successful transition’ (PTDRLGRR, 2005). Thus, CMC will engage early with local leaders to establish a framework to initiate and guide the planning of a future planned/unplanned closure (see the Conceptual Socio-economic Management Plan, Appendix A.22F). This locally-relevant

framework will then act as a tool to guide the collective planning and preparation(s) for industry closure throughout the life of the Project.

General Mitigations

Mitigations for both planned and unplanned closure in the Project Planning phase and construction and operations phases are detailed below.

Project Planning: Socio-economic Management Plan

During the initial Project planning stage, CMC will further develop the Socio-economic Management Plan (SEMP - Appendix A.22F). This SEMP will act as the framework to bringing the three parties (CMC, affected First Nations and Yukon Government) together to develop CMC's socio-economic monitoring program, and guide its development. The SEMP will describe such key details as, but not limited to: identifying the scope of the monitoring program (including those local agencies which will be involved in the monitoring of project-related socio-economic effects); the process(es) which the monitoring program will use to assess expected and unexpected socio-economic effects; the management of CMC's 'sustainable socio-economic initiatives' (e.g. employment and skills training programs); and, the consultation and engagement approach that the program will use to share monitoring program findings and inform monitoring program developments (e.g. adaptive management of mitigation measures, etc.).

Project Construction & Operations:

The socio-economic landscape is a naturally dynamic system which is always in flux and subject to the influences of changing conditions. Understanding how conditions are changing is important as it may influence planning objectives and mitigations, as well as identify socio-economic trends which are unrelated to a specific project.

To stay aware of socio-economic conditions during Project construction and operations and be able to direct project management and developments, CMC will complete the following:

- **Ongoing Consultation and Engagement:** A community's ability to transition through and recover from industry closure is related to the ability of key stakeholders (in addition to the proponent) to work together to support communities and/or individuals through this time of change (PTDRLGRR, 2005). As such, as part of CMC's ongoing consultation and socio-economic monitoring programs, CMC will work to continuously engage key stakeholders to help ensure that, if required, they will be well positioned to work together.
- **CMC Socio-economic Monitoring Program:** CMC will conduct ongoing socio-economic monitoring as detailed by the SEMP. It is anticipated that this socio-economic monitoring program will work to enhance the efforts of other such programs (e.g. the Minto Mine Socio-economic Monitoring Program) to maximize efficiency and reduce the potential of participant fatigue. As the SEMP will monitor and assess socio-economic conditions on an ongoing basis, this will contribute to CMC's ability to mitigate socio-economic effects, including unplanned closure.

Further, the monitoring program will include a section focused on internal business activities and international markets in order to help anticipate, and prepare to the extent possible, for any unplanned closures or reduced operations. Literature supports that the recovery of an industry closure is easier if transition management begins early (eg. when financial indicators are consistently poor), rather than in a reactionary fashion after a closure announcement is made (PTDRLGRR 2005).

- **Social Impact Assessment (SIA):** An SIA will be conducted approximately 5 years prior to planned closure in order to re-evaluate the potential social and economic implications of the Casino mine closure on

communities and stakeholders, as well as to identify mitigation measures to minimize the social and economic effects of the Project's closure.

The practice of conducting additional SIA(s) is becoming more commonplace among mining proponents as the value of this work is becoming increasingly recognized. Subsequent SIAs can provide a better understanding of anticipated and unanticipated project-related impacts, reflect changes to the socio-economic landscape which may naturally occur over time, and consider the effects of cumulative and indirect social impacts on communities (Lockie et al., 2009).

- **Mine Closure Plan:** A mine closure plan is a requirement of Quartz Mining Licencing. Detailed plans are required in order to receive authorization to develop and operate the mine, and subsequent updated plans must be submitted and approved periodically throughout mine development and operation (Yukon Government, 2013). CMC will work with affected communities to develop and refine this plan. The Mine Closure Plan will incorporate the results of the ongoing consultation and engagement, SEMP, and SIA to ensure that the best available data is used. Elements of this plan applicable to socio-economic indicators will include, but are not limited to:
 - Offering on the job training and skills upgrading to workers to provide them with increased capacity to find other jobs;
 - Assisting in the development of new economic development opportunities such as by providing seed funding for local contractors to diversify into other sectors; and
 - Helping identify new career opportunities and out-placement services such as working with other regional employers to find new jobs for mine employees.

In addition to the commitments described above, CMC will also implement industry best practices for successful transition management, to help mitigate the effects of closure. These best practices apply to three general periods of time ('pre-closure', 'during the immediate transition', and 'long-term'), and may be focused at the community and/or individual level. Examples of what these best practices may entail are described below and are derived from the PTDR LGRR 2005 report.

Pre-Closure Phase:

CMC will work with community leaders to implement the following best practices in the pre-closure phase to support a successful community transition in the event of an unplanned closure:

- Work to establish a culture of responsibility and leadership;
- Provide the maximum warning of closure possible to communities, to help alleviate shock and provide communities and individuals an opportunity to adapt;
- Engage community leadership in the early and advanced planning of closure; and
- Maintain ongoing communications with the community and community stakeholders.

Immediate Closure Phase:

Several options for employee-level transition support may be offered by CMC following the immediate closure of the mine; these may include providing such support as:

- Severance payments;
- Extension of company benefits for a fixed amount of time;
- Relocation assistance;

- Early retirement options; and
- Job Retraining and Education Upgrading Assistance: This may include providing materials and support to employees that enables them to further develop and/or identify transferable skills used during their employment with CMC, identify positions in other industries that require these skills, and assist them in the effective presentation of their skills and experiences through resume support.

This strategy has been successfully demonstrated in other mining focused communities in Canada, as illustrated by BHP's Island Copper mine in Port Hardy, British Columbia, Canada. At the Island Copper Mine, two programs were implemented to support mine employees retrain and upgrade their education. In total, 155 employees found new jobs through this program (Veiga et al., 2000).

Long-Term:

Through its Closure and Reclamation Plan, and Post-Closure Monitoring and Inspection Programs, CMC will address such long-term effects as environmental hazards and wastes so that the lasting footprint of the Project is minimized and returned to a state which the community desires (PTDRLGRR, 2005).

B.15.2.1.2 R2-190

R2-190. Clarification on efforts that will be used to draw employees from unemployed or underemployed populations.

CMC has made a number of commitments to draw employees from unemployed and underemployed populations; for example, pick up points for shift change charter flights in Yukon communities outside of Whitehorse, subject to employment numbers.

In addition to commitments described in R383 and 384 of the supplementary information report, below are conceptual detail around how this will be implemented. These concepts will be subject to any provisions that are agreed to in Impact Benefit Agreements with affected First Nations:

- Provide advanced notification of employment opportunities, position requirements, and hiring schedules to local communities and the Yukon Government such that under- and unemployed individuals will have sufficient time to prepare for Project employment.
- Attract First Nation employees by ensuring that at least one Employee Relations Personnel can communicate in Northern Tutchone language, provide First Nations with specified number of days for unaccountable leave, and accommodate for subsistence harvesting and participation in cultural activities, among others.
- Require contractors to implement CMC's employment strategies in their hiring and recruitment practices.