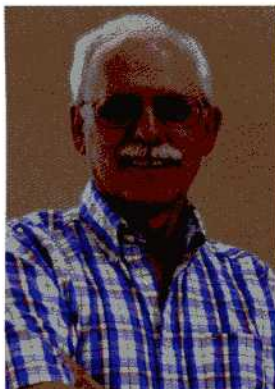


Looking back – looking ahead

The Northwest Territories' mining industry

by Mike Vaydik, general manager, NWT and Nunavut Chamber of Mines



Since the days of the fur trade, the mining industry has been a major contributor to the overall development of the Northwest Territories. The Port Radium mine at Great Bear Lake (and the Norman Wells oil field) created a need for barge transportation on the Mackenzie River. Yellowknife's gold mines spurred the building of early hydro dams and highways. Uranium and silver mines in the Great Bear Lake area saw the pioneering use of ice roads. Today, the continuation and improvement of those innovations serve not only our diamond mines but also many isolated northern communities. The Pine Point lead/zinc mine on the south shore of Great Slave Lake saw construction of the Northwest Territories' only railway link to the south and the Taltson River hydro site that now supplies clean energy to communities south of the area. While most of the mines, except for the diamond mines, are now closed, the legacy of infrastructure lives on.

Mining currently provides about half the NWT's economic output, bringing opportunity to all northerners. Virtually every business in the North depends on mining, and many aboriginal communities are enjoying full-time, well-paid employment for the first time, thanks to the industry. Aboriginal and non-aboriginal companies alike conduct hundreds of millions of dollars of business with our diamond mines annually. Our mines operate to the highest international environmental standards and regularly win national safety awards.

NWT mining at a crossroads

So what of mining's future? The industry is at a very important juncture and there are a number of reasons why.

- Mining businesses are price takers. They cannot pass cost increases on to customers. Rising costs for labour, fuel, materials and transportation pose real threats to their long-term viability. The rising cost of living discourages prospective employees from living in the North, forcing mines to fly people in from other parts of Canada at great additional expense.

- New and increased taxes proposed by the NWT government on almost everything – corporate and personal income, capital, fuel, as well as a highway toll and property and carbon taxes – will further add to the financial burden, as will the proposed new mining income tax.

- Regulatory inefficiency continues to stymie exploration projects. Grassroots, low-impact projects are now routinely referred to costly environmental assessment, delaying the discovery of new ore bodies. Despite a worldwide commodities boom, the NWT has been losing its share of exploration investment.

- Too much of our land is being earmarked for parks and protected areas. Current proposals would make 28 per cent of our land unavailable for exploration and development, more than double the next highest amount (10.4 per cent) in other Canadian jurisdictions. Vast as our industry's land needs are, only a small portion of our land is or has ever been disturbed by mining.

- Lack of transportation links makes the cost of developing known ore bodies prohibitive. Our highway system merely flirts with the edges of our vast lands.

Signposts for the future

The diamond mines have been a great boon to our economy and lifestyle, but there are warning signs of decreased output. Diamond production is expected to peak around 2014. However, this peak may come sooner as fuel prices surge and other costs increase. When we consider that it takes about ten years to prove and licence a new mine and that there have been no significant new discoveries in the NWT since the early 1990s, it becomes apparent that we are already in trouble.

The NWT has some positive prospects, including Fortune Mineral's NICO (gold, bismuth, cobalt), Avalon Venture's Thor Lake (heavy rare earth metals), Tyhee Development's Yellowknife Gold, Tamerlane's Pine Point (lead/zinc) and Canadian Zinc's Prairie Creek (silver/zinc). Earlier stage exploration projects can be found in every region. Minerals sought include diamonds, base metals, PGEs, gold, tungsten, coal and uranium. To move these projects forward, we need a clear and predictable regulatory regime, investment in roads, access to land for exploration and a skilled workforce.

The vision for the NWT should include low unemployment, a highly educated and trained population, sustainable communities and businesses that are the best in the world at mining in the Arctic. With a "can do" attitude and the cooperation of federal, territorial and aboriginal governments, our prosperity can be sustained. 