

April 6, 2020

Honourable Dan Vandal
Minister of Northern Affairs
Government of Canada
Room 434, Confederation Building
229 Wellington St.
Ottawa, Ontario K1A 0A6
By Email to: aadnc.ministrean-ministerna.aandc@canada.ca / dan.vandal@canada.ca

Dear Minister Vandal,

Re: Qualification of Northern Companies for the Canada Emergency Response Benefit (CEWS) Program

We are writing to seek assistance from the Government of Canada at this time of unprecedented medical crisis in Canada, an emergency that is taking its toll on all of us Canadians but also on our northern economy. Your government has been making strong efforts to tackle the issue, and we are hoping that with some tweaking, these efforts can better serve northern Canadians.

By way of introduction, our Chambers represents approximately 1,000 members active in mineral production, development, exploration, consulting and related services in the three northern territories, Yukon, Northwest Territories, and Nunavut. Producing over \$3 billion in minerals annually, our industry is the largest private sector employer and contributor to the gross domestic product (GDP) in all three Territories. Our industry provides over 10,000 jobs and over \$3 billion in annual business spending, including a significant and growing share with Indigenous residents and businesses. As a result of these investments, our industry has generated several billion dollars in taxes and royalties to public and Indigenous governments and Inuit organizations.

As you know, maintaining a healthy and sustainable minerals industry is vitally important to the Northern economy. However, in order for the three northern territories and Canada to continue to realize these benefits, our member companies need to survive this Pandemic period to be strongly positioned to bring renewed investment back to the North and its communities.

While the Canada Emergency Wage Subsidy (CEWS) program could be a key tool in helping ensure the continuity of the northern minerals industry through the challenges posed by the COVID-19 Pandemic, the current eligibility requirements, specifically the need to show a drop in corporate revenue of 30% from the same period last year, is problematic for many of our members.

Highlighted below are three important gaps in our members' eligibility for the CEWS program, along with our recommendations to help fill them.

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Tel: (867) 873-5281 Fax: (780) 669-5681 / Website: www.miningnorth.com
- Yukon Chamber of Mines: 3151 B - 3rd Avenue, Whitehorse, YT Canada Y1A 1G1
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- **Operating Mines:** Our operating mines are currently suffering cost and revenue challenges as a result of the Covid-19 Pandemic. In complying with territorial and federal health orders, regulations and recommendations, mines are incurring extraordinary costs to implement extraordinary measures. These include returning over 1,200 northern mine workers to their remote and vulnerable home communities to prevent potential virus spread. The mines are incurring costs of travel and for maintaining wages of these employees. As well, the mines are being proactive in developing and preparing pandemic plans, modifying camps for potential quarantine, implementing screening protocols for all site workers and, most recently, chartering aircraft across Canada to bring in employees. One mine has been forced to go into temporary closure. All these measures come at a heavy cost burden, funded in part through the termination or suspension of capital projects, creating domino effects on service and supply companies.

While the mines would benefit from CEWS, due to the seasonality of operating in the North, some have uneven revenue generation, and some were ramping up to bring their mines into full operations last year. In both situations, a comparison of revenue to the same period last year is not reasonable or reflective of their revenue losses in 2020.

Recommendation: *We recommend that all companies with active mining operations in Yukon, Northwest Territories and Nunavut should qualify for CEWS regardless of 30% revenue shortfall requirement.*

- **Non-Revenue Generating Developers and Explorers:** To comply with the Territorial lock downs implemented to protect the North from the COVID-19 Pandemic, our exploration and development member companies have suspended and cancelled their 2020 exploration and development programs. These member companies also employ a significant number of northerners, many from smaller communities that might not directly benefit from existing mining operations. Even if the Pandemic subsides in southern Canada over the next couple of months, the unique challenges of operating in the North (e.g. difficult logistics, short field seasons etc.) mean it is unlikely these companies will be able to recommence northern activities until 2021. With equity financing windows closed for the foreseeable future, they are facing difficult decisions with respect to overall survival and retention of their employees.

Employee continuity is critical to the success of Northern exploration and development companies. Not only do their employees have the technical memory and knowledge of the projects they are advancing, they hold important, established relationships with local Indigenous and community leadership, with hunters and trappers organizations, regulators, and local Indigenous employees and service providers. There is tremendous value in these relationships, a value higher than would be recognized in the proposed emergency wage subsidy.

Recommendation: *CEWS should be available to all full-time employees of non-revenue generating exploration and development companies with active exploration programs in Yukon, Northwest Territories and Nunavut.*

- **Northern based Companies Servicing the Minerals Industry:** Northern exploration, development and mining companies rely on the services and support of many local northern businesses. Northern based consulting, service and supply companies are experiencing significant increases in operating costs in order to comply with COVID-19-related health and safety orders. As a result of pandemic-related cutbacks by mine operators to capital projects, our services sector

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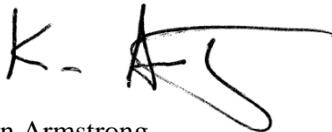
members are also being hit with enormous reductions in their anticipated 2020 revenues. Service companies also typically experience uneven revenue streams that are impacted from year to year by client ramp-up periods or project delays. As a result, comparison of revenues year on year is not an appropriate metric to measure the impact of the COVID-19 pandemic on these important mineral industry service providers.

Recommendation: All Yukon, Northwest Territories and Nunavut based minerals industry service companies, including northern based employees of larger, national service companies, should qualify for CEWS, regardless of 2019 revenues.

With the many measures being implemented by the Federal and Territorial governments, we are all hopeful to see the COVID-19 Pandemic recede over the next few months. However, as long as pockets of infection remain in the south, we can expect the reopening and repair of the Territorial economies will be much slower than the south. Therefore we urgently request the Federal Government take the unique circumstances of Canada's North into account and ensure the companies active in its most important and largest private sector industry are provided the supports they needs to survive and retain employees during this unprecedented crisis. With Canada's support, our northern minerals industry will be positioned to contribute to the much-needed resurgence that Canada's economy will require.

Yours truly,

NWT & NUNAVUT CHAMBER OF MINES



Ken Armstrong
President

YUKON CHAMBER OF MINES



Ed Peart
President

c.c.: Hon. Seamus O'Regan, Minister of Natural Resources Canada
Hon. Yvonne Jones, Parliamentary Secretary to the Minister of Northern Affairs
Hon. Bill Morneau, Minister, Finance Canada
Hon. Larry Bagnell, Parliamentary Secretary to the Minister for CanNor
Hon. Joe Savikataaq, Premier of Nunavut
Hon. Caroline Cochrane, Premier of the Northwest Territories
Hon. Sandy Silver, Premier of Yukon, Minister of Finance
Hon. Ranj Pillai, Yukon Minister of Energy, Mines & Resources
Hon. David Akeagok, Nunavut Minister of Economic Development & Transportation
Hon. Caroline Wawzonek, NWT Minister of Finance
Hon. George Hickes, Nunavut Minister of Finance
Hon. Katrina Nokleby, NWT Minister of Industry, Tourism & Investment
Hon. Dennis Patterson, Senator for Nunavut
Hon. Pat Duncan, Senator for Yukon
Hon. Margaret Dawn Anderson, Senator for Northwest Territories
Mr. Michael McLeod, Member of Parliament for Northwest Territories
Ms. Mumilaaq Qaqqaq, Member of Parliament for Nunavut
Ms. Cathy McLeod, Northern Critic for Conservative Party of Canada
Ms. Shannon Stubbs, Conservative Shadow Minister for Natural Resources

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