



## INFORMATION FOR CANDIDATES IN THE 2019 NWT ELECTION

The following information is intended to help candidates to learn more about the NWT's minerals industry, its importance to the economy, and what steps can be taken to strengthen it.

### QUICK POINTS

- GNWT needs to strongly acknowledge and market to residents the importance of the minerals industry to the NWT economy, and that its potential is barely scratched given the right support.
- Create a new NWT Resource Vision – an “Improving Investor Confidence” strategy – as an all-of-government approach
  - o Break the silos in GNWT and align all departments to work to the vision
  - o Work with Indigenous governments to establish and advance this vision.
- Take a strong lead on behalf of the mineral industry portfolio and bolster it with support of Federal and Indigenous Governments
- Repatriate the Mackenzie Valley Resource Management Act
- Repatriate the outstanding 50% of royalties that Ottawa retains and do so with no loss to transfer payments or grants
- Share financial returns from new exploration and new mines with Indigenous governments on whose land the activity takes place. Share from mining property taxes, the mining heritage fund, from increased tax revenues generated by new explorers and miners, and from the royalties repatriated from Ottawa (see above). This will be in addition to current royalty sharing under land claims and devolution arrangements.
- Get special Federal acknowledgement of the north's mineral industry needs because the NWT (and the North) can play an important part in Canada's mining future:
  - o Have Canada create a Northern Mineral Exploration Tax Credit that is double the existing one for Canada to incent exploration and recognize that exploration costs can be up to 6 times higher in the north;
- Continue to advance road and power infrastructure and get the funding to actually construct it. Recognize that industry is the anchor tenant required to provide the long term Return on Investment to justify this infrastructure investment. Since communities do not have the financial means to pay for road and power infrastructure on their own, mineral industry customers are “anchor tenants” that will help bring improved access and reduced power costs to all.
- Help reduce industry costs by addressing the carbon tax, airport fees, transportation costs, etc. wherever possible.

- Build an investment climate FOR INVESTORS – ask them what they need and put it into place (ie, use the right tools: attract and catch fish with an attractive hook not a shotgun!)
- Improve regulatory environment – match regulatory requirements to the actual risk that is created, not fear of unreasonable risks (precautionary principle gone too far)
- Build capacity in northerners to slow economic leakage to south
  - o Provide business development support
  - o Support continued training of northerners for mining jobs
  - o Educate our youth in the schools on the minerals industry and other career opportunities
- Settle land claims to resolve “landlord uncertainty” and to return lands that are currently closed due to land claim “interim” withdrawal to active exploration.
- Advance Land Use Planning
  - o Use land use planning to ensure transparency and achieve wise use of land for both conservation and development purposes. Recognize that all mining past and present has used less than 0.006% of the land area of the NWT. With over 30% of the NWT closed to development, we have foregone much opportunity from small footprints.
  - o Protect lands for resource development potential too not just for conservation purposes.
  - o Consider trade-offs enabling lands with mineral potential within conservation areas to be swapped with lands with low mineral potential that are contiguous. We haven’t been perfect at closing off only low mineral potential lands.
- Roll all of these actions under a new “Improving Investor Confidence” Strategy. All northerners will benefit from such a strategy.

### **MORE DETAILED THOUGHTS: 7 AREAS OF FOCUS**

#### **1) INCREASE ACCESS TO LAND**

Over 30% of the NWT is not available for development.

There is also very little land available to be explored and developed in the Northwest Territories that is also accessible to infrastructure needed to mine and ship mineral products to markets for commodities other than gold and diamonds, which can be flown out – Why?

- a. Protected Areas such as parks and lands reserved for conservation measures;
- b. Indigenous land claim withdrawals;
- c. Indigenous owned and/or controlled lands where systems have not been developed to acquire, explore and develop a mineral prospect.

#### **SOLUTIONS**

- Reduce the amount of land tied up in environmental conservation and establish transportation and utility corridors within them;

- Consider trade-offs enabling lands with mineral potential within conservation areas to be swapped with lands with low mineral potential that are contiguous;
- Collaboration between all levels of government to manage mineral exploration and development under the GNWT with one set of rules, consistent timelines, and known costs, including for royalties and community payments and other expectations.

2) **REDUCE THE INFRASTRUCTURE DEFICIT** – There is a shortage of roads, ports, power lines, airfields and railways needed to build and operate mines, and to serve community needs too.

### **SOLUTIONS**

- Basic infrastructure is a responsibility of governments.
- Recent announcements of infrastructure funding from Canada and GNWT are good starts to addressing the 40-year gap we have seen in major Federal infrastructure funding. GNWT must secure the funding to construct these projects from all levels of government working together for mutual benefit.
- Consider re-investing royalties into infrastructure to enable future development, development that will also rejuvenate royalty coffers.
- Don't require that infrastructure already paid for and developed by industry be rehabilitated after depletion of a mine. These roads, airstrips, power supply and railways can reduce the upfront capital costs of future developments. The Pine Point mine railway still serves Hay River and helps future development with reduced transportation costs.
- Developers should not have to pay up to 4 times for mine infrastructure eg. 1) permitting, 2) bonding, 3) construction, & 4) reclamation of a road (the latter should be exempt from bonding and reclamation);
- Use the Infrastructure Bank as a mechanism for certain infrastructure projects.

3) **REDUCE HIGH COSTS** – Capital costs to construct mines are up to 2.5 times greater in Canada's North as compared to southern jurisdictions and operating costs can be double, making the threshold for economic viability significantly higher in the NWT than in southern jurisdictions. This requires better deposit quality and deposit sizes to justify the investment needed to deliver an attractive rate of return to shareholders. Many deposits in the north remain undeveloped because of costs, whereas they would have already been mined if located in southern Canada.

## **SOLUTIONS**

- Invest in infrastructure, including common transportation and power utility corridors that new mines can connect to;
- Reduce permitting costs and timelines and enable mines to be developed on schedule;
- Temper community expectations. Not all mines are world class diamond mines.

### **4) REGULATORY COSTS AND DELAYS** – Permitting in the Northwest Territories is cumbersome and expensive to navigate

- a. Simple permits for low impact work programs can take months to secure and sometimes requires unrealistic mitigation measures for activities that are routinely carried out in southern jurisdictions eg., drilling;
- b. Environmental Assessments commonly require esoteric studies that are not relevant to project or their potential impacts, eg., What impact will a mine have on song birds and why require more than 1-2 years for water quality baseline studies?
- c. Environmental Assessments take far too long to complete and are often well beyond the patience levels of most long-term investors. Other jurisdictions have created more efficient processes that also environmentally diligent.

## **SOLUTIONS**

- Quicker issuance of permits for low impact exploration.
- Fixed schedules for issuance of other permits and for the completion of environmental assessments (eg. Two-years for the latter);
- Compel regulators to stop “regulatory creep” by making the Terms of Reference for EA’s that are specific to the issues where impacts would be expected and don’t require esoteric studies;
- Eliminate the need for needless details on, eg, requiring building sizes in an EA when they may vary because of evolving engineering and/or project plans that are not material to the potential impacts on the environment.

### **5) UNREALISTIC INDIGENOUS GOVERNMENT EXPECTATIONS AND DEMANDS** – For an industry already impacted by the aforesaid issues and costs, the demands by some Indigenous governments are excessive whether it is payments required for simple consultation or, the payments expected from Benefits Agreements that are also typically held up for the maximum amount a project can afford after the high risk money to conduct exploration and development has already been made by investors, leaving returns for shareholders that are not commensurate with the risks associated with mineral exploration and development.

## **SOLUTIONS**

- Develop one set of rules for all projects with known payments and benefits provided to Indigenous governments and managed by one regulator under the GNWT.
- Where overlapping claims exist, share these payments between the Indigenous governments.

## **6. INCREASE PUBLIC AWARENESS**

Strong public awareness will help bolster support for a strong minerals industry, and can increase mineral industry benefits to the NWT.

We need to increase public awareness of the industry, eg, that mines and exploration projects have full reclamation security in place, that the industry takes actions voluntarily and as required under strict regulation to protect the environment, that it creates significant benefits through training, employment, business, community contributions and tax revenues, and that it provides many career and business opportunities. Few realize that much in our industry has changed over the past 25 years and that mining today is not that of our fathers let alone our grandfathers. Giant mines are relics of the past.

Just as we know it's important to market the NWT externally to attract investors, we also need to market or communicate it locally to our own residents.

## **SOLUTIONS**

- Teach our youth about the minerals industry in our schools. Once they understand the industry and the almost one hundred different jobs, more will pick mining careers, and we will need to fly in fewer outside workers. More resource money will stay in the north as we reduce economic leakage.
- Increase the government's resource education communications programs to raise the general public's awareness of the importance of our resource industries.
- Support further work under the [MiningNorthWorks!](#) Program and the MiningMatters programs. Support STEM programs too.

## **7. WRAP IT UP IN A RESOURCE STRATEGY**

Create a new NWT Resource Vision – an “Improving Investor Confidence” Strategy – as an all-of-government approach that sees all departments aligned to the vision. GNWT must also work with Indigenous governments to establish and advance this Strategy, and use Federal departments and agencies to help. With collective action, the Strategy will be most effective, and will make most progress at addressing the challenges the NWT economy will face in the term of the 19<sup>th</sup> Assembly as diamond mining matures, and we need more investments to offset it.

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