

Mining essential to NWT economic survival

Have we lost our link between natural resources and the well-being of our families and communities? Do we remember what happened to our pocketbooks and communities when the NWT's last gold mine closed in 2004?

Homeowners went bankrupt, businesses closed, unemployment jumped, transfer payments fell, tax bases contracted and taxes increased. There was even a U-haul shortage as residents rushed to leave! Government offered \$10,000 grants to buy a home in the NWT.

Diamond mining gave us another chance. Today they are past midlife, advanced mineral development projects are shuttered and early exploration investment has collapsed.

More than half of the NWT's economy is based on mineral development. Two thirds of the non-government economy is supported by

mineral development. This includes 75 aboriginal businesses, hundreds of NWT businesses and thousands of aboriginal and Northern employees and taxpayers.

Mining pays contractors, suppliers, employees, and trainees. Mining funds governments through IBAs and socio-economic agreements, corporate and personal income taxes, school taxes, property taxes, withholding taxes, payroll taxes, royalties, tolls, fees and charges. Territorial, aboriginal and municipal governments and school boards rely on mining to pay for the services they provide residents.

Some suggest we don't need mining. That we can spend our way to prosperity by hiring thousands more government employees that generate transfer payments from Canada. Government provides important services: education, health, transportation, protection, etc.

Without mining our taxes, utilities, charges, tolls and fees will rise to pay for them and pay the debt to finance them.

Tourism, harvesting, arts, local framing, renewable energy, research and satellite ground stations cannot close the gap as existing mines wind down. Not-for-profits and commercial services such as banks, retail and communications don't generate much wealth locally. Wealth created by mining helps pay for our governments, commercial services and not-for-profits.

Since the 1930s, government and natural resources have paid for our northern lifestyle. The only industry that creates significant wealth in the North is responsible mineral and oil and gas extraction. With our remote location, lack of infrastructure, short growing season, small population and high cost of living, the North is unlikely to ever be globally competitive in the manufacturing, technology, financial or agriculture industries.

We made strides developing aboriginal businesses and training Northerners through

mining IBAs, the Mine Training Society and Aurora College. Socio-economic conditions in communities improved. But with rapidly declining investment in exploration, new mines delayed and older mines preparing for closure, aboriginal businesses are struggling. Trained long-term northern aboriginal employees are moving south, becoming fly-in, fly-out employees.

Construction of bridges, roads, and fiber links with borrowed money can make contributions to GDP and increase future competitiveness. As mining declines who will use them? Who will pay the debt and ongoing costs? The biggest source of tolls for the Deh Cho Bridge at Fort Providence is transport of mining supplies.

It takes 15 years to develop a mine in the NWT. This may soon be longer with ever-increasing regulatory complexity, litigation and uncertainty. At some point investment capital gives up and goes elsewhere. That time for the NWT may be sooner than many of us realize. Are we going to let that happen?



GUEST Comment

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