

2004 Yellowknife Geoscience Forum  
RWED Minister Brendan Bell  
November 16, 2004

- Welcome to the Northwest Territories and to Yellowknife.
- It is a pleasure to be here at the 32<sup>nd</sup> Annual Geoscience Forum.
- Thank you to the NWT Chamber of Mines for inviting me to speak at this significant gathering – it's the largest annual conference in the NWT.
- Although I have been a delegate in the past it is my pleasure to speak at this important event for the first time.
- It's a great opportunity for geologists, geophysicists, mine engineers, prospectors, and others working in exploration and development to get together and share information and learn from each others experiences.
- I am pleased to acknowledge the contributions of many individuals including staff of the Northwest Territories Geoscience Office, the NWT and Nunavut Chamber of Mines and the many others who contribute to the Forum.

- Based on pre-registration for the conference, this year's conference will no doubt exceed delegate numbers from last year – approximately 600 delegates.
- The interest is great to see, but maybe not surprising when you consider the state of our economy and the resource development driving that growth.
- The latest federal numbers reported indicate the Northwest Territories':
  - Constant GDP or "Gross domestic product exceeded \$3.8 billion in 2003 - higher than the province of Prince Edward Island.
  - Had \$85,000 per capita gross domestic product in 2003, by far the highest in Canada;
  - Experienced \$51,000 average income per taxable return in 2000-tax year, the highest in Canada (from Revenue Canada – latest numbers);
  - Had a 72% rate of employment, the highest in Canada in October 2004
- Other positive indicators: Indian and Northern Affairs Canada is calling for bids on parcels of land in both the Beaufort Delta and the central Mackenzie Valley.
- The winning bids from the last call completed in June generated more than \$100 million in revenue.

- Petro-Canada, Apache and Northrock have all had encouraging results in the Sahtu.
- Diamond exploration activity in the Mackenzie Mountains has resulted in some encouraging results by Diamondex.
- Gold prices are at historic highs, spurring increased interest in exploration.
- There are line-ups outside the Federal Government's mining office for prospecting permits, for a second year in a row.
- As you can see interest in mineral development in the NWT is still experiencing high levels of interest.
- Now, as it has been for many years, prospectors are the first people to go into an area or search for a new commodity.
- Their work is key to stimulating interest in the exploration of our mineral and petroleum resources.
- This mineral and oil and gas exploration is also supported by a growing body of publicly accessible scientific knowledge and expertise that guides the search and development of our resources.

- The foundation for resource development is geoscience, and the information it provides attracts exploration companies and helps focus their activities.
- It is important to assist in providing this scientific research as exploration leads to discoveries and development.
- This knowledge base not only benefits the resource development sector but has application to high priority issues such as:
  - Infrastructure development, including pipelines;
  - Land use planning;
  - Water resources;
  - Science and technology;
  - Land management decisions;
  - Sustainable development;
  - And climate change.
- I wanted to take a few minutes to discuss what the GNWT is doing to support resource development.
  - GNWT provides a total of \$90,000 per year in grants and contributions for the Prospectors Grubstake Program.
  - Individual grubstakes range between \$3000 and \$5000.

- RWED has a Community Minerals Advisor who is committed to managing the program and providing assistance and support to Prospectors.
- RWED has funded travel for Prospectors for the past several years to travel to PDAC to promote their properties.
- Our Government has also partnered with Indian and Northern Affairs Canada and the Geological Survey of Canada in staffing and funding the Northwest Territories Geoscience Office - formerly known as the C. S. Lord Northern Geoscience Centre.
- Our government believes that an integrated, streamlined delivery of geoscience programs and services will benefit all NWT residents and that investments in geoscience are an investment in the North.
- The GNWT has worked on a number of initiatives over the years that recognize the need for increased geoscience investment in the NWT.

- Progress towards addressing gaps in the geoscience knowledge base has been made through the efforts of the Industry Government Overview Committee (IGOC), which convinced the DIAND Minister to provide over \$2.4 M over two years (2003-2005) for geoscience research in the NWT in response to the Northern Geoscience Strategy.
- Longer-term investment is being sought for the next ten years by a number of organizations, including the Prospectors and Developers Association of Canada, the National Geological Surveys Committee, and the Industry Government Overview Committee.
- These processes are aligned with the planning that is occurring within the framework of the Co-operative Geological Mapping Strategies.
- We will continue to lobby the federal government, with our partners, to ensure geoscience funds continue to flow.
- Mining has long been the backbone of the northern economy but the focus of mining in the NWT has undergone a recent transition.

- The closure of the Con and Giant gold mines marked the end of an era in the history of Canada's north and the fabric of our capital city.
- Thankfully there continues to be optimism for exploration with the recent increases in gold prices, but diamond exploration and diamond mining have emerged as the new economic driver, providing jobs and business opportunities across the NWT and in Nunavut.
- Diamonds are now providing millions of dollars to the NWT economy.
- The NWT diamond industry has made Canada the third largest producer of diamonds in the world.
- Our government recognizes the tremendous economic importance and potential of this industry, and we support its continued development.
- To that end, we are working with other jurisdictions in Canada, and with input from the industry, to implement a National Diamond Strategy.

- The Action Plan for the strategy focuses on three fundamental issues critical to the sustainable development of the Canadian, and NWT diamond industry: the supply of Canadian sourced diamonds, the demand for diamonds processed in Canada; and the regulation of markets.
- The following are key recommendations of the strategy with respect to the exploration and mining sectors:
  - Increase government investment in diamond supportive geoscience including: quaternary geology, mineralogy and geochemistry of indicator minerals.
  - It is also recommended that Premiers encourage the Federal Government to implement the Cooperative Geological Mapping Strategies.
  - Encourage the Federal Government to implement the currently temporary flow-through share system on a permanent basis, which includes the Federal Tax Credits Program, as well as all complementary measures implemented by various governments.

- Undertake revision of the definition of “Canadian Exploration Expenses”, as appropriate, to include community consultation and the costs of environmental impact assessments.
  - And consider establishing a Canada-wide network of centres of excellence focused on diamond exploration, mining and ore processing.
- 
- Oil and gas development is also important for our economy and will be increasingly so as the Mackenzie Gas Project becomes a reality.
  - The proposed Mackenzie Valley Project has the potential to create enormous socio-economic benefits for the people of the Northwest Territories.
  - The Mackenzie Delta Producers Group has developed a creative proposal for a Mackenzie Valley route and has formed a precedent-setting partnership with the Aboriginal Pipeline Group.

- Pipeline pre-construction activity is expected to start in late 2006, with pipeline construction scheduled for two four-month periods in 2007/08 and 2008/09.
- Gas is expected to begin flowing from the Mackenzie Delta fields in late 2009, or early 2010.
- Total direct revenues to Governments and the Project Proponents would range between \$15.8 and \$47.8 billion (CDN) depending on the production scenario – a small portion of these revenues would go to the NWT.
- Total direct and indirect employment created would range between 86,000 and 181,000 person-years.
- Total labour income generated is estimated to be between \$5 and \$10 billion.
- Our interest in sharing the right balance between economic growth and the environment compel us to work closely with industry, and with Aboriginal governments and organizations, to conclude environmental agreements that ensure we develop our resources responsibly.

- We are also taking a pro-active approach to environmental stewardship through the creation and implementation of specific initiatives that will protect our natural heritage — such as the Protected Areas Strategy.
- I am pleased to see RWED staff speaking at the Geoscience Forum to provide an update on the Protected Areas Strategy, as it is a community and land claimant-driven partnership to identify and establish protected areas in the Northwest Territories.
- Let me also take this opportunity to re-affirm my belief that the development of northern resources must provide significant long-term benefits to residents of the Northwest Territories.
- It is a principle of our government that the wealth created from the development of the resources of the Northwest Territories must be shared equitably with the residents of the Northwest Territories.
- This is why the GNWT has worked collaboratively with our diamond industry partners to develop Socio-Economic Agreements, which provide a framework for benefits for NWT residents.

- These agreements have set employment and northern purchasing targets that assist us in meeting the principle of northern wealth creation.
- That means employment and business opportunities for northerners and for the Aboriginal people.
- Lastly, I wanted to discuss with you today the need for the Northwest Territories to realize a new economic relationship with Canada, because our ability as a jurisdiction to make investments in infrastructure and geoscience is contingent on it.
- Our government is currently facing unprecedented financial challenges as we deal with the costs that will come along with development.
  - Yet at the same time we do not have access to the royalties to offset these costs.
  - As a northern jurisdiction we have limited ability to raise our own revenues.

- Any royalties arising from the development of these resources currently flow to Ottawa.
- Our Premier recently approached the federal government about the need to negotiate an interim arrangement on revenue sharing. It would allow northern governments, both the Government of the Northwest Territories and Aboriginal Governments, to receive a benefit immediately from development.
- Resource revenue sharing is part of the answer.
- The revenues that could come from such an agreement will provide much-needed funding to deal with development pressures and help in building capacity in our communities.
- The negotiation of an equitable agreement to share these revenues is a critical missing link in the development of northern resources.
- Finally I wanted to touch on devolution.
- The Government of the Northwest Territorial has been, with northern Aboriginal Governments, negotiating the transfer of the administration and control over resources from the Federal Government.

- The mineral and petroleum resources of the Northwest Territories currently belong to the federal government and are administered by it.
- Devolution means our territory would have regulatory control over our resources – and of interest to industry I believe...allow us to provide the certainty industry needs.
- We currently do not have regulatory control over our land or water, so in short...
- Devolution would allow for decisions to be made in the NWT, not in Ottawa.
- One decision-making centre – this would be seen as a positive move for those of you who believe a one window approach is better for business.
- Such devolution of authority would, of course, result in the flow of northern resource revenues to northern governments.

- Admittedly, this is a long and difficult task.
- But a challenge that both our territorial government and Aboriginal governments are prepared to take up for the benefit for all northerners.
- As I mentioned the economy of the NWT is achieving unprecedented growth fuelled by non-renewable resource activity.
- The NWT must continue to attract investment in front-end exploration.
- Such investment requires a comprehensive geoscience knowledge base, which reduces exploration risk.
- Which brings us back to those prospectors.
- With all of the knowledge and advances in science, the success of ventures still rests on the shoulders of innovative and resourceful men and women who apply that science to the search for natural resources.
- I wish you a successful conference and continued success in the search!