Conservatives unveil a few surprises, opposition cries foul [Omnibus Bill]

Globe and Mail – October 18, 2012
BILL CURRY AND KIM MACKRAEL

The Conservative government is promising big savings from reforming pensions for public servants and MPs: $2.6-billion over five years and $700-million a year after that.

That’s separate from the $5.2-billion a year in spending cuts announced earlier this year by a government that is hoping to erase the federal deficit before the next election even as it faces lower-than-expected economic growth.

The pension changes were revealed Thursday in the government’s second omnibus budget bill, a wide-ranging piece of legislation that numbers 443 pages (457 if you count the table of contents). It amends
dozens of federal statutes, including the Indian Act, the Canadian Labour Code and the Merchant
Seamen Compensation Act.

Finance Minister Jim Flaherty promised this week his bill would have no surprises, yet it contained
several measures that were not spelled out in his March budget, such as limiting the number of
Canadian lakes and rivers that will be covered by the Navigable Waters Protection Act to 97 specific
lakes and 62 rivers. It also renames the law the Navigation Protection Act.
The opposition parties immediately accused the government of repeating the practice of jamming a
budget bill with controversial items to avoid detailed scrutiny.

Peter Russell, an expert on parliamentary democracy and professor emeritus at the University of
Toronto, said Canadians need to wake up to the decline of their democratic institutions, citing federal
omnibus bills and the Ontario Liberal government’s decision to prorogue the legislature this week as
examples.

“It’s part of a general undermining of parliamentary democracy,” he said. “It’s for the people really to be
aroused enough to rise up on their hind legs and through all their social media and say: ‘We don’t want
government of this kind.’ ”

Members of Parliament to pay up for pensions

For years, the Canadian Taxpayers Federation has cried foul over the terms of MP pensions.
Parliamentarians with at least six years of service can get a full pension by age 55 in the current system.
Their annual contributions of $11,060 require major top-ups from the government.
The lobby group could barely contain its glee Thursday over Conservative reforms that will force MPs
and Senators to pay $38,769 a year and wait until age 65 to collect. The contribution rate will be a 50-50
split between MPs and taxpayers.

“It’s the type of reform we’ve been fighting for for over 20 years,” Kevin Lacey, a spokesman for the CTF,
said at a Parliament Hill news conference.

The reforms are one part of the government’s budget bill that appears to have the support of opposition
parties. Interim Liberal leader Bob Rae proposed on Thursday in Question Period that the provisions be
split from the bill and passed in a day.

“I will take that specific suggestion under advisement,” Prime Minister Stephen Harper replied.

Public sector feeling the pain

With more than 400,000 federal employees – including the RCMP and the military – scaling back
pension-plan benefits, Ottawa is going to save a lot of money.

Rule changes will require new hires to work longer and all workers to pay more into their pensions. The
normal retirement age in the public service will rise to 65 from 60, with one exception. An employee
with 30 years of service can currently retire at 55. That will rise to 60. Public servants will also be moved
to a 50-50 contribution, up from 37 per cent.

“By far the lion’s share of taxpayer savings from that $2.6-billion over five years obviously occurs in the
public sector pension changes, because we have 420,000 public sector employees and there’s only 308
Members of Parliament,” Treasury Board President Tony Clement said.

Robyn Benson, national president of the Public Service Alliance of Canada, said the change creates a
two-tier pension system and is not the right approach.

“They shouldn’t be looking at weakening any pensions,” she said. “They should be looking at enhancing
all pensions.”

Waterway changes enrage environmentalists
Changes to the laws governing navigable waters will end Transport Canada’s responsibility for tens of thousands of lakes and rivers in Canada.

The proposed changes limit the Navigable Waters Protection Act to 97 lakes, 62 rivers and three oceans. That means construction of dams, bridges and other projects will be permitted on most waterways without approval from the department.

Transport Minister Denis Lebel said waterways will be protected by other federal laws and provinces and municipalities. But environmentalists and opposition MPs say the changes further dismantle Canada’s environmental protection laws.

“The destruction of the Navigable Waters Protection Act … is part of a consistent pattern of Stephen Harper trying to remove federal constitutional authorities for the environment,” Green Party Leader Elizabeth May said.

The name of the act will be changed to the Navigation Protection Act, a move officials say recognizes its “historic intent” to focus on navigation, not water.

Employment Insurance board ends operation

Ottawa’s version of the Maytag repairman is getting the boot.

At a cost of about $1.4-million a year, the Conservative government created the Canada Employment Insurance Financing Board in 2009. The independent body was meant to ensure EI premiums were set at a break-even rate and were not used to boost Ottawa’s bottom line. But during the recession, when EI costs soared, Finance Minister Jim Flaherty froze rates, and set an annual ceiling for increases.

The March budget mentioned reviewing the board’s mandate. Thursday’s budget bill suspends its operations.

It could be revived when the EI account is in surplus.

The budget bill also shuts down the Merchant Seamen Compensation Board, which adjudicates disputes over wages and benefits. The federal human resources department will take over its duties.

The work of the Hazardous Materials Information Review Commission will move to Health Canada. A spokesman for Health Minister Leona Aglukkaq said the move would save administrative costs and have no impact on safety.

**Everything from Indian Act to Canada Labour Code altered in latest omnibus bill**

Canadian Press – October 18, 2012

Bruce Cheadle

OTTAWA--The latest omnibus budget bill from the Harper government makes changes to everything from the Indian Act and the Canadian Labour Code to the Canada Shipping Act.

The bill kills off independent tribunals that examined things such as hazardous materials in the workplace and set the rates for employment insurance premiums, while making workers pay taxes on their employers’ contributions to group health and accident insurance plans.

It also sharply reduces project approvals required under the Navigable Waters Protection Act, sets time limits on worker complaints under the Canada Labour Code and makes additional changes to an Environmental Assessment Act that was essentially rewritten by the Conservative government last spring.

It lays out a whole new act for the building of a new bridge from Windsor, Ont., to Detroit, while exempting the project from "a number of federal laws under which permits, approvals or authorizations would normally be required."
The bill -- the second of two massive implementation acts based on the March federal budget -- contains no surprises, said Finance Minister Jim Flaherty, who angrily accused the opposition of being too lazy to read last spring’s federal spending blueprint.

"What's in the bill today is in the budget," Flaherty snapped in the House of Commons.

"If you haven't read the budget, I say to my honourable friends on the other side, I don't know what you did all summer.... Do your work. Do your job."

But citing the words of a young Stephen Harper, opposition MPs responded that the sprawling omnibus bill is exactly what's preventing them from doing their job -- examining proposed legislation in detail and depth.

"How do they expect Canadians to understand all the devious schemes and plans this government has for them in such a short amount of time?" demanded Nathan Cullen, the NDP House leader.

"This is a prime minister who used to have contempt for such tactics (while an opposition MP)."

Critics suggest the devil is always in the details -- and at 457 pages, the omnibus legislation includes a lot of them.

"Frankly, I think it's a little dishonest on the part of Mr. Flaherty to say that there are no surprises in the budget bill," said Bob Rae, the interim Liberal leader.

"In a Conservative budget, there are always surprises."

In fact, a cursory search of the March 2012 budget document reveals that Flahery is wrong -- not everything in the legislation tabled Thursday was flagged in the spring spending blueprint.

For instance, on EI rates, the budget stated that: "Over the next few years, the Canada Employment Insurance Financing Board (CEIFB) will continue to set the rate, but the government will limit rate increases to no more than five cents each year until the EI Operating Account is balanced."

On Thursday, the board was disbanded while the Conservatives set up what they're calling an "interim ... regime" for setting EI rates.

The budget also made no mention of changes to the definition of a native fishery included in the omnibus bill, while the Navigable Waters Protection Act is entirely absent from the March budget.

That didn't stop the prime minister from claiming every measure in the omnibus bill -- including those made public for the first time Thursday -- has the public's seal of approval.

"I don't know what specific objections (opposition critics) have to them, but I know they've been well received by the Canadian public and they are important to continue the superior performance of the Canadian economy," Harper told the Commons.

The navigable waters changes drew the sharpest reaction Thursday.

The previous omnibus budget bill sparked a lengthy parliamentary battle in June over changes to the Environmental Assessment Act that rewrote the rules for major project developments.

The Federation of Canadian Municipalities applauded the latest changes to the Navigable Waters Protection Act, which similarly clear away regulatory hurdles.

The reforms, it said, will "make it more affordable to build basic infrastructure."

Critics, including aboriginal groups and environmentalists, were appalled.

The new act, rechristened the Navigation Protection Act, limits its scope to just 97 lakes and 62 rivers. There are almost 32,000 lakes in Canada larger than three square kilometres, according to Natural Resources Canada.

"In other words," said Green party Leader Elizabeth May, "the minister of transport and the federal government will have nothing to say about dams, mines, bridges, highways -- you name
it -- that obstruct and change the waterways of Canada unless they happen to be a listed waterway."
NDP Leader Tom Mulcair called the existing law "a worldwide model for good environmental
stewardship" and said Canadians are "going to be losing an incredible, unique protection."
And a spokesman for the Athabasca Chipewyan First Nation in Alberta called the move "unacceptable."
"They have made a unilateral decision to remove the protection of waterways without adequate
consultation with First Nations and communities that rely on river systems for navigation and cultural
practices protected under treaty," Eriel Deranger said in a release.

CRTC pulls plug on $3.4B Astral-BCE merger deal

BCE would have too much power, says regulator Julian Beltrame

Canadian Press – October 19, 2012
Julian Beltrame
The federal broad-cast regulator gave an unequivocal thumbs down to BCE Inc.'s takeover of Astral
Media on Thursday, declaring in no uncertain terms the $3.4-billion deal was not good for Canadians.
The surprise decision by the CRTC was announced after stock markets closed and marked the first major
ruling for newly installed commissioner Jean-Pierre Blais.
Not only did Blais, who took over in late June, turn down one of the biggest takeovers yet submitted to
the Canadian Radio-television and Telecommunications Commission, he left little doubt about where he
stood, or how he would respond should BCE return with a modified but essentially similar proposal.
"This transaction would have resulted in an unprecedented level of concentration in the Canadian
marketplace and we had grave concerns that BCE would be able to use its market power in an unfair
manner and engage in uncompetitive behaviour," he said.
"Simply put, this was not a good deal for Canadians" that could have restricted choice and raised prices
of services, he added.
He pointed out that if the deal had been approved, BCE would have controlled almost 45 per cent of the
English TV viewership and almost 35 per cent of the French. As well, it would have become the largest
radio station operator in Canada and would have controlled over half of TV pay and specialty services.
"At the end of the day, BCE demonstrated clearly that the proposed transaction would be good for BCE,
but we were not persuaded that it was in the best interest of Canadians," he said.
Asked if he would consider an amended request from BCE, he said he could not stop the media giant
from taking a second shot, but added:
"I recommend before anybody brings a new application that they carefully read the decision."
A CRTC official said the decision could be challenged at the Federal Court of Appeals, but that the Harper
cabinet could not overrule it because it does not entail issuance or renewal of a licence.
Telecom analyst Iain Grant said the CRTC hasn't delivered a ruling of this magnitude since 1992 when it
approved competition for long-distance calling.
"This is a defining moment for the CRTC," said Grant, managing director of the SeaBoard Group. "They
have stared at Canada's largest corporation and one of the largest deals in Canada and said 'No.' "
Blais said the decision reflects his philosophy to "put Canadians back at the centre of the
communications system."
BCE already controls 33.7 per cent of the English TV viewership in Canada and is owner of Bell Canada,
the CTV television network, numerous specialty stations and the former Chum radio stations, and a
national satellite delivery system.
Had it succeeded in acquiring Astral Media, it would have brought 25 channels, including The Movie Network, HBO Canada and French-language Super Ecran, and more than 80 radio stations into the BCE stable.

"That convergence, integration and scale may lead to a point at which the size of an entity on a national level becomes so large that it hinders effective and healthy competition," the regulator said.

In public hearings last month, BCE officials said the acquisition left sufficient "diversity of voices" in the broadcasting system, and pledged tangible benefits by adding $200 million in funding for programs.

Bell said it needed to get bigger to take on foreign online competitors like Netflix and that if the deal is killed that Astral's assets will ultimately be split up, guaranteeing continued foreign dominance in the way that online content is delivered.

Most of Bell's rivals, with the exception of Shaw, opposed the deal at the CRTC hearing, some presenting doomsday scenarios of uncompetitive behaviour.

"We commend the CRTC for this courageous decision," Phil Lind, vice-chairman of Rogers Communications, said Thursday.

"We believe that Canadians should have fair and open access to content. This is a good day for consumers."

The CRTC said there were some benefits to the system in Bell's proposal, but they were not "significant and unequivocal" enough to outweigh the concerns.

Had the regulator approved the deal, it would not have been clear sailing for Bell.

The Competition Bureau had indicated it was "increasingly concerned" about the deal.

Astral shares were expected to come under pressure in trading Friday.

Under the proposed deal, Bell was set to pay $50 per share for Astral's class A non-voting shares and $54.83 for the company's class B subordinate voting shares.

Astral's class A shares closed down $1.44 at $47 on the Toronto Stock Exchange before the CRTC's decision was announced. The class B shares were up a penny at $51.90.

BCE shares were up 15 cents at $43.63.

CIRCUMPOLAR NEWS

RCAF assists Environment Canada Arctic project

Canadian Skies – October 18, 2012

David Elias

The frigid waters in Canada’s Arctic have historically been locked in ice nearly year-round, making them virtually inaccessible to even the toughest ships. But this is changing. Sea ice cover is declining and with increased attention to the North, marine traffic is on the rise.

That’s one reason Environment Canada is seeking to gain a better picture of Arctic conditions. With the help of the RCAF, they are deploying several sophisticated buoys that transmit information via satellite to monitor air temperature, air pressure and ice movement. The information will enhance marine weather and ice predictions in the Arctic and will be shared, primarily with mariners, but also with aviators, northern communities and others traveling North of 60.

The Canadian Forces is contributing to this initiative this year through use of a CC-130J Hercules aircraft to deploy ice buoys in the Arctic Ocean, west of the Canadian archipelago. The Hercules came from 436 Transport Squadron, based at 8 Wing Trenton, Ont.
“We’re excited to assist with this project as it serves Canada’s growing meteorological and environmental needs,” said Graeme Black, a metrological specialist at 1 Canadian Air Division. “But the Canadian Forces will also benefit through forecast services that will support safe and secure Arctic missions and operations.”

From Sept. 29 to Oct. 1, 2012, nine buoys, designed to rest on the ice, were deployed. They were dropped from altitudes between 700 and 2,000 feet (213 to 609 metres) off the back ramp of a CC-130J Hercules and descended by parachute. Seven of the buoys are successfully reporting data.

“Given the harsh and unpredictable northern conditions, it is not possible to land all of our buoys with a perfect success rate,” said Black, who spent more 30 hours on the Herc, which covered over 10,000 nautical miles. “Still, we’re happy with the results that were achieved.”

Powered by two tadrian lithium thionyl chloride battery packs, the ice buoys are approximately three feet high and two feet in diameter (1 by 0.6 metres).

The area that Environment Canada is covering during this project is considerable – which is why the speed, reach and practicality of an RCAF aircraft is ideal. As part of its commitment to northern sovereignty, the Canadian Forces continues to expand its presence and capability in the North, making this mission an ideal fit.

Through a provision of service agreement with Environment Canada, the RCAF will provide air support over the next three years. Next year’s mission is expected to involve the deployment of on-ice as well as in-water drifter buoys.

This initiative, called METAREAs – short for “meteorological areas” – was launched in June 2010. Yearly service expansions are being planned, so that by the end of March 2015, Environment Canada will be providing year-round weather and ice services for Arctic travelers.

**Clinton: Rules of road needed to prevent Arctic ‘catastrophe’**

The Hill – October 18, 2012

Ben Geman

Secretary of State Hillary Clinton said Thursday that international collaboration will be vital as melting sea ice opens up new shipping and oil-and-gas drilling opportunities in the Arctic. “Some of our energy diplomacy is focused on remote areas like the Arctic, a frontier of unexplored oil-and-gas deposits and a potential environmental catastrophe,” Clinton said during a wide-ranging speech on energy diplomacy at Georgetown University. “The melting ice caps are opening new drilling opportunities as well as new maritime routes, so it is critical that we now act to set rules of the road to avoid conflict over those resources and protect the Arctic’s fragile ecosystem,” she said.

Climate change is altering the Arctic terrain and nations are jockeying for access. Arctic sea ice coverage reached its lowest level on record in September. Clinton touted the Obama administration’s work with the multilateral, eight-nation Arctic Council. “We are working to strengthen the Arctic Council ... so that it can promote effective collaboration,” she said. One key topic is the role of China, which is not an Arctic nation but is seeking permanent observer status on the council.

**NUNAVUT NEWS**

$1.2B Nunavut to Manitoba road would be a "tough sell"

CBC News – October 18, 2012

Officials say if road is built, it must be for national, not economic, reasons
A study obtained by CBC News shows the cost of a road from Manitoba to Nunavut would likely far outweigh its economic benefits.

However, Canada was built by rail, road and waterways, and people who are pushing for a land link between Nunavut and the South believe the country still has one major piece of nation-building left. "Nunavut is joined to the rest of Canada by only the thinnest of threads," said Nunavut Premier Eva Aariak.

Aariak told a Toronto audience last year that Nunavut clings to confederation without a single ground link to the South.

For years, Nunavut and Manitoba have talked about an all-weather road connecting the two regions. A recently released business case study shows a road from Rankin Inlet, Nunavut, to Sundance, Man., would cost $1.2 billion. The study also shows the 1,100-kilometre road would generate less than half that amount in benefits.

"This is a tough sell, it's a tough sell on the economics, and it's a tough sell just because of the magnitude of it," said Shawn Maley, a spokesperson for the Nunavut government.

Maley and the Manitoba government believe the road will take commitment from Ottawa – they say it must be built for national, not economic, reasons.

Road would be similar to Dempster, Transcontinental highways, say officials

"This is a country that has an extensive history of visionary transportation projects," said Steve Ashton, Manitoba’s Minister of Transportation.

Ashton says the Nunavut to Manitoba road compares to the transcontinental railroad and the Dempster Highway.

"I really believe it's not a question of if there will be a land link to Nunavut, it's a question of when," he added.

Nunavut's MP Leona Aglukkaq promised to push ahead on the road during last year's election. She says she's still committed.

"We need to explore ways of improving our transportation infrastructure in the North, but it's not going to happen overnight."

Manitoba already uses winter roads to connect to 22 communities in that province which do not have all-weather road access.

Maley estimates a winter road alone from Nunavut to Manitoba would cost $5 million to $6 million to build, and then about $3 million a year to maintain.

If money was available, the all-weather road between the two regions would take 15 years to complete, according to the study.

Road could open up Kivalliq region for more development

The proposed road would pass close by 22 mineral exploration projects and could open up the Kivalliq region in Nunavut to further development.

Dale Coffin, who is with mining company Agnico-Eagle, says it would cut down on uncertainty. Agnico-Eagle operates a gold mine outside of Baker Lake, Nunavut, with plans to build another near Rankin Inlet.

"If there's an existing mine that's in the area, or an old one, then the best place to find a new mine is beside one of those facilities," he said.

But Coffin believes industry might be reluctant to invest in the proposed mega-project without immediate benefits for shareholders.
"It's difficult to make a decision based on what's the outcome for that particular company if there's no apparent benefit right now."

Agnico-Eagle built a 110-kilometre road to its Meadowbank mine in Nunavut, so Coffin says it is technically possible to link Nunavut, by road, to the rest of Canada.

**Thousands of barrels of oil ooze naturally into Nunavut waters**

*But Nunavut’s reserves unlikely to be developed soon*

_Nunatsiaq News - October 18, 2012_  
DAVID MURPHY

Thousands of barrels of thick, black, toxic crude oil are spewing into Nunavut’s waters today. Satellite radar imagery has detected a number of oil slicks off northeastern Baffin Island — and some have even been photographed by scientists. The largest slicks cover more than 250 square kilometres, with at least 50,000 barrels of oil dancing on the surface of the water.

That’s what Dr. Gordon Oakey, a marine geophysicist for the Geological Survey of Canada, said Oct. 17 at the Nunavut Petroleum Workshop in Iqaluit. But how does the oil get there?

Oakey presented a slide that explains it all — it’s nature. That slide showed a crack in the ocean floor at Scott Inlet, about 130 km north of Clyde River. The slide showed black oil bubbling around an orange starfish lying at the bottom of the ocean floor — making its own way to the surface naturally, Oakley said.

“What I’d like to point out is the scale here,” Oakey said. “Some of these slicks [from this oil] are about 40 or 50 km around, and when you consider the thickness of an oil film, each one of these slicks represents 25,000 to 75,000 barrels of oil sitting on the sea surface at any one time.”

Geologists don’t know whether this is due to a constant seep of oil from the sea-floor, or from once-in-a-while seismic activity that pushes oil up from inside the earth’s crust beneath the seafloor and into the ocean.

Oil slicks were first recorded on the sea surface offshore from Scott Inlet in 1976 by a scientific team from the GSC. Then, a Pisces IV submersible was used in 1981 and 1985 to look at the sea floor and collect targeted samples. This work confirmed that oil and gas were indeed seeping from several locations, says a GSC document on the oil slicks.

Extensive surface slicks were mapped and observed in several locations off Scott Inlet and Buchan Gulf. These naturally occurring oil spills could help people understand what might happen if a spill took place during offshore oil or gas drilling.

But Oakey’s presentation, and many others at the petroleum workshop, also tells a tale of great significance — that Nunavut is sitting on top of a rich trove of oil, waiting to be extracted.

Presentations during the workshop, called a “Vision for Oil and Gas Development in Nunavut,” also included Genevieve Carr, a senior advisor with Northern Petroleum and Mineral Resources at Aboriginal Affairs and Northern Development Canada, who said “one quarter of Canada’s discovered resources of conventional petroleum are in the North and remain undeveloped, as well as one third of the country’s estimated potential.”
But these Nunavut-based resources aren’t likely to be developed any time soon, despite a recent flurry of exploration on the Greenland side of Baffin Bay.

No firms have done any exploration work in Nunavut waters since 1985, for a long list of reasons, including the complex regulatory system, high costs, and little interest on the part of the federal government.

There's interest in finding out more about what’s going on in and around Scott Inlet.

In 2011, a proposal to start five years of seismic testing in the Davis Strait and Baffin Bay area, outside the Nunavut land claims settlement area, sparked opposition from people in Clyde River and Pond Inlet the Arctic Fishery Alliance, the Baffin Fisheries Coalition and the Qikiqtani Inuit Association.

But now Nexus Coastal Resource Management, which wants to start its NorthEastern Canada 2D Seismic Survey next summer, held more community information sessions on its project this past week in Qikiqtarjuaq and Kimmirut.

And, there’s another roadblock: at the same time, negotiations over transfer of natural resource ownership and authority, or devolution, are still continuing, said Eric Prosh of the Nunavut Department of Economic Development.

The petroleum workshop comes to a close Oct. 18 with a special by-invitation-only session on environmental assessment, hosted by the federal government.

**Review board member off Giant Mine file**

*Tory appointee embarks on 'very aggressive line of questioning' at public hearing: Alternatives North*

Yellowknifer – October 19, 2012

Katherine Hudson

A social justice coalition is pleased with one Mackenzie Valley Environmental Impact Review Board member's decision to remove himself from the Giant Mine portion of the board's work after employing a "very aggressive line of questioning" at the mine's public hearings last month.

Kevin O'Reilly, of Alternatives North - an environmental and social advocacy group that has been critical of the federal government's plan to freeze and store arsenic trioxide at the mine site indefinitely - was on the receiving end of questioning from board member John Curran on the final day of the hearings.

Curran asked what designating Yellowknife as "Dumpee McDump Park" or "arsenic land" would do to property values in the capital as well as questioning, for the second time during the hearings, about the membership and structure of Alternatives North.

"I'm just trying to understand what sort of clandestine organization this is, and whose interest it represents," said Curran on Sept. 14.

Earlier in the week, Curran, who was appointed to the board by John Duncan, minister of Aboriginal Affairs and Northern Development Canada, last July and was Conservative hopeful Sandy Lee's NWT campaign director during last year's federal election, requested a list of members of the group, which O'Reilly prepared including details of the group's history in the Giant Mine environmental assessment.

Curran also questioned the Yellowknives Dene and the North Slave Metis Alliance on whether they "respect the wisdom and authority of this board."

"I think it would be fair enough to characterize it as a very aggressive line of questioning and we attempted to respond in a respective and helpful manner as best we could, but that didn't seem to satisfy Mr. Curran at the time," O'Reilly told Yellowknifer yesterday.

After a break in hearing proceedings on Sept. 14, Curran apologized for his "aggressive tone" and that it was not his intent to offend the parties present with his approach to the questions.
"The compressed agenda affected my ability to take my time with these questions and may have conveyed a certain aggressive tone; that was certainly not my intent ... On a personal level, I would like to apologize to Mr. O'Reilly if I offended him," said Curran.

Alternatives North accepted Curran's apology, said O'Reilly.

"I think at the end of the day, he did the right thing," he said.

Vern Christensen, executive director of the board, confirmed Curran removed himself from any further participation in the environmental assessment of the Giant Mine remediation project.

"I think he just reflected on the hearing and some of the discussion that occurred at the hearing and he thought perhaps he may have appeared, may have created an apprehension of bias. But it's something that he reflected on and decided to be excused from that particular file," said Christensen.

"It doesn't affect his other work with the board in any way."

Duncan appointed Curran to the board for a three-year term. Curran declined to comment when reached by phone last week.

The board will now deliberate over the next few months on the information provided during the Giant Mine Remediation Project public hearings before releasing its final report.

Back the bid for YK based search and rescue

Yellowknifer – October 19, 2012

There is more than meets the eye regarding a proposed joint bid by Yellowknife-based aviation company Discovery Air and Spanish aircraft manufacturer Airbus Military to replace Canada’s aging fixed-wing search and rescue fleet with the C295 aircraft and establish a search and rescue base in Yk.

In short, it’s huge.

First, keep in mind that the whole issue of a new search and rescue fleet has been initiated by Ottawa. Following on the heels of the 2008 Canada First Defence Strategy was a 2009 call to industry for feedback on high-level requirements for the air fleet, with an eye to replace the CC-115 Buffalo and the CC-130 Hercules.

Second, despite the use of volunteer spotters from the Civilian Air Search and Rescue Association, search and rescue operations have been, and are proposed to continue being, an undertaking of the Canadian Forces. The military aircraft are staffed by military pilots and military search and rescue technicians and are serviced in part by the military.

Third, this has the potential to become a 20-year contract worth approximately $3 billion. The federal government is developing its request for proposals and has asked industry to propose the type and quantity of aircraft and where they will be based.

Fourth, the method of search and rescue has changed dramatically. No longer will it be reliant on eyeballs scanning vast tracts of land and sea, trying to find a black spot on the white snow. Instead, the new aircraft will be equipped with infrared sensors and search radar capable of finding lost people quicker and easier.

The twin-engine turboprop C295 has a rear ramp for dropping life-saving equipment and allows SAR technicians to parachute to the scene during a rescue mission.

Because Canada is reviewing the locations of its four search and rescue bases - in Comox, B.C., Winnipeg, Trenton, Ont. and Greenwood, N.S. - and since Prime Minister Stephen Harper has repeatedly spoken of the need for greater sovereignty in the North, we think the Discovery-Airbus proposal to supply the aircraft and establish a search and rescue base in Yellowknife deserves support.
When the request for proposals is made, we encourage Northern politicians to back the bid to benefit Yellowknife.

**RESOURCE DEVELOPMENT AND ENERGY NEWS**

**Harry Winston says interest, but no active talks for luxury brand business**

Canadian Press – October 18, 2012

TORONTO - Harry Winston Diamond Corp. (TSX:HW) said Thursday that it has received “various indications of interest” regarding the possible purchase of its luxury retail business, but said it was not in active talks.

The company made the comments after a report the company has been approaching potential buyers. Harry Winston owns a 40 per cent stake in the Diavik diamond mine as well as a luxury retailer business selling high-end jewellery and watches around the world.

Earlier this week, the company said the 2012 production target for the Diavik mine has been reduced to 7.4 million carats as the operation shifts its efforts to concentrate on processing higher-valued diamonds.

As recently as the company's second-quarter financial report issued in September, the 2012 production target for Diavik had been eight million carats.

The market for luxury items like diamonds and jewelry has been hard hit since the recession of 2008-2009.

Harry Winston has said the global economic downturn has taken a toll on both its domestic and international growth opportunities.

Shares in the company, which made the announcement after markets closed, fell four per cent or 55 cents to $13.28 Thursday on the Toronto Stock Exchange.

**Harry Winston might sell the family jewels**

New York Post – October 18, 2012

JAMES COVERT

Harry Winston is the marrying kind.

Shares of the fabled diamond merchant soared as much as 11 percent yesterday on reports it was in talks to sell its chain of swanky stores.

Harry Winston shares gained 4.7 percent to close at $14.18 after Reuters reported that the company had approached European luxury giants LVMH and PPR about a possible sale.

Sources told The Post that Harry Winston, famous for its baubles with six- and seven-digit price tags, has been approached by prospective suitors throughout the past year.

The pricey brand — made famous in the 1950s when Marilyn Monroe referred to it in the song “Diamonds Are A Girl’s Best Friend” — hadn’t actively approached potential bidders as of this summer, said one person close to the situation.

French conglomerate PPR owns the jeweler Boucheron but has signaled it is looking to bulk up its jewelry holdings. Likewise, LVMH is said to be interested in expanding its jewelry investments even after acquiring Bulgari last year.

Insiders said Chairman Bob Gannicott — who merged Harry Winston in 2004 with his Canadian mining company in a deal valued at $284 million — is considering selling the Harry Winston brand to raise capital as he weighs the purchase of other big diamond mines.
Selling the Harry Winston brand could be lucrative, as it has since multiplied in value by expanding its chain worldwide, giving the company a market capitalization of $1.2 billion.

**Nunavut regulator gives Areva more time**

*NIRB pushes back review process at Areva’s request*

Nunatsiaq News - October 18, 2012

The Nunavut Impact Review Board says Areva Resources Canada Inc. may take until Jan. 31, 2013 to prepare a preliminary response to technical review comments on its Kiggavik uranium mine project near Baker Lake.

Areva’s request to take several more months to respond to many requests for information on the project is “reasonable,” the NIRB said Oct. 15.

That decision came after the NIRB sent a stern letter last month to Areva because the company had told the regulator it would need several more months to respond to many requests for information — a step that usually takes only 30 days.

Areva then wrote the NIRB that it’s “committed to the environmental assessment process and has a long-term vision of contributing to Nunavut’s sustainable development.”

And the NIRB accepted Areva’s assurances that it will “participate in the NIRB’s review such that it may proceed in a ‘timely, predictable, and efficient manner.’”

After the NIRB receives Areva’s response package, the board will conduct “a preliminary completeness check” before starting a 60-day technical review period and scheduling the Kiggavik technical meeting next May and preliminary hearing conference to follow in June.

Several delays in the review process have pushed back the start-up of the Kiggavik project, once set to begin construction in 2017, to a production start in 2020.

Areva Resources Canada, a subsidiary of the Areva group of companies in France, wants to build, operate and decommission its Kiggavik uranium mine about 80 kilometres west of Baker Lake.

The company wants to extract uranium ore from open pits and an underground site, which would be processed at a mill, and then packaged and shipped out by air.

Sealifts and a winter access road would supply the mine site.

The mine, which would cost $2.1 billion to build over a four-year period and $240 million per year to operate, would generate up to 750 jobs during its construction and 600 jobs during its 14-year lifespan, as well as other indirect jobs.

Decommissioning would take another 10 years.

**Ellesmere coal deposits could solve “the current energy crisis in Nunavut”**

Nunatsiaq News - October 18, 2012

Canada Coal's 2012 exploration shows there's lots of thermal coal which could replace diesel fuel

Canada Coal Inc. which owns 75 coal exploration licences covering roughly 2.5 million acres of territory on Nunavut’s Ellesmere and Axel Heiberg islands, says its 2012 exploration program shows there are “extensive thermal coal deposits, with low sulphur and ash content” located on Ellesmere’s Forsheim Peninsula.

Thermal coal can be used to produce electricity and heat.
“We are greatly encouraged by the confirmation of extensive thermal coal deposits, with low sulphur and ash content, on our Fosheim Peninsula coal license area,” said Braam Jonker, Canada Coal’s president and chief executive officer, in an Oct. 16 news release.

Now Canada Coal says it’s examining the potential for thermal coal on its Arctic coal licenses “as a solution for the current energy crisis in Nunavut.”

Canada Coal is “actively evaluating various fuel power generation technologies including coal to liquids and coal water slurry,” Jonker said.

Coal water slurry can be used instead of oil or gas in any size of heating and power station, such as Nunavut’s diesel generating power plants. The presence of water in the slurry reduces harmful emissions produced by coal generation power plants.

Coal water slurry fuel is a heavy liquid fuel that is produced by mixing grounded coal, water and chemical additives, according to a description from a company called Sino Clean Energy Inc. which sells cold water products.

Coal water slurry can be stored, pumped and burned as a substitute for oil or gas in properly modified furnaces or boilers. It burns cleaner than coal, and is free of coal dust that pollutes the atmosphere.

This past summer, Canada Coal focused its attention on the western Fosheim Peninsula, one of six coal license areas owned by the company, about 36 kilometres east of Eureka and at the heart of its “Nunavut Coal Project.”

Initial sampling of that area in the 1980s suggested it contains about 22 billion tonnes of coal.

The $3.7-million 2012 exploration program assessed well over 100 coal seams showing extensive zones of low-sulphur, low-ash, sub-bituminous, thermal coal.

Results from 285 coal samples in 2012 showed extensive zones of low-sulphur, low-ash, sub-bituminous coal, suitable for use as thermal coal.

“These discoveries help to confirm the historic coal target size assessments throughout its Arctic coal properties. The next phase of exploration will include an upcoming drill program to further define our thermal coal deposits and to explore for metallurgical coal deposits at deeper levels,” Jonker said.

Metallurgical or “met” coal, is coveted for use in steel-making.

A March 2012 story in Mining Weekly Online said there is currently a scarcity of met coal worldwide and that, “people are scouring the world for new deposits.”

“As our exploration programs progress, we are committed to close cooperation with local communities and transparent communication with all stakeholders,” Jonker said.

**Emerald find gives literal meaning to Nunavut greenstone belt**

Mining News North of 60 – October 18, 2012

North Country Gold Corp. Oct. 16 said it has discovered emerald mineralization within drill core at the Anuri prospect of its Committee Bay Greenstone Belt property in Nunavut. The occurrence will be the focus of a research project at the University of British Columbia under the direction of Professor Lee Groat, which will investigate the origin of the emeralds. This work will form the basis of an exploration strategy to fully assess the potential for discovery of economic emerald mineralization in the Committee Bay greenstone belt.

“The discovery of emeralds at Anuri is only the fourth documented occurrence in Canada”, said North Country Gold President and CEO John Williamson. “North Country is pleased to have one of the world’s foremost emerald experts, Professor Lee Groat, initiate research on the emerald mineralization in the
Committee Bay Greenstone Belt and we are intrigued by the implications of further exploration and the potential for more discoveries of economic deposits.”

“The discovery of emerald mineralization at North Country Gold’s Anuri property is exciting for a number of reasons. Emerald is extremely rare because it requires unusual geologic and geochemical conditions to form, and evaluating these conditions will provide important clues to the genesis of the Anuri prospect as a whole. We, at UBC, are excited to be working with North Country Gold on characterizing the world’s most recently discovered emerald occurrence,” said Groat.

Emerald crystals were initially noted by a North Country Gold geologist when investigating highly elevated beryllium values contained within potassic-altered Prince Albert Group komatiites (a type of ultramafic mantle-derived volcanic rock) from drill core at the Anuri prospect which North Country was evaluating as a gold target.

Preliminary evaluation of the crystals by Groat utilizing X-ray diffraction and electron microprobe have confirmed that the crystals are beryl and that the dominant chromophore (a chemical group responsible for the color of a compound) is chromium with essentially no vanadium.

The Anuri occurrence is highly prospective for gold-silver mineralization and is characterized by a 500-by-1,500-meter zone of intensely altered and sulfidized mafic and ultramafic volcanic float boulders. Sampling of this boulder train has produced high-grade gold and silver values up to 291.2 grams per metric ton gold and 1,769.5 g/t silver; 20.68 g/t gold and 333 g/t silver; and 14.44 g/t gold; and 394 g/t gold.

Initial drilling at Anuri intersected gold and silver mineralization, along with elevated values of copper, bismuth, lead, zinc and cadmium. Hole 06AR007B cut 3.75 g/t gold, 63.7 g/t silver, 0.75 percent copper and 158.2 parts per million bismuth over 10.21 meters. Strong to intense potassic alteration along with silicification and sulfidation was encountered in the mafic and ultramafic stratigraphy.

The distribution of Prince Albert Group komatiites in the Committee Bay greenstone belt is extensive, forming a 25 kilometer by 10 kilometer (15 miles by 6 miles) belt in the southwest portion of the area. Potassic alteration has been identified throughout the area in association with broad zones of shearing and emplacement of late granitoid intrusions, which has implications for the widespread occurrence of emerald mineralization in the area.

North Country Gold said the results of the research into the genesis of the emeralds will provide key information to develop an exploration model to fully evaluate the potential of this exciting new discovery in the Committee Bay Greenstone Belt.

**Mining News Nuggets**

Mining News North of 60 – October 18, 2012

**Northwest Territories**

GOLD – Seabridge Gold Inc. Oct. 16 said assay results from eight holes drilled at the Walsh Lake target of its Courageous Lake project in Canada’s Northwest Territories have substantially increased the size of this high-grade discovery. Hole CL-228 cut eight mineralized intercepts; including 1.1 meters averaging 15.47 grams per metric ton gold and 4.7 meters of 5.09 g/t gold; CL-229 cut 3.6 meters averaging 3.62 g/t gold and 1.6 meters averaging 9.2 g/t gold; CL-230 cut five mineralized intercepts, including 1.5 meters averaging 52.86 g/t gold and 7.5 meters of 5.31 g/t gold; CL-231 cut four mineralized intercepts, including 1.4 meters averaging 10.69 g/t gold and 1.5 meters of 17.62 g/t gold; CL-232 cut three mineralized intercepts, including 4.6 meters averaging 5.11 g/t gold and 2.5 meters averaging 8.4 g/t gold; and CL-233 cut three mineralized intercepts, including 23.3 meters averaging 3.62 g/t gold and 14.5 meters of 12.27 g/t gold. The Walsh Lake high-grade zone now has a strike length of nearly 900
meters and remains open to the north, up dip and at depth. Results from another 10 holes of this year's program pending. The Walsh Lake discovery appears to be the southern extension of the historical Tundra Gold Mine, a high-grade gold producer which was abandoned during low gold prices in 1999. The Walsh Lake target area, which stretches 1,500 meters south from the former mine, is about 10 kilometers (six miles) south of the FAT deposit where Seabridge has developed 6.5 million ounce of proven and probable gold reserves. Seabridge Chairman and CEO Rudi Fronk said, “Our aim this year was to add mine life at Courageous Lake to improve capital efficiency, in effect offsetting the higher capital costs of our remote location by amortizing them over a longer project life. The Walsh Lake discovery certainly has that potential and, what is more, it could also enhance grade in the critical early years of production, thereby reducing the payback period. Walsh Lake material could be trucked to the FAT facility using the existing road network.”

DIAMONDS – Harry Winston Diamond Corp. Oct. 16 reported that in the third quarter of 2012, the Diavik Diamond Mine produced 1.93 million carats from 0.52 million metric tons of ore processed, as compared to 1.93 million carats from 0.64 million metric tons of ore processed in the comparable quarter of 2011. The 19 percent decline in ore processed in the quarter was due to a shift in production from the lower grade, lower value A-418 open pit to higher grade and higher value ore from the underground mining of the A-154 pipes. Open-pit mining of the A-418 kimberlite pipe concluded in September, although processing of open-pit ore from the A-418 kimberlite pipe will continue into the fourth calendar quarter of 2012. For the nine months ended Sept. 30, the Diavik mine produced 5.33 million carats from 1.59 million metric tons of ore processed compared with production of 5.08 million carats from 1.67 million metric tons of ore processed in the comparable period of the prior year.

Production for the nine months ended September 30, 2012, consisted of 3.47 million carats produced from 1.01 million metric tons of ore from the A-418 kimberlite pipe, 1.09 million carats produced from 0.25 million metric tons of ore from the A-154 South kimberlite pipe, and 0.66 million carats produced from 0.33 million metric tons of ore from the A-154 North kimberlite pipe. Also included in production for the nine months ended September 30, 2012, was an estimated 0.10 million carats from reprocessed plant rejects. These RPR are not included in the company’s reserves and resource statement and are therefore incremental to production. Diavik’s full-year target production is expected to be approximately 7.4 million carats from the mining of 2.0 million metric tons of ore and the processing of 2.2 million metric tons of ore. The decrease in carats from the original plan is primarily due to deferring the processing and recovery of lower value carats from the RPR in favor of processing underground ore containing higher valued carats. Open pit mining of approximately 1.0 million metric tons of ore was exclusively from the A-418 kimberlite pipe. Underground mining of some 1.0 million metric tons of ore is expected to be sourced principally from the A-154 South and A-154 North kimberlite pipes, with some production from A-418. Included in the estimated production for calendar 2012 is approximately 0.3 million carats from RPR and 0.1 million carats from the implementation of an improved recovery process for small diamonds. These RPR and small diamond recoveries are not included in the Company’s reserves and resource statement and are therefore incremental to production. The expected run-of-mine ore production for the calendar year is generally consistent with the 2012 plan although some RPR production originally planned for calendar 2012 has been deferred to calendar 2013, when the process plant is expected to have spare capacity. The rough diamond market has stabilized through the third calendar quarter as demand has improved. Harry Winston said it expects higher-than-normal rough diamond inventory at Oct. 31, 2012, although a large portion of the inventory carried at July 31, has been sold. Based on prices from the company’s rough diamond sales during the fiscal quarter, and the current diamond recovery profile of the Diavik processing plant, the company has modeled the current approximate rough diamond price per carat for each of the Diavik ore types as follows: A-154 South, US$135; A-154 North, US$170; A-418, US$95; and RPR, US$45. Harry Winston supplies rough diamonds to the global market from its 40 percent ownership interest in the Diavik Diamond Mine.
GOLD – Williams Creek Gold Ltd. and its joint venture partner, Tyhee Gold Corp. Oct. 15 posted results from their geological reconnaissance and sampling program on the Big Sky JV in Yellowknife, Northwest Territories. Williams Creek is earning a 50 percent interest in the Big Sky property from Tyhee Gold. These are the final 2012 results from a helicopter-supported geologic mapping and sampling program involving a senior geologist and a two-man prospecting team with long experience in the Yellowknife district. The Big Sky property is located to the north along strike from, and in similar host rocks to, the prolific Yellowknife gold district. The samples were collected from both previously known and newly identified mineralized shear zones. The summary report on the 2012 geological investigation is complete, pending a corporate review, and will be used to plan follow-up programs, particularly targeting highly anomalous gold values. “We continue to be delighted with the final Big Sky results, from the 2012 season and have embarked on the planning process to define a follow up program for 2013,” said Williams Chairman and CEO Michael R. Sonnenreich. Brian K. Briggs, president and CEO of Tyhee said, “These latest assay results continue to support our shared belief that Big Sky is highly prospective, and we are very pleased that the management and technical team of Williams Creek are proceeding aggressively to identify the best target areas. We look forward to seeing the results of Williams Creek’s ongoing detailed technical review and then their plans for an initial drill program in 2013.” These results are located at eight of the 13 recognized mineralized zones within the Big Sky Property. Mineralized vertical shears are commonly north south trending features along northern portions of the property with variable widths and quartz vein/sulfide content. Shears and veining within southern portions of the property are northeast – southwest or northwest – southeast, again with variable vein and shear widths. All assays have now been received for the 2012 program. Thirty-eight samples occur along the Oro Lake Main Shear Zone, 10-25 meters wide 2.8 kilometers long shear in mafic volcanics similar to the Giant Mine at Yellowknife. Seventeen samples occur along the Chan Lake Vein Set, where two 0.75 meters to 1.25 meters wide by 60 meters long sugary-quartz veins in mafic volcanics occur. Sample 996474 returned the season’s highest gold value at 220.23 grams per metric ton. Samples 996498 and 996489 had insufficient sample results to perform subsequent G6 analysis but do contain ICP results of 38.9 g/t and 13.1 g/t, respectively, which are not expected to be accurate but do represent approximate values. Eleven samples occur at random locations throughout the property associated with narrow quartz veins. Four samples occur along the Hutter Shear, a 2-meter to 4-meter wide, 800 meters long shear in mafic volcanics. Three samples occur along the newly recognized Slippery Slope Shear, a set of narrow quartz veined shears over an undetermined length in mafic volcanics. Three samples occur at the Greyling Lake Gossan, a 1 meter wide folded semi-massive to massive sulfide shear less than 10 meters long in mafic volcanics. Two samples occur at the southern extent of the Dwyer Main Shear, a 1 meter to 12 meters wide, 4.1 kilometers long shear cutting both mafic volcanics and felsic volcanics. Two samples occur at the newly identified Kendrick Zone just north of the Chan Lake quartz veins within a zone about 5 meters wide by at least 100 meters long where quartz veins are associated with felsic dikes within mafic volcanics. One sample was associated with the Havoc Zone which hosts multiple 2-8 meters wide and 500 meters long mafic shear zones with arsenopyrite in quartz veining all within mafic volcanics. The additional rock sample results reported here are from reconnaissance grab samples that were initially assayed for gold by Acme Labs in Vancouver using fire assay method 3B01, ICP-ES and 1EX ICP-MS for other elements. Samples returning gold values greater than 10,000 parts per billion were re-assayed using two M150 G6.ME assays, one for the fine fraction and one for the coarse fraction of the samples, to offset the “nugget effect.” The coarse and fine values were then combined by Acme Labs to arrive at the total grams per metric ton reported for the samples. “Williams Creek definitely sees the Big Sky property as an excellent addition to its portfolio of properties and is very pleased with having Tyhee Gold Corp. as a partner,” Sonnenreich concluded.

WORKPLACE – Diavik Diamond Mines Inc., operator of the Diavik Diamond Mine, Oct. 10 reported that it has been selected as one of Canada’s Top 100 Employers for the second consecutive year. Publishing
company Mediacorp Canada Inc., which manages the Canada’s Top 100 Employers competition, studied more than 75,000 employers after inviting about 15,000 companies to participate. Mediacorp’s editors described Diavik as “one of the most unique work locations in Canada (and the world)” and rated the diamond mine’s workplace as “exceptional”. For the competition, the Canada’s Top 100 Employers selection committee evaluated the quality and characteristics of Diavik’s workplace, including physical workplace, work atmosphere, health, financial, and family benefits, vacation and time off, employee communications; performance management; training and skills development; and community involvement. In its selection, Mediacorp cited Diavik’s work location, retirement/pension plan, health and benefits plan, maternity leave top-up program, scholarships program, and leadership in community support. “At Diavik, we strive to provide workers with the best possible work environment and our most important value is the health and safety of our employees. This will always be key to our operations,” said Diavik Diamond Mines Inc. President and Chief Operating Officer Niels Kristensen. “Being recognized as a top employer for two consecutive years is a great accomplishment and reflects our desire to ensure Diavik remains an employer of choice.” Located 300 kilometers (186 miles) northeast of Yellowknife, Northwest Territories, the Diavik Diamond Mine is an unincorporated joint venture between Rio Tinto Plc subsidiary Diavik Diamond Mines Inc. (60 percent) and Harry Winston Diamond Limited Partnership (40 percent).

Nunavut

GOLD – Sabina Gold & Silver Corp. Oct. 18 reported more assay results from holes drilled at its Goose and George properties as part of the 2012 exploration program at its Back River gold project in Nunavut. Sabina said conversion and extension work at Back River continues to return encouraging results. In particular, at Umwelt, hole 12GSE242, a planned resource conversion hole targeting the G2 zone, returned 6.36 grams per metric ton gold over 28.50 meters (including 42.08 g/t gold over 0.7 meters). The hole encountered the same strong mineralization seen in adjacent drill holes, confirming the robust nature of the G2 Zone. In 2012, drilling has successfully extended Umwelt mineralization a further 400 meters south of last year’s drilling, to a vertical depth of 800 meters. At Llama, hole 12GSE239 (partially reported Oct. 1), intersected the deep extension of Llama at a vertical depth of 490 meters. The hole returned 6.90 g/t gold over 8 meters, and confirms that the Llama mineralization extends at least 400 meters south of the previous drilling. 12GSE239 is the southernmost drill hole at Llama to date. Both Umwelt and Llama are still open along strike and to depth. Conversion hole 12GRL080 at Lone Cow Pond on the George property also returned 16.54 g/t over 25.45 meters.

ACQUISITION – Commander Resources Ltd. Oct. 11 said Aston Bay Ventures has reached an agreement to be acquired by Escudo Capital Corp., a capital pool company. Aston Bay currently holds an option to acquire Commander’s Storm copper and Seal zinc properties located on Somerset Island in Nunavut. Completion of the acquisition of Aston Bay by Escudo will represent a “qualifying transaction” in accordance with the policies of the TSX Venture Exchange, and upon completion Escudo will be listed as a Tier 2 Mining Issuer pursuant to the initial listing requirements of the exchange. All issued and outstanding shares of Aston Bay will be exchanged for common shares in the capital of Escudo on the basis of 1.92 payment shares for every Aston common share held. Commander currently holds 3 million shares of Aston Bay Ventures, which will convert to 5.76 million shares of Escudo under the above conversion formula. Aston Bay Ventures is a private corporation, which has the right to earn up to 70 percent interest in Commander’s Storm and Seal properties by funding C$15 million in exploration expenditures. Aston Bay completed its exploration program on Somerset Island this past summer, which included staking about 30,352 hectares (75,000 acres), rock sampling of the main copper showings, geological mapping and regional prospecting. Drill core from historic work on both the Storm copper and Seal zinc prospects were examined and selectively re-sampled to provide a database for extensive intersections of un-sampled drill core. Completion of the acquisition of Aston Bay by Escudo is subject to
a number of conditions, including, but not limited to exchange acceptance, completion of a minimum private placement and preparation and delivery by Aston Bay of an updated technical report on the property in compliance with NI 43-101 guidelines, on or before Nov. 15, 2012. As a condition to, and concurrent with, closing of the acquisition, Escudo will conduct a private placement financing consisting of a minimum of 8 million and a maximum of 20 million common shares at a price of C$25 per share for minimum aggregate proceeds of C$2 million and a maximum of C$5 million. The proceeds of the financing will be used to conduct work on the project and for general corporate purposes.

OPTION – Peregrine Diamonds Ltd. Oct. 11 reported the closing of its option and subscription agreement with De Beers Canada Inc. As part of the closing announced in September, De Beers has completed a C$2.5 million private placement with Peregrine priced at C$75 cents per unit, for an aggregate of more than 33.33 million units. Each unit consists of one common share and one-half share purchase warrant with each whole warrant entitling De Beers to buy a common share in Peregrine for C$2 per share for a period of 24 months. In addition, De Beers is required to make the Jan. 31, 2013, C$2.5 million payment due to BHP Billiton Canada Inc. pursuant to Peregrine’s agreement to purchase BHP Billiton’s 51 percent interest in the Chidliak diamond project as announced on Dec. 20, 2011. De Beers now has the exclusive right until Dec. 31, 2013 to enter into an earn-in and joint venture agreement with Peregrine on a 50.1 percent De Beers / 49.9 percent Peregrine ownership basis, with De Beers being the operator of Chidliak, which is located on Baffin Island in Nunavut. Under the terms of the joint venture, De Beers will be required to invest C$58.5-million into Chidliak within five years of entering into the joint venture to earn its 50.1 percent interest in the project, with a minimum expenditure requirement of C$37-million. De Beers also will be required to sole finance all work at Chidliak from the earn-in point until the completion of a NI 43-101-compliant bankable feasibility study, inclusive of appropriate environmental impact studies necessary for evaluating the feasibility of commercial diamond production. Peregrine will reimburse De Beers 49.9 percent of all Chidliak costs in excess of $58.5-million, the point at which De Beers has earned its 50.1 percent interest, to completion of the BFS. Reimbursement will consist of an aggregate of C$25-million payable in four escalating staged payments at certain milestones beginning with the approval by the participants of the completed BFS and ending with the completion of mine construction, with the balance payable from 66 percent of Peregrine’s attributable after-tax cash flow from a diamond mine at Chidliak. “The closing of the option with De Beers is an important step on the road to what we believe will be Baffin Island’s first diamond mine. We are confident that Chidliak is the world’s premier advanced-stage diamond exploration project, and De Beers’ commitment of C$5-million for their option is a serious expression of their belief in Chidliak and Peregrine’s management. De Beers has already completed technical due diligence on Chidliak, and the current focus is on developing the strategy to advance the project. The agreed material terms of the joint venture provide a clear financial and technical path that could lead to successfully proving up, financing, building and operating a diamond mine in Canada’s North. We are pleased to welcome De Beers as our new partner along with their 124 years of unrivaled diamond exploration, development, mining and marketing experience,” said Peregrine CEO Eric Friedland. Tom Peregoodoff, Peregrine’s executive vice president, business development, said, “Within 24 hours of signing the option, De Beers had a five-member team of senior people visiting Chidliak, Iqaluit and Pagnirtung, a sign of their commitment to the project. Our respective technical teams are engaged and planning for future programs. Under the potential joint venture we will ensure that the design and execution of all work programs take full advantage of the extensive diamond experience De Beers brings to the partnership and Peregrine’s many years of successful diamond exploration in Canada.”

POLYMETALLIC – Anconia Resources Corp. Oct. 10 reported assay results from the first eight holes of its summer drilling program focused on the Marce occurrence, which is being renamed Atlas1, part of the newly renamed Atlas project, located 200 kilometers (124 miles) west of Rankin Inlet, Nunavut. The
drilling program began Aug. 7 and finished Sept. 15. It consisted of 1,790 meters of drilling in 12 holes varying in length from 93-223 meters. Preliminary results from the program confirm the discovery of a volcanogenic massive sulphide system, containing zinc, lead, silver, gold and copper mineralization. The sulfides are exposed in outcrop over a strike length of more than 1.4 kilometers (0.87 mile), and the current drilling program established that they extend along this strike length, and to at least 130 meters below surface. The primary targets were conductors established by a VTEM airborne electromagnetic survey. Some of these targets correspond to base metal mineralization exposed in outcrop. Previously announced surface sampling obtained up to 34.1 percent zinc, 10.6 percent copper and 2100 grams per metric ton silver. Every drill hole encountered base metal sulfide minerals, which occurred as stringers to semi-massive and massive zones. In addition to testing the EM conductors and surface mineralization, the drilling program was designed to test a large gravity anomaly which is co-incident with the conductor and surface mineralization. While the drilling did encounter base metal mineralization in all holes, the size and strength of the gravity anomaly has not been adequately explained, indicating that the main portion of a mineralized body may be at depth. Further to this, drilling suggests that the body remains open along strike, particularly to the north east. For deeper samples, both widths and grade of mineralization increase. Among significant assay intervals: MRC-12-08 encountered 9.8 meters of 113 g/t silver and 6.97 percent zinc, including 4 meters of 11.93 percent zinc; MRC-12-05 encountered 9.1 meters of 77.3 g/t silver and 4.44 percent zinc, including 4.5 meters of 93.5 g/t silver and 5.05 percent zinc; and MRC-12-04 (an undercut of hole MRC-12-03) which begins to demonstrate elevated copper values and zonation which is typical of a VMS deposit, as seen in the following zones. The upper zone of MRC-12-04 (52.0 meters to 62.4 meters) returned 8.4 meters of 1.59 g/t gold, 152.9 g/t silver, 1.10 percent copper, and 1.06 percent zinc, including 2.4 meters (58-60.4 meters) of 2.73 g/t gold, 317.3 g/t silver, 2.22 percent copper, and 3.05 percent zinc, while the lower zone of hole MRC-12-04 (61.8 meters to 64.4 meters) returned 2.4 meters of 8.16 percent zinc, indicating a deeper more zinc rich zone. Also, MRC-12-06 returned extremely high precious metal values for a VMS deposit: 3.6 meters of 11.19 g/t gold, 1,348 g/t silver, 1.98 percent lead, and 3.74 percent zinc, including 1 meter of 35.9 g/t gold, 3,590 g/t silver, 2.51 percent lead, and 0.34 percent zinc. This may indicate a separate addition of precious metals, or local remobilization. Dr. James Franklin, Ph.D., P.Geo, a director of the company and former chief geoscientist of the Geological Survey of Canada had the following technical comments: “The Atlas 1 VMS occurrence is distinctly stratiform, with a highly altered felsic footwall, several beds of laterally extensive massive and stringer sulfides and a capping cherty exhalite that includes lean iron formation. Massive sulfides have been observed semi-continuously over a strike length of 500 meters (from MRC-12-01 to MRC-12-08), and to a depth of 200 meters (MRC-12-10, results pending). The massive sulfide strata are overlain by unaltered mafic volcanic strata. The ATLAS 1 occurrence most closely resembles deposits in the Hackett River district, and shares some attributes with the Sturgeon Lake and Bathurst camps. The massive sulfides occur as a sequence of bands, separated by intervening volcaniclastic layers. As the core of the system is approached, the sulfide layers thicken and coalesce, and the footwall copper content increases, as does its stratigraphic depth extent. It has relatively high zinc and silver contents (over 10 percent of the assays contain > 128 g/t silver and 3.6 percent zinc) relative to most VMS deposits. Atlas 1 has a distinctly manganese enriched footwall as well as manganese-enrichment in the exhalite, characteristics of many volcaniclastic dominated camps. The footwall has a well-developed sodium depletion zone, typical of all VMS camps. All of these are indications of a major hydrothermal system, and provide the Anconia exploration team with excellent vectors to potential deposits.” Anconia Resources President and CEO Jason Brewster said, “We are extremely pleased with these drill results, which confirm that the Atlas 1 occurrence, formerly called the Marce, is an exciting VMS discovery. We are now in the planning stage for a follow-up drill program in 2013, which will help define the size and grade of this system, in addition to drill testing the ZAC target and numerous other targets between Atlas 1 and the ZAC, which is 22 kilometers (13.6 miles) to the northeast.”
ArcelorMittal explores selling $10-billion Canadian stake

Financial Times – October 18, 2012
Helen Thomas and Anousha Sakoui

ArcelorMittal is exploring selling a stake in its $10-billion (U.S.) Canadian iron ore business, as the world’s biggest steel company struggles to cope with the downturn in its key commodity.

People familiar with the matter said ArcelorMittal had appointed advisers and had been sounding out potential buyers of a stake in the business, formerly known as Québec Cartier Mining.

The entire business, which produced about 15 million tonnes of iron ore concentrate last year, could be worth between $8-billion and $10-billion, the people added. ArcelorMittal is considering selling a minority stake, probably about 30 per cent.

Some Chinese companies and commodities trading houses had expressed an interest in investing in the business, the people said. ArcelorMittal and the banks declined to comment.

The steel maker has expanded its iron ore business in recent years, increasing in-house output as a way of controlling input costs for its steel production.

But, since the financial crisis, the group has come under pressure, as the global steel industry battles a prolonged period of overcapacity caused by a collapse in European demand and slowing growth in Chinese consumption.

Lakshmi Mittal, the chairman, chief executive and main owner of ArcelorMittal, said in July that he saw no lifting of the gloom around the steel industry and the company has been closing or mothballing plants around Europe.

The company – which had $22-billion of net debt at the end of June – has also pledged to shore up its balance sheet by selling non-core assets.

One sector specialist described ownership of iron ore assets as an “indulgence” in the current environment.

ArcelorMittal, through its mining business, is the fourth largest iron ore producer globally, and has said it plans to reach 84 million tonnes of annual output by 2015.

At ArcelorMittal Mines Canada, renamed by Arcelor after it acquired Québec Cartier Mining as part of its 2006 takeover of Canadian steelmaker Dofasco, the company is expanding capacity at its Mont Wright mine to 24 million tonnes a year and improving the port and rail facilities linked to the mine.

The expansion of the mine and concentrator is expected to cost $1.2-billion, which could increase to $2.1-billion (Canadian) were additions to the pellet plant also approved.

The Canadian deposits are large but lower grade than some of ArcelorMittal’s other resources, particularly the group’s early-stage Baffinland development project in the Canadian Arctic.

Québec Cartier Mining Company was founded in 1957 by US Steel, starting to develop deposits at Lac-Jeannine in Quebec. The business was sold to a group led by Dofasco in 1989, with the Canadian company subsequently buying out its partners.

Tory MPs on pipeline route put their faith in project’s review process

Globe and Mail – October 19, 2012
IAN BAILEY

B.C. Conservative MPs whose ridings are along the route of the proposed Northern Gateway project say they aren’t feeling politically cornered by their outright support or wait-and-see stands on the controversial proposal despite public opposition to the plan.
Dick Harris, the Tory MP for Cariboo-Prince George, says he is awaiting the outcome of a federal review examining the $6-billion project to ship Alberta oil-sands bitumen to the B.C. coast for shipment to Asia, but that he emphatically supports Gateway.

“I like the project. I like the socio-economic aspects. The Gateway project will be a huge benefit to our communities, the Western provinces and Canada. I am sincerely hoping everything works out in a positive way on this project because I would like to see it go forward,” Mr. Harris said in an interview on Thursday. “I am certainly a big supporter of Gateway.”

He acknowledged spills elsewhere on the watch of project proponent Enbridge Inc., but said they were small relative to the amount of oil that has been moved by the embattled company, and he suggested concerns from constituents are to be expected because “you always hear from people opposed to something.”

“That’s human nature. It’s also human nature to speak louder if you’re against something than for something.”

New Democrat Nathan Cullen, the NDP House Leader whose Skeena-Bulkley Valley riding is along the proposed route, suggested Mr. Harris and his fellow Tory MP Bob Zimmer of Prince George-Peace River, have “painted themselves into a very difficult place” on the Gateway file.

“They have spent a lot of political capital on this and doubled down even though the tides are turning in public opinion. They’re on the wrong side of this issue,” Mr. Cullen said in an interview on Parliament Hill. “I don’t see their exit strategy.”

But Mr. Harris suggested Mr. Cullen may be “painting himself into a corner” by being opposed to a project that might bring significant economic benefits to northwestern B.C.

“What’s to say this project goes through and in a hundred years there’s never a spill and the benefits go on and on.”

Mr. Zimmer was more cautious than Mr. Harris. While chiding MPs who have been “injecting themselves into the process,” – and naming Mr. Cullen in particular – he said he has put his faith in the review of the project.

“For us, it’s a pretty simple process. We’re trying to get our resources developed responsibly and part of that process is to have a good review, and if it passes that review, it will go forward,” he said.

His stand was consistent with that of federal Natural Resources Minister Joe Oliver. In September, Mr. Oliver vowed not to allow pipeline and gas development that would despoil the B.C. environment. Mr. Zimmer suggested Gateway was consistent with the values of B.C. “In our part of the world, we develop resources. We do it with forestry. We do it through natural gas. We do it with oil. We do it responsibly. This is one project that needs to make the grade. If it doesn’t, it won’t go ahead.”

Polling by Angus Reid Public Opinion released earlier this month suggests opposition to the $6-billion project is especially pointed in the north as part of a trend throughout the province against the plan. Forty-seven per cent of northern respondents to an online survey of 800 respondents conducted Oct 9 and 10, said they were “completely opposed” to Gateway – the highest such ranking in that designation among B.C. voters. Across the province, the similar figure was 37 per cent.

Angus Reid vice-president Mario Canseco, based in Vancouver, said the issue was politically “tricky” for the government because promises of future benefits were not enough to win support for the project in the present.
Dead pipeline walking

Northern Gateway dead as Enbridge had no grasp of B.C. reality

Financial Post – October 18, 2012

Tex Enemark

I told a friend of mine — a retired pipeline executive — that I was writing a column on why the Enbridge pipeline project failed. He responded, “A column? You could write a book!”

Enbridge ought to have studied the history of large B.C. projects that failed when faced with the combined influences of native unhappiness and British Columbia’s environmental protest industry. The Alcan expansion project of the 1980s was killed by the Mulroney government after more than $2-billion had been spent over about eight years.

The huge Windy Craggy copper-cobalt mine in northwest B.C. was sidelined into limbo by the Social Credit government in 1989, then neutralized by park designation by the NDP in 1993. Northgate’s Kemess North copper-gold mine was turned down by the provincial Liberals in 2007. These project cancellations were not associated with any one political party.

In each case, company executives located outside the province and with no grasp of B.C. political reality were warned by their B.C. consultants and each was given a strategy for addressing the issues. They all ignored the advice. Enbridge could also have benefited by studying the forest industry’s smaller, less spectacular failures involving environmental issues and native protests — everything from Haida Gwaii to the Great Bear rain forest to the west coast of Vancouver Island to the Flathead Valley. The list goes on.

Because native land claims are not being dealt with in good faith, and there is a strong environmental movement, B.C. can be a treacherous place for ill-thought-out projects.

Enbridge then ought to have consulted widely among people in B.C. with some experience in such matters, including B.C.-based pipeline companies. They would have learned to run the project out of B.C. and, if the office had to be in Vancouver, a very large satellite office should have been located in Prince George. Small storefront offices, staffed by local people, should have been established along the pipeline route to listen, to educate, and to reach out.

And Enbridge would have learned that the veryfewest Albertans, with their oil-industry, Calgary-centric thinking, should be involved, other than in a technical capacity.

At that point, it would have been clear to them five years ago that, until the native land claims in at least Northern B.C. have been addressed, and there is a framework for engagement, and until there is certainty of aboriginal rights and title, this project was just not going to happen. Also, the company would have learned that there has to be public confidence in everything environmental.

At that point, Enbridge should have gone to Victoria and Ottawa and asked that governments get serious about land claims negotiations. Would the Campbell Liberals have begun to negotiate in good faith to get a resolution of the land claim issues or not? Would Harper, likewise, have increased his priority for B.C. negotiations, and actually deliver? From this everyone, including Enbridge, could have profited.

Natives might possibly have seen Enbridge as being helpful in the 100-year-long struggle for justice and as a catalyst for progress, and as being willing to work with communities and aboriginals alike.

On the other hand, if governments were not prepared to get serious, a clear message would have been sent to Enbridge and, indeed, to Alberta and the whole oil patch, and it would be understood by Alberta and its oil industry where the responsibility lay.

Nothing new was required other than political will.
At that point, the province could make its revenue demands for B.C. hosting the project by linking the cost of settling land claims and assuring the environmental integrity of the pipeline to its revenue demands. The result would have been billions in extra profits to the oil industry, clear direct benefits to First Nations rather than more vague promises, beads, and postage-stamp reserves, and money to address environmental issues. There would have been a rationale for a financial benefit for B.C.

Instead, Enbridge’s Alberta executives made appallingly bad presentations across the planned route and did not get the message even when it was plain there was absolutely no support for the project in a room full of businesspeople.

Subsequently, Enbridge has suffered what might be called — or might not — bad luck. It has had some high-profile pipeline spills. These have made the company look uncaring and incompetent, but the project was doomed long before the spills.

Likely more damaging have been the actions of the Harper government to downsize and weaken almost everything environmental, including moving spill-response capacity to Montreal. Nobody believes that the environmental review process will be fair, thorough and competent.

It is one thing to be wary of Enbridge’s assurances of pipeline safety if federal environmental standards are high and trusted, but entirely another if there is no longer any faith in anything Ottawa does concerning environmental matters. Even today, Enbridge executives should be in Ottawa loudly protesting the downgrading of environmental response capacity in northern B.C.

The company never considered the project in a B.C. context, never tried to foresee the problems it would face, did not seek out broad, experienced advice or find possible allies in governments and get them committed to resolving the land claims and environmental issues up front. In other words, the company never perceived the linkages necessary for success.

The Enbridge project is now a dead man walking. Enbridge continues to push the permitting process against provincial government opposition and the prospect of a decade of lawsuits. However, if the Harper government was to approve the project, it would likely cost the Conservatives 10 to 15 seats in 2015, so cabinet approval will be withheld. If the Harper government planned to approve the project, there would be evidence of a serious acceleration on native land claims negotiations. There is not; in fact, quite the reverse.

The Enbridge experience will be studied in business schools for decades to come, or at least until B.C. land claims are settled. Businesspeople, frustrated with this situation, ought to be demanding that governments get serious with land-claim negotiations. But business is silent, and governments insincere, and that is why Enbridge failed. Financial Post

Tex Enemark, former president of the Mining Association of B.C. and a former B.C. deputy-minister, is a Vancouver-based public-policy consultant who does political risk assessments and strategic planning.

Ottawa rejects low-carbon plan

Axed group says move will cost country dearly

Canadian Press – October 19, 2012

Heather Scoffield

Federal Environment Minister Peter Kent is rejecting the final advice from the National Round Table on the Environment and the Economy to embrace a low-carbon economy.

The federal advisory body lost its $5.2 million annual funding in the last budget and is using its last breath to promote a national environment-and-energy framework that would position Canada to become a global player in the burgeoning low-carbon world.
But the key step in that strategy is to set a price on carbon and the federal government will not go down that path, a spokesman for Kent said Thursday.

"The first essential condition for their plan to work is to impose carbon pricing," spokesman Adam Sweet said in an email. "Unlike (Tom) Mulcair's NDP, we will not impose a job-killing carbon tax that would increase the cost of gas, groceries and electricity."

He was repeating a mantra that is uttered daily by many Conservative MPs since September, despite the NDP’s insistence that it proposes a cap-and-trade market to control emissions similar to one proposed by the Conservatives in 2006 - and not a carbon tax.

The federal government is already taking many initiatives towards a green economy, Sweet added. Kent has said the round table lost its budget because the information it produced was available elsewhere. But Foreign Affairs Minister John Baird has also said the advisory body was chopped because it advocated a carbon tax.

In fact, the round table has never called for a carbon tax per se, but has argued repeatedly that putting a price on carbon in some way would give businesses the certainty they need to plan ahead and invest accordingly.

Many companies and business leaders agree. And several provinces are now forging ahead on their own, developing disparate carbon-pricing schemes that are not yet linked at a national level.

Without a national carbon price, Canada can't meet its full potential in a global economy that is increasingly focused on goods and services with small carbon footprints, said Robert Slater, interim chair of the round table.

"The future is low carbon," the body's final report said. "Economies the world over are making the transition."

The report said Canada stands to gain from such a shift and should accept that it's coming.

"Canada will inevitably need to cut carbon emissions across traditional sectors of the economy," the report said.

After consulting with 150 experts and studying available data, the round table concluded that failure to act will cost the country dearly.

Companies and governments will have to shell out $87 billion over the next 30 years, mainly because industry would be locking in an unacceptably high level of greenhouse gas emissions that will eventually have to be undone.

**Carbon tax proposal makes sense**

Calgary Herald – October 19, 2012

Deborah Yedlin

To tax, or not to tax, that is the question.

Tax carbon, that is. On Thursday, the soon to be dissolved National Round Table on Environment and the Economy released its final report on the approach Canada should take in controlling the growth in greenhouse gas emissions.

Among its recommendations is a 'unified long-term price on carbon.' In lay terms, it's a carbon tax, although the report shies away from what that price should be, how it would be collected or what the monies might be used for.

Back in 2008, Jack Mintz, chair of the University of Calgary's School of Public Policy, published a paper advocating for the replacement of the federal fuel excise tax with " ... a more broadly based environmental tax designed to reduce emissions of greenhouse gases and air contaminants."
It continued: "Since the federal tax applies narrowly to gasoline and diesel used for vehicles, it can be broadened to cover other fuels. Leaving the existing excise tax rate on gasoline unchanged, this would be equivalent to a tax on the carbon in fuels of approximately $42 per tonne of CO2."

Mintz went on to suggest the monies collected - estimated at between $12 billion and $15 billion annually - could be used to fund tax credits related to climate change technologies.

While politically unpalatable - arguably why NRT’s funding was cut in the March budget - this approach is the one solution that makes sense, assuming the government is serious about doing something meaningful on the GHG file.

It may come as a surprise to many, but the energy sector, by and large, has been in favour of a carbon tax over other alternatives such as cap and trade because it is transparent and does not discriminate by industry. And, unlike cap and trade, it is not very complicated to put in place.

The other piece that’s very important is that a carbon tax means the consumer directly feels the impact. If there is one way to change consumer behaviour, it's by making something more expensive to consume - whether it's gasoline, kilowatt-hours or buying a toy that is manufactured far away. For the sake of argument, the United States, with the lowest taxes on gasoline in the OECD, uses the most.

A quick look at British Columbia, which implemented a carbon tax in 2008, shows its per capita GHG emissions have fallen at a faster rate than the rest of the country. And, perhaps best of all, is that the tax has proven to be revenue neutral.

It’s a case for which former Suncor chief executive Rick George convincingly argues in his recently published book, Sun Rise, though his approach is to use the monies collected to fund public transportation infrastructure to get cars off the road.

"Imagine if governments in Canada and the U.S. had introduced a reasonable carbon tax of perhaps $5 per tonne when the issue came alive in 2005, and then dedicated all the money collected to the support of urban rapid transit systems," he wrote.

Calgarians can only dream of what might have been, had this approach been taken.

As George points out, 80 per cent of emissions associated with cars and trucks come from the tailpipe; even if oilsands production were reduced to a zero carbon footprint, the tailpipe emissions would not change. It’s something to think about.

But if the tailpipe is one problem, the other is the use of coal as a fuel source to generate electricity.

"Putting it bluntly, coal is the most carbon dioxide intensive energy source available for industrial scale application," writes George in his book.

Indeed, coal-fired power in Canada is responsible for 15 per cent of the country's GHG emissions while it is used in the generation of more than 40 per cent of electricity in the United States.

And here's where the NRT report gets interesting.

One reason for shifting Canada's economy to one that produces goods with a low-carbon goods and services footprint is that some countries are starting to limit the entry of high carbon goods.

In other words, Canada risks being shut out of markets if we don't shift how we fuel our economy to one that is more energy efficient.

The trouble is that no one is hearing of countries banning the import of goods from China or other parts of emerging Asia, where coal is the primary source of fuel for electricity. Nor are there stories of goods produced in factories - where coal-fired electricity powers the manufacturing facility - being slapped with a hefty tax.

Is the NRT report being a bit alarmist?

Perhaps.
But it also offers some compelling numbers to support its perspective. In 2010, the spending on low-carbon goods and services stood at $339 billion worldwide. The report suggests the number could reach between $3.9 trillion and $8.3 trillion by 2050. While this is a wide range, and policy dependent, Canada's spending could jump to $36 billion by 2050, from the $7.9 billion in 2010.

"Climate policies that cut emissions by 65 per cent from 2005 levels could drive domestic spending of roughly $60 billion in 2050. In either scenario for 2050, LCS sectors grow more rapidly than the Canadian economy overall," states the report.

What needs to be put in place? In a word, it comes back to innovation - whether with respect to developing low carbon technologies and infrastructure, finding ways to finance these endeavours, sell them to new markets or making sure the labour force has the necessary skills to support this new economic direction.

Who knows what will happen to the NRT report. After all, undertakings such as these need a government champion and it's unlikely one exists at the federal level today.

But it makes sense for Alberta to take it on. Alberta is the province spearheading the initiative regarding the development of a national energy strategy, and much of what is suggested in the report would fall within this realm.

Even more important is that Alberta has already embarked on the same journey suggested by the NRT report. We do have a price on carbon - though it is not transparent from a consumer perspective - and Alberta Innovates is exactly the type of research model that harnesses public and private resources to find solutions to big problems.

The energy sector remains one of the world's biggest on-site research labs, whose innovations can be applied far beyond energy.

In addition, the global search for talent means that the province is already focused on meeting the needs of both the current and future economy.

The numbers suggest it's more than worth a shot.

**Canadian energy sector rife with Chinese cyberespionage: reports**

IPolitics – October 18, 2012

James Munson

Canadian energy firms have been victims in a global wave of cyber attacks originating in China in recent years.

Just last month, security experts revealed Telvent Inc., a Calgary-based IT provider specializing in electrical grids, and another unnamed Canadian energy firm were hacked by malware designed to steal information.

Meanwhile, reports by the world’s leading cybersecurity groups claim that attacks against energy infrastructure are increasing, a worrying trend for an industry that depends on massive online networks to coordinate everything from fossil fuel drilling to power distribution.

“We've seen a definite growth in the attacks in this sector,” said Holly Whalen, head of Western and consumer business at McAfee, a global IT security firm.

Canada and China are increasing their cooperation in the energy sector, most notably in the takeover bid by Chinese state-owned oil company CNOOC of Calgary-based Nexen.
The bid has been controversial for a host of reasons, one of which is the question of whether Chinese
SOEs play by the same rules as other corporations or whether they walk in lockstep with Beijing’s
strategic aims.

While the exact perpetrators behind these instances of intellectual property theft are unknown, in most
cases they’re coming from inside China.

Dell’s Secureworks Counter Threat Unit, a group that tracks cyber security threats, revealed a recent
espionage spree in its investigation of a malware attack they called the Mirage Campaign.

On September 18, the unit revealed they had been tracking Mirage for the past six months as it
infiltrated “a high-profile oil company in the Philippines, a military organization in Taiwan, an energy
company in Canada, and several as yet unidentified entities in Brazil, Israel, Egypt and Nigeria,”
according to the unit’s blog.

In an interview with iPolitics.ca, Silas Cutler, the blog post’s author, said there were multiple indications
the hackers are from China.

“We were able to find that different IP addresses and social media profiles … were definitely sourcing
out of China,” said Cutler, a security researcher with Dell.

Mirage operates as a ‘spearphishing’ program that masqueraded as a harmless PDF in the email
accounts of mid-level and senior executives.

When the file was opened, Mirage infiltrated the company’s computers to steal information.

“We’re trying to just make sure that in these industries that are heavily targeted, that they really work at
finding if they will also be targeted,” said Joe Stewart, director of malware research at Dell. “Do they do
business in China or are they competing for business in China, or are they in an industry where they’ve
heard public reports of these kinds of intrusions and they need to seek out some sort of intelligence on
these kinds of attacks?”

“If you’re in one of these industries, there’s a good chance the Chinese may have had hackers on your
network for years and you have no idea about it,” said Stewart.

The Dell unit has notified the unnamed Canadian company as well as several Canadian security
researchers, said Cutler.

The revelation comes on the heals of another attack which Dell says its unrelated to Mirage.

Attackers stole information last month from Telvent Canada Ltd., which runs software that coordinates
massive electrical grids, according to a report by noted cybersecurity blog krebsonsecurity.com.

Telvent sent out a letter to all its clients on September 10 stating the company had learned of a firewall
breach and the theft of files related to its OASyS SCADA system, according to the blog’s author,
journalist Brian Krebs, who has a copy of the missive.

A SCADA system, which stands for supervisory control and data acquisition, is a computerized network
used by industrial facilities and operations to coordinate work. In the electrical firm context, they’re
used to synchronize power distributed in a grid.

While Telvent didn’t respond to a media request and Krebs didn’t reply to a request for a copy of the
letter, Telvent did acknowledge the breach in a joint statement it made with IT security firm Industrial
Defender when the two announced collaboration between the companies soon after the breach.

“Industrial Defender was in no way involved in the recent breach Telvent has announced, as its
technology was not deployed on Telvent’s corporate network where the breach occurred,” says the
September 27 statement. “There is also no relationship between this breach and the partnership
announcement.”
Krebs said in his blog that the malware originated from a Chinese hacking group according to an analysis by the same Joe Stewart interviewed by iPolitics.ca in relation to the Mirage malware.

The energy business and the industrial sector are vulnerable to hackers because they tend to build IT systems for the long-term, said Whalen, the McAfee expert.

“They may be using legacy versions, for example with their industrial control system, and that means they may not be at the patch level that they need to just to mitigate the current malware,” said Whalen.

Their systems also have many assets and it takes a long time for them to determine if every part is protected, she said.

For these reasons, the hacking world is seeing a major trend towards cyberespionage in the industrial sector, according to McAfee’s Threat Predictions Report, released last February.

“Many of these systems were not designed for the networked environment the world continues to adopt,” says the report. “Increased interconnectivity for systems and devices not designed for this type of access is a recipe for trouble, due to the lack of information security practices in many of the environments SCADA systems are deployed in.”

Last month, security firm Symantec released a report on what it dubbed the “Elderwood Project,” a high-profile cyberespionage campaign that targeted industrial systems. Energy firms are one of the key targets, says the report.

Another McAfee report issued early last year investigated malware aimed specifically at global energy firms.

“Starting in November 2009, coordinated covert and targeted cyberattacks have been conducted against global oil, energy, and petrochemical companies,” says the report. “We have identified the tools, techniques, and network activities used in these continuing attacks — which we have dubbed Night Dragon — as originating primarily in China.”

While the perpetrators have the ability to mask their origins and pin the attacks on Chinese hackers, “we believe this to be highly unlikely,” says the report.

McAfee’s Threat Assessment said the connection between hacker groups in totalitarian states with little transparency and their governments can be murky, but evidence is mounting that there is some level of collaboration.

“In 2011, cyberarmies were rumored to be manipulated or supported by their governments,” says the report. “Totalitarian states will go further next year, even acknowledging the actions of local cyberarmies.”

There are plenty of anecdotal examples of cyberespionage in the energy sector and some consider it part of the business.

“One of the companies we deal with makes power plants,” said a source familiar with the Canadian energy sector. “They built a power plant in China and all the intellectual property was stolen.”

The company was in another bid competition in Europe and found another firm had its designs, said the source.

“That kind of stuff happens,” said the source, who refused to name the firm involved.

On Wednesday, Public Safety Minister Vic Toews unveiled plans to support the Canadian Cyber Incident Response Centre, which helps ensure the security of non-government IT systems.
ENVIRONMENT NEWS

Environmentalists decry changes to law governing navigable waters
Globe and Mail – October 18, 2012
KIM MACKRAEL

Proposed changes to a federal law governing navigable waters would end its ability to protect tens of thousands of Canada’s waterbodies, environmentalists say.

Amendments to the Navigable Waters Protection Act introduced as part of a sweeping budget implementation bill on Thursday limit its application to 97 lakes, 62 rivers and the three oceans that border Canada. That means construction of dams, bridges and other projects would be permitted on most waterways without prior approval under the act, which currently covers any body of water big enough to float a canoe in.

Transport Minister Denis Lebel said the changes are meant to reduce the red tape for municipalities and cottagers seeking federal approval for small projects such as culverts or lakeside docks. He said the purpose of the act is to minimize interference with navigation, adding that waterways not on the new list will be protected by other federal laws and by provinces and municipalities.

“Over time, the scope and application of a law that was designed to protect navigation has expanded to the point where it now applies to brooks, streams, ditches. So now, even the most basic foot bridges over small streams still require pages of paperwork,” Mr. Lebel said on Thursday.

The list of the bodies of water that will be covered include the ones most frequently used for transportation, Transport Canada officials said, adding that it could be altered in the future.

The name of the act will be changed to the Navigation Protection Act, a move officials say recognizes its “historic intent” to focus on navigation, not water.

The changes garnered praise from municipal representatives, who said they would help pave the way for economic growth and infrastructure development.

But environmentalists and opposition MPs said changes to the act are part of a broader move by the federal government to weaken environmental oversight. The last federal budget bill dramatically overhauled the rules for environmental assessments, shifting responsibility to the provinces and ending reviews for small projects.

“The destruction of the Navigable Waters Protection Act and renaming it the Navigation Act is part of a consistent pattern of Stephen Harper trying to remove federal constitutional authorities for the environment,” Green Party Leader Elizabeth May said on Thursday.

John Bennett, executive director of Sierra Club Canada, said the changes mean provinces, territories and municipalities could be responsible for assessing the impact of construction projects they want to build themselves – a shift he suggested could result in conflicts of interest.

“You need a government that’s not directly involved to be the one looking over the shoulder,” he said. “It’s sort of a basic rule of fairness that the person who wants to do something isn’t the one who’s deciding whether it’s a good thing to do or not.”

The Federation of Canadian Municipalities, which supports the government’s proposed changes, said it didn’t see a problem with municipalities managing local project assessments without federal oversight.

“[Municipalities] are accountable to the citizens, they do thousands of projects every year that end up with potential impacts on the environment, so they’ve got to be careful and they are careful,” said Brock Carlton, the federation’s chief executive officer. “There’s no benefit to being disrespectful in terms of environmental management.”
Ms. May said some of the changes help to improve clarity in the act, including a move that would allow the Transport Minister to require the owner of an abandoned vessel to remove it from a waterway.

**Feds remove water protection from historic law**
Postmedia – October 18, 2012
Mike De Souza

OTTAWA-The Harper government is proposing to stop one of Canada’s oldest laws protecting bodies of water across the country.

The changes, introduced as part of a 443-page budget implementation bill tabled Thursday in Parliament, would replace the Navigable Waters Protection Act, first introduced in 1882, with a new Navigation Protection Act covering a list of 97 lakes, 62 rivers and the three oceans on Canada’s coasts.

Transport Minister Denis Lebel suggested that the changes could ease the burden on companies seeking approval on new industrial projects such as oilsands development or mining extraction.

For example, under the existing law, Transport Canada had urged Shell Canada to provide more information about a proposed “diversion” of the Muskeg River for a new oilsands project.

While this process would continue, future project approvals on that river or many others would not be subject to a review under the new law unless Transport Canada expands its list of protected bodies of water.

“All projects that are actually in the middle of the (approval) process must be held to the existing rules,” said Lebel at a news conference. “The day when this new law comes into force, it will be another thing.”

A First Nations group promptly slammed the proposed changes, suggesting that it was giving industry a green light to destroy vital waterways in its community, violating existing treaty rights in Canada.

“I am seriously concerned this is an indication of corruption in our current government,” said Chief Allan Adam of the Athabasca Chipewyan First Nation. “We hope there will be a public outcry that echoes our sentiment. After all, we all share the responsibility to protect mother earth.”

Transport Canada said it was prepared to revise the list, which records the Atlantic Ocean as number 97 on a list of 100 oceans and lakes.

Previous changes introduced to the same law in the last major budget legislation removed pipeline projects from its scope.

Lebel said other environmental laws would still apply to assess potential impacts of projects, but that the changes, endorsed at his news conference by the Federation of Canadian municipalities, would remove excessive administrative delays on minor projects such as boat docks for cottages on lakes.

“Over time, the scope and application of a law that was designed to protect navigation has expanded to the point where it now applies to brooks, streams, ditches,” said Lebel, noting that 80 separate assessments were done for docks on a single lake near Edmonton. “So now, even the most basic foot bridges over small streams still require pages of paperwork, even when the stream is clearly not used for any kind of boating.”

He added that the existing law also slows down the building of bridges and repairs to the old ones.

But Green Party leader Elizabeth May suggested Lebel was misleading Canadians, since previous changes to environmental laws introduced by Prime Minister Stephen Harper’s government have already largely removed federal environmental oversight on industry.

“The destruction of the Navigable Waters Protection Act and renaming it the Navigation (Protection) Act is part of a consistent pattern of Stephen Harper trying to remove constitutional authorities for the
environment,” May said at a news conference. “Harper clearly does not believe the federal government should be responsible for environmental protection. So they are trying to rewrite history.”

But May said the changes would also give the minister more powers to crack down on abandoned vessels in the water.

The legislation would also provide for new fines or penalties for some offenses.

The new budget bill also proposed to make some corrections to its predecessor from the summer, which introduced a new regime for assessing the environmental impacts of industrial development.

A spokesman for Environment Minister Peter Kent said most of the changes were “technical” in nature, along with the correction of a “loophole” that “came to our attention.”

The Federation of Canadian Municipalities also issued a similar statement of support of the federal government’s proposed overhaul of the Fisheries Act last spring, which removed protection of fisheries and gave the government new tools to “authorize” water pollution.

But municipalities in the federation later adopted a motion demanding that the government withdraw the proposed changes for further analysis of the consequences.

The last budget implementation law, adopted in July eliminated about 3,000 federal environmental assessments and was slammed by economists, environmental groups and opposition critics for weakening existing laws.

The previous legislation also gave the government new tools to investigate environmental groups, weaken protection of endangered species and limit public participation in consultations and reviews of proposed industrial projects.