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2024 PRE-BUDGET SUBMISSION

Recommendations for Improved Economic Development in the Northwest Territories and Nunavut Using Mineral Resources

The NWT & Nunavut Chamber of Mines is pleased to submit this document in response to Canada's 2024 pre-budget invitation for ideas on how to best support Canadians, Canadian businesses, and the Canadian economy.

Northern Canada has made successful strides towards improved economic self-sufficiency and Indigenous economic reconciliation using the strength of its mineral resources. In a single generation, both the Northwest Territories and Nunavut have seen mineral resource development reach almost half of their respective economies measured by gross domestic product. Simultaneously, northern – and in particular Indigenous – residents, businesses and governments are achieving unprecedented benefits from northern mineral resource development.

However, this hard won progress is at risk.

- The mines that have supported such important economic growth in the territories are maturing and replacement mines and benefits are not in sight. The world class NWT diamond mines that made Canada the third largest global diamond producer are maturing and could all be closed in the next six years, turning the clock back on admirable progress¹ in such achievements as Canadian Indigenous economic reconciliation.
- Exploration investment – so critical to discovering new mines to sustain and replace maturing mines – remains stuck at historical lows in both the NWT and Nunavut², as the North loses its competitiveness to southern provinces and other countries. This is in no small part due to the additional mineral exploration tax credits that provinces add on top of the Federal mineral exploration tax credits.

¹ [Eyes Wide Open: Starting a Conversation on the Effects of a Diminished Resource Sector in the NWT, Impact Economics 2023](#)

² [NWT Mineral Exploration expenditures up, Nunavut & Yukon in decline](#)

- Significant existing mining potential is being stymied unnecessarily, specifically growth at what should be world-class mines at Mary River iron and Meliadine gold in Nunavut.
- If not checked, a growing and unnecessary environmental bias will damage further mineral development and its important and necessary benefits to the territories and their residents. There are two areas where this bias is threatening sustainable resource development in the north: Land Use Planning in Nunavut, and Canada’s “30% by 2030” conservation initiative.
- The cost of doing business is increasing due to a one-size-fits-all approach that Canada has taken with recently invoked Federal Flight and Duty Regulations. We fully support safety in the aviation industry, however the one-size-fits-all approach Transport Canada has taken is unfairly treating remote and small aviation activities which operate much differently than trans-oceanic passenger and cargo flights.

The upcoming budget provides Canada an opportunity to help the northern territories, particularly the Northwest Territories and Nunavut by addressing these issues. Given that devolution is now complete for all of northern Canada, Federal action is important for the territories to move forward in their evolution and their path to self-reliance using their mineral resource endowment.

Specific recommendations we would like to see addressed in the budget are:

- 1. Revisit the Arctic & Northern Policy Framework (ANPF) and strengthen focus and actions to bolster mineral resource development in the territories.**

The ANPF recognizes that mining is “the largest private sector contributor to the economies of the Northwest Territories and Nunavut”, and Goal 3 of the ANPF commits Canada to: “Optimize resource development, including the mining and energy sectors, while ensuring that this development is undertaken in a responsible, sustainable and inclusive manner.”³

However, there is minimal mention of “mining” anywhere else in the policy document.

Yet mining has proven its ability to make a significant difference in northern and Indigenous training, employment, business and government revenues. There are significant opportunities to do more today in areas including Indigenous employment, critical mineral development, and leveraging expensive infrastructure development.

Given the many challenges that northern mineral resource development is facing today, we make this first recommendation:

³ [Arctic & Northern Policy Framework](#)

- ***Recommendation: That Canada take the following actions through Budget 2024 and the ANPF to assist its private sector anchor of the territorial economies in overcoming the many challenges they face to maximize the resource opportunities that are available today.***

2. Create a “North of 60” Mineral Exploration Tax Credit (N60-METC) to help level the playing field for exploration investment in northern Canada and to sustain and grow the important benefits that northern mining is providing.

Natural Resources Canada (NRCan) statistics show that the North continues to capture a declining percentage of Canadian mineral exploration investment. This is largely due to higher costs in the north, AND the decision by provinces to provide additional provincial mineral exploration tax credits to attract investment.

Canada clearly recognizes the value of a mineral exploration tax credit to enhance mineral exploration investment. This was emphasized by the government’s recent decision to double the existing national METC to enhance critical mineral exploration. However, just as under the existing METC, the decision to double the METC for critical minerals will continue to leave the North disadvantaged.

CIRNAC sponsored research by Dr. Michael Doggett in 2021, and his report, *Analysis of a Proposed North of 60 Premium Mineral Exploration Tax Credit*⁴ concluded that a N60METC would help to offset the North’s competitive disadvantages. As with the other national METC’s, a N60-METC credit would not be a significant cost to Canada.

- ***Recommendation: That Canada create in Federal Budget 2024 a North of 60 Mineral Exploration Tax Credit with a premium of 20% above each of the national METC and the national Critical Minerals METC to help the North advance critical and other mineral development for Canada’s benefit.***

3. Address environmental bias that is threatening sustainable resource development in the north in these two areas, Nunavut land use planning and Canada’s 30% x 2030 conservation initiative.

Nunavut Land Use Planning: Canada is a partner in approving a territory-wide Nunavut Land Use Plan being recommended by the Nunavut Planning Commission. The Recommended Nunavut Land Use Plan (RNLUP) is their third attempt in ten years, with each iteration having become more unbalanced and restrictive to resource development.

⁴ [Analysis of a Proposed North of 60 Premium Mineral Exploration Tax Credit, Dr. Michael Doggett, 2021](#)

Consultations to create the RNLUP have gathered a significant and valuable database of land and water values that is important to inform any future activities. This should be retained. Where the RNLUP fails is in its subsequent interpretation of these values to draw boundaries. These are excessively and unnecessarily restrictive to development; and in drawing them, the Nunavut Planning Commission has usurped the powers of the Nunavut Impact Review Board (NIRB) and Nunavut Water Board (NWB) to fulfill their role in helping ensure responsible development can occur.

The RNLUP is now so restrictive that even current operating mines will be unable to sustain themselves through organic growth. It is a normal expectation that once mines are built and delivering benefits they find ways to sustain themselves and their benefits for as long as possible. Unfortunately, if accepted by Canada this RNLUP will compromise that.

Additionally, the draft RNLUP proposes to close off excessive areas of high mineral potential lands from further exploration and development, and stifle future mining opportunities, including future critical mineral mining opportunities.

The RNLUP if unchecked, will negatively affect the goals of increased self-reliance promised by the Nunavut Devolution Agreement, recently signed by Canada.

- ***Recommendation: That Canada not support boundary lines proposed under the current RNLUP until a balance between environment and economy is established, and a clear division of power is clarified between the NPC, the NIRB and the NWB.***

Canada's "30% by 2030" conservation initiative has a noble goal which we support to help "reverse the decline in biodiversity, better fight climate change, and maintain a strong, sustainable economy."

However, the footprint of current, and any reasonably imaginable number of future mines, is much less than 1% of the land area of the territories. This is a minuscule amount and helps remind us of the high value these small footprints of activity provide to the North and Canada. There is much room to protect 30% of the territories without compromising the valuable, and smaller areas of known high mineral potential. Protecting high mineral potential from sterilization into conservation areas would be a win-win between conservation and mineral development.

- ***Recommendation: That Canada direct that any conservation proposals under the Federal "30% by 2030" conservation initiative adopt the same requirements in northern Canada as under the National Parks Policy that mineral resource assessments be conducted to inform the***

setting of any final conservation area boundaries, to prevent unnecessary loss of future resource development opportunities.

4. Modify the Federal Aviation Flight and Duty Regulations to fit northern needs

In December 2022, Transport Canada invoked national Flight and Duty Regulations. These are one-size-fits-all regulations applying equally to all manner of flight crews, from those operating a variety of aircraft from small to large, from fixed wing to rotary wing, operating in a variety of environments from the most remote Arctic operations to trans-oceanic passenger flights.

The regulations impose excessively burdensome restrictions on pilot duty time.

- It now puts fatigue risk on both flying and non-flying time.
- The new regulations require more pilots per aircraft, in some cases doubling or tripling the number needed.
- The regulations exacerbate Canada's pilot shortage and striking a balance must be found.
- The effects are being felt not only in the northern minerals industry but by all residents of this large part of Canada which relies on air transportation.

We fully support safety in the aviation industry; however, we question if this one-size-fits-all approach is even making a difference. We are concerned that in fact, it is not improving safety, and simultaneously is creating unnecessary complexity and costs.

- ***Recommendation: That Budget 2024 direct Transport Canada to find safe alternatives to a simple one-size-fits-all approach that is questionable from a safety perspective and is adding significant economic pressures on aviation operators and all who they serve, especially in remote northern Canada.***

5. Establish a Long-Term Federal-Territorial-Indigenous Economic Development Infrastructure Plan

It is well known that the territories suffer the highest infrastructure deficit in Canada⁵ and that this creates significantly higher costs that affect all residents and businesses, and hampers development.

It is also known historically that mineral development will benefit from improved infrastructure AND, in turn, can help finance its construction and operations over

⁵ [Study: Levelling the Playing Field: High costs, lack of infrastructure inhibit exploration and mining development in Canada's North, Mining Association of Canada, et al, \(May 2015\)](#)

mine lives. Examples include all the hydropower development in the NWT, its railway, and some of its roads.

Canada historically assisted the development of individual mines by providing project-specific assistance.⁶ A great example was the Nanisivik mine. We continue to encourage the rejuvenation of such government project assistance.

It is also apparent today that Indigenous governments wish to be active participants and owners in infrastructure developed on their traditional lands.

Several projects have seen varying government support to date, including the Slave Province Road, Grays Bay Road and Port, Taltson Power, Kivalliq Hydro-Fibre link and the Kivalliq Highway. None of these have reached the expensive construction stage yet. However, given their huge costs, Canada will be needed to help finance the eventual construction of these as it did with the Tlicho Road and Tuk Highway.

These are nation-building projects and would help make the North a stronger partner in Canada's confederation. They would also provide many benefits including cost of living reductions, supporting critical mineral development, advancing Indigenous economic reconciliation, reducing greenhouse gas emissions, and bolstering Arctic sovereignty.

Canada has an opportunity to help drive, more quickly and effectively, many of these projects through to completion in partnership with northern and Indigenous governments, communities and industry. It could do so through creative approaches, for example,

- Incremental construction of road and power corridors for resource projects to connect into.
- Incremental extension of Tlicho Road to Gameti and Indin Lake
- Staged expansion of the NWT power supply and distribution grids with affordable options
- Support for wind projects throughout the north, much as the Diavik mine has shown leadership with, and with infrastructure construction support for LNG to replace diesel wherever possible and practical.

Infrastructure development will be assisted through partnership.

- ***Recommendation: That Canada advances infrastructure development through the establishment of a Long-Term Federal-Territorial-Indigenous Economic Development Infrastructure Plan in partnership with northern and Indigenous governments, communities and industry.***

⁶ [Federal Government Historical Support for Transportation Infrastructure](#)

Strong Outcomes

Our recommended actions by Canada can help to achieve the following strong outcomes:

- Healthier mineral exploration investment in northern Canada, required to discover new mines to replace maturing operations and sustain important mining benefits;
- Assist existing mines to extend their operations and benefits;
- Increase Indigenous participation in northern projects. The best way to reconciliation in the north is through the north's economic advantage, mineral resources;
- Contribute northern critical minerals under Canada's new critical minerals strategy
- Strengthen Canadian sovereignty in the face of competing Arctic interests; and
- A stronger and more focused and beneficial Arctic & Northern Policy Framework.

----- Thank you -----