

**Presentation to the  
Northwest Territories Chamber of Commerce Annual General Meeting  
By Mike Vaydik, General Manager, NWT & Nunavut Chamber of Mines  
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Good morning. I must say that this is a pretty good turnout for a Northwest Territories Mining Week event and I'd like to thank the Chamber of Commerce for organizing it.

It is Mining Week this week and the territory has a lot to celebrate. We are leading the country in economic growth, and in employment growth as two world class diamond mines provide the basis for a fabulous time in our economic lifetime. A third diamond mine under construction means that the construction industry will be kept busy for the next two years. The related residential growth in Yellowknife and in the other communities directly affected by the mines means that we all benefit from a wider and more cost effective range of goods and services in our communities.

When the bottom fell out of the gold market in the mid 1990s, we were very fortunate indeed that two prospectors named Fipke and Blusson had soldiered on in their ten year quest for diamonds in the central barren lands. The result of their single-minded effort was the Ekati Mine that began production in 1998, followed in 2002 by Diavik. There are a number of prospectors who are trying to re-create those finds but they are having a difficult time of it. The average person may not be aware of these difficulties but because they are so profound and will have such a marked effect on the future of the mining industry in the NWT I'm going to relate some of them now.

**REGULATORY ISSUES**

1. Grassroots prospecting is now virtually halted in the Akaitcho Territory. Junior companies trying to explore in the area have had their low-impact projects referred to environmental assessment, based not on any environmental reason but rather one of non-specific Public Concern. Junior companies can simply not withstand the uncertainty and cost of an environmental assessment at this early stage in a property's assessment of its economic potential. These companies have taken their exploration dollars elsewhere. Not only does this mean that companies who service the exploration industry will see a reduction in their revenues but it means that the NWT is not able to replace its mined reserves nor can it diversify its mineral product. Diamonds are great but it's only one product, subject to the whims of consumers. It is time that we reinvested in developing reserves of gold, tungsten, uranium, and lead / zinc so that we have a better opportunity to withstand the inevitable downturns in the demand for any single product. When we consider that permitting a new mine can take up to ten years, the time to be looking to replace reserves is now.

2. Mineral tenure is under attack in the Deh Cho region with the recent refusal of the Minister of DIAND to issue prospecting permits in accordance with the Canada Mining Regulations. Claim posts have been destroyed in the region in 2002 in a very public

manner with no charges having been laid. The Canada Mining Regulations have been the beacon on which the mining industry has been able to focus in a sea of uncertainty over mineral policy, land claims, protected areas and land withdrawals. The fact that the CMRs are now in question is sending a clear signal to the exploration business that it had best invest elsewhere.

3. The Prairie Creek mine, a mine that was constructed in the 1980s and has never operated, has faced a continual round of legal battles and permitting delays in its desire to do some exploration drilling on its mining lease and to reopen a winter road to ship some supplies to the mine site.

4. The Ekati Mine, responsible for about one third of the NWT's GDP, has had renewal of its water license delayed to the point that it almost had to serve notice to its employees that it would have to suspend operations. This is a mine that has operated to the highest environmental standard since it opened.

In her recent report, the Auditor General of Canada indicated that DIAND was mismanaging its responsibilities for northern resource development. We would like the business community of the NWT to join with the Chamber of Mines in demanding that DIAND submit a report to the public in the NWT as to specific progress it is making towards improving the operating and investment environment here.

So that is the first thing I have to report to you today. The regulatory regime in the NWT has a long way to go before we can be seen as a mining-friendly place to invest.

## INFRASTRUCTURE

The other drawback to investment in our territory is the lack of infrastructure. We simply do not have enough roads. Even with the recent influx of federal cash as a result to our business coalition lobby effort, we still lag far behind other jurisdictions. In fact, in a recent survey of mining companies, the NWT was rated the worst in the world in terms of infrastructure behind 63 other jurisdictions, including places like Papua New Guinea. If we are to develop our industry, our communities and our social network, we need transportation that is year round and cost effective - that means roads.

Since the 1960s, the federal government has not developed one new road in the slave province, the region that has such high mineral potential. Talk about a northern strategy: something that is so popular on federal politician's agenda right now. Let's simplify the strategy down to two words: Build Roads. Build roads to link our industry with markets and our communities with one another.

Other infrastructure needed is a reliable power supply based on sound economics.

## SKILLS AND EDUCATION

Another challenge we all face is the availability of skilled people. For many years now, we in the mining industry have predicted the trend of skill shortages for our mining operations. It's not just a northern problem, it's Canada wide. In addition, almost every business sector across the country reports a shortage of people in the system that are being trained to fill the needs of their sector. I think this problem has been at the top of the list of concerns of the Committee for Independent Business for several years.

In the mining industry, we have been successful in obtaining \$11 million in federal human resource development funds to leverage similar amounts from mining companies and the territorial government. This money is being put to work as we speak to upgrade skill levels in several trades across the affected communities. The Mine Training Society's problem though is finding enough northerners who have sufficient academic achievement in high school to even enter basic apprenticeship and skilled operator training programs.

We desperately need people with grade 12 if we are to continue to keep our northern workforce growing. Industry cannot reasonably be expected to upgrade people from junior high school levels. That's clearly the governments' and the communities' job.

I want to make it very clear that I'm not casting aspersions on the teachers and school administrators, nor on the department responsible for education. We have a societal problem in that we are not educating enough of our young people to participate in the modern knowledge based economy. I don't think that's all the systems' fault.

There are no simple catskinners or truck drivers in our business anymore. They are skilled operators. Driving one of the haul trucks at our diamond mines requires training, knowledge and skill. You don't get let loose with a truck bigger than a house and worth 2 or 3 million dollars until you are qualified. Skills are continually upgraded to improve safety and efficiency. A modern mine is a learning environment but you have to come with a basic skill set if you are going to be successful and if you are going to progress to a higher level of responsibility.

At all our businesses we need people who meet that basic skill level. While I say it is a societal problem, I think the government bears the major responsibility for providing the leadership and programs to deal with the issue.

Here are some things that I would like the business community to really get on the government's case about:

1. We need to expand the basic literacy skills of the population. There's no better place to do that than in the school and in the home. We need programs to assist parents who may not have a lot of education themselves to help their children learn.

2. We need public libraries in every community. There are still at least five communities without them. In 2005, that's simply not good enough. Computers and the internet won't teach people to read. People still learn to read the way we did. On the couch with a parent or sibling or teacher with a book with lots of pictures.

3. We need a major and continuing stay-in-school campaign. Our kids need to know that it is important that they finish high school so that they can make their way in the world. I'm sure that the youth know that, but a prolonged and high powered reminder on the Much Music channel every day can't hurt and it might just help. We simply need to begin making more progress in attacking the drop out rate.

4. We need to support Aurora College so that it can offer more varied and better courses in more communities. Instead of bricks and mortar, we need to investigate new ways to deliver programs in our smaller communities. To do that we need political buy-in at the community level. Our Mine Training Society has tried many innovative approaches, we need to enable all our educators to try new approaches to increase education awareness, particularly in our small communities.

5. I want to point out that it's not just business that needs skilled staff. As land claims and self government agreements are signed, new governance models will require a higher level of trained staff in all communities.

I hope that the business community can put some more of the co operative effort that we showed in the NWT Business Coalition to work to help the government come to grips with the long term education agenda.

## FISCAL RESPONSIBILITY

We are watching a period of incredible economic growth in the NWT but I had someone ask me the other day "What's it really mean to me?"

My NWT income tax went up last year.

My employer's corporate tax went up last year.

The payroll tax doubled last year.

The cost of living certainly hasn't gone down, it's stayed about the same. The cost of housing has gone up, though.

Even the Mayor of Yellowknife said that it would be great if we could lower the cost of living, just before City Council voted to raise taxes.

All this makes us wonder what is being done with the revenue from the new mines. Diavik alone pays \$11 million a year in property and fuel taxes. Its 700 workers all pay

income tax. Ekati has an even larger workforce and a larger property tax base. Our third diamond mine at Snap Lake will add considerably to the revenues of the GNWT.

I think we as business people who contribute to the tax revenue of government have a right to be vigilant and ask where the money goes. In our consensus style government it is even more important that we hold the government to account.

It is only then that we can ensure that increased revenues go to bettering our quality of life, which really is what it's all about.

So, in summary:

We need a major regulatory reform in the NWT

We need infrastructure development, particularly roads to resources and communities.

We need major emphasis placed on education and training.

We need fiscal responsibility at all levels of government.

I hope those are points we can all agree on and I solicit your support to work together to make improvements for the benefit of our families, our youth, our communities, our economy, our industries and our businesses.

Thank you