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Chair

Mr. Bruce Stanton

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● (0835)

[*English*]

The Chair (Mr. Bruce Stanton (Simcoe North, CPC)): Good morning.

We're delighted, Premier, to have you here with us this morning, as well as Deputy Premier Miltenberger and Mr. Vician.

It's good to see you again, Mr. Vician.

Members, witnesses, and guests, this is in fact the 38th meeting of the Standing Committee on Aboriginal Affairs and Northern Development. We are in the course of consideration of the barriers and opportunities in regard to the advancement of northern economic development, certainly for the great outcomes that brings, but also for northerners in general.

This is the second of our three-city visit to the north. We were two days, yesterday, in Yukon, and starting here today and tomorrow in Yellowknife and the Northwest Territories.

We'll begin as is customary. We have just the three of you here. We may have a fourth joining us, but we'll be seeking Mr. Gruben's interest in possibly moving Mr. Gruben to the second panel, so it will give us a little bit more time.

Premier, we're delighted to have you here again. We'll give you some latitude here in terms of time. We customarily have five-minute presentations each. It's my understanding that each of you would like the opportunity to speak to the committee.

With that, we'll get under way.

Premier Roland.

Hon. Floyd Roland (Premier, Government of the Northwest Territories): Good morning, and welcome to Yellowknife.

Members of Parliament, chair of the committee, committee members, and staff, I am Floyd Roland, Premier of the Northwest Territories and Minister of Aboriginal Affairs and Intergovernmental Relations.

I would like to welcome you all here to the north, and I want to thank you for venturing outside of the nation's capital to speak to northerners on our turf. We do appreciate your attending here today, and we hope the stories you take home with you will shape your thinking about our home, our people, and our land.

You've asked three departments of the Government of the Northwest Territories to speak to the committee today about the barriers and solutions to northern economic development.

I am pleased that my colleague, the Honourable Michael Miltenberger, Minister of Environment and Natural Resources, and Mr. Peter Vician, Deputy Minister, Industry, Tourism and Investment, have joined me today to contribute to this important subject area.

I believe it's fair to say that Canadians, and in fact the international community, have realized the importance and significance of the north and our tremendous economic potential, our vast landscape, our breathtakingly beautiful geography, our cultural diversity, and our unique political system.

I am also reasonably certain that your briefs included a mention of the NWT's comparatively high cost of living, the persistent socio-economic gaps between aboriginal and non-aboriginal northerners and between those living in urban versus rural and remote communities, and the infrastructure deficit we experience in the vast territory we call home.

You'll know we have both enormous opportunity and enormous challenge. In order for us to ensure that we do not squander the opportunities, our governments will need to do a lot better at working together towards a comprehensive plan for the NWT, one that is developed by northerners and supported by Canada, a big picture plan that guides our various initiatives and policies, particularly around land management, the creation of national parks and conservation areas, and the negotiation of government systems through land, resources, and self-government agreements.

Such a comprehensive plan—which, I put to you, does not currently exist—is absolutely necessary to create the right conditions for northerners as well as Canadians from coast to coast to coast to benefit from economic development north of 60.

A key element of such a comprehensive plan is the finalization and full implementation of land resources and self-government agreements. The negotiation and implementation of aboriginal rights agreements in all of the NWT's regions are absolutely necessary steps in ensuring aboriginal people have the tools to fully participate in the NWT and Canadian economies.

Equally important is that all parties to these negotiations are guided by the principle of negotiating workable, affordable, effective structures of government at the community and regional levels and supporting, not duplicating, existing regulatory land and resource management regimes.

The NWT currently has three settled land claims agreements, Inuvialuit, Gwich'in, Sahtu; one land claim and self-government agreement, the Tlicho; and one treaty entitlement agreement, Salt River.

We still have a way to go. There are lands, resources, and self-government negotiations taking place in all regions of the NWT. There are also transboundary negotiations with the Na-Cho Nyak Dun of the Yukon and the Manitoba and Saskatchewan Denesuline, who have asserted rights north of 60.

The Government of the Northwest Territories is an active party to all these negotiations, as we support the settlement of all outstanding aboriginal rights in the NWT. We do so because we want to be a part of rectifying historic wrongs and because we know from experience that those who have settled land claims in the NWT have the tools necessary to fully participate in large-scale economic development initiatives.

It is no coincidence that those regions with settled land claims have fully supported the proposed Mackenzie gas project, largely because they have a direct stake as part owners of the project and benefit directly from its success.

● (0840)

The need to have a stake in decisions that affect us holds true for northerners generally. We want nothing less than what most Canadians already have. We want to make the decisions over NWT land and resource management and ensure we benefit from the development.

We must continue to work together with the federal government and with aboriginal governments to achieve the long-overdue devolution of legislative authority over land and resources from Ottawa to the north. Without this authority, we will have little power to influence or control NWT land management decisions to ensure that more of the benefits from resource development accrue to NWT residents.

There is no reason that we are trusted to run our health care system, our education systems, our transportation systems, and all the other devolved jurisdictions we have, but not to have jurisdiction over one area that could bring our governments revenue to support these programs and more.

Devolution creates a stable climate for industry and investment by providing clarity around land ownership, land management, and who needs to be consulted when and by whom, but devolution takes political will, the will to give northerners a fair share of the resource revenues made from their land. I am confident that the settlement of land claims and the agreement on devolution will bring about the required certainty regarding NWT lands, resources, and governance and create the right conditions for the NWT's economy to be developed in such a way as to create jobs and business opportunities for Canadians, aboriginal and non-aboriginal, living north and south of 60.

The settlement of land, resources, and self-government agreements takes time. It takes time because so much is at stake and because the issues on the table are complex and numerous. If we are not careful now, at the design stage, we may create a governance regime in the NWT that lacks the capacity to serve its citizens and to create the necessary conditions to support balanced and sustainable economic development. It is now, before the ink is dry, that we need to ask ourselves a number of questions: are we creating the right conditions for mutually respectful and productive government-to-government relations between public and aboriginal governments? Do aboriginal governments have the capacity to fully implement their self-government agreements? Who pays for self-government? Will the NWT's government system be more streamlined, or crippled by too much government?

I respectfully put it to you that we have not worked hard enough to find answers to these questions. For example, the issues of self-government financing and of capacity-building in emerging aboriginal governments have not been resolved. Our government has raised these issues countless times with various federal departments, but there is little indication that there is a willingness to find solutions.

The fix, gentlemen, is not punting these important issues or leaving them to the Government of the Northwest Territories and NWT and aboriginal governments to sort out long after agreements have been signed.

The successful conclusion of aboriginal rights agreements, devolution agreements, and resource revenue-sharing agreements is required for the NWT to reach its full economic potential. What is needed is a recognition and acceptance by Canada of its traditional policy objectives of effective public government and recognition of aboriginal rights in the NWT. How we give meaning to these policy objectives should be described in a comprehensive plan for the NWT, one developed here in the NWT and supported by the Government of Canada. We invite Canada to assist us in striving toward our goal: a prosperous north that embraces aboriginal rights, puts northerners in charge of decisions that affect them, and places the NWT in its rightful place in Confederation.

Thank you very much.

● (0845)

The Chair: Thank you, Premier Roland.

Now we will go to Mr. Miltenberger

Hon. Michael Miltenberger (Deputy Premier and Minister of Finance and Environment and Natural Resources, Government of the Northwest Territories): Thank you, Mr. Chairman.

We're here today talking about an issue that to most of you is possibly a political or academic discussion, because this is something you've never had to fight for. The premier and I have now been at this table or these types of tables going on 15 years, pushing and fighting for devolution and resource revenue sharing. We're here yet again to raise this issue, as the premier has done so succinctly in his statements.

It's simple. We want to have the authority in the north to make decisions about what's happening in the north, about the type of development, the conditions, the systems. We want to manage and govern resource development. Right now, there is overlap. There is confusion. There is uncertainty. As a government, to add some detail to the premier's broad statements, we've been continuing to work for devolution.

While we are moving in areas where the legal authority lies with the federal government, we are using what we see as our political and moral authority to start getting our house in order. We just recently released our water strategy, which is going to lay out how we want to deal with water as it affects us in the Northwest Territories and as it affects us as inhabitants of the Mackenzie River basin, including Alberta, B.C., Yukon, Saskatchewan, and the Northwest Territories. We're working on a land use framework that is going to get our thinking clear and focus our policy as it comes to land use. We fully support the push by McCrank for land use planning. To underline the premier's comments, the federal government has no plan that we have seen or that they have shared with us. They come north on a park by park, resource development by resource development approach, often with little consultation, to impose in many cases what they have decided in Ottawa is good for us. While we may not always disagree, the process thoroughly chafes, I can tell you.

We are continuing to work on issues that are very important to the people here, such as the Species at Risk Act and the Wildlife Act. We've put forward what we think is a very reasonable proposal for regulatory reform that will recognize that we have a system designed by the federal government that has some flaws that can be fixed.

To give you some very fundamental examples, we do not even have the authority to appoint our board members to the regulatory boards that exist here. We have to make recommendations to Ottawa, a process that can take up to a year. We constantly fight quorum issues. We constantly struggle over policy areas that are grey, mandates that are not clear. These are all things that could be clarified if there was the will in Ottawa to do so.

We've offered these suggestions to the government. We are working with the boards. We're working with the aboriginal governments to come forward with an even more defined package when it comes to those types of issues.

You also can't separate economic development from the environment up here. We're a resource-based economy in a very sensitive, often fragile, ecosystem, and we are being hugely impacted by climate change. We need to be able to deal with those issues, as they are related. Right now, we often don't have that authority, and it's very difficult.

There's a huge concern about how we do development. We have around us examples of things that have gone wrong in the past, and I'll just point to one example. Just out the door here, a kilometre or so away, is Giant Mine, where we have 320,000 metric tonnes of arsenic trioxide stuffed into mine shafts that we're going to freeze because we don't know what else to do with it. It's going to cost an enormous amount of money to do.

We have in our backyards examples of what happens when things go wrong when there's not sufficient involvement of the local people. As the premier indicated, we work in partnership with the aboriginal governments on a lot of these broad issues so that we can move forward together.

Our strategy for water is called “Northern Voices, Northern Waters” for that very reason. It's to symbolize that connection. As we sit here today once again making a case to Ottawa, it's a very simple message.

● (0850)

This government has about two years left in its term, and we would very much like to see the yardsticks on this issue finally advanced. It's been a very difficult process. In our terms, I think we've lived through three separate cycles of different federal governments; we tell the same story and make the same case, along with the aboriginal governments, and now it's your turn.

We're glad you're here. We hope this will have some positive effect as you take what you've heard from us back to Ottawa.

Thank you.

The Chair: Thank you, Minister.

We'll now go to Mr. Vician, who joins us again. Mr. Vician joined us back in the spring, you'll recall. We're delighted to be on your turf this time.

Go ahead, sir. You have five minutes.

Mr. Peter Vician (Deputy Minister, Department of Industry, Tourism and Investment, Government of the Northwest Territories): Thank you, Mr. Chairman.

Good morning, committee members.

Thank you for giving the Government of the Northwest Territories the opportunity to appear before you to talk about its perspectives on critical issues facing Canada's Northwest Territories.

On behalf of my minister, the Honourable Bob McLeod, Minister of Industry, Tourism and Investment, I also want to thank all of you for coming to this vibrant and beautiful place we call home. I'm pleased to have the chance to address the committee and to answer your questions.

I'm here today to highlight the key economic drivers and opportunities affecting the Northwest Territories. It's a territory that covers a huge area of Canada and has a small population scattered across 33 communities. Specifically, I'm here today to provide recommendations to this committee regarding our government's priorities and direction for a vision of a healthy and prosperous Northwest Territories in a strong and sovereign Canada.

When I last addressed the committee in April, I provided a broad perspective, plus some background and details on economic development in the Northwest Territories, the state of our economy, our needs, and our recommendations on how to meet those needs. Today I will dig deeper and provide more specifics on a number of key initiatives in both the renewable and non-renewable sectors in the economy, initiatives the government believes will go a long way towards creating that healthy and prosperous NWT I spoke about moments ago.

The development of renewable energy resources is one area our government is focusing on. Many of our communities rely on diesel fuel for power generation, and the cost is astronomical in the Northwest Territories, particularly in many of our remote and small hamlets, villages, and towns. The price of electricity in diesel-powered communities can range from 50¢ a kilowatt hour to well over $2 a kilowatt hour in places like Colville Lake, an off-road community with a population of 125 people. The annual power bill for a small community store in the community of Nahanni Butte is in the range of $80,000 a year. I suspect most of you pay less than 10¢ per kilowatt hour for your electricity. These prices for power are crippling our residents and our businesses in the north.

Investing in renewable energy will not only protect the NWT from fluctuating diesel prices; it will also reduce greenhouse gas emissions and contribute to fighting climate change. Our government is investing in renewable energy in everything from mini-hydro projects in Lutselk'e, to wind power in Tuktoyaktuk, to residual heat and solar power initiatives.

The GNWT has recently committed $5 million to develop and implement a biomass energy strategy, but our largest and most significant project in this area is the Taltson hydro expansion project. It's a strong indication of the government's commitment to develop renewable energy. The expansion is a proposed 36 megawatt to 56 megawatt expansion to the Twin Gorges plant on the Taltson River in the southeast region of the Northwest Territories.

In his statement to this committee, Premier Roland spoke about the GNWT's interest in working with aboriginal partners in economic development projects. The Taltson hydro expansion is one such project. The Dezé Energy Corporation is pursuing the project and is equally owned by the GNWT, the Akaitcho territorial government, and the NWT Métis nation. This project is a vital one for the NWT because it will displace 100 million litres of diesel and 280 kilotonnes of carbon dioxide annually. It will provide valuable economic opportunity for the two aboriginal governments partnering with the GNWT. It will lengthen the life of the mines in this area, and it will provide an ongoing revenue source for the government and its aboriginal partners as clean, renewable energy is sold to these mines.

The Northwest Territories government also recognizes the importance of the non-renewable sector and its role in contributing to a strong, prosperous NWT. Mining has a long and storied history in the Northwest Territories. It has provided jobs and business opportunities in our territory for decades. The NWT's three diamond mines are key drivers of the NWT economy. Since that first mine began construction in 1996, our territory has benefited from almost 14,000 person-years of northern resident employment, and the mines have bought more than $7 billion of goods and services from northern businesses. More than $3 billion of those purchases were from aboriginal northern businesses.

The Northwest Territories does not want to rest on its diamond mining laurels. There are excellent opportunities for the industry here in the north. Along with the new diamond mine at Gahcho Kué, which is on the way, there are a number of other projects in various stages of development that range from gold to tungsten, lead, zinc, uranium, and rare earths. Our territory is open for business and it is open to exploration and mining development done in an environmentally responsible and sustainable way.

● (0855)

The GNWT also supports another hugely important non-renewable resource project: the Mackenzie gas project. The construction of this 1,200-kilometre natural gas pipeline and the gas-gathering system would create 31,300 person-years of employment in the Northwest Territories and 208,000 person-years of employment in Canada. This project would create sustained employment opportunities in the communities up and down the Mackenzie Valley and provide clean-burning natural gas to homes and businesses across Canada.

Premier Roland spoke earlier about the link between settled land claims and economic activity in the NWT. The Aboriginal Pipeline Group created by NWT aboriginal groups with settled land claims holds one-third ownership interest in this project. APG ownership is a new and unique model for aboriginal participation in this economy. It will allow for aboriginal people in our territory to capitalize on the benefits of this proposed project and lead them to greater independence and self-reliance.

The NWT—in fact, all of Canada—stands to benefit from the building of this project. Our government believes the federal government's support of the MGP is crucial if it is to succeed.

Not all of our economic opportunities are as big and as mighty as that pipeline, however; the NWT has a strong traditional economy sector. About 40% of our NWT residents over the age of 15 spend time trapping, fishing, and hunting. Through our Genuine Mackenzie Valley Furs program, the GNWT is one of the very few governments in the world that supports the harvesting and marketing of wild furs as a fundamental part of a thriving modern economy. We're proud of that program, and the NWT furs are considered some of the finest in the world.

The government also actively supports small and medium-sized business development, whether in the service industries or in our burgeoning value-added sector. For example, in order to meet local demand as well as to export NWT fish to other markets, the GNWT promotes the harvesting and processing of NWT fish products from our cold, pristine waters.

Similarly, the government also supports the harvesting of muskoxen and reindeer. Muskox meat is marketed to high-end restaurants, and muskox fur, or qiviut, as it's called, is highly valued by the textile industry.

The territories' vibrant arts and crafts sector is yet another example of a small business sector that GNWT invests in. Our government's NWT arts strategy guides a variety of programs and services developed to help our artists and craftspeople.

While all these sectors are critical to the NWT's economy, I've saved the best, perhaps, for last: the tourism industry. The NWT features some of the world's greatest attractions: unforgettable scenery, teeming wildlife, and people who still hold to their traditional cultures. You can see and do things here that you can't do anywhere else. Our tourist operators offer world-class products, aurora viewing, and wilderness and ecotourism attractions for outdoor sportsmen and sportswomen.

Through such efforts as our 2010 tourism plan and our product diversification and marketing program, we continue to invest in this sector, one that's sustainable and generates over $130 million annually in revenue.

Mr. Chairman, committee members, what is needed from the federal government to assist the GNWT in making its vision of a healthy, prosperous NWT within a strong, sovereign Canada a reality?

First, we need your continued support and investment in NWT energy, transportation, and community infrastructure. Taltson, the MGP, and the Mackenzie Highway connector are essential ingredients to the NWT and to Canada's future.

Second, we need the federal government to direct its available and limited economic program spending in three key areas: first, geosciences, dealing with the mining sector; second, tourism product development, marketing, and infrastructure; and third, support to small and medium-sized businesses, particularly aboriginal businesses.

Third overall, we need to ensure that the north has adequate private investment; that is everyone's concern. As Minister Miltenberger has explained, the north desperately needs a regulatory system that respects both modern business principles and northern aspirations.

Mr. Chairman, the NWT's future is promising. Northerners are ready to act and to contribute to improving Canada's economy.

Thank you.

● (0900)

The Chair: Thank you, Mr. Vician.

We'll now go to the second part of our meeting, which involves questions from members.

We've typically been doing this in five-minute question periods. We allow five minutes in total for each member's questions and responses, so we encourage everyone to keep questions and responses succinct.

Of course, you know we have representatives on the committee from all four parties in the House of Commons, in essentially the same proportion that the parties share the seats in the House. For that reason, we have simultaneous interpretation available.

The committee has a predetermined order of speakers. We'll follow that list right to the T, each, again, with five-minute rounds.

Mr. Bagnell, please begin the first round.

Hon. Larry Bagnell (Yukon, Lib.): Thank you.

I thank you all for being here. It's very helpful. We're very excited to be able to actually come and hear from northerners at home, from people on the ground, on what they really need. As the critic for the Arctic in Parliament, it's great to see you all again; I've talked to you before.

My question is just going to be about a ranking of priorities. As you know, Canada has the biggest deficit in history. I'm sure the finance minister would not give me all the things I'd like to do for the Northwest Territories. Perhaps you could help me out on what some of the priorities would be, so that we don't do the picking.

Examples that were mentioned include the road to Tuk; the Mackenzie Highway; increasing geoscience funding; the road to Bathurst Inlet; restoring federal funding to arts and culture; fixing the ineffective federal implementation of claims and self-government; affordable housing; more military in the north; resource revenue sharing; northern tourism marketing and product development, which Peter mentioned; making regulatory approvals more efficient; expanding parks like Nahanni; increasing the northern allowance; more money for climate change adaptation, which affects the north so much; increasing the food mail program; renewing the extraordinary health funding that expires soon; devolution, which the premier talked about, as did Michael; the Talston subsidy; getting small communities off hydro; land use planning; and the Mackenzie Valley pipeline.

It would be great if you could give some priorities here rather than me trying to guess. In the real world, I'll never be able to get everything that I would like to push for.

Hon. Floyd Roland: I think your question, with the long list you've provided, is probably one of the reasons why this government is more about saying, “Give us the tools so that we can build it”, and not about....

There's still a need for project-specific funding. We're trying to deal with many of the things you've highlighted from within our budget process. We go to our finance minister and ask him for the funds.

More importantly, though, and key to the discussion, as I entered into this, is that if we were to progress and move the yardstick, as Minister Miltenberger put it, on devolution and resource revenue sharing, we could answer many of those questions ourselves, instead of going, as has typically been done, to the federal government, hat in hand, saying, "Help us on this project. Help us on climate change. Help us on roads. Help us on hydro facilities."

That will, of course, always be part of the relationship we have, much like every other jurisdiction. I mean, we can talk about east coast oil and gas development, we can talk about national highway systems, we can talk about ports and so on; the federal government has helped all jurisdictions.

I think the fundamental piece we would have is that with devolution and resource revenue sharing brought to a conclusion, and an adequate resource revenue sharing piece, we would be able to answer those things—we're starting to already, with our limited budget, on climate change—and go forward on that basis.

There are some key pillars that we've put forward. The message that I have shared, whenever I've had a chance to speak to the Prime Minister and my fellow colleagues across the country, is that in terms of our relationship on the larger projects that need assistance and that a small territorial government cannot afford on its own, these would include the Mackenzie gas pipeline and hydro development. They are key pillars of what we see as developing a sustainable long-term economy.

Mr. Vician has given you numbers on the impacts of the diamond mine, the jobs, the money spent by aboriginal companies. One thing we have to say is that every nut and bolt we turn in the Northwest Territories was manufactured in somebody else's jurisdiction, some other province. We import a huge amount of goods, from nuts and bolts to all our fuel. We ship it out of here, somebody refines it, and we ship it back at an increased cost.

● (0905)

[*Translation*]

The Chair: Thank you, Mr. Bagnell.

We will now go to Mr. Lévesque, for five minutes.

Mr. Lévesque.

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Good day, gentlemen. I have to wonder if you often hear French spoken in the NWT.

I myself am from northwestern Quebec. Nunavik is part of my riding. Given the unique situation in Quebec, we are not familiar with the NWT's lack of authority over the management of their own affairs, in particular the negotiations with first nations, a very timely issue. Does the authority that you have and that stems from these agreements give you some power within the population in general?

To determine whether or not it does, I would like to know, first of all, what the first nation population of the territories is versus the non-native population? Does this population include some Inuit, or only first nation members? The Inuit like to say that they are a different population group. They do not like to be lumped in with first nations. They prefer to be identified separately as Inuit. I'm not sure if you have witnessed this. Can you give me some idea of the population in each group in the NWT?

[*English*]

Hon. Floyd Roland: Thank you.

In the population makeup of the Northwest Territories, we have first nations, Inuit, and Métis. From my group of people, the Inuit, I guess, would be more the Inuvialuit, and that is the tie to the Inuit. We have the Dene or the first nations and then we have the Métis. Our overall aboriginal population across the Northwest Territories is more than half of our population.

So more than 50% is aboriginal, and on top of that we have 11 official languages in the Northwest Territories that match with each of our first nations and Inuvialuit groups. We have a very diverse cultural makeup in the Northwest Territories.

[*Translation*]

Mr. Yvon Lévesque: Is the level of participation on the part of first nations good? For example, do you have an association representing all first nations, or another association representing the Métis? The Métis are rather difficult to target because they are still not formally recognized as a first nation. For example, are there any national associations in the NWT that represent all first nations?

● (0910)

[*English*]

Hon. Floyd Roland: Our relationship with aboriginal governments and organizations in the Northwest Territories is a healthy one. For example, through our government, we've put in place what we would call regional aboriginal leaders meetings. That includes me as the premier of the Northwest Territories. All the regions are represented, so we have the Inuvialuit, the Sahtu, the Gwich'in, the Dehcho, the Akaitcho, the Métis, and the Tlicho.

The Tlicho actually is the one body that has an official self-government agreement enshrined in legislation now, along with ourselves. The rest are negotiating.

We have this table that is organized now so that we can bring the regional leaders to a table to talk about how we work together on initiatives. That is where.... For example, Mr. Miltenberger spoke of our water strategy. Through that table, we worked with them together on that water strategy. On our land management issues, it's a similar scenario, pulling them to the table and working with them on that structure.

On the economic side, the Aboriginal Pipeline Group is an example of where the bodies themselves, the aboriginal people themselves, have pulled together to create an economic arm to be involved in a major project like the Mackenzie gas pipeline.

[*Translation*]

The Chair: Thank you.

Unfortunately, your time is up.

[*English*]

Now we'll go to Mr. Bevington for five minutes.

Mr. Bevington.

Mr. Dennis Bevington (Western Arctic, NDP): Thanks, Mr. Chair.

Thanks, Premier Roland, Finance Minister Miltenberger, and Deputy Minister Peter Vician. I'm very pleased that you've all been able to come here and present.

You spoke eloquently on the issues that I support as well, of course, and push forward. I'm lined up with what you're saying. I think we all are in the Northwest Territories. We have a common understanding that we need to move ahead. Yes, we do have issues that very much have to be resolved, but I think your administration is certainly moving ahead with the concept that we can work together in the Northwest Territories to achieve these common goals.

Just from hearing your comments, I think you understand the complexity of our aboriginal governments, of our public government system here. I'm sure the rest of the committee gets that from your comments as well.

Having said that, I think we need the support of the federal government. We need them to understand that complexity and not put up barriers to our solving our internal problems and moving forward.

Premier Roland, how would you characterize the work of the federal government in the last two years in pushing forward the issues of devolution?

Hon. Floyd Roland: With regard to devolution, the first thing we did as the Government of the Northwest Territories was to meet with our regional aboriginal leaders and talk with them about a common approach from the north to the federal government. We put the discussion aside for a while until we had a better understanding and could bring the partnership in the north together in a more cohesive fashion.

The work with the federal government on a number of fronts has been good, I would say, but getting critical momentum has been a slow process. As Mr. Miltenberger said, it's not been just this government; it's been other governments in the past.

We've recently had an increase in wanting to sit down and have a discussion about devolution and resource revenue sharing. Our issue will come down to the numbers, the percentages. What will be the real benefit of signing an agreement? Will it allow us to invest in larger projects that will build an economy, which will allow us to become more of an economic player on the table instead of a poor cousin to the north in that aspect?

● (0915)

Mr. Dennis Bevington: The major economic initiative in the Northwest Territories in the past 15 years has been the diamond mines.

Minister Miltenberger, could you give us a picture of what's happened with those diamond mines? Mineral development rests completely within the hands of the federal government. How would you characterize the results of having the major economic driver in the Northwest Territories handled by Ottawa, which is 2,500 miles from here?

Hon. Michael Miltenberger: The diamond mines, as Mr. Vician pointed out, have been a key engine for us. The regime we work under to have them established is the one that we've just been talking about. We are a player in that, but we don't control a lot of the levers.

Overall, the diamond mines, compared to some of the history we've had with some of the gold mines and such, are seen as very progressive. The whole point of the Taltson expansion is to try to get power up to the North Slave geological province so that we can in fact try to extend the life of the existing mines. They are probably the most environmentally benign of all the mines we've had. Of course, we think if we had control of the process we'd be able to manage that type of development along with the other development that Mr. Vician mentioned, the rare earth development just outside of Yellowknife.

There are a number of other big developments. The whole point of our push for devolution and the authority is to be able to control the resource development and how it proceeds. But we do recognize that the diamond mines have been very critical to us.

The Chair: Thank you very much, Mr. Bevington.

Now we'll go to Mr. Duncan for five minutes.

Mr. John Duncan (Vancouver Island North, CPC): Thank you very much, Mr. Chair, and good morning.

I'm reminded, Premier Roland, that I was a new member of Parliament when you were a new MLA and we met in Inuvik. Do you recall that?

Hon. Floyd Roland: That was some time ago.

Mr. John Duncan: It was some time ago, yes.

After that, one of my vivid memories is the three days I spent in Tulita at the Sahtu annual meetings. I pulled a very big surprise there, because Ethel Blondin-Andrew arrived and asked me what I was up to, knowing that she had seen me somewhere before but not placing me in the House of Commons across from her, so it was fascinating.

In any event, I bring you greetings from the past.

I couldn't help but read the newspaper, coming from Fort Simpson on our way here last night. We know how much the mining sector means to the north. The NWT and Nunavut Chamber of Mines is promoting an alternative vision in terms of priority for highway development. They are calling it the Yellowknife to Coronation Gulf connection through the Slave Geological Province.

I did not see anything in your presentations that would indicate any kind of alignment with that kind of thinking. I am sure we're going to hear more about it. I am wondering if you would like to talk about that.

Hon. Floyd Roland: I recall the visit. I believe when we met in Inuvik it was at my office, which was across from the town office at that point. So you sparked a memory. Thank you very much.

There is the issue of our alignment with some of the work that is being done. It is a pretty good alignment. Mr. Vician can give you some of the details on that.

As I have said, through a number of sources, we would like to have that authority and make those decisions and investment ourselves, but right now we continue with our process of lining up to apply for funding whenever there is a new pot of that made available.

Our department of transportation is involved in the Slave Geological Province winter road realignment work that is ongoing, and we continue to make what investments we can and continue to put our business case forward.

Mr. Vician can give you a little more detail on that.

● (0920)

Mr. Peter Vician: Thank you, Mr. Chair.

Mr. Duncan, thank you for the question.

The NWT Chamber of Mines has proposed a grand vision for development of the non-renewable resource base across the north. I presume that is the submission you were reviewing.

One of the components of that is to have better access into that province and to ensure that is available long term. We continue to work with them. The mines have done a great piece of work in preparing for that. That is not a project that is not on the list. However, the mines' view and our view today is that the key issue that needs to be put forward is the development of hydroelectric power supply to displace diesel that has to be trucked from Saskatchewan and Alberta to supply that region.

The other, and not so much contrary, issue, of course, is to make sure that oil and gas potential up the Mackenzie Valley is developed. So we are not putting all of the eggs in one regional basket but are basically ensuring that we develop the entire region of the territories so that our residents can all have opportunities.

Having to transport people from Tuktoyaktuk to the mine sites just north of Yellowknife does not make sense over the long term. We need to build a community economy across the Northwest Territories. That is why you'll see the GNWT very much promoting the Mackenzie gas project.

Thank you, Mr. Chair.

Mr. John Duncan: How much time do I have?

The Chair: You have just under a minute, Mr. Duncan.

Mr. John Duncan: We heard testimony in Whitehorse from private sector business involved in road construction and other things basically indicating that the barriers to cross-territorial activity were so great they were prepared to operate in Alaska but they weren't prepared to come back to NWT.

They kept referring to the BIP. I forget exactly what those three letters are about. Is this an ongoing issue and something that your attention is focused on?

The Chair: Go ahead. You have time for a short response.

Hon. Floyd Roland: The BIP, as we call it, the business incentive policy, is something we have in place. We work with northern businesses that are here in the north, built in the north, so to speak, to give them an opportunity to become involved in the economic opportunities that exist.

In some of our smaller communities we could never build our territory or business opportunities up because there were always other companies that were successful and had the expertise. So that's one of the tools we have for creating a more sustainable economy through our smaller companies.

At the same time, when you look at the north, I think that's where the aboriginal groups, in the joint ventures they have, have brought in that expertise. They've partnered with those companies and are big players in some of the oil and gas and mining fields now.

The Chair: Thank you, Premier, and thank you, Mr. Duncan.

Now we'll go to the second round of questions. We'll begin with Mr. Russell for five minutes.

Mr. Todd Russell (Labrador, Lib.): Thank you, Mr. Chair, and good morning. I come from the great Labrador riding. I say that for the edification of my colleague, Mr. Rickford, who loves to hear those particular words and phrases.

We came from Yukon, where there is devolution, and there may be certain nuances to their particular devolution agreement that they would like to see refined or maybe amended. Can you give us some tangible examples of where devolution would bring down the barriers to economic development in the territory?

I have to be careful about trying to use other people's words, those of the witnesses, but we also heard in Yukon that they didn't really want to see the abdication of the federal role and the federal responsibilities in certain aspects, particularly in relation to crown-aboriginal relations. So you have that sort of situation of wanting devolution but not wanting to see the abdication of the federal roles and responsibilities.

I'm asking where devolution fits in your vision. How does it bring down the barriers? If we're going to make a recommendation to the federal government, we could say something along the lines that we could expedite the devolution process for the NWT and for Nunavut when we hear from Nunavut. We can say things like that, and we can encourage that.

I just want to get your sense of some practical implications of devolution and where the aboriginal people of NWT fit into that particular picture.

● (0925)

Hon. Floyd Roland: Well, that's a big question, and we could probably take most of the day on that. However, as for the highlights of that, because I think they need to be highlighted, the approach that would be taken and has been taken is one that includes the aboriginal governments and first nations and aboriginal groups here in the Northwest Territories.

Taking the example of Yukon, Yukon has a regime in place that had devolution happen, and their regulatory process, for example, seems much more streamlined than that of the Northwest Territories.

One of the biggest things we get from industry here in the north or from those companies coming into the north is questions on the regulatory process and on what's in place and where you go. Devolution would help bring that into place, and with the work that we've had with the federal government in trying to do the streamlining, there's been movement on that.

Another thing is the type of development that would happen. The involvement of the people on the ground here would help move the project forward and it would help us diversify our economy.

The north has a history riddled with gold at one time, or oil and gas, and now diamond mines. We've gone from one industry to the next, and we've followed the economic wave with that. Our plan is to diversify and build a stronger economy.

When you talk about the benefits of a project like the Mackenzie gas project, the vast majority of investment there would go to the federal government as well as to some of our colleagues to the south in the provinces.

The Chair: You have a minute and 30 seconds, Mr. Russell.

Mr. Todd Russell: Does somebody else want to come in on that in terms of a practical point of view? You say streamline the regulatory process. If you have devolution, you're saying you'll probably share more in terms of your own resource revenues, and therefore you can maybe reinvest that the way you see fit.

Are there other examples?

Hon. Floyd Roland: A practical example would be, as Mr. Miltenberger put it earlier.... Right now, the appointees to the boards that work in the Northwest Territories work through the federal government. We wait for it to approve the names that go on that list. If those don't get dealt with in a timely manner, that delays hearings and meetings.

Unfortunately, we have that to work at. We're working to improve it and put a package in there, but it's always through another avenue, another doorway, another cycle, another business case.

Mr. Todd Russell: Very quickly, does it have to be that long? If you make the recommendation now, why would it take the federal government a year to review and then rubber stamp an appointment? God almighty, it shouldn't take that long.

Hon. Floyd Roland: Our recommendations, for example, to the STRAW report talk about moving some initiatives forward that would not take a lot of work, and appointments are one of those. We have that in place. As to the reasons why...we can't answer that. We've made recommendations to try to improve that.

On the first nations side, we've worked on a different level. Every government before us—regular members of the assembly, members of our cabinet up to my position now, and Mr. Miltenberger, as finance minister—has moved the yardstick from the north ahead, and we continue to do that. Hopefully with the partnerships we've put in place we'll see some significant movement within the remainder of our life as government in the Northwest Territories.

The Chair: Thank you, Mr. Russell.

Now we'll go to the next installment, from what I guess will now be called “the great riding round”. We'll go to Mr. Rickford, for five minutes.

Mr. Rickford.

Mr. Greg Rickford (Kenora, CPC): It's unfortunate that my Liberal colleague stole yet another great Conservative idea, Mr. Chair, but I appreciate it.

● (0930)

Mr. Todd Russell: That would be a rarity, Mr. Rickford, but eat it up.

The Chair: We'll start your time now, Mr. Rickford. Go ahead.

Mr. Greg Rickford: Thank you, Mr. Chair.

And thank you to the witnesses here today. I'm going to look at a couple of other files that speak to the importance of relationships with the federal government, the territories, and first nations organizations, and maybe bring some facts into this discussion.

Hopefully I'll get the time to talk a bit about the importance of CanNor and the economic development agency that is very much for the benefit of northerners. Since the applications will be coming from them, I think it's safe to say intellectually that it will be developed by northerners and supported by this federal government.

I have questions around some specific projects. On the contaminated sites for mediation, it's my understanding that there is a significant investment from the federal government. Is there a member from the panel who could identify how much money has been committed to that by the federal government?

Hon. Michael Miltenberger: Mr. Chair, I don't have the overall number—there are hundreds and hundreds of sites—but it's substantive. In Yellowknife alone, with a Giant mine, I think the federal government investment was about $300 million or so.

Mr. Greg Rickford: Okay, $300 million.

Hon. Michael Miltenberger: It's probably going to be more than that by the time they finish just that one site.

Mr. Greg Rickford: As part of those packages, my understanding is that there are significant benefits for first nations communities. These packages and contracts ensure levels of aboriginal employment on each of these remediation sites.

Can anybody from the panel comment on the percentage of first nations aboriginal people that would be working on these projects?

Hon. Michael Miltenberger: I guess there are two things. The first point is that they're trying to repair extensive damage to the environment that resulted on their land, usually with very minimal involvement from the owners of the land at the time. There would be opportunities, as there have been with some of the mines, if they have the technical expertise.

Mr. Greg Rickford: Isn't it true, Mr. Miltenberger, that those contracts would ensure that more than 80% of the site projects would employ aboriginal people?

Hon. Michael Miltenberger: Not necessarily. It could be, but it depends.

Mr. Greg Rickford: Okay. With respect to the Northwest Territories water stewardship strategy, who is providing the thrust of the work in terms of the department in your territorial government?

Hon. Michael Miltenberger: We've taken the whole process through our cabinet. Environment and Natural Resources has the lead, and we've been working very closely with INAC and the aboriginal governments.

Mr. Greg Rickford: So you've been developing that. You've been working consultatively with INAC, but it's largely a project driven by your cabinet?

Hon. Michael Miltenberger: Yes.

Mr. Greg Rickford: Okay.

In July, we had announced...well, previous to July, but over the course of the year we've announced a number of infrastructure projects. My riding is only about a third of the size, but certainly we face a number of similar challenges with hydro transmission, and those are legacy files that we hope to work on. That said, there were four rounds of funding through Canada's economic action plan, and I understand that a number of these were delivered to the municipal and rural infrastructure fund.

Can you comment on the amount of resources provided by the federal government for the projects through the MRIF?

Hon. Michael Miltenberger: I can tell you that as a jurisdiction we have been very successful working with the federal government. Our capital program for the year we're still in was about $700 million, which is the single largest capital plan in our history. The one coming up next year is going to be probably the second largest, and it's because we've been able to partner up and cost share with the infrastructure money—

Mr. Greg Rickford: That's exciting, Mr. Miltenberger.

Hon. Michael Miltenberger: A significant portion of that has gone directly to communities.

Mr. Greg Rickford: I understand. I have a list here, and from what I can see, there seems to be a certain polyvalence here—

● (0935)

The Chair: We're out of time actually, Mr. Rickford. We'll have time for another round if you want to come back. Maybe just hold that thought.

[*Translation*]

We now move on to the next large riding.

You have five minutes, Mr. Gaudet.

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chair.

Thank you for your presentations in both English and French, our country's two official languages.

Premier, you stated the following in your presentation: “Without this authority, we have little power to influence or control NWT land management decisions and to ensure that more of the benefits from resource development accrue to NWT residents.”

What demands are you making of the federal government?

[*English*]

Hon. Floyd Roland: Regarding the resource revenue sharing portion that we've put forward right now, we waited.... For example, the previous government initiated the equalization work that was done, and part of that work involved the resource revenue sharing portion. So when the work was done and the announcement was made that 50% would be included as part of a calculation and 50% excluded, we thought it was very good, because in the Northwest Territories we get zero; a very small percentage, maybe 8% of that is specific to territorial government.

We liked that message. Unfortunately, there was a yet-to-be-defined cap, which later followed. For example, with the Mackenzie gas pipeline, the numbers that we looked at, the lion's share would still flow to the federal government. We would gain some out of this. In fact, in my meetings next week with the regional aboriginal leaders we will discuss again how we re-engage with the federal government on devolution of resource revenue sharing.

I don't want to put numbers out before I have that opportunity, but we have had a joint working group and we'll continue to proceed on that basis. The federal government has been positive in re-engaging on that file, but what kind of final result will there be? The territories are different from provinces, so it's always slightly different when it comes to how it's measured.

[*Translation*]

Mr. Roger Gaudet: My next question is for Mr. Miltenberger.

You note the following in your presentation: “Protecting land and water is a high priority for our residents, many of whom rely on the land for a subsistence lifestyle. Land management is a shared jurisdiction between federal, territorial and aboriginal governments.”

What expectations do you have of the federal government as far as these issues are concerned?

[*English*]

Hon. Michael Miltenberger: The expectation is that as part of devolution we would have the authority over land that we currently don't have and more say over what happens with resource development, the impact on the ecosystems. Right now we have some say. There are gaps in the regulatory regimes; there are gaps in the policies. As I indicated with our water strategy, the legal authority resides right now with the federal government, and we are using the political and moral authority we believe we have to speak on behalf of the residents of the Northwest Territories.

We also have significant concerns about what's happening outside our boundaries. We're the ultimate downstream jurisdiction in the Mackenzie River basin. We are due north of Alberta, B.C., and Saskatchewan, and there are major developments with dams and other developments that impact the water systems that flow this way. Right now we're trying to make sure we can protect those interests, and the more authority we have, the better we'll be able to do that, we believe.

Thank you.

[*Translation*]

The Chair: You have one minute left.

Mr. Roger Gaudet: What is the total budget that the federal government allocates annually to the NWT?

[*English*]

Hon. Michael Miltenberger: It's nearly $1 billion, combined capital and O and M. Our total budget is about $1.3 billion.

● (0940)

[*Translation*]

Mr. Roger Gaudet: Thank you.

The Chair: Thank you, Mr. Gaudet.

[*English*]

Now we'll go to Mr. Clarke for five minutes.

Mr. Clarke.

Mr. Rob Clarke (Desnethé—Missinippi—Churchill River, CPC): Thank you, Mr. Chair.

I'd like to thank the premier and his hardworking crew for coming in so early this morning for our meetings.

I'll first go right to one of the flyers that I noticed here and the Denesuline in Manitoba and Saskatchewan. We're talking about economic development for aboriginals: the Métis, the Dene, and the Inuit.

I know there's a big land claim going on right now that's in the process of being negotiated between the federal government and the northern Saskatchewan Dene, and also with the aboriginals, first nations, in the NWT. Can you tell me what the progress is, where they stand right now, or how it is progressing? And in what kind of timeline could this land claim be settled?

Hon. Floyd Roland: We have a number of land claims, self-government discussions, going on in the same area that would be affected by the Manitoba-Saskatchewan Denesuline. The Akaitcho are in the region, and they include a group in the Yellowknife area as well, the Treaty 8 group, which has been working with the federal government and ourselves, negotiating for quite a number of years to try to proceed on that. We also have overlap with the NWT Métis Nation, or Métis, in a similar area, and that involves a couple of other communities.

As those discussions are going on, we've also had ongoing discussions, for almost 10 years, with the Manitoba-Saskatchewan Denesuline and the federal government in areas....as to how that gets addressed, what type of compensation would be sought, and what type of land would be sought as well. Again, it comes back to having an overall mapped plan, a comprehensive plan, for the Northwest Territories.

We are players at the table. We can help influence to a certain degree, but the ultimate decisions are made by others outside of the territory, and they affect the design of our governance structures, claim by claim almost. On top of that, we have other groups reaching into north of 60 to make other claims as well, which further frustrates another aboriginal group and ourselves when it comes to trying to build that healthy relationship.

Mr. Rob Clarke: How much more time do I have?

The Chair: Two and a half minutes.

Mr. Rob Clarke: Fantastic.

I was looking at SINED, the strategic initiative for northern economic development. I understand there was $90 million divided among the three territories over five years.

Could you tell me how much the NWT got and what they're going to be allocating or using these funds for?

Mr. Peter Vician: Thank you for the question.

The SINED program, in the past five years, has allocated $30 million to each of the three territories. The plan is to allocate $30 million targeted to each of the three territories. The actual allocation within the territories depends on, again, program evaluation and overhead support that may draw down a bit of that $30 million.

What I spoke to in my statement was basically priority setting for the SINED investment over the next four to five years, the geoscience tourism and support to small business being the key priorities that we've identified.

Mr. Rob Clarke: Has this funding already been allocated to certain projects?

Mr. Peter Vician: Yes. We have seen in the initial year an allocation of $1.2 million towards the geoscience investment this past year, which was recently announced by the federal government. That's a key first step. However, there's been a slow rollout of the current year and subsequent year priority setting. Part of the statement I made today was to assist in guiding where we think those priorities should be set. We've not yet heard a definitive statement on that basis from the federal government.

The Chair: There are only 30 seconds left, Mr. Clarke.

Mr. Rob Clarke: Do we have Mr. Rickford?

The Chair: We have Mr. Rickford as one of the next speakers.

Mr. John Duncan: I'll just jump in.

The Chair: Sure.

Mr. John Duncan: Are your CanNor people in place locally?

Mr. Peter Vician: Mr. Chair, yes, CanNor has been established. There is additional staffing to be filled. There are some positions to be filled. We've met with the deputy and the senior staff of CanNor.

We're quite pleased, in the formative stage of the organization, with how they're trying to work through the building of the organization. As you know from my statement in April, the GNWT strongly supported the establishment of CanNor as an economic agency in the north.

● (0945)

Mr. John Duncan: We had an indication in Whitehorse, or confirmation, that they'd allocated over the next five years 20% to tourism and 10% to culture. Do you have any of those kinds of guidelines?

The Chair: Please give a yes or no answer.

Mr. Peter Vician: We do not yet.

The Chair: If we want to come back to that, there will be time.

Thank you very much, Mr. Clarke and Mr. Duncan.

Now we'll go to Mr. Bevington for five minutes.

Mr. Dennis Bevington: Thanks, Mr. Chair.

I just want to redirect back to the question of devolution and the terms and conditions of resource development. We're engaged in a hydro project development right now that was never identified by the federal government in the original environmental assessment for Acadie Mining. We're playing catch-up with the hydro development.

We have a situation in the Northwest Territories of having the highest per capita gross domestic product in the country, yet our population has declined in the last three years. In some respects, the development of projects in the north without the firm position of the territorial government putting forward the interests of northerners means these projects are developing in a fashion whereby the benefits may not be as great for northerners as they could be if they had northern control.

Is that a fair assessment of some of the things happening right now? You could talk as well about road development.

Hon. Floyd Roland: I think, again, that devolution resource revenue sharing would allow us to simplify, to streamline, and to make decisions, I believe, in a way that reflects the interests and aspirations of northerners, both aboriginal and non-aboriginal. That development would spur a better economy.

What we have, in our smaller communities, are many people leaving the communities, because the cost of living is just so high. We have businesses that want to do business, but a small community store, and we're talking small—$80,000 a year, for example, is used as small.... When we talk about the Co-op in the Northwest Territories, we're talking about a small building with a couple of freezers, not your Co-op store down in Edmonton or Ontario or other places. Just the cost of doing business affects whether one can actually make that investment up front. Our challenge is how we do that.

With that type of authority in the north, we could see development happen in a sustainable way. For example, when the diamond mines first started up in the north, the Government of the Northwest Territories pushed for trying to get as much aboriginal employment and contracting done as possible. We had to push for a socio-economic agreement with the federal government of the day and with industry, because industry was used to doing business in a certain way and it didn't involve consultation, to a larger degree. That has definitely improved.

Step by step, we have been improving. It's about the final pieces of authority, and that goes back to the other question about first nations. When we talk about devolution resource revenue sharing, we want the authority to make decisions in the north. We're not interested in taking over federal responsibility for first nations. And that's the other thing. There is a special relationship between first nations and the federal government, and we're not going to fetter that process.

In fact, if you look at some of our legislation in the assembly, our legislation speaks to the fact that this piece of legislation will not take away a right of a first nation.

Mr. Dennis Bevington: Minister Miltenberger, the federal government is going into a $60 billion deficit. I know your government is also suffering in the same way, just as every provincial government across the country is.

We need to invest right now in order to accomplish the goals that we have for our territory. We have a situation with the NWT Act where our investment is limited. Maybe you want to talk a little bit about how you see the future of our finances in the Northwest Territories with the rules that are in place right now that fetter our abilities.

Hon. Michael Miltenberger: Our assessment of the state of the economy is that we're going to be working through this recession and economic downturn for some time. We have a borrowing limit that's partially subscribed to. We are anticipating that we're going to carefully manage the fact that we have to go into some debt here on what we see as a short-term basis.

I think the finance minister tried twice to expand our borrowing limit. We were successful once. The second time we were told no. So we have to manage our finances, and it limits what we can invest in and the amount of debt we can carry. It does force us to be very careful. It is a challenge. There are other things that are going to be potentially happening that could even erode that borrowing limit more. That is another issue of concern for us.

● (0950)

The Chair: Thank you very much. That wraps up our five minutes.

We'll now go back to Mr. Rickford for five minutes.

Mr. Greg Rickford: Mr. Chairman, I appreciate that it's true. We have engaged in deficit spending during one of the hardest-hitting recessions, perhaps, in recent memory and for more than a century, particularly for Canada's isolated and remote regions being impacted by that.

As a function of our gross domestic product, the goal would be to use that kind of spending in the most pragmatic way. Certainly, the critic for the Arctic had an extensive list of things he'd like to see in the face of deficit spending. We need to understand whether we're getting it done in that regard.

I don't have the transcript of the list of things that my colleague mentioned. I know that at some point this summer there was an announcement from Minister MacKay with respect to a reserve unit being established here in Yellowknife.

Is that true, Mr. Premier?

Hon. Floyd Roland: There was an announcement of a reserve unit being established here in Yellowknife. That is correct.

Mr. Greg Rickford: Do you remember when that was stood down?

Hon. Floyd Roland: I don't recall a specific date.

Mr. Greg Rickford: I believe it was 1965, under Prime Minister Pearson.

This is going to be an important partnership with the Canadian Rangers. Can you talk a little bit about the Canadian Rangers and the relationship with this reserve unit in terms of protecting the interests of the vast territory?

Hon. Floyd Roland: We could definitely get into a discussion about the relationship there. We talk about boots on the ground in the Northwest Territories. When I spoke about that idea, it was about the people already living here. We have people on our most remote islands in Canada who call it home, who occupy it, who help formulate and make up the Rangers. They have a good working relationship with our forces in the Northwest Territories and in Canada.

Realistically, though, we talk about living there, and an economy, and about making investments in the right way that makes those communities habitable so that we can have a claim. When we talk about climate change and Arctic sovereignty, for example—

Mr. Greg Rickford: We can go there in a little bit, Mr. Premier. I appreciate that.

I've actually lived in Cambridge Bay and in Arviat, so I'm not unfamiliar with the conditions there. I might add that this is the third time here in Yellowknife, and the last time was five years ago. It's a credit to the local government and the territorial government on continuing to improve and build on successful businesses and franchises here in the north.

I want to talk a little bit about economic development. Maybe I'll sign off on the Aboriginal Pipeline Group. My understanding is that the Minister of Indian Affairs was able to make an announcement on a fairly substantial contribution to the support of that group. Is that true?

Hon. Floyd Roland: Yes, and we've done the same. We've agreed that we need to put them in place so that they can be partners in this development. With the pipeline in place, the federal government will make $86 billion from that development. So the investment will have a healthy return. We hope to see this happen.

Mr. Greg Rickford: Sure, and we support and understand it. These funds are provided under the community economic opportunities program, I believe. My understanding is that these are first nations and Inuit community organizations that have identified economic development opportunities in their own communities.

● (0955)

Hon. Floyd Roland: Correct.

Mr. Greg Rickford: So it's coming from those communities, and they are making applications to CEOP because they've identified their priorities.

Hon. Floyd Roland: As the Government of the Northwest Territories, we have given more and more authority to municipalities and first nations. Through our work in capacity-building, we have been able to empower them to make their own decisions on their priorities. It's been good.

Mr. Greg Rickford: To the extent that the federal government is involved in those programs, it could be said that the federal government recognizes the importance of the communities, particularly first nations communities. I have 42 in my riding, and they are identifying their important projects and priorities.

Hon. Floyd Roland: There is always going to be a relationship with the federal government here in the Northwest Territories. We are very diverse and spread out. Without a partnership, one that is planned and made together, we would continue to build the rest of the territory and Canada piecemeal, and that is a dangerous way to go.

The Chair: Thank you, Mr. Rickford and Mr. Premier.

Mr. Bagnell.

Hon. Larry Bagnell: I understand you on the devolution issue. Our leader understood too. Mr. Michael Ignatieff was here in the summer. In his press conference he listed this as a high priority, if not the highest priority. Even after devolution takes place and you have all the powers of a province, as the Yukon does, there are still some areas where the federal government can help out. There are still some federal programs that the federal government gives to the provinces.

I'd like to hear you talk a bit more about roads you might need from federal infrastructure ports—there's not much to talk about ports. You could also talk about restoring culture, the museum funding that has been cut, the northern living allowance, food mail, or the extraordinary health funding that is expiring. Is there anything we can do to help the Dehcho claim? What about affordable housing or training? Would you like the federal government to help you out with any of those areas, in the same way that it helps the provinces?

Hon. Floyd Roland: We've moved ahead in a number of significant areas, and the partnership with the federal government made some difference. It's hard to measure in a short timeframe, and they could be rather short, from two to four years. In our case, we are mandated every four years for election. We've fortunately been around a while—by the end of this term it will be 16 years. We've seen things move, and we've kept pushing our initiatives, through a number of governments.

Devolution resource revenue sharing is going to help us to implement a workable solution for developing the north and receiving the benefits of that development. Some of these benefits continue to grow in the north, and we continue to make key investments in infrastructure. The Dempster Highway goes through the Yukon and connects the Northwest Territories to my part of the territory up in Inuvik.

Once you have that type of infrastructure in place, the cost of living, business activity, and investment increase, while costs drop significantly. We need to put resources into projects like the Mackenzie Valley Highway to build this territory and become a more productive partner.

Hon. Larry Bagnell: What about the topics I mentioned that are outside devolution? Do you have any ideas on how we could help you out with them?

Hon. Floyd Roland: There's a long list there, but the partnerships that we're building in the north with the first nations and aboriginal governments will help us in dealing with those things and putting them in the right order of importance.

We see that there is a need for infrastructure investment and governance structures. We are always going to have a relationship with the federal government. Even with devolution resource revenue sharing, we're going to need a relationship with the federal government.

[*Translation*]

The Chair: All right then.

We will now go to Mr. Lévesque.

Mr. Yvon Lévesque: First of all, gentlemen, I sincerely hope that you secure your administrative independence. I know what that would mean to you. As a Bloc MP, I also hope that you also secure loan guarantees from the current federal government to meet your needs. Perhaps that would give you some credibility, from an administrative standpoint, in the eyes of lenders. We've been asking the same for Quebec for eons now.

Mr. Vician, in your report, you discuss hydroelectric power. Have you evaluated the NWT's hydroelectric potential?

Would 53 or 56 megawatts be enough to meet your current and future needs, or could you generate and use additional hydroelectric power?

● (1000)

[*English*]

Mr. Peter Vician: Thank you, Mr. Lévesque. Thank you for that question.

The number I gave you was specific to one project, the Taltson project. It's a small number, and as you know from your great projects in Quebec, it's really just a piece of the puzzle.

Our potential for hydroelectric development is well over 11,000 megawatts, essentially one of the Le Grande elements in Quebec, and I've had the opportunity to see many of the sites in this work. We see that potential as being very important, not only for the Northwest Territories, but more so for Canada. We barely would use that potential.

We see a potential in the long term for an export market. Water, being one of those fundamental renewable resource energy supplies, is the kind of shift that we should be making. We think the federal government needs to participate at the beginning with us in Taltson, and also be with us in the long-term planning for a hydroelectric strategy for the whole north in Canada.

Thank you.

[*Translation*]

The Chair: You have one minute left.

Mr. Yvon Lévesque: What are your expectations as far as CanNor is concerned? Can this agency meet some of them?

[*English*]

Mr. Peter Vician: Mr. Chair, yes, we've supported CanNor's formation. We see them being an important vehicle in supporting both aboriginal economic development and public economic development in a broader sense. It's important that the federal government maintain a presence in the economic agenda of the north, as it has in the rest of the country. As the premiers indicated, CanNor has a big job ahead. But we're there and we're continuing to work with them.

Thank you.

The Chair: Thank you.

Merci, Monsieur Lévesque.

I want to thank all of the members and our guests here today for helping to inform this report. Premier, I must say it's a great honour to have you here, sir.

I'd also like to take this moment...I have information that we have at least one other MLA with us today, Mr. David Ramsay, who is also the chair of the Standing Committee on Economic Development and Infrastructure. Is that right?

Are there any others? I didn't want to miss anybody, but we're delighted to have you with us here, Mr. Ramsay, as well.

We'll now suspend for approximately 10 minutes, and we'll resume immediately after that. Thank you.

● (Pause)

●

● (1015)

The Chair: We'll resume with our second panel now. I will just explain to members, before I introduce our witnesses, that we are still awaiting Ms. Cynthia James, who is the chair of the Dehcho Economic Corporation. She had confirmed and so may be en route.

You may recall that what was originally scheduled for the first panel included Mr. Merven Gruben, VP for charter communities, hamlets, and settlements of the Northwest Territories Association of Communities, the organization representing municipal governments here in Northwest Territories. Mr. Gruben was unable to join us, but we are delighted to have Mr. Terry Kruger. Mr. Kruger is the communications and policy coordinator. He has indicated to us that there may be some things we may not be able to cover in their entirety, but he has offered to take back any questions that remain unanswered today or, if there are further things that we as a committee are looking for, to get responses for us.

When we realized that some of the original invitees for the second panel were unable to come, we invited an organization called Alternatives North, which was an alternate, ironically enough, for this second panel. Alternatives North is an organization here in Yellowknife that deals with the social fabric and the social well-being of the community, particularly on issues of social justice. We are delighted to have Mr. Doug Ritchie from Alternatives North with us.

Let's begin with our two panellists, and we'll hope that Ms. James joins us in progress. We'll begin with Mr. Kruger.

Normally, gentlemen, we go with a five-minute presentation or thereabouts. We'll do those each in succession, and then we will go to questions from members.

Mr. Kruger.

● (1020)

Mr. Terry Kruger (Communications and Policy Coordinator, Northwest Territories Association of Communities): Good morning, and thank you. Welcome to Yellowknife. As you noted, our vice-president, Merven Gruben, is unable to attend, and I extend his apologies.

We appreciate the opportunity to appear before the committee today to share some of our views about building the Northwest Territories.

For some background, the NWTAC was formed in 1967, and today we represent 27 communities that are home to approximately 97% of NWT residents.

The Chair: Mr. Kruger, because we're doing simultaneous interpretation, please keep to a good, steady pace; you don't need to rush. That way, our interpreters will be able to get their text correct for the benefit of the members.

Mr. Terry Kruger: Okay.

The NWT's 33 communities are small and spread out. The tiniest is Kakisa, in the Dehcho, population 55. The largest is Yellowknife, home to just over 19,000 people. Just nine of our communities have 800 people or more; only five have more than 1,000 people; among the rest, the population averages about 327 people.

There are plenty of challenges facing the Northwest Territories, but this is also a very exciting time. For the first time in years, national leaders are suggesting a vision of Canada that points to a vibrant north, where the maple leaf flies proudly, where our youth see boundless opportunities, where the north's vast resources are developed in a responsible manner that protects the land, provides jobs and wealth for northerners, and helps power the Canadian economy.

Not since Prime Minister John Diefenbaker championed northern development in the late 1950s has Canada paid so much attention to the Arctic. Even so, all Canadians, not just northern Canadians and our political leaders, need to understand the vital role the Arctic plays and can play in the future of our country. Much of our national identity is tied to the notion that we are a northern region. Yet how many Canadians have ever travelled north of the 60th parallel? How many Canadians have actually seen an inukshuk on the tundra? How many have tasted a lake trout reeled in from the depths of Great Slave Lake, or muskox harvested from Banks Island, or know how much oil flows every year from Norman Wells? Average Canadians know very little about the place that we northerners call home.

We're thrilled by the strides taken in the last two years, with millions of dollars for infrastructure investment, establishment of a regional stand-alone economic development agency, a new ice-breaker to assert Canadian sovereignty, and extension of Canadian environmental laws and shipping regulations into Arctic waters. A geo-mapping program is proving to the world that mineral and energy resources in the Canadian Arctic are ours. We're also seeing enhanced presence by the Canadian military, particularly in Nunavut. Most importantly, the focus on the north is being seen by all political parties as necessary investment in nation building and the assertion of Canadian Arctic sovereignty. There appears to be widespread support that the north's time has come.

While we welcome the dollars and the place the north now has in the minds and hearts of Canada's elected leaders, much needs to be done. Over the course of your investigation, you will hear many suggestions, whether it be development of world-leading information technology, infrastructure investing in northern research, building northern intellectual and professional capacity by establishing a degree-granting university, or attracting new Canadians to live and work in the north. It can be difficult to know where to begin.

The first step is to understand what is required to bring northern services and infrastructure up to national and international standards. We believe that building the northern economy starts with one foundation: strong, healthy, and sustainable communities, where people have good water, affordable housing and power, jobs, and can live healthy lifestyles. Only with that can we attract the professionals we need and retain our current residents to give our youth the belief that if they complete high school and earn a trade or go to university, there is a job waiting for them here at home, where the quality of life is comparable to what they may experience in the south.

To get there, we have identified four areas: transportation infrastructure, community infrastructure deficit, federal funding programs, and the importance of northerners having a say in our future.

The idyllic image that many Canadians have of northerners paints us as a resourceful, hardy lot, where minus 40 is no big deal. We are hardy, and minus 40 is a fact of life in the winter, but we lack the many basic amenities that southerners take for granted and we are forced to get by with creative solutions. Take our ice roads, made famous recently by the History Channel production *Ice Road Truckers*. These transportation links were born out of necessity from the need to haul large quantities of fuel, food, and other supplies into remote mine sites and communities. Air transport was and is very expensive.

Surely this isn't the vast roads program that will open up exploration of vast new oil and mineral areas envisioned by Prime Minister Diefenbaker in 1958. Half of the NWT communities don't have year-round road access to this day. Many rely on a short winter ice road season or on once-a-year barge delivery for a year's supply of heating fuel and building supplies. While we don't expect roads to all our communities, transportation costs are the biggest barrier that must be torn down.

● (1025)

Our member communities believe that completing the MacKenzie Valley Highway from Wrigley to the Dempster and from Inuvik to Tuktoyaktuk is a crucial step. In May, our members endorsed two resolutions calling for just that. In October the Canadian Chamber of Commerce also endorsed a resolution for completion of the MacKenzie Valley Highway—what they refer to as the North-South Trans-Canada Highway. The Federation of Canadian Municipalities policy statement on northern and remote issues says this: “Existing transportation networks significantly impede economic competitiveness and quality of life in northern communities.”

The impact completing the MacKenzie Highway would have on the NWT would be enormous: 14,000 person-years of employment during construction; 160 permanent jobs, a possible 20% increase in tourism; greater access on mobility and enhanced quality of life for MacKenzie Valley and Delta residents, a reduction in the cost of living; and savings of $1.5 billion to $2.2 billion for exploration and well development for the oil and gas industry if the MacKenzie gas project proceeds. It could also lead to expansion of the electricity transmission system in the NWT, something that would bring lower-cost hydro power to communities that now burn diesel to generate power. Fiber optic cable lines could hard-wire high-speed communication links.

The cost of the highway is expected to be about $1.8 billion, but that's a small price to pay for the billions of dollars that could be generated in oil and gas and mineral development. Some reports suggest that the payoff could be 86,000 person-years of employment and a $58.9 billion boost to Canada's gross domestic product.

In September, we welcomed nearly $1 million to do preliminary work on an all-weather road linking Tuktoyaktuk to Inuvik. This is an important step to living up to the Diefenbaker vision of over 50 years ago. We hope it doesn't end there and continues with the next step: completion of the MacKenzie Valley Highway that was promised by Canada in 1972.

We're not just lacking transportation infrastructure; our communities need help too. In 2007 the FCM reported that across Canada the municipal infrastructure deficit had climbed to $123 billion. This is a snapshot of what community governments identify as their infrastructure funding needs, the cost of maintaining and upgrading existing municipally owned assets. They called it a crisis.

If things were bad in the south, they're even worse here in the north. In 2004, a report prepared by our association, in partnership with the GNWT Department of Municipal and Community Affairs, suggested that the NWT infrastructure deficit was $186 million. In late 2008, that deficit was believed to be near $400 million. Those needs include recreation facilities, fire protection equipment, roads, solid waste sites, and other municipal buildings—infrastructure that is essential to improving quality of life and providing a base to build a sustainable economy.

Thanks to the territorial new deal for NWT community governments, responsibility for infrastructure development and guaranteed annual funding was transferred to community governments, starting in 2007. Our communities have taken charge of addressing their infrastructure needs. Even so, we depend on programs such as the federal gas tax fund and Building Canada, but these also bring challenges, such as the community's ability to fund its portion.

Again we'd like to quote the FCM:

> If Canada is to prosper, municipal infrastructure investments must support the economic potential of our cities and communities. For this to happen, financing must reflect the long-term nature of infrastructure investments, which will require a long-term investment plan with agreed-upon priorities.

We also want to express the important role communities play on the front line of Canadian sovereignty in the north. Canada can undertake a major infrastructure initiative using military infrastructure as the backbone. Military investment should be developed with civilian and private sector interest in mind and should form the foundation for long-term development. Our Arctic neighbours in Sweden, Norway, and Finland have used military investments to strengthen local economies. In Alaska, Fairbanks and Anchorage emerged as substantial cities thanks in part to military investments over the past 60 years. We're starting to see that in Nunavut now, with a naval refuelling base in Nanisivik and plans for a training base in Resolute. But the western approaches to Canada's Arctic must not be forgotten.

To build on the economic base of the north will take stable long-term funding from Canada. As I noted, the gas tax fund and Building Canada are excellent examples of what works.

● (1030)

What doesn't work is per capita funding. It sounds fair, and maybe it is in southern Canada, but the north's small population and high costs combine to make it unworkable. For example, when Canada introduced the recreational Infrastructure Canada or RInC program earlier this year, our communities were excited about the possibility of getting enough of the $500 million to address repair and upgrading of their recreational facilities. The first round of funding amounted to $189,000 per territory based on a per capita funding arrangement. Some people called this swing-set money.

The NWT didn't seek any of the first round of funding, and it all went to projects in Nunavut. In the second round of funding, 22 NWT communities applied for RInC grants. Seven projects were approved, worth a total federal contribution of $550,000.

To illustrate why per capita funding is insufficient, I want to compare building costs using a formula that our insurance program uses. We've calculated the square foot cost of construction for a typical construction garage with metal cladding and concrete floor for three Alberta cities and four NWT communities. That garage would cost about $134 per square foot to build in Calgary, $124 in Edmonton, and $120 per square foot in Grand Prairie. It is much higher in the NWT. In Fort Smith the cost per square foot is about $164, in Yellowknife it is $160, while it's $208 in Inuvik, and $314 in Sachs Harbour.

You also have to consider this. In some communities, if you need a crane to undertake some work, it needs to be shipped by sea lift or summer barge. You may only need the crane for three weeks, but it's likely there until the sea lift the next year.

This summer we wrote Indian and Northern Development Minister Chuck Strahl to explain the situation, and he said this in his reply:

> Your letter makes a strong case for the distribution of funds in the North on a basis other than per capita. I fully agree that building costs in the North are much higher than the national average, and existing recreational infrastructure is less well developed. I have and will continue to communicate this point to my colleagues.

It's also necessary to point out the challenges of dealing with the federal bureaucracy. We understand there are accounting rules and reporting procedures that must be followed. However, it can be challenging for a community to complete a complicated application form when they only have a few days to do the job. Even if we can get through that, we have to wait months to hear back, watching the extremely short building season slip away.

The Chair: Are you just about finished, Mr. Kruger?

Mr. Terry Kruger: About half a page.

● (1035)

The Chair: Fine. Thank you. Carry on.

Mr. Terry Kruger: I started off by saying how excited we are by what we're seeing and hearing from Ottawa regarding the north. Even so, we feel left out of the equation.

The NWT's hamlets, settlements, villages, towns, and cities will be profoundly affected by the decisions that will be made in the coming years. We should be granted a prominent, meaningful role in making the policy decisions that will shape the Arctic and our hometowns.

When Canada's northern strategy was unveiled this summer, the announcement took place near Ottawa. While the commitments being made are important and welcome, there is one thing missing: northern voices.

When CanNor, the new Canadian Northern Economic Development Agency, has funding programs, they go directly to communities. However, that often leaves the territorial Department of Municipal and Community Affairs in the dark, not knowing how to help the communities they're mandated to serve. This can be a challenge because many of our smaller communities depend on MACA for their support to complete application forms for federal funding programs.

Working together toward the same common goals should be the easiest barrier to overcome. However, developing a partnership with Canada, the GNWT, community governments, and aboriginal northerners having a say in their future can sometimes be one of the most challenging barriers to breach.

In closing, thank you for the time to speak with you today. We hope you remember these points as your committee gets down to work to recommend ways to tear down those barriers and develop the north.

The Mackenzie Valley Highway from Wrigley to Tuktoyaktuk needs to be built. Strong, healthy, sustainable communities are the foundation for a strong economy in the north. Federal funding using a base-plus formula that recognizes our significant challenges is necessary to build the north's future, and we want to be partners in planning the growth and development of our future.

Thank you.

The Chair: Thank you, Mr. Kruger. We appreciate that.

Now we'll go to Mr. Ritchie. We initially said five minutes, but that was premised on the fact that we would have five panellists today. So, Mr. Ritchie, up to 10 minutes would be perfectly acceptable.

Mr. Ritchie, go ahead.

Mr. Doug Ritchie (Member, Alternatives North): Thank you.

[*Translation*]

Good day and welcome to the Northwest Territories. I want to start by thanking you for the opportunity to speak to you today on behalf of Alternatives North. Although my French isn't perfect, I do make an effort to speak the language. It's one way for me to honour my wife, who is from Quebec, and my in-laws. Speaking French also reminds me that a language is a gift from our ancestors. Many Aboriginals in the NWT try to preserve their own language. Unfortunately, this is a difficult, never-ending task.

[*English*]

Alternatives North is a social justice coalition operating in the Northwest Territories. Within our ranks are representatives of churches, labour unions, environmental organizations, women and family advocates, and anti-poverty groups. Alternatives North is known for its incredible work and analysis done largely by volunteers.

Today I want to speak about a vision. Today is my birthday, and permit me to dream out loud about what would be, to my mind, a perfect birthday present, not only for me but for my fellow citizens in the Northwest Territories.

I want to live in a territory where people can learn and relearn their traditions and languages and access services in those languages. I want to live in a territory where economic development does not mean that some people get rich and the poor get poorer. I want to live in a territory where addictions and other mental health issues are a thing of the past. I want to live in a territory where students graduate from high school with the literacy and numeracy skills to work and study anywhere they wish. I want to live in a territory where people in all communities have access to good quality, culturally appropriate day care.

Some of you may be thinking: what do these things have to do with economic development? I would say everything. Any economic development strategy would be incomplete without considering these factors. In terms of what we traditionally call economic development, I would like to see a territory that invests in the renewable resources sector and does not place all its bets on the non-renewable resource sector. I would like to live in a territory that gives people the option of living a more traditional lifestyle and working in the local economy that builds on the natural assets of the community. I would like to live in a territory where all people recognize the importance of preserving our natural capital. I would like to live in a territory that fully realizes the implications of climate change on our economic development and the need to ensure that, when we pursue economic development, we set an example for the world. If we want the world to change the way it does economic development, we must change as well.

I would be delighted to answer any questions you may have.

Thank you.

● (1040)

The Chair: Thank you, Mr. Ritchie.

Gentlemen, we're going to go to our first round of questions. I don't know if you were here on the first panel, but we essentially go with a five-minute question and answer period, both for the member's question as well as your response. It is much better when we keep our questions and responses succinct and to the point.

What else do I need to tell you? We have a pre-set order of questions, and then we just follow through that order, as we typically do at committee meetings. But I would say if a question comes, even if it's not directed to you and if you have something to add, if you just signal accordingly, I'll do my best to make sure you're given some time to respond.

So let's begin with the first round, and that'll be five minutes, and we'll go to Mr. Russell.

Mr. Todd Russell: Thank you, Mr. Chair.

Good morning to each of you.

On behalf of me and I'm sure all of my colleagues, we want to wish you a happy birthday, Mr. Ritchie. Usually, I sing, but I'll speak French instead.... Anyway, happy birthday to you, and we're happy to be here in the Northwest Territories.

Just let me ask you this question. You wanted to dream about what your territory would look like. I think it's a vision that many of us would share. But how do we get there? How do we help you and other northerners, aboriginal and non-aboriginal, to get there? I think Mr. Kruger could probably join in on this because he enunciated certain good things, and then there was certainly a need there.

So perhaps you could just help us for the next minutes to go through that.

Mr. Doug Ritchie: Thank you very much for the question, Mr. Russell. I do appreciate it.

People from all different walks of life, different political parties, by and large agree on the vision. The real question is, what is the strategy?

One thing that comes up so often in terms of our friends in business is that they often point to business development. I think a fundamental piece of infrastructure that is needed as we pursue economic development is social infrastructure.

The north has been subject to many challenges, and I think you are aware of some of those challenges. We have to put special emphasis on developing and strengthening the social infrastructure of communities. The hard question is how we do that.

My view—and I think it is consistent with Alternatives North—is that we really do need to invest in, for example, zero to six, early childhood education. One of the challenges I have observed in terms of existing federal programs is that zero to six is a style or an emphasis for a certain number of years, and it's not followed through. I think we are starting to see some benefits from the early childhood education that has been going on, and it would be great to re-emphasize that and make it last longer.

In speaking to educators, my understanding is that one of the challenges in terms of outcomes, particularly among aboriginal students, is that with the benefit of good programs, such as Healthy Start and early childhood programs, they seem to do fairly well until grade 5, but then there's a drop-off. How do we address these drop-off issues?

I think there is room to put more cultural programming into the schools to make sure that all people are proud of who they are and where they are, as well as to enrich programs in the summertime. I don't have the evidence with me, but one of the key differences in educational outcomes of various people of different backgrounds is what they do in the summertime. School is not a 10 months a year thing; it's a 12 months a year thing. I think investing in the social infrastructure is important for northerners to take full advantage of all the economic development that is coming down the stream. Human capital investment, human infrastructure investment, is as important as the physical infrastructure investment.

Thank you.

● (1045)

The Chair: You have 30 seconds.

Mr. Todd Russell: I'll leave it to Mr. Kruger.

The Chair: Do you want to add something?

Mr. Terry Kruger: I just want to reinforce the notion that community public infrastructure is important: for example, water plants; recreation facilities; communities with indoor skating rinks and concrete floors, where they can have artificial ice and you don't have to wait until December or January—things that make communities healthy places where people want to live and stay and where people want to come to work and stay.

[*Translation*]

The Chair: Thank you, Mr. Russell.

You have five minutes, Mr. Lévesque.

Mr. Yvon Lévesque: Thank you, Mr. Chair.

I'd like to begin by wishing Mr. Ritchie a happy birthday and by thanking him for making an effort to honour his in-laws. Unfortunately, Quebeckers are generally not familiar with the NWT. We cannot begin to imagine where communities that are accessible by road are located. My colleague Mr. Bagnell gave me a map of the NWT yesterday, but there isn't enough room to spread it out in front of us.

My riding encompasses James Bay and Nunavik. There are no roads in Nunavik. The problem is the same, if not worse, here in the NWT. I imagine that one road cuts through the area and that byways should be built to make villages accessible. That is not the case in Nunavik, but it is true in James Bay. A major roadway cuts through the territories and byways connect to villages.

Would the highway that you are referring to be located close enough to the byways to make them reasonably accessible?

[*English*]

Mr. Doug Ritchie: At Alternatives North we have not thought a lot about the Mackenzie Valley in terms of the highway, but I think the question we would ask.... One of the things we often refuse to do is join bandwagons; we like to have solid thinking on these issues. While we certainly respect the wishes of people in the valley, I do want to pose this question to them: what is the most effective way of trying to get those gains they want?

I think there's a rationale for the roads, but I personally want people to make sure they recognize that there are benefits and problems with the roads. So I would argue that people should make sure they are careful what they wish for and that they look at alternative ways of achieving those same things. That would be my only comment with respect to the roads.

[*Translation*]

Mr. Yvon Lévesque: Would Mr. Kruger care to comment?

[*English*]

Mr. Terry Kruger: Our communities have supported finishing the Mackenzie Valley Highway because that transportation link is critical.

Let's take the construction season. If you order parts or pieces for a new gymnasium, they will be shipped in sometime during the summer on a barge, laid down, and you probably won't be able to work until the following summer. You have to transport all of your fuel at one time. Tourism is based on people flying in. It just raises the cost of living, and building a highway is essential to lowering the cost of living and providing that connectivity between communities. You're not going to build highways or roads to every community, as I noted, but it's an essential piece of the infrastructure to develop the northern economy.

● (1050)

[*Translation*]

Mr. Yvon Lévesque: That is not what I was getting at with my question. You talked about a highway, a main route cutting through the region. Obviously, every hamlet or village that you mention will not necessarily be close to this main highway. I'm curious about how far away from these communities the highway would be.

Once construction of this main highway is completed, how far will people have to travel on average to get to the various settlements and communities?

[*English*]

Mr. Terry Kruger: I can't tell you exact kilometres. I would imagine if you build the Mackenzie Valley Highway to the Dempster Highway, the distance from the highway to somewhere like Colville Lake could be 100 kilometres, 200 kilometres. I'm not exactly sure.

[*Translation*]

The Chair: I see. It will have to wait until next time.

[*English*]

Now we'll go to Mr. Bevington. I should also recognize, of course, that we're in the riding of Western Arctic. I still don't know why we call it Western.... Well, I know why we call it Western Arctic, but it doesn't seem to jibe with the other territorial riding names.

I know Mr. Bevington was helpful to our committee with the witness list, and we appreciate that.

So it's good to be here in your riding, Dennis, and now you have five minutes.

Mr. Dennis Bevington: Well, Mr. Chair, that may be one of the recommendations this committee could make, to get unanimous consent of the House of Commons to change the name of the riding. I've been after that for almost four years, because it really is inappropriate. Western Arctic...there's no validity to Western Arctic after division occurred. When we had one territory, we had an Eastern Arctic and a Western Arctic riding. After division, Nunavut took the name that was proper for it, and for some reason, this was left out by Parliament. So I would appreciate your support in that.

The Chair: We're off topic here, I know, but does it go back to 1993 then with the creation of Nunavut?

Mr. Dennis Bevington: It was 1999.

The Chair: Oh, 1999.

Mr. Dennis Bevington: That's correct. It was not done at that time and that's an unfortunate thing. I would love to see this committee recommend that, because true recognition of the north is something that would also support northern development.

I appreciate both of the presentations here today. Cost of living is huge in the north, and I know that any vision for the north must find a way to create sustainable communities.

Mr. Kruger, you've talked about roads and you've talked about the $1.8 billion Mackenzie Highway. But in fact, to link the rest of the communities to a road would not really require that expenditure right away. The $1.8 billion speaks to a highway from Wrigley to Tuk, but to connect the rest of the communities in the north doesn't actually require that whole road to be built at once. We need a road to Norman Wells and into the Sahtu region, and we need a road to Tuktoyaktuk. Is that not correct? That would link all the communities that are now not on a road system with the extension within the Sahtu to the regional communities.

Mr. Terry Kruger: The resolution that our communities passed called for completion of the highway. Forgive me, I don't remember the exact wording, but I know a previous resolution called for the Mackenzie Highway to be completed in stages, as envisioned in the early seventies. They would build from Wrigley to Tulita, Tulita to Norman Wells, Norman Wells to Fort Good Hope, then to the Dempster near Fort McPherson. So it could be done in stages.

Mr. Dennis Bevington: Yes, and right now our territorial government has invested in almost all the river crossings that are on the Wrigley to Norman Wells route. They're just building the Blackwater bridge at an expense of $14 million. They had plans to do the Bear River for $32 million, so our government's moving in that direction, to link Norman Wells and the Sahtu.

The opportunities in the Sahtu region for economic development are very large, and Sahtu is calling out for that. We have an existing oil pipeline there that's only at a maximum of about 40% capacity right now, so we have the ability to move even more oil out of that region with exploration than we do now.

Does that describe the situation there a little better?

● (1055)

Mr. Terry Kruger: I'm not familiar totally with the capacity of the pipeline, but that could be true.

Mr. Dennis Bevington: Mr. Ritchie, I know your desire to create sustainable communities. How would you envision a small community in the north being sustainable?

Mr. Doug Ritchie: Thank you.

I think one of the real threats to the sustainability of communities is the price of oil. As Terry was mentioning, many communities are very dependent on using diesel generation.

In 2008 we experienced the price of oil going up to $150 a barrel, and that was in July. That was at the exact same time that many of the communities through the GNWT were essentially buying their oil supply. So they got stuck with that high price even though the oil wasn't delivered until probably October, when the price was much, much lower.

I think one of the real challenges to economic development in the Northwest Territories is our dependency on oil. We import something in the order of 450 million litres of gasoline and diesel per year, and a doubling of prices would go from approximately $500 million in terms of imports to $1 billion in terms of imports.

So we believe there is a looming cost-of-living crisis if you start to believe some of the predictions of energy analysts who are saying that oil prices will be increasing, and I think, incredibly, it's no longer the granola-eating, Birkenstock-wearing, flaky environmentalists, but it is the more mainstream bankers, such as Jeff Rubin, the International Energy Agency. So certainly there's a growing consensus that the cheap oil is gone, expensive oil is here. Therefore, that's going to be a real challenge.

So I believe fundamentally that communities particularly do not have ready access to alternatives such as mini-hydro. We need to look at ways of increasing their independence. Hopefully, we can finish off those communities that have access to mini-hydro. Hopefully, we can experiment further with wind generation that's already starting in Tuk.

I really do believe it is absolutely vital in the north that we develop energy alternatives and the way you do it is to start doing it. I think in some communities such as—

The Chair: Thank you very much. If there's another thought there that you wanted to get out, you may have an opportunity with responding to other questions.

Thank you, Mr. Ritchie. And thank you, Mr. Bevington, as well.

Let's go to Mr. Duncan for five minutes.

Mr. John Duncan: Thank you very much.

It seems like I have a connection with each of the panels here. Mr. Kruger and I go back a long way, to newspaper days in Powell River, so it's fascinating to reconnect.

Just to carry on the segue into the energy question that you were talking about, Mr. Ritchie, it was interesting that out of the first panel we certainly got a strong priority on the Taltson project. That's just one of many. We have, I think, a similar priority on the real need for energy independence, efficiency, and alternate sources other than petrocarbon. So that is good.

I appreciated your comments about the highway system. We know we've been through a long, long exercise on the Mackenzie gas project. If we were to say tomorrow that we want to build the Mackenzie Highway, what kinds of hurdles and impediments are there in terms of the permitting process? Do we have consensus everywhere? Or would there be concerted opposition to this connector?

That question is really for both of you.

● (1100)

Mr. Doug Ritchie: I don't think Alternatives North has actually weighed in on the issue of the Mackenzie Highway. I would just say that we need to make sure that there is an appropriate level of environmental review of the road. One of the big issues, I would imagine, is the regulatory regime in the Northwest Territories. Alternatives North is of the view that this is the regulatory regime that flowed out of land claims agreements and by and large continues to be supported by the land claims groups. I think it's basically something we are here for.

I would argue that given the whole era of climate change, the project requires a strong environmental review process. For instance, there have been over 2,000 landslides documented throughout the Mackenzie Valley, so if we're going to build a road, it's really important that there be some time and effort spent to make sure that it will not damage the environment, that they choose the route carefully.

So essentially what we're saying is it deserves a proper environmental review, and I would love to spend more time addressing the regulatory system, but I think that was not the intent of your question. I would love to elaborate. The short answer is it should be subject to an environmental review and we just have to be careful that we're not making our environmental situation worse and we're not making it more costly than it need be.

The Chair: Mr. Kruger.

Mr. Terry Kruger: I don't really want to take a position on how an environmental review would work. That's something I would like to refer to my board. We could provide an answer back on their vision for what kind of review would need to take place, but I can say that with respect to constructing the highway we've had a resolution on the books since at least 1993 that the highway needs to be completed. As I said, we adopted two resolutions in May at our AGM. They were unanimously adopted by our member communities. So the association's members are fully behind completing the highway.

Mr. John Duncan: You don't think there are stakeholder groups out there that would really put up a stiff opposition?

Mr. Terry Kruger: I would like to defer that to my board.

Mr. John Duncan: Moving to education, which is an important building block for—

The Chair: We'll have to move that to the next question. We're at our five minutes there.

Mr. John Duncan: Why did you let me start?

The Chair: In fact, I didn't. We'll wrap it up there and we'll go to our second round, but there will be time, Mr. Duncan.

Let's go now to Mr. Bagnell for five minutes.

Hon. Larry Bagnell: *Merci, Monsieur le président.*

Gens du pays, Mr. Ritchie, *Drin quassy shalakat.*

Terry, I just want you to know that the head of NWTAM, Yvette Gonzalez, is a legend in Canada. She's the longest-standing person in that position and she's a great leader, a legend across Canada in municipal government progress in the last decade or two.

I mostly want to talk about infrastructure, because I don't understand how the system works here compared to my area. When we created the infrastructure programs, they were primarily for municipalities, because they have a small tax base, as you well know, and they need that help. But a year ago we were in full recession and yet some of the municipalities in my riding of the Yukon tell me that they still have not completed stimulus projects or gotten approvals. I know we have a different process from what you have, so I would just like to know if it's working well, if most of your municipalities have federal infrastructure projects. Does NWTAM have the input it would like into these decisions? Is it a good process? I'm not talking about the gas tax, but the municipal infrastructure projects, and how all that works and if it's working well.

● (1105)

Mr. Terry Kruger: In the Northwest Territories, each community got responsibility for developing its own infrastructure program in 2007. So it's a fairly new program. Each community gets a certain amount of funding from the Government of the Northwest Territories, and that is what they use. They each get a share of $28 million a year, which they can apply to infrastructure development. They use their share against federal funding or what not.

In terms of how the process works, I think our members are pleased with how the Building Canada program works. I mentioned that there were some challenges with rink funding and some disappointment with rink funding, which we've expressed publicly to the minister. Per capita funding just doesn't work here in the north. And I know that there are some challenges in getting applications done because of short timeframes.

A lot of our communities are small, as I mentioned. They may have an SAO, a senior administrative officer, who may be the only staff person for that community government. It's that person's job not only to work on the budget but to handle the community accounts, to make sure that their water-truck drivers are delivering water, that sewage is picked up, and that everything is functioning. So there has to be a great deal of coordination between our community governments, especially the small ones, and the Department of Municipal and Community Affairs. I know that MACA is involved in the capital planning, and has to be involved in the capital planning, to help get the applications done and to make sure that everything goes through the appropriate process.

Hon. Larry Bagnell: It sounds as if, with Building Canada, each municipality gets its money up front and can decide. It doesn't have to be approved by the NWT government. That's good. I think it's different in our area.

I have a question about the rink funding. There are between 50 and 100 communities north of 60. I think you suggested that the total that's flowed so far in the first two years is less than $1 million north of 60. Was that true in the figures you gave?

Mr. Terry Kruger: It would have been just over $1 million: $567,000 went to Nunavut in the first round of funding, and then seven NWT communities just received approval within the past ten days, I believe, for a total of $550,000 in funding. I'm not sure what's happening in the Yukon.

Hon. Larry Bagnell: For this $1 million, how many communities of the between 50 and 100 communities north of 60 could build a hockey arena?

Mr. Terry Kruger: I don't know what it costs to build a hockey arena.

Hon. Larry Bagnell: You don't know for your average NWT community.

Mr. Terry Kruger: I'm not familiar with those costs. I'm sorry.

Hon. Larry Bagnell: The per capita funding makes absolutely no sense at all. You can do very, very little with it, which is why we put in base funding for municipal infrastructure. You would have gotten $500,000, with which you could have done a few feet of road in the north. Instead, people got a $15 million base for each territory, plus their $500,000. You're right. We're certainly onside with you that the rink funding should not be per capita. It should be base funding, not per capita.

Thank you.

The Chair: We'll have to leave it at that.

Now we'll go to Mr. Payne for five minutes.

Thank you, Mr. Bagnell.

● (1110)

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chairman.

I'd like to thank the witnesses for coming today. It's an important exercise for us to hear your concerns and about the barriers you face here in the north. It is important to get that information to our committee so we can then hopefully do a report in the end that will certainly benefit the northern territories.

Mr. Kruger, I just have a few questions about the Mackenzie Valley Highway you talked about. I believe you said it will take $1.8 billion to finish that.

Mr. Terry Kruger: That's the number I've heard, yes.

Mr. LaVar Payne: Okay, and do you know the distance remaining to finish the highway? I'm assuming that this is a paved highway, rather than gravel.

Mr. Terry Kruger: I believe we're talking about an all-season gravel highway. There are probably about 1,000 kilometres left.

Mr. LaVar Payne: There are about 1,000 kilometres left, okay. I understand that the construction period is a very short period of time. If you say that it's about 1,000 kilometres to finish, how long would it take to actually finish that highway? Do you have any idea?

Mr. Terry Kruger: I don't know off the top of my head. I'm sorry, I don't have that information.

Mr. LaVar Payne: Okay. There was something else you talked about in terms of community deficits reported in 2004. I understood you to say that it is now $186 million. I thought it maybe was billion, but I was not sure.

Mr. Terry Kruger: In 2004 it was $186 million; the latest guess is about $400 million.

Mr. LaVar Payne: I'm sorry; I didn't quite understand that.

Quite a bit of funding is needed, then. Would that be for the 33 communities you talked about?

Mr. Terry Kruger: Yes.

Mr. LaVar Payne: That would be all types of infrastructure.

Mr. Terry Kruger: It would be recreational facilities, fire trucks, community vehicles, hamlet offices, water, sewer....

Mr. LaVar Payne: So there's a lot. Some of the communities are quite small, as you mentioned in your comments.

Mr. Terry Kruger: They're very small.

Mr. LaVar Payne: You also talked about how expensive air access is. Do you have any idea how many of these 33 communities would have access by air?

Mr. Terry Kruger: Every one of them.

Mr. LaVar Payne: Every one of them.

Mr. Terry Kruger: It depends on the size of the plane, but I believe every community has an airport.

Mr. LaVar Payne: In terms of the airports, do you have any idea how regular these flights are?

Mr. Terry Kruger: I'm not familiar with the schedules, but some may be from one to two times a week to daily, depending on the size of the community.

Mr. LaVar Payne: Do you know if they're bringing in a lot of supplies as part of that process, or is it strictly passengers?

Mr. Terry Kruger: In some of the remote communities you would be flying perishable food, produce, milk, etc., on a regular basis by plane to places like Paulatuk or Sachs Harbour or Ulukhaktok.

Mr. LaVar Payne: Is that part of the food mail program?

Mr. Terry Kruger: I'm not totally familiar with the food mail program, but I would suspect so.

Mr. LaVar Payne: I have a question In terms of the R-in-C funding. Is every one of the 33 communities you mentioned in your statement looking for R-in-C funding?

Mr. Terry Kruger: As I noted, there were 22 applications.

Mr. LaVar Payne: There were 22. I'm sorry; I missed that in your comments.

How familiar are you with those applications?

Mr. Terry Kruger: I'm not really familiar. They are done between the community government and the Ministry of Municipal and Community Affairs.

Mr. LaVar Payne: So it's hard to say exactly what project they have in mind.

Mr. Terry Kruger: That's right. I know some of the ones that were improved. There's a replaceable floor for an arena in Aklavik and ventilation systems in other communities. There is a variety of work. I know some communities were looking for compressors for curling rinks.

Mr. LaVar Payne: It wouldn't necessarily be for building a new rink for each community.

Mr. Terry Kruger: No. It would have been for repair and maintenance and upgrades.

Mr. LaVar Payne: Yes. I understand that the typical building costs you outlined earlier are much higher through the various communities. I note that in my province of Alberta the number of R-in-C dollars available is not huge, and we have a much larger population, but I understand it—

● (1115)

The Chair: Okay.

Well, you can finish that statement. You don't have to just stop cold.

Mr. LaVar Payne: Thank you, Mr. Chairman.

I was going to say I understand that the funding should not be per capita, particularly in the north here. I tend to agree that you need to have much broader funding or a base of funding for those kinds of projects for the communities.

The Chair: Thank you, Mr. Payne. I appreciate that.

[*Translation*]

Once again, I will turn the floor over to Mr. Lévesque.

Mr. Yvon Lévesque: Thank you very much.

I understand very well communities wanting the highway to be extended, regardless of how fast it will be done.

As I see it, if people have the hope that one day the highway will be completed, once the work does begin, this should result in more investments flowing sooner into communities. I'll use James Bay as an example. On average, there is a distance of 110 km between the main road and the communities. Putting in a road, even a gravel one, has truly increased the development potential of these communities. It's been a pleasant surprise to witness their growth and expansion.

In my opinion, on the energy front, if the area is rich in oil and raw natural resources, the potential for developing alternative forms of energy is even greater. If we manage to do that quickly, even a province as wealthy as Alberta could sell its energy and promote green energy sources. This would be a tremendous boon for the country.

I was born in the St. Lawrence River Valley where wind energy has been developed as an energy source. I don't know if this is something that could be contemplated in the NWT. We're talking about spending $450 million on diesel fuel. That's an enormous sum of money, in my opinion. It could pay for 450 windmills in the NWT. And while it may not necessarily cover all of their energy requirements, thermal energy is one possible temporary source of energy when there isn't enough wind. One mine in Sweden operated entirely on wind energy.

Have any studies been done to assess the feasibility of this option?

[*English*]

Mr. Doug Ritchie: With respect to green energy, we have many opportunities but many challenges. The cost of generating electricity in the Northwest Territories in some communities approaches $2.50 per kilowatt hour, and that's a huge amount of money.

The problem is that moving towards alternative energy takes time and effort. For example, to integrate wind with a diesel system takes time. You have to make sure that when the wind blows, the diesel plant shuts down a little. There are some real challenges, and we are starting that process. For other communities, solar energy in the summertime will make sense.

We need to have every single community in the Northwest Territories experimenting with alternative energy as well as energy conservation. I believe we can do a much better job at energy conservation throughout the valley.

[*Translation*]

Mr. Yvon Lévesque: I would now like to talk to you about the construction season in the Territories. I'm familiar with Nunavik, where the construction season is very short, a mere four months or so of the year. In the James Bay region, the season is a little longer, stretching from June to October.

Approximately when does the construction season start in the NWT and how long does it last?

● (1120)

Mr. Doug Ritchie: I am not an expert.

[*English*]

Mr. Terry Kruger: In the southern reaches of the territory, it would be similar to your area. In the higher Arctic, places like Sachs Harbour and Ulukhaktoq, it would be shorter. I'm not sure what the exact building season would be, but it would be two to three months.

[*Translation*]

Mr. Yvon Lévesque: The trucking season is two to three months longs. Is the construction season—

The Chair: Unfortunately, we have run out of time and must end our discussion on that note.

You will have time to ask another question later during the next round.

Go ahead, Mr. Duncan.

[*English*]

Mr. John Duncan: Thank you. I get to carry on here.

I started to talk about education as a basic building block for economic development. I think sometimes we're straying away from our mandate, which is economic development. We need to go back there. There's an old saying that if you don't know where you're going, any road will get you there. I don't want to be part of that exercise; I want to be part of the exercise that's chasing our mandate.

I would like to engage both of you in terms of the current education status. I know the importance of the starter group, but I think we want to focus more on post-secondary, because that's more the federal mandate. So with respect to the role of Aurora College, the Mine Training Society, maybe I could ask where we could make some appropriate investments, or focuses or priorities that are different from what's happening now. I know we heard some positive things during our stop in Whitehorse on this front, so it would be interesting to pursue that avenue here as well.

Mr. Doug Ritchie: Sure, I'll start off. Thank you, Mr. Duncan.

I think one of the challenges in terms of economic development is having a trained workforce. I think there are increasing opportunities in terms of alternative energy, but there is a shortage; we do not have that expertise there. These systems are complicated and they require an attitude where we can work on these things. It takes time, so there has to be patience. If you go to things like oil burner mechanics, the reality is that getting trained oil burning mechanics in communities is often a problem. Knowing how to maintain oil burners well is a challenge.

We need post-secondary education training that looks at those basic things, including our energy use, oil burner mechanics, having people who are skilled in good construction techniques to build energy-efficient houses so we do not have to import skilled labour from the south, and as I was mentioning, alternative energy, learning how to integrate diesel systems with alternative energy, whether it be solar, mini-hydro, or wind energy. All these things are complicated, and you need a trained workforce.

I think it's really important that we try to prepare our workforce for a green economy...and even things such as falling. Because we have put so much emphasis on the non-renewable resource sector, we have neglected, to a large degree, the renewable resource sector. When I was in Jean Marie River, which has a sawmill, they were saying, “We can't do any falling because we don't have someone to teach our guys how to fall properly in a way that would satisfy the workplace safety rules of the Workers' Safety and Compensation Commission. We don't have the right guards on our sawmill to do this type of work.”

We have to make sure that post-secondary programs consider both the non-renewable as well as the renewable sectors. There's a whole gamut of areas where we could have more training.

● (1125)

The Chair: We want to get Mr. Kruger in on that. We'll give you an extra 30 seconds, so you have a minute in total, if that's okay.

Mr. Terry Kruger: In representing community governments, one of our big needs is community government staff—people like senior administrative officers, financial officers, water plant operators. We're very pleased to be working with the Government of the Northwest Territories on the public services capacity initiative. It's $1 million a year to develop training and capacity in communities. They're focusing on SAOs, because it's the most important position in a community government, especially the small ones where you might be the only person there.

We need to develop and increase the level of training among our residents so they're looking to community governments for jobs, whether it's an SAO, finance, a bookkeeper, a water plant operator, because it's essential to good functioning of communities.

The Chair: Okay, thank you, Mr. Duncan and witnesses. I appreciate that.

Now we've got four questioners left, and we're going to trim this down to three minutes each. We'll go with Mr. Bevington, followed by Mr. Dreeshen, Mr. Bagnell, and Monsieur Lévesque.

So let's go with Mr. Bevington for three minutes.

Mr. Dennis Bevington: You know, when we talk about the north and the cost of living, one of the things I see as essential but very much threatened right now is the subsistence harvest that goes on throughout the north. Our communities are rural and remote. Unlike farming communities, they don't have the food infrastructure that comes with small rural farms. They rely on the land.

Do you have any thoughts on this, Mr. Ritchie, about how this could be improved? How could we ensure that in the future, with climate change, we can see that this very important part of the northern economy is protected?

Mr. Doug Ritchie: I'm not an expert on the fur industry, but I think obviously it's an important one. I would point out the fact that there was an extremely successful trapping program out of Colville Lake, where a school class was able to earn a substantial amount of money, and I believe they took a trip. So I think it was really skill transfer. They were able to promote that economy, and I would say we cannot forget about the fur economy. We have to make sure there are supports for people who are wishing to work in that area, whether it is some assistance in terms of accessing equipment, for example, or even help to defray a little bit of the cost of starting out. So I think we just cannot forget that industry and I do believe that if the price, for example, of oil continues to rise, there could be an increased demand for a more traditional lifestyle. So we just can't forget about it.

Thank you.

The Chair: Mr. Bevington, go ahead if you wish.

Mr. Dennis Bevington: I don't know if you want to comment on that, Mr. Kruger, but I was also referring to the food industry. The Government of the Northwest Territories has estimated the replacement value of the subsistence harvest at about $60 million a year. Do you have any comment about that? I keep making this point because I feel it's something that economic development agencies should take into account, as well, when they're moving forward.

The Chair: Please make it a short comment, if any.

Mr. Terry Kruger: Yes, I think the only thing I'd like to say is that it's important to support and develop community infrastructure to make communities healthy and sustainable and affordable for people to continue to live and pursue their traditional lifestyle. That's the only thing I'd like to add.

● (1130)

The Chair: Okay, thank you.

Did you want to add something there, Mr. Ritchie? Sure, go ahead.

Mr. Doug Ritchie: I would agree that food security is going to be a vital issue, and I think it's important that we support the traditional economy and look at other ways of pursuing food security as well.

Thank you.

The Chair: Okay, thank you, Mr. Bevington.

Now we'll go to Mr. Dreeshen for three minutes.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much to you, gentlemen, for being here today. It is certainly appreciated. And happy birthday to you, Mr. Ritchie.

I guess just to expand upon what Dennis was talking about, like the farming industry, foreign interference can affect livelihood. I think perhaps that's something you have to take a look at, as well, when you have some of these granola-eaters who are coming in. As you mentioned earlier, sometimes they bring in their own misguided conceptions, and some of the issues such as trapping and fishing and hunting then are affected by them. I think that's an important aspect. I think that's something we have to recognize.

Really, where I wanted to go was that I wanted to talk about education as well. I can only repeat what we've heard so many times: it takes a community to teach a child. And I think these are some of the things we're looking at. I know you spoke of zero to six. As I also heard from Mr. Kruger, a lot of these communities are 40 or 50 people and so on. I'm just trying to get my mind around how this would work without bringing in some type of institutionalization, which we've been trying so hard to get away from.

I just wondered if you have any comments on how you see programs like this advancing.

Mr. Doug Ritchie: It's a great question. We have some exciting programs with the aboriginal head start program. I think it's aimed at three to six, and that's important. I don't think there has to be an excessive degree of institutionalization. There's the important healthy start program in Hawaii. There are programs such as adult literacy, which gets the adults involved in learning as their children are learning. I believe that if we are to get northerners to participate in managing the northern economy, rather than just getting labour jobs, we need to emphasize education.

I think it's important to work with children under six. Quality day care is important. If young mothers and fathers are struggling with child care and completing their education, they may need some help. I think you can do it without an excessively institutional setting. It's important to encourage the appropriate culture, each of the language groups, to make sure that they have an opportunity to teach the culture. If you're happy and proud about where you come from, you feel good about yourself. Then you are ready to learn. I think it's essential that we get culture into children six and under. We need to continue those supports throughout the education system. I don't believe we have to replace the existing system. We have an adequate system, but in light of our circumstances it has to be reinforced to get all the benefits that northerners richly deserve.

The Chair: Mr. Bagnell.

Hon. Larry Bagnell: I will ask all my questions at the beginning, and then let you answer. You might have to write the questions down.

Terry, we heard from an airline in the Yukon that in remote communities the runways are shorter. If they were paved and longer, then they could get airplanes that would be more efficient, use less gas, and make things cheaper.

I haven't heard anything about harbours yet. Could more harbours make the cost of living cheaper in Nunavut?

Mr. Ritchie, I'm the founder of the Yukon Anti-Poverty Coalition. What can we do to get poor people into this economic development equation? We always talk about businesses and things, but what about people in poverty?

Finally, I'd like to ask both of you about the rural-urban split. There's a huge difference outside Yellowknife in how people live and the challenges they have.

The Chair: Try to keep it as compact as you can.

Mr. Terry Kruger: I can't address the issue of airport runways. I'm not familiar with it, but I could get the information from our members and get back to you. Neither can I comment on harbours. If memory serves, Tuktoyaktuk is interested in harbour development. I can get the information and forward it to you.

● (1135)

Mr. Doug Ritchie: Anti-poverty is something I don't know a lot about. I know that members of Alternatives North have worked on it and are passionate about it. I have not been following it, so I can't speak authoritatively.

I would like to mention one thing regarding the urban-rural split. One phenomenon that we are seeing in the Northwest Territories is that a lot of people are moving from the smaller communities into the larger centres—not only Yellowknife but also places like Behchoko and Inuvik.

One of the challenges, particularly in Yellowknife, is that often we have young families interested in giving the best opportunities to their youth, yet they may be just on the poverty line. They may not be able to access all those sporting-type events. They're extremely expensive, and they may be more vulnerable to a lifestyle that includes drugs. For example, if they're from the Mackenzie Delta, they may not have a lot of family support or even band support for moving. This is a phenomenon we have to be cognizant of. This is where outreach to aboriginal youth in Yellowknife, who may not even be from local first nations, is critical. There is a growing population that is fundamentally underserved by both sports and education.

The Chair: Merci.

We're out of time. If you've got a very brief comment, ten seconds....

Mr. Terry Kruger: I want to just emphasize the need to develop communities, to make them places where if young people are going away to university or college in the south, they'll want to move back and keep these communities viable.

We've got hundreds of millions of dollars invested in community infrastructure, and people want to live there. They have ties to the land. So we need to support and make them places that they want to come back to, with jobs in the community government or jobs in industry or tourism or what have you.

[*Translation*]

The Chair: Thank you very much, Mr. Bagnell.

Lastly, we will go to Mr. Gaudet for a quick question. I believe Mr. Lévesque also has a question. However, there are only three minutes left for both questions.

Mr. Gaudet.

Mr. Roger Gaudet: Mr. Chair, we've been discussing education for a while now. Do all children between the ages of 6 and 12 have access to a primary and secondary school education? Are they able to attend school, even in a community with a population of 40, 60 or 75 persons? It's all well and good to talk about post-secondary education, but there's not much point if children don't have access to primary and secondary schools.

[*English*]

Mr. Doug Ritchie: One of the real challenges is even if the schools are there.... Every community does have the primary and secondary. Most communities now have up to grade 12, but a real challenge is keeping kids in school. Those dropout rates, those participation rates, and attendance are huge issues. We can build the schools, but we can't make students attend. That's a real challenge, trying to figure out how to make it interesting.

Look at Finland. They have shorter school hours, yet they have some of the best outcomes possible in terms of educational test results. So I think we really do have to figure out how we get kids motivated to attend school.

[*Translation*]

Mr. Roger Gaudet: Thank you.

The Chair: Mr. Lévesque.

Mr. Yvon Lévesque: Let's imagine for a moment that you could rub a lamp and a magic genie would appear and grant you one wish. What would you wish for, first and foremost?

[*English*]

Mr. Doug Ritchie: Ours is alternative energy throughout the NWT.

Mr. Terry Kruger: I think our first priority is the Mackenzie Valley Highway.

[*Translation*]

Mr. Yvon Lévesque: Thank you, gentlemen.

[*English*]

The Chair: Thank you very much, Mr. Ritchie. I think you heard it several times, but we wish you all the best on your birthday today. What a delight to have you here on such a special day.

Thank you, Mr. Kruger, for really coming, as I understand it, at the last minute. We do appreciate the views of the 33 smaller communities—or communities in general—across the Northwest Territories.

Members, we'll be resuming here at precisely 1 p.m. We'll hopefully be back down here about five or ten minutes early. We'll see you then.

The meeting is suspended until that time.

● _____ (Pause) _____

●

● (1300)

The Chair: Welcome back, members, witnesses, and guests. We are resuming our consideration of the economic development of Canada's north. We're glad to welcome several witnesses this afternoon who represent the industry side of the equation here in so many ways, as I'm sure you will hear in a moment.

I first want to tell members that we have been successful in moving one of the planned witnesses for this panel to the next. We were organized for five witnesses in this panel, and only two were organized for the next, so Mr. Noseworthy from the Northwest Territories Community Futures Association will be coming in the next hour and a half. I believe we have one witness from Nogha Enterprises who is yet to arrive. If he arrives in the course of our discussions we'll accommodate him, of course. That leaves us with three presentations for this panel, which means we can give our witnesses here today who are presenting a bit more than the anticipated five minutes. That five minutes was premised on there being five witnesses today. So we can give you a bit more time, but no more than ten. Customarily we open with presentations, one presentation from each organization represented here today, and then we go to questions from members. I'll give you a bit more briefing material on that.

Without any further ado, let's begin by welcoming Mr. John Kearney, the chairman, and also Mr. Alan Taylor, the COO for Canadian Zinc Corporation.

I understand, Mr. Kearney, you're going to lead off. Go ahead with your presentation, sir.

● (1305)

Mr. John F. Kearney (Chairman, Canadian Zinc Corporation): Thank you, Mr. Chairman and members of the committee.

As the chairman indicated, I am chairman and chief executive of Canadian Zinc Corporation. I'm also the president of the NWT and Nunavut Chamber of Mines. I'm a director of the Mining Association of Canada and a member of the Prospectors and Developers Association of Canada. With me today is my colleague, Alan Taylor, who is the chief operating officer of Canadian Zinc Corporation.

I would like to thank the committee for this opportunity and invitation to present to you today on our impressions and our perspectives on mine development in the north.

The Chair: One thing I forgot to add is that we are doing simultaneous interpretation as we go, so don't feel under any pressure to speed up your presentation. In fact it works a little better if it's at a little slower pace than you normally go; that really helps our interpreters.

Please go ahead.

Mr. John F. Kearney: Thank you.

Canadian Zinc owns the Prairie Creek lead-zinc-silver mine in the Northwest Territories in the Mackenzie Mountains. This is a unique situation, a unique project, in that the mine was built 30 years ago. It's 30 years old, but it's brand-new. It has never operated. Like many other projects, that's a colourful story, but it's not a story for today. Let me just say today that Prairie Creek is a major Canadian resource.

The mine is not in production, and why not? I regret to say this is largely because of the current regulatory and permitting regime that exists in the Northwest Territories today.

When the mine was built in 1980-82, it was fully permitted, but unfortunately those permits lapsed, and when the new Mackenzie Valley Resource Management Act came in in 2000, we had to reapply for permits under the new process. Since 2001 we have successfully obtained seven permits for exploration and development, and various aspects of that project have been the subject of five different environmental assessments, all of which recommended that the project, or the aspects of the project, be allowed to go ahead. We're not yet there, but we are getting closer.

In June of last year we applied for the operating permits to put the mine into production, but we still expect a lengthy process. In October 2008 we signed important MOUs with aboriginal first nations in the community. These represented agreements to cooperate for mutual benefit.

Members of the committee will be well aware that in June of this year, 2009, both houses of Parliament unanimously passed an act to amend the National Parks Act to expand Nahanni National Park. The MP for Western Arctic, Mr. Bevington, spoke on that resolution in the House.

The new act expanded Nahanni National Park. It completely surrounds the Prairie Creek mine, but the mine itself has been excluded from the park and is not part of the park. And most importantly from our perspective, the National Parks Act was amended to provide that the minister could grant leases or licences to provide access through the park to the Prairie Creek mine area.

For many years, that unresolved land use policy issue had delayed the undertaking of the Prairie Creek project, but I'm glad to say that the resolution of the policy issues has now eliminated that problem. So Canadian Zinc, and indeed the entire Canadian mining industry, supports a balanced approach to resource development and conservation, which allows both for resource development and for preservation and protection of the environment.

Our mine will provide tremendous economic stimulus to the region of the Northwest Territories. It's a unique opportunity. Indeed, it's probably the only opportunity in the Dehcho region to strengthen and enhance the social and economic well-being of the surrounding communities. The mine will employ about 220 people. It will run for about 20 years. We're targeting a northern employment of about 40% and then a first nation employment of about 25%, minimum.

Mining has always been the economic driver for the economy of the Northwest Territories. We would suggest to you that mining has created and paid for most of the major infrastructure in the Northwest Territories: roads, rail, hydro, and indeed the very city of Yellowknife itself. We would ask, where would the Northwest Territories be without mining?

But mining today in the Northwest Territories is threatened. Mines are finite. They run out and they do not last forever. The diamond mines, which are making a huge contribution to the current economy of the Northwest Territories, are probably past their peak years.

Mineral exploration is the lifeblood of the industry. Unfortunately, throughout Canada in 2009, mineral exploration is way down. According to the figures published by Natural Resources Canada, there is a 44% decline, but in the Northwest Territories the reduction is a staggering 81% down, year over year, from $148 million spent in 2008 to only an estimated $29 million this year.

In the mining industry we operate in the global world. Investment capital is very mobile. It will go where it gets the best reward at the least risk, but risk includes not just project or price risk, but also environmental and social risk. Canada now needs to compete for the investment dollars, and there can be no certainty that there will be a future in the Canadian mining industry that will attract global investment capital. So to win the battle or the competition for investment dollars, to make Canada and the Northwest Territories an attractive place for investment in mining, we need to eliminate barriers to entry.

We cannot change the geology. We cannot put minerals in the ground, but we can reduce the barriers to entry, and two of those in the Northwest Territories are land access and permitting.

● (1310)

Unfortunately, in recent years the NWT has gotten a reputation as a difficult place to gain land access for exploration or to get permits for mining or to get them within a reasonable timeframe. There is a significant challenge to permitting in the Northwest Territories. Our fear is that if there's no improvement, mining capital will go elsewhere, because the timelines are too long, there's no certainty. And nobody will get the benefit of the resources that are undoubtedly here.

In this presentation what we have sought to demonstrate is that development of the Prairie Creek mine will offer many benefits to the aboriginal communities, to the Northwest Territories, and to Canada, but the successful development of our mine needs the active support of government and of political leaders. Support is needed in improving the regulatory permitting regime; in upgrading infrastructure, education and training, and social programs; and in assisting the aboriginal communities to avail themselves of the many business opportunities.

We would suggest that the Northwest Territories needs a northern development vision, a northern development strategy, and a broad infrastructure plan including both transport and power. And indeed, land-access arrangements must be quickly agreed with first nations. The mining industry will play its part, but government must play the leading role.

Finally, gentlemen, perhaps most importantly, development of Canadian Zinc's Prairie Creek mine needs the active participation of all levels of government in providing political support and encouragement and in delivering a very simple message, a message that needs to be heard, and thankfully doesn't cost any money; it's just a message. That message is that we strongly support northern economic development and we support the development of the Prairie Creek mine. We would ask the standing committee to help ensure that message is heard.

Thank you.

The Chair: Thank you, Mr. Kearney. We appreciate that.

We'll now go to Mr. Balsillie, chairman of Dezé Energy Corporation, and Mr. Grabke, the managing director.

Mr. Balsillie, I understand you're presenting today. The same rules apply, and we welcome your presentation now.

Mr. Donald Balsillie (Chairman, Dezé Energy Corporation): Thank you, Mr. Chairman.

Bonjour.

Edlanet'e. That's language from my region here within Akaitcho. It's Chipewyan. It's “How are you doing?” Welcome to the Akaitcho territory.

Once again, thank you, Mr. Chairman, for inviting us to speak with you today on a topic of great relevance to us. We will take a bit of time to share some of our experiences with trying to develop a major infrastructure project in Canada's north.

In order to give you a first-hand account of development in the north, I'll start by telling the committee a little bit about who we are and what our project will accomplish in terms of broad and specific benefits. Then I will highlight a couple of key barriers that preclude economic development in the Northwest Territories. I think you will come to agree that our project is a stepping stone to sustainable economic development in Canada's north and is indeed part of the solution. This committee can play an important role in communicating the benefits of this project to your federal counterparts to ensure that this incredible opportunity and others like it receive the support they deserve.

About the Taltson hydroelectric expansion project, the project proponent is the Dezé Energy Corporation. Dezé is a unique collaboration, a Northwest Territories corporation owned equally by the Akaitcho Energy Corporation, the Métis Energy Corporation Limited, and the NWT Corporation 03 Limited, a wholly owned subsidiary of the Northwest Territories Hydro Corporation of the Government of the Northwest Territories, which is a crown corporation.

The existing Taltson Twin Gorges facility, owned and operated by the Northwest Territories Power Corporation, is located on the Taltson River, approximately 56 km northeast of Fort Smith, just south of us, and approximately 285 km southeast of Yellowknife. The Taltson project would install a new stand-alone plant of 36 megawatts and up to 56 megawatts of energy, in proximity to the existing plant at the Twin Gorges of the Taltson River, and a 700-kilometre transmission line into the Slave geological province.

The Taltson project would supply clean hydroelectric power to the diamond mines in the Northwest Territories and provide a long-term revenue source to the project partners. Prospective power customers include three operating and one proposed diamond mine. Diavik, owned by Rio Tinto, Ekati, owned by BHP Billiton, and Snap Lake Mine, owned by DeBeers, are operational, while Gahcho Kué, principally owned by DeBeers, is a proposed project for the near future.

As a northern-owned and majority-owned aboriginal partnership, Dezé Energy is guided by the fundamental principle of respect for the protection of the environment, traditional sites, and activities of the aboriginal people of this particular region. The project benefits include that the project would be very beneficial to the Northwest Territories, with the potential to extend the life of the existing diamond mines, make future developments more environmentally responsible, and ensure economic benefits stay in the north for the benefit of northerners.

The project is economic, will spur further development in the Slave geological province, and will be a tremendous boost for the northern economy. It will spur 500 to 700 direct jobs, 230 indirect jobs, and 250-plus induced employments during a three-year construction period; produce long-term revenues to public sector and aboriginal government shareholders; and extend existing mines in the diamond reserves through reduced operating costs. There are also substantial environmental benefits from the Taltson expansion project: 100 million litres or 280 cubic tonnes of carbon dioxide carbons in GHG emissions will be reduced annually; it has a small incremental footprint on the previously developed river system; it is sustainable green energy, with a life expectancy of approximately 50-plus years; it will optimize renewable resources, with no additional flooding.

● (1315)

An extended life of the diamond mines means substantial tax revenues and economic stimulus for all levels of government in the region—for example, $1.1 billion GDP annually to the Northwest Territories over the last two years. The Northwest Territories GDP doubled between 1998 and 2004 as a result of the diamond development. And the federal resource royalties have been between $19 million and $147 million annually since 2002.

This particular economic development is much needed, Mr. Chairman, in our southern part of the territory. You take a look at what has been happening in the north in terms of oil and gas development, and the potential for ongoing development in that area is west of us. You take a look at the hardrock industry, which is north and east of us, and a little bit west. Those particular areas have been receiving a lot of attention and a lot of development has occurred over the last number of years. In our particular part of our region, there is renewable energy that we can utilize with very little impact and help the hardrock industry to continue developing for many years in the future. So it's a much-needed economic stimulus for our particular communities within the Akaitcho and the South Slave.

Mr. Chairman, our project is a stepping stone to removing three key barriers to sustainable economic development in the north. They include a lack of sustainable energy infrastructure, the high cost of energy and need to reduce environmental impacts on fossil fuel consumption, and the need to generate sustainable economic development from non-renewable resource development. All of these barriers present significant and lasting obstacles to economic development in the north that the Taltson project will help to address.

All these benefits will be derived at a brownfield site next to an existing power plant that will optimize—it's currently underutilized in the river system—and generate hydro power and displace diesel generation at the diamond mines in the Slave geological province. BHP Billiton, Rio Tinto, and DeBeers all maintain a significant presence in the NWT and consume approximately 40% of the electricity now being consumed in the north. Because of the remote locations, they had no choice but to rely on mine-site diesel generation. The Taltson expansion project presents an incredible opportunity to change that. The project has the potential to generate long-term revenues from resource development, to create huge environmental benefits, and to ensure that future economic development can occur in a sustainable, cost-effective fashion.

Mr. Chairman, just to add to that, if you're not already aware, there's a lot of discussion in the north and a lot of concern with the declining of the caribou herds. There's a substantial decline in the last number of years. There's a lot of discussion about how governments and other stakeholders in the north are going to address this issue. This is a project that we feel is going to contribute in a positive fashion to ensuring that the environment is taken care of and that we're eliminating the burning of fossil fuels.

As you're well aware, whenever fossil fuels are being burned, deposits do fall on the ground, and in turn are taken up by animals such as the caribou. And we do believe that if they're eating such a food source out there that contains contaminants, it may be a contributing factor. We as developers believe this particular project is going to be a very positive step forward.

● (1320)

The Chair: Okay. We're just about on time there now. If there are some parts remaining, Mr. Balsillie, you might be able to incorporate those points into some other responses. Did you want to take a short moment just to sum up, then?

Mr. Donald Balsillie: Basically, Mr. Chairman, our project is one we have been working on for a number of years, and we've expended quite a substantial amount of money, in the neighbourhood of $13 million to date. We're currently in the regulatory process. We're hoping that within the regulatory process, by the spring, we'll have basically gone through the approval process and the permitting for our project in the summer of 2010. Construction starts shortly thereafter. So we thank the committee for hearing our presentation, and we do look for your political support where it's need—very much so.

Thank you.

The Chair: Very well. Thank you, Mr. Balsillie.

Now we'll go to Mr. Hugh Wilson, who is the vice-president, environment and community affairs, for Tyhee Development Corporation.

I notice our fourth presenter has joined us, Mr. Gilbert Cazon, and we'll get to his presentation just after Mr. Wilson's.

Let's begin, then, with Mr. Wilson, for up to about eight minutes or so. That would be great, Mr. Wilson. Please proceed.

Mr. Hugh Wilson (Vice-President, Environment and Community Affairs, Tyhee Development Corporation): Thank you.

First of all, I'd like to thank the committee for allowing me to make a presentation. My name is Hugh Wilson. I'm vice-president of environment and community affairs for Tyhee NWT Corp., which is a wholly owned subsidiary of Tyhee Development Corp. We are developing a small gold project about 90 kilometres north of Yellowknife, adjacent to the historic Discovery Mine, which some of you may be familiar with.

Today I'd basically like to highlight some of the other information that is being presented through consultation with various department people, and I refer to the McCrank report on the northern regulatory improvement initiative, which covered a broad range of issues, including the environment and aboriginal issues. I'd like to reiterate some of those issues that I think are applicable today.

The first issue I'd like to talk about is clarification of the requirements for aboriginal consultation. The need to bring clarity to the issue of community consultation in relation to resource development proposals in the NWT grow stronger each year. If left unresolved, this issue will continue to deepen divisions within the northern community and lead to unnecessary litigation. If that is the case, there will be a profound negative effect on the new mineral exploration activities that are necessary to ensure that new ore bodies are discovered to replace the existing diamond mining operations, two of which have already reached the midpoint of their proposed lifespan.

What we recommended in relation to the McCrank report was that the federal government give the highest priority to developing and implementing a policy that will clarify its own role, the role of proponents, and the role of the Mackenzie Valley Resource Management Act boards in relation to responding to the requirements of aboriginal consultation under the MVRMA, which definitely addresses the requirements for consultation and accommodation under the common law. The preparation of a detailed manual of aboriginal consultation procedures and accommodation policies should form part of this initiative.

The next recommendation was to develop a policy for impact and benefit agreements. Impact and benefit agreements continue to present significant challenges for proponents, communities, and regulators alike. The recommendation we made was that the federal government should develop immediately an official policy on the scope, nature, and purpose of impact and benefit agreements in the NWT that reflects an appropriate division of responsibility between government and proponents for the consequences of mineral resource development projects on northern communities. The policy should clarify the role played by impact and benefit agreements in the context of the overall process for the assessment, approval, and regulation of mineral resource developments. As an add-on, I'd say that the policy should consider the scale of any new or proposed project.

The next one I'd like to highlight is the recommendation to ensure adequate capacity and appropriate expertise. The dedication and diligence that members of the MVRMA boards bring to the discharge of their duties are well recognized. Nonetheless, significant concerns have been expressed as to how well government has fulfilled its obligation to ensure that the best-qualified individuals are appointed to board positions and that each appointee receives the necessary instructions and training in order to properly fulfill his or her responsibilities.

The recommendation we made was that the federal government establish a comprehensive process to identify, in concert with aboriginal groups, the appropriate candidates for appointments to MVRMA boards; develop a curriculum for instruction to ensure that appointees have the knowledge and understanding required to discharge their respective responsibilities under the legislation and in keeping with applicable overarching principles of law; verify the state of readiness of each candidate before board appointments, to confirm the candidate's capacity to discharge the applicable responsibilities; implement an ongoing program to ensure that board members have the benefit of further training and instruction to expand their knowledge and expertise, taking into account significant legal, technical, and other developments that may impact the MVRMA process.

There are a couple of other ones that I'll just go into on the next point.

● (1325)

The next point is to establish an independent body to support northern boards. Experience suggests that a program of the kind described above will not be possible in the absence of specifically dedicated or focused resources.

The recommendation was that the federal government establish an independent permanent body having a broadly defined mandate to oversee the process outlined in the previous section that I just read. This body should be established on a pan-boreal basis and serve all the boards established in all three territories.

● (1330)

The Chair: Would you like to wrap up, Mr. Wilson?

Mr. Hugh Wilson: The other thing I wanted to bring forward is that there is a definite need to finalize land claims in the NWT. I think the committee should seriously think about moving forward in that area, because we have found that it's a little bit easier to work in areas where the land claims have been settled.

Thank you.

The Chair: Just to be clear, the recommendations you were citing were recommendations you provided during the McCrank consultations. Did I hear that correctly?

Mr. Hugh Wilson: Yes, that's correct. I can refer to a letter dated February 28. It was addressed to Neil McCrank and it was copied to all and sundry, of course—to the ministers, and so on.

The Chair: Would it be possible for you to provide a copy of that letter?

Mr. Hugh Wilson: I could provide it after the meeting.

The Chair: As a follow-up, that might be helpful.

Thank you, Mr. Wilson.

Now we'll go to our final witness, who is certainly the last but not the least. We'll go to Mr. Gilbert Cazon.

Gilbert is the acting general manager for Nogha Enterprises Limited. The opening presentation should be five to eight minutes, if you could, and following your presentation we will be going to questions from members. We'll give you a brief explanation of how that works after your presentation.

Go ahead, Mr. Cazon.

Mr. Gilbert Cazon (Acting General Manager, Nogha Enterprises Limited): I would like to thank the committee and the chair for allowing me to do this presentation. I represent Nogha Enterprises. I was just newly appointed. I have been with Nogha Enterprises since 1986—

The Chair: One thing I should have added is that we are doing simultaneous interpretation as we go. Don't feel under any pressure to go too quickly; we'll give you enough time. A reading pace that seems to you probably a little bit slower than normal would be just about right.

Go ahead.

Mr. Gilbert Cazon: Okay.

Hi. My name is Gilbert Cazon, and I'm representing Nogha Enterprises. Nogha Enterprises is an economic development arm of the Liidlii Kue First Nation, which is essentially located in the heart of the Deh Cho. In English, it's Fort Simpson, Northwest Territories.

Nogha stands for wolverine in South Slavey. We chose that animal because Nogha is an economic development company of a band, and for us an animal of that importance is big recognition to our company. That's one of the things that we try to do. We try to speak for the things that can't speak for themselves by representing and doing things in an ethical way that would sustain them, to sustain us, to sustain longevity for our people. So that's the approach I will be taking right from the ground up.

I missed some of the presentations, but I believe that's why I'm here: it's for the barriers and solutions to economic development. I've just been in this office for probably about three weeks, and I'm just catching up to speed with a lot of stuff, so I might be a little bit shaky. I might miss a few things, but I am hoping that you get my message.

We do need help, we need support, and anything that you can do down in Ottawa to help us up here would be great. We also need people to work together. We need a person from Ottawa to work with a person from the north. I'm constantly meeting. Every time there's a mega-opportunity or there's an opportunity or there's a resource that you want, we should be meeting on a regular basis so that we're working together.

To show that to the first nation groups would show them a lot. They would work with that, because right now a lot of people are approaching first nation groups for opportunities. First nation groups are trying to capitalize on some of the opportunities, and at the same time they're trying to build capacity.

We're trying to do a lot of things, and a lot of the stuff that's happening now in the communities is due to a lack of communication. There is no communication, and if there is communication, it's not clear. The ones who we really need to communicate to are our elders.

We don't have a South Slavey interpreter here. We don't have a Dogrib interpreter here. We don't have any of the people who we need to get this message to our elders, who are key to the decisions for the longevity of our lands. So we need to make sure that any message that we do speak about is clear to our elders. And the land claims issues, they're unclear on those. There are lots of issues on the table they're unclear of.

There are land claims now where we have boundaries and we have overlap areas. What the old people don't understand is why is that boundary not defined. Why is it all of a sudden you get into this grey area and you need letters of support from every other group, when it should be defined? That's one of the barriers for economic development in working with other first nation groups: there is no defined boundary and it's an overlap.

I'm not too sure why that is there, but it should have been clearly defined in the land claim. Before putting that line on the map, I believe that people should have consulted with all groups to make sure that was okay with everybody and come up with a definite line, not an invisible line, and then all of a sudden you get into a grey zone where you don't know what they mean. You don't know if you need their support, you don't know what you could do in that area, you don't know who owns it. So there are definitely things that can be done there that need to be done so that we can continue to go after these opportunities that are there.

Now I'll just continue about some of the things that we do. Nogha started out small and because of our aggressiveness and because the things that we do we try to do well, we've been slowly moving on to contracts, picking up work and picking up major contracts, major opportunities.

Right now we do have a major opportunity at our doorstep, and we're trying to capitalize on that with the people who are there. In order to do that, we have given them support. We have given them everything that we could do to help them drive this vehicle so we can get things done in the north, in our area, in our traditional area. That's what they want to do.

We have worked with other first nation groups and we continue to. Just recently we worked with a first nation group that five years ago didn't have any equipment. Now, today, I've got less equipment on that project. They've got most of the equipment on that project and they're running with that contract.

● (1335)

They have a $5 million contract, and they like that. They didn't have that five years ago. But first nation working with first nation can accomplish these things and can make it better. If you have the support of other first nations by doing this and the government is supporting that, then there is no barrier. We can do major things together. There are lots of things that we can do together.

One of the main things was communication. Communication will have to develop so that our elders understand clearly what it is that you want, how it is that you're going to take it, how it is that we can get it back or that we can be a part of it. They need to know those things clearly. And some of the people who represent them these days do not speak their language. So there's that barrier. We lost that whole system and we lost that connection. There is a connection still there, but we need to capitalize on the people we have who can keep that connection there, and that's what we are doing in our area now. We're trying to encourage our dialect in our band office. Now everybody in our band office is trying to speak Slavey, even though it's not clear what they're saying. At least they're trying, they're making an effort—and we help them too. But those little things need to improve, because we need our language back. We need the control of ourselves through our language, and that's who we are. We can speak and practise our culture only provided we have our language.

One of the reasons for economic prosperity for us is so that we can practise our culture and practise it without the barrier that we have to get back to our home. We can stay out there and practise it, teach it, hand it down, and then even do school for our kids out there. That's the whole reason for my drive to make economic prosperity in our area, so that we can practise culture and keep culture on the table and keep it strong.

I can go on for a long time, but—

The Chair: Well, maybe we could work that in. We are at the eight-minute mark now, so if there are some other points, we might be able to hear them in the course of our questions. We're at that point now.

So thank you, Mr. Cazon. Could you say your name again?

Mr. Gilbert Cazon: It's Cazon.

● (1340)

The Chair: And you said that I've mispronounced the name of the organization. It's Nogha, and you said that was a wolverine?

Mr. Gilbert Cazon: That's a wolverine in South Slavey dialect.

The Chair: That's a fierce animal, isn't it?

Mr. Gilbert Cazon: It's a fierce animal.

The Chair: That's a good name.

All right. We are now going to questions from members. The way this works—some of you have probably been in front of standing committees before—is that we go in a predetermined order. Members from each of the parties represented here will ask questions. We allow five minutes for both the question and the answer, so we encourage both members and witnesses to keep the questions and answers succinct and we get through more material in the time that we have available to us.

Again, I'll try to remind you as we get close to time, so that you can wrap up and summarize and we'll stay to our time limits.

We'll begin the first round, five minutes, with Mr. Bagnell.

Hon. Larry Bagnell: *Merci, Monsieur le président*.

Thank you all for being here. It is a great honour to be on the traditional territory of the Dehcho people.

Mr. Kearney, because you're on PDAC and MAC you're in a perfect position to answer my first question.

I know they have a whole bunch of issues, and I support them and work with them, so I know what those are, but I'm curious as to what issues in mining may be different in the three territories from those in the provinces. A certain tax break may be more important or a certain thing may be important. Is there any difference, anything that's unique to the north, that we should emphasize?

Mr. John F. Kearney: Thank you for the question, Mr. Bagnell.

I believe there certainly are significant differences between the territories and the provinces and indeed between the territories themselves. The difference, I would suggest, is primarily in the regulatory regime. The issue of taxation is not the main difference, not the main priority. The main difference is in the permitting regime.

As you are well aware, I believe, the regime in both the Northwest Territories and Nunavut is different from that in your own territory of the Yukon, and of course we're into the devolution question there. But in the Northwest Territories we have the Mackenzie Valley Resource Management Act and the entire process this creates, which is a product of the land claims settlement agreements. So you have legislation enacted by Parliament based on an underlying agreement between Canada and the territory and the affected first nations. Not all the Northwest Territories, of course, are settled, but it's still the governing legislation.

We don't have these issues in the provinces. The regulation in the provinces is by and large driven by the provincial governments and the federal government. You've got a different layer in the Northwest Territories.

The major challenge for the mining industry, in the north particularly, is the regulatory regime and the land access issues. There are land access issues in the provinces as well, but it's more significant in the north because a lot of settlements have not been reached. And frankly, the north has more potential.

The mining industry is a mature industry in Canada. There's a phrase, the easy mines have been found. The ones that have access to infrastructure have all been found, developed, and mined out. The new resources to be found are in the north of three provinces, three territories. And that is, if you like, the long-term future for the Canadian mining industry.

Hon. Larry Bagnell: I have some more questions I won't get through in my five minutes. Maybe I'll ask my last three and perhaps I can get short answers.

Mr. Balsillie, on the permitting, the Mackenzie Valley, although it's a bigger project, has been going for four years, and they're still not finished. I'm not sure how you think you're going to get through the permitting process in the summer of 2010.

My second question is for anyone who wants to answer. Is the federal part of the appointment process efficient? Are federal appointments being made in time?

My last question is for Mr. Wilson and Mr. Cazon. You suggested we get on with land claims. What can the federal government do? Mr. Cazon, you said you're in the middle of Dehcho territory. Does it matter that the land claim is not settled, and what could the federal government do to settle it?

I'll start with Donald.

Mr. Donald Balsillie: Thank you.

We've been in the permitting process since March of 2007. So we've been in there a fair amount of time. We're looking at 2010 to have an approval.

● (1345)

Hon. Larry Bagnell: Can anyone comment on the federal appointments?

Mr. John F. Kearney: There has been significant improvement in the federal appointments recently. Positions have been filled.

Frankly, we would suggest there are probably too many boards—that's another issue. But there are too many boards, and there's a capacity issue in finding the appropriately qualified people who have the time and who wish to sit on the board. The theory is fine, but the practice is difficult. It is difficult to get board members.

There has been significant improvement recently.

Hon. Larry Bagnell: Mr. Wilson and Mr. Cazon, on the Dehcho claim.

Mr. Hugh Wilson: On the land claims, it's been proven that having a land claim doesn't mean everything is going be better, but it makes it easier.

As a case in point, the Nunavut land claims agreement makes it easier to work in Nunavut. As a case in point, in the area where we are working with the Akaitcho, if the Akaitcho land claim agreement were in place, it would be easier and more expeditious to move projects through their organizations. And I think that's the main focus.

Hon. Larry Bagnell: Mr. Cazon.

Mr. Gilbert Cazon: In Fort Simpson we're still negotiating with the federal government on our claim. We're having problems with what's on the table, so I really can't comment about what's on the table. But we are in negotiations with the federal government. I'll just leave it at that.

The Chair: Thank you, Mr. Cazon, all the witnesses, and Mr. Bagnell.

[*Translation*]

We'll now go to Mr. Lévesque for the second question.

You have five minutes, sir.

Mr. Yvon Lévesque: Good day, gentlemen.

I am from northwestern Quebec. Our region is home to a number of mines. However, there are not many outstanding land claims, since most have been settled, with the exception of the Algonquin claim. Osisko applied for and obtained a permit last year. The environmental impact assessment took more than one year. There are numerous steps in the process.

The situation is not the same for a province and a territory. When you negotiate operating or research conditions, you do so of course with first nations. However, with respect to royalties, the environment and so forth, do you negotiate with the NWT government or with the federal government?

[*English*]

Mr. John F. Kearney: First of all, I'm very familiar with northern Quebec. In a previous company, I operated in the Chibougamau area for quite a number of years. The situation with the Cree of northern Quebec is a good example of progress that has been made in the provinces that needs to be made in the territories. We have invited the current Grand Chief of the Cree to come to the Northwest Territories to meet the Dehcho first nations to provide some guidance and advice based on how the Cree have been as successful as they have been. As you're well aware, they have been very successful, and there's a good relationship between the Cree and the mining companies in northern Quebec.

In the Northwest Territories, the permits are issued by the review board and by the water board following review by the review board. The territory has very little say. The territorial government has responsibility for certain aspects, but the main negotiations, if you like to call them that, take place with the first nations and with the federal government. Ultimately, the mining permits are issued by the Minister of Indian Affairs and Northern Development. There has not been devolution of that authority yet to the province in the Northwest Territories, as there has been in the Yukon. And that's an area of significant contention for revenue sharing between the territorial government and the first nations. We have to try to keep everybody in the loop and talk to everybody, and we do talk to everybody.

● (1350)

[*Translation*]

Mr. Yvon Lévesque: If, administratively speaking, the NWT government had the same powers as a provincial government with respect to natural resources and land management, do you think that agreements could be negotiated faster with first nations? With respect to research, operations and environmental assessments, would having the same powers reduce program duplication and the amount of time required to negotiate regional agreements?

[*English*]

Mr. John F. Kearney: I think from the mining company's point of view, if there was only one level of government, it would naturally be easier. But I think one of the messages that we tried to communicate to the committee today is the necessity for political support for development. That is the simple message, that development is important. Because if there's no message, no pro-development message, then the negative messages, the anti-messages, the environmental-concern messages—which are legitimate—tend to dominate. So there needs to be a pro-development message given by somebody.

Right now we would suggest that's falling down in the Northwest Territories, because the federal government has multiple responsibilities—regulation, first nations, and development—and the territorial government is not really responsible. So it's falling down between the two.

I couldn't or wouldn't comment on whether first nations negotiations would be better with the territorial government than with the federal government. Perhaps Gilbert could address that.

[*Translation*]

The Chair: Thank you, Mr. Lévesque.

I would also like to thank the witnesses.

We will now go to Mr. Bevington.

Mr. Yvon Lévesque: Mr. Balsillie had a comment.

[*English*]

The Chair: Do you have a short response?

Mr. Donald Balsillie: Yes, I do, Mr. Chairman.

The Chair: Okay, go ahead.

Mr. Donald Balsillie: Just with reference to the questions that were asked, our region here, the Akaitcho region, is currently in negotiations with the federal and territorial government, under their process of the implementation of the treaty. We signed a framework agreement in 2000; it's been almost ten years, and we haven't gone beyond that. We signed a treaty in 1900; it's 110 years coming up. So you can tell that these things take time.

But in today's society, if we were to speed these things up, I think the cloud of uncertainty—if you want to call it that—in the north, in terms of accessibility to resource development, who makes the decisions, who do we go to see with reference to impact benefit agreements, what's the playing field.... If people knew the rules and the road map, it would be a lot quicker and fewer costs would be associated with that, etc.

So I think there's a necessity for the federal institution to ensure that these processes of negotiations don't drag on for 10, 20, or 30 years. In 1974 the Paulette case directed the parties to negotiate, and it's been too long, too long.

The Chair: Okay, your message is taken.

Mr. Cazon, I think you wanted to add a point here as well.

Mr. Gilbert Cazon: I just wanted to add that in the early seventies we had a group called the Indian Brotherhood. At that point, I understand and I think a lot of the first nations groups understand that the federal government was.... We were dealing with them directly, and the territorial government was just interim until the first nation groups or the people of the Northwest Territories decided to put a constitution together. Once they did that, then it would give direction to where everybody stands and who are going to be the players in the future of the Northwest Territories.

Thank you.

● (1355)

The Chair: Okay, Mr. Cazon, thank you very much.

We went over a little bit. That's what happens sometimes when you've got a question that's very fulsome and you're looking for fulsome answers. It takes the whole five minutes.

Let's go to Mr. Bevington now for five minutes.

Mr. Dennis Bevington: Thank you, Mr. Chair.

Thank you to all the panel participants in this process, which I think is a very good process for the Government of Canada and for Parliament to be involved in. This has been ongoing since March, and certainly in this phase of our community consultations we're also picking up much more information. But it will continue afterwards, in Ottawa, as well.

I could weigh in on the environmental assessment process. I was one of the first members on the Mackenzie Valley board, and we conducted assessments of projects in good fashion. Whether it was the K-29 gas development in the Fort Liard region, or the BHP expansion project, all were done in a reasonable fashion.

It seems we have created a bit more of a problem, in that everybody wants in on this now. With the Mackenzie Valley project, they created a cooperation plan that brought in a lot of other elements outside the Mackenzie Valley Resource Management Act. We can't really blame the Mackenzie Valley Resource Management Act for the Mackenzie Valley project, because it went far beyond the scope of that act. We have to keep that in context.

What's happened now is not what was happening at the beginning. Certainly with the Prairie Creek project, I remember approving a project for a winter road that then went to the minister's office and disappeared for a number of years. I see you've now completed the winter road almost ten years later.

There are things about people in the north understanding how to get projects going that somehow loses context when they get into a larger frame of things. I think northerners are practical about development, but we're also very sensitive to the interplay of political issues that have to take place here.

Those are the things that I'll take a couple of my five minutes to talk about.

I want to speak to the Taltson project. With this project you're going to create an energy source for the mining companies. If the mining companies themselves were creating an energy source on their property, they would receive a great royalty break. When a mining company in the Northwest Territories invests in capital, it gets to write that capital down against the royalties. Here you're investing in a project that will serve to reduce the mining industry's costs. Do you see the same kind of benefit accruing to you from the federal government in the development of your project?

Mr. Daniel Grabke (Managing Director, Dezé Energy Corporation): No, we do not. And actually one of our struggles in discussions with the customers is their stranded assets, the depreciation of the diesels they have bought, and that sort of thing. They've invested in that equipment already, so our hydroelectric alternative has to compete against that, which isn't quite a level playing field.

Mr. Dennis Bevington: To Mr. Kearney, does the same break on royalties against the capital investment exist in all three territories?

Mr. John F. Kearney: I believe it does exist in all three territories.

Mr. Dennis Bevington: With your project, if you were to put in a hydro facility—suppose you had the opportunity—would you build a write-down capital cost of that hydro facility against the royalties being generated by your mine?

Mr. John F. Kearney: Yes, but I think in addition to depreciation against the royalties there is the corporate depreciation against income tax. All investment in capital would be a write-off or a credit against normal corporate tax.

On the royalty side, you have a slightly different situation. The royalty is theoretically paid to the owner of the underlying resource, and the deductibilities for the resource calculation are different from those for the income tax calculation. Because power is such a significant element of the cost of the mining industry, the calculation of the royalty recognizes that the power is a significant cost on the province or the territories not providing it. So you get a credit for the deduction for the cost of the power, but you'll get the deduction against the capital costs in income tax equally.

● (1400)

Mr. Dennis Bevington: You'd be willing to give that up, then, because you get it anyhow?

Mr. John F. Kearney: As you well know, Mr. Bevington, we are a long way from power. We're relying on diesel power, so we're not going to get it. We would love to have hydro supplied to the mines. It would make a huge difference in our economics.

Mr. Dennis Bevington: I'm trying to get to the point of—

The Chair: We're actually finished there. There should be enough time to get back to you. I'm sorry about that.

We'll now proceed to Mr. Duncan. Please go ahead. You have five minutes.

Mr. John Duncan: Thank you very much. Five minutes is not a long time, as you can see.

We've heard a lot of consistent messages since we've been here, and we've heard similar things in Ottawa. The Taltson project is very significant, not just because of Taltson, but also because the whole energy message we're getting is that it's crucial for the north and for NWT infrastructure.

I know fairly closely what's going on in my area, which is the northern part of Vancouver Island and the adjacent coast. We have a 1000-megawatt run-of-river project proposed for Bute Inlet, and I'm very close with the first nations side of that set of negotiations. You did talk about financing, and I'm confident that they have a project that will get financed by the international financial community. I'm really happy to see that there is so much focus and priority on energy, both from the mining industry and from the government.

The federal government is going there as well. We have the Mayo B project in the Yukon. We have the 335-kilometre extension of the British Columbia transmission up to Bob Quinn Lake. These kinds of projects are crucial, so this focus on the Taltson project is very good.

I have some questions related to it. Does the route of the line potentially develop other hydro prospects? Is this the heart of what the chamber of mines calls the Slave geological province? I keep seeing reference to those words and I wasn't sure what that meant.

What is the Nonacho Lake infrastructure? I wasn't sure what that reference was on this map that we have been provided with. Will a permanent road follow, or be enabled by, the transmission line?

Mr. Daniel Grabke: The Nonacho infrastructure is the main reservoir for the existing Taltson plant. It's built in a rather strange way, in that the powerhouse itself is 100 kilometres north of the plant, which is the way they did it in the 1960s.

What that allows us to do, though, is build subsequent power plants below that reservoir, so there actually is quite a bit of hydroelectric potential that this project could enhance at a later date. Sometimes you have to be careful about cumulative effects and everything else. This project is a stand-alone, with the one expansion, but there is potential for a great deal more hydroelectric power. The transmission line is going into the heart of the Slave geological province, just about dead centre of most of the diamond areas, and there are a lot of gold and other mineral deposits. It's like the Mackenzie pipeline in that they call it a basin-opening project. It would enhance that region.

Unfortunately you can't finance on potential and on your gut feeling, so that's one of the struggles we're having. It is to have these diamond mines with known life spans and to have all those stars aligned perfectly to get the financing, because some of them are falling off the map as the new ones are coming on. It might never be a perfect situation that we can actually do hard financing or total financing on. That's one of the struggles.

We're trying to make the transmission line as benign as possible. There is no winter road access for construction, so there is a lot of helicopter access through some sensitive areas. It's going around the proposed east arm national park. That is intended to be hand-cleared only and helicopter support only. The road systems are minimal, with just winter road access.

Thank you.

● (1405)

The Chair: There are about another 30 seconds, if anyone else wants to respond to Mr. Duncan's question.

Mr. Taylor.

Mr. Alan Taylor (Chief Operating Officer, Canadian Zinc Corporation): As a geologist, I'd like to promote the exploration potential that the north still has. You cannot emphasize too much that there is a lack of infrastructure here and a lack of exploration, but there still remains huge potential. We should endeavour to support it through establishing the infrastructure. That would in turn create more mines and other such developments.

Mr. John Duncan: Do transmission lines tend to enable a road, do you believe?

Mr. Alan Taylor: They do, absolutely.

The Chair: Thank you, Mr. Duncan.

Now we'll go to round two. We'll begin with Mr. Russell, for five minutes.

Mr. Todd Russell: Thank you, Mr. Chair.

Good afternoon to each of you.

This takes me back home, as I listen to most of the witnesses speak. You talk about hydroelectricity—a huge issue, of course, in Labrador, with Lower Churchill. You talk about mines. I understand, Mr. Kearney, you're associated with the Labrador Iron Mines project, which of course is in the great riding of Labrador.

And to hear about land claims, settled and unsettled, is again similar to the situation back home. I don't believe that the settlement of land claims totally clears the path, but many times it does clarify for proponents or for companies who is at the table. In Labrador we've had projects approved, and we have one settled claim and two unsettled claims in Labrador.

Here in the north you have three diamond mines that have come on, so some things are advancing. But is it about the pace of approvals under the regulatory process that we are talking, or is it the infrastructure itself that you are saying needs to be changed? Is there something we can do with the current architecture of the regulatory process to make it better and work for all people, aboriginal and non-aboriginal, and for the companies, or are you fundamentally advocating a change in the regulatory architecture?

Mr. John F. Kearney: As was mentioned earlier, in 2007 the Minister of Indian Affairs and Northern Development appointed a special representative to produce what we call the McCrank report, which is entitled *The Road to Improvement*. That report was delivered to the minister in July 2008. It listed 22 recommendations concerning the regulatory process. The Mining Association of Canada, the NWT & Nunavut Chamber of Mines, and many mining companies made detailed presentations for the McCrank report. Many of those were incorporated in his report to the minister.

That was in July 2008. Regrettably, very few of those recommendations have been implemented. That is not because there is not a political will to do it. We believe the minister has the political will and recognizes the necessity to implement some of the recommendations. Unfortunately, as I mentioned earlier, they would involve amendments to the Mackenzie Valley Resource Management Act, which in turn is based on the underlying land claim agreement, and there is a reluctance on the part of the federal government to address the issue of amendments to the act, because they frankly seem to be afraid to re-open the land claim agreement.

We would suggest that they should grasp the nettle. We urge the aboriginal communities, the first nations, who now, I believe, more and more recognize that it is in their own interest to improve the regulatory process and to come forward and say that they know the land claim is sacrosanct but that we can still fix the regulatory process. There are 22 recommendations, I believe, in that report, and that indicates the magnitude of the problem, in our view. It is regulatory.

Infrastructure is everywhere. In northern Labrador, as you are well aware, there is no infrastructure either. There is a very important railroad that was built many years ago, and that's the key to the infrastructure. The mines built it and paid for it. There are infrastructure challenges all over northern Canada, but the particular issues here, which we would suggest are more important and are fixable, are the regulatory issues.

● (1410)

The Chair: Mr. Balsillie wanted to get in there as well, Mr. Russell.

Mr. Donald Balsillie: Thank you, Mr. Chairman.

In reference to the comments made on the land claims agreements protected under the Constitution, in order to go back, the parties all have to agree that they will open those agreements. If you're opening one part of the agreement to better serve a particular stakeholder, such as the mining industry, then the aboriginal groups, after having had these land claims in motion for a number of years, are going to work through the mechanics and find problems there as well, and they'll want to improve those problems.

I don't think these claim agreements should be cast in stone, because as societies move on, things change, and there's a necessity to go back to the mechanics of any agreement with understanding. Having used that vehicle, hopefully they can see improvements all the way around for everyone in this territory.

The Chair: I have Mr. Dreeshen on the list and Mr. Duncan. We'll go to Mr. Dreeshen first and then come back to Mr. Duncan later.

Mr. Dreeshen, go ahead.

Mr. Earl Dreeshen: Thanks very much, Mr. Chair.

Thank you very much, gentlemen, for coming here this afternoon.

It's indeed an honour for me to be here as well to hear about some of the issues of the north. It's my first opportunity, as I'm new on the committee.

I have a couple of comments before I start.

The environmental concern messages get a lot more attention south of 60 than do your good news economic development stories. I know it's very difficult to get the message out when you seem to have other groups converging on anything that is done. I certainly think working with you in that regard is a good idea, but it's also something wherein you have to work with us to give us the pertinent information.

I have a couple of other comments. Concerning power, if you were purchasing it from some of the companies, you would also be paying for it. It would be an expense on your bottom line and would also be helping the others. There is a bit of a balance that comes out there as well.

The other is that when we were flying here last night, I had an opportunity to look at a magazine that indicated that the caribou herds have actually been increasing since 2006; some biologist had been looking at that. I thought I'd ask about that as a question as well, while I have the floor.

This morning when we were talking with the Government of the Northwest Territories, they said their major concerns were related to devolution and adjustments to the current regulatory system, especially as these pertain to environmental concerns. My question is, have you been able to work with the Government of the Northwest Territories? Have they been working with industry in the development of any new regulatory regimes?

Mr. John F. Kearney: Concerning the agreement on the expansion of the boundaries of Nahanni National Park, which was resolved, there was significant involvement by the territorial governments in the initiative from both the Northwest Territories and the Yukon government. The final boundaries were determined by negotiation involving the two territories and the federal government.

As to the current regulatory environment, as a mining industry we have simply lobbied the territorial government to make their views known; to add their weight, if you like, to the calls or the requirements for regulatory reform and regulatory improvement.

I want to emphasize that I believe everybody believes they're necessary, including the first nations. We deal a lot with first nations now, and they are equally frustrated with some of the delays and some of the processes that are going on—at least in our project, and I can only speak for our project. But the territorial government is not directly involved in the regulatory process, because it's a federal act.

● (1415)

Mr. Earl Dreeshen: What suggestions would you have for this committee, then, in order to streamline that process to minimize some of those barriers?

Mr. John F. Kearney: It's a large question. The view is that it requires the re-opening of the land claims agreement. But there are many areas in which improvements could be made without doing that. If the federal government asked the boards to develop their own regulations voluntarily, and if the boards agreed to impose timelines on the process, that would help. It would be a huge help if the federal government or the minister turned to the water board and the review board—and there is a way of doing this through the board forums—and suggested that they develop regulations with timelines.

The Auditor General, in her report, criticized the Department of Indian Affairs and and Northern Development for taking a hands-off approach to the boards. Having set them up, they didn't give them enough resources, and then they just left them to figure it out for themselves. They cast them adrift. She said they needed to get more involved, to help more. A number of things could be done by encouragement.

I would emphasize the importance of the political message. It doesn't cost anything to say it. It's a cheap solution, but it's one that needs to be heard.

The Chair: Thank you, Mr. Dreeshen.

[*Translation*]

We will now go to Mr. Gaudet.

Mr. Roger Gaudet: Thank you, Mr. Chair.

Mr. Dreeshen suggested that you forward your recommendations to the committee clerk. I think that is a good idea. It's much easier when we have these recommendations in hand.

Mr. Kearney, early on in your presentation, you mentioned a zinc mine. You said your permits lapsed in 1988 or 1990—I can't recall the exact date— and that you had to reapply for permits in 2001. You now have seven operating permits, but the process isn't yet over. It makes no sense having to wait 20 years for a permit to operate a mine. What is the problem? Either there is a problem, or I'm missing something.

[*English*]

Mr. John F. Kearney: We agree.

[*Translation*]

Mr. Roger Gaudet: Could you give me a quick explanation?

[*English*]

Mr. John F. Kearney: The mine was built in 1980-82, and I believe you may have photographs of the mine as it exists today. In 1980-82, $65 million was spent in building the mine, which is a couple of hundred million dollars in today's money. For financial reasons, the mine did not go into production. It was abandoned for a number of years in the 1980s. During this time, the old permits expired and weren't renewed.

When our company acquired the property in the late 1990s, we carried out explorations. The new act came into force in 2000, and we then had to get permits under the new act. Our old permits had lapsed and it was necessary to get new ones, so we went through a process of exploration.

Our first permit was a permit for exploration, our second one was for exploration, our third was for underground development, and the next one was for a road. We had to keep going back for permits at every stage of the process. Each stage of the process required an environmental assessment, and each one took a long time. It took much longer, in our view, than it should have taken, particularly as the mine was already built.

Unfortunately, we got caught in a legislative problem. The new act dealt pretty well with new projects. It dealt fine with projects that already had permits—they kept going. But we fell in the middle—we had a mine already built and no permit. We got bogged down in having to re-permit, and we're still have to re-permit.

Part of it was because of the proximity of our mine to the Nahanni National Park. We got that resolved in June of this year. The mine is not in the park—it is excluded from the park. This has changed the permitting environment. For four or five years, there was a debate about whether it was going to be a mine or a park. At one stage, people wanted to stop the mine and build the park. But finally, as a result of a lot of negotiation and compromise by everybody, including Parks Canada, we got to a good solution. I'm hoping that with this out of the way, with new legislation and settled policy, we will be able to move expeditiously through the remaining parts of the permitting process. But it's still a long process.

● (1420)

[*Translation*]

Mr. Roger Gaudet: Thank you. We wish you the best of luck.

In your opinion, Mr. Balsillie, what type of investment should the federal government make to help you successfully carry out your green infrastructure project?

[*English*]

Mr. Donald Balsillie: Starting at $120 million.

[*Translation*]

Mr. Roger Gaudet: That's all right.

[*English*]

Mr. Donald Balsillie: A project of this nature has so many benefits to the region, to the community, to the governments. Any types of investments that we can acquire from the governments on this project would be very much welcomed. I indicated in our presentation that the economic benefits that are going to accrue to the north, and specifically to our region, during the phase of construction, as well as the injection of new dollars to the partners in this region from a project, is going to be such a welcome that's well needed in our part of the region. When you do have a project of this nature, it brings such benefit to a region that there's less dependency on government in the long run for different types of financial injections. So a front-end injection of a financial resource is going to have long-term impacts in our region for many years.

[*Translation*]

The Chair: Thank you.

Mr. Grabke.

[*English*]

Mr. Daniel Grabke: We're looking at some funding in order to make this a true infrastructure project. Rather than just putting up poles temporarily for the life of a mine, we're having something that's going to last at utility grade standards for future mines. We're having things that aren't financeable—you can't get the funding for that from a bank because there is no real customer—as well as developing the hydro plant to a size that maybe exceeds the customer base now, but would be available for the upside in the future.

[*Translation*]

Mr. Roger Gaudet: I'd like to know if that's included in the $120 million that Mr. Balsillie is requesting.

[*English*]

Mr. Daniel Grabke: That's in the $120 million.

[*Translation*]

Mr. Roger Gaudet: Thank you, Mr. Chair.

That answers my question.

The Chair: We have enough time left for two questions. Mr. Bevington will put the first one.

[*English*]

Mr. Dennis Bevington: Thanks.

Just getting back to this project, you're talking about a $120-million investment by the federal government. How much does a successful hydroelectric project increase the royalties from the mining that's going back to the federal government? Any investment that they put in the Taltson project is really a net gain for the federal government, is that correct?

● (1425)

Mr. Daniel Grabke: Yes, that's correct. We're looking at any of this as an at-risk investment, but there's definitely a payback. If no mines show up, if they don't last any longer, and that sort of thing, then it's a bit risky, it's certainly not financeable by conventional methods. But if a mine stays open one extra year, it's an incredible upside, both in taxes and revenue stream. We've heard from some of the mines that they're mining some of the high-grade pipes because their operating costs are so high. If they can ever get into the lower-grade pipes, they would be around for another 20, 30, 40 years—and power can do that change, that monumental shift in the lifespan of these mines—and then the royalties are for 40 years instead of dwindling down.

Mr. Dennis Bevington: Well, I think that's key. The federal government is not involved in this, and they're the ones that are making the money, likely, from the improvements to the mining operation.

This is the problem we have in the Northwest Territories. The Government of the Northwest Territories, if this were a province, would be very interested in investing in this project, because it's going to return more money to it. That's where the disconnect comes in advancing a project like this.

I wanted to ask Mr. Cazon a couple of questions. I understand how Nogha works now. Perhaps you could describe how you want your business to develop, what directions you want to take with the business, and how you see this matching up with the lifestyle of the community, because we've talked a lot in previous panels about lifestyle and the need to understand the human dimension of economic development.

Mr. Gilbert Cazon: Fort Simpson is a community of probably about 1,200 people in the wintertime, and it goes up to about 1,600 in the summertime. Most of our activities are in the summertime. We have a really good opportunity to capitalize on the Northwest Passage. It's going to be further north than where we are. It's going to be an opportunity in the future.

We're also going after green alternatives. We're trying to implement some of those green energy alternatives in some of the buildings and in some of our businesses. We're going in that direction because right now in our community the cost of energy is pretty high. The fuel they're using is fossil fuel. The plants are outdated. A lot of that energy is just going right back into the air through the pipes.

What we're looking at is capitalizing on the green alternatives, using some of those alternatives to make our energy a lot cheaper, and attracting businesses to our area. Once you have a lower cost for energy and a lower cost for food and transportation and whatnot, companies can come into our community and afford to wait for the big projects. Some of them have done that in the past. But right now the cost of living is really high. There is the cost of power and energy. Plus there are the services we need to access our community. Two times a year you can't access it. We have that infrastructure problem, because we have the river system.

There are major problems. We lack infrastructure. We need improved roads. The highways we have now are just for double axles. They're not for triple axles. B-Trains shouldn't be going down our roads. These roads should be upgraded significantly, because if you're going to be moving materials from the mines, you need heavy loads and roads that can hold the loads. We are going in that direction of green alternatives and anything that would enhance our business and make it more viable and environmentally safe and friendly.

The Chair: You have 30 seconds left, Mr. Bevington.

Mr. Dennis Bevington: Mr. Kearney, I know you wanted to say something.

Mr. John F. Kearney: I just wanted to add to Daniel's response that from the mining industry's point of view, the mining industry will follow the infrastructure. If the power is already there, you will get more exploration, and that exploration will lead to more mines. It's the chicken and the egg. But the responsibility, the leading role, we would suggest, very much rests with the government. The federal government has to take a chance, I believe, and invest in infrastructure in the north. They have to move on and build roads and help build roads and help build power. The mining industry will play its part. I believe the mines will be found, but the lead has to come from government.

● (1430)

The Chair: Thank you, Mr. Bevington.

You'll see in that last question that we flipped those two questions around. I should have gone to government members and then back to Mr. Bevington. I said earlier that we have this set order. The committee members are really on the ball when it comes to this, and they don't miss a beat. There were only two spots left. I apologize to the government members.

Here we go. I've been shackled again.

We'll go to Mr. Duncan and Mr. Clarke. I think they're splitting their time. Do I understand that?

Mr. Rob Clarke: Yes, I'll share my time. Thank you, Mr. Chair.

I like what you're saying: if you build it, they will come.

I have a couple of points here. I'm not a lawyer, and I don't have knowledge of the Mackenzie Valley Resource Management Act. You're talking about some of the amendments that could be done by government.

Before I go into that, I'm wondering if you're aware of the Green Infrastructure Fund, which I know some other provinces have taken advantage of to help build projects, or the municipal infrastructure lending program that's out there for projects. It's something for you to look into later.

When we go into the act, you ask about amendments. I'm wondering, with the first nations portion, how first nations would interpret it. If the act is reopened and amendments are made, will first nations take that advantage or look at it as a process of further duty to consult?

Mr. Donald Balsillie: Definitely. Any time you reopen such significant agreements that are protected under the Constitution, the parties have to be well informed. Some of these parties have been at the table for 20 years negotiating these agreements. To reopen them is a big decision. In the Akaitcho territory we have not finished our negotiations. But from the onset of the act, we knew there were problems, and we did not support the act. Until today we haven't appointed anyone from the Akaitcho region to sit on that board. We believe there's a necessity to rejig what's currently in place.

Mr. John F. Kearney: If I could very briefly pick up there, if the proposal, for example, was to change the number of boards or to change the jurisdiction of the board, that's a fundamental change that I think would cause a problem and that would require reopening of the underlying agreement, because they were long fought and long negotiated. But there are legislative changes that can be made that don't necessitate the reopening of the agreement.

One other point I would want to make to the committee with regard to Nunavut is that there's new legislation coming before the House for Nunavut. At the moment the draft of that legislation.... Actually, I'm not sure we've seen the draft. What we believe is that the draft of the legislation incorporates all the problems that currently exist in the Northwest Territories. The mining industry has made representation to please change it before enacting it, and frankly, we're getting nowhere. This is a mistake—I would repeat, it's a mistake—that is going to be made if Parliament adopts the proposed legislation with all the problems that are in the Mackenzie Valley act and that the McCrank report has recommended be fixed.

The Chair: Thank you.

You've got a bit of time left here—two minutes—Mr. Duncan.

Mr. John Duncan: In that last statement you made there was maybe something very important and quite a nugget for us, so I'll personally endeavour to follow up on that with the minister and others.

Mr. Wilson, you had your hand up. You wanted to interject, and I think you thought it was important.

Mr. Hugh Wilson: Sorry, it's not that I want to interject, but I just want to add to what John was talking about in the discussion. I don't think it's necessary that the legislation itself be opened up. I think the regulations or rules of procedure, what the board works under, can be modified or changed.

One area is putting in things like thresholds for exploration activities. What the industry has experienced is that two-hole drill programs—in other words, you go out and drill two holes and then you go back and you do your work. Sometimes these two-hole drill programs, which generally have very little impact, have gone to environmental assessment, have been referred to environmental assessment, and basically this is where the wheel keeps turning and this two-hole drill program goes into limbo for potentially years

● (1435)

Mr. John Duncan: Am I out of time?

The Chair: You've got about 30 seconds left, Mr. Duncan. Far be it from me to deprive you of any time.

Mr. John Duncan: Okay.

I just wondered if I could generate a comment from you. There has been a lot of talk from you, Mr. Kearney, about political messaging and so on. We had a vote in the House of Commons on Bill C-300, corporate social responsibility, and it narrowly passed, so it has gone to committee. I'm just wondering if you would care to comment on what kind of political messaging that is for Canada when we are in a situation where most of the venture capital is raised in this country through the TSX.

Mr. John F. Kearney: You're referring to the private member's bill that has been proposed.

Mr. John Duncan: It has been proposed and voted on once, and it narrowly passed the first vote.

Mr. John F. Kearney: I believe the mining industry does not support the enactment of that legislation. There are significant concerns with regard to the attempts to enforce foreign standards in Canada. The industry has made a recommendation for an alternative approach, an alternative structure, and the Canadian Institute of Mining and Metallurgy has adopted a plan and a policy on implementation of corporate social responsibility on a voluntary basis by the mining industry—self-regulated, self-imposed, with testing and with accountability. The industry would, I believe, prefer to see that type of approach rather than the one that is proposed in the bill that's before Parliament.

The Chair: Thank you, Mr. Duncan and Mr. Clarke.

And thank you to all our presenters and witnesses here over the last hour and a half or a little more. This has been insightful. We appreciate your giving time to the committee's deliberations this afternoon. You can be sure we will take all your comments and reflect on them in the weeks and months ahead, as we prepare to pull together recommendations for the government early in the new year.

As you probably know, this is the second of three stops for us in the north. We'll be in Iqaluit next week, and then we resume consideration of this report through the rest of this month and early December and then right through to March. A good majority of these hearings will be conducted in Ottawa. We're delighted to have you here this afternoon.

With that, we'll suspend, members, and we'll get under way in no more than 10 minutes. We'll resume with the next panel.

● (Pause)

● (1450)

The Chair: Thank you very much, members. We'll resume our consideration of the measures, the identifying barriers, and considering solutions and opportunities to resolve those in looking at advances to the economic development of Canada's north.

We're joined this afternoon, first of all, by Mr. Todd Noseworthy. Todd is the chairperson of the Northwest Territories Community Futures Association. First, Mr. Noseworthy, we appreciate your changing your schedule somewhat today to be part of the second panel in this section. As I think the clerk pointed out, it will probably work out better for time and questions for you as well as for us.

We also welcome Mr. Edward Kennedy, who is the president and CEO of the North West Company. Mr. Kennedy, delighted to have you here, sir.

And we also have Mr. Andrew Robinson, who is the executive director for the Arctic Energy Alliance.

As we generally do, gentlemen, we'll have presentations of five minutes each at the front end of the meeting, and we'll just go in order.

Let's begin with Mr. Noseworthy for five minutes.

Mr. Noseworthy, the floor is yours.

Mr. Todd Noseworthy (Chairperson, Northwest Territories Community Futures Association): Thank you very much, and thank you for the invitation and the opportunity to present. You often hear it said in the NWT that the way to start a small business in the north is to start a big one and wait a couple of years. The statement perhaps unintentionally reflects the reality of the many barriers to business development in the NWT.

For discussion purposes, I've separated the barriers into two broad categories. The first one I'll discuss is the barriers that are experienced directly by businesses and communities when they attempt to develop, and the second is the barriers that are often faced by development organizations that try to provide assistance to those organizations.

First we'll start with the businesses in the communities. The obvious one, the elephant in the room, is that the cost of doing business is higher in the NWT than in southern Canada, not only direct costs such as materials and labour, but you also have to consider freight, transportation, heat, and power, which is a big one. We always hear about trying to make power rates similar across the NWT, but it's never happened, so it's a big disadvantage. Of course, increased costs can mean that businesses lose the ability to compete. The problems are not only evident when we compare the NWT as a whole to southern Canada, but even when you're comparing smaller communities or disadvantaged communities to larger, more populous communities.

One possible solution—and I assume this is the way you want me to present, barriers and solutions—is we just thought that you could possibly provide some kind of incentive, tax break, or subsidy to small business in the north, similar to those that are provided to individuals in northern areas, such as the northern living allowance that all government employees receive, or the northern residents tax reduction that's offered to all northern residents. That's in the short run. In the long run, of course, we can always ask you to continue to work with local and territorial governments in attempting to reduce the costs of operating businesses and living in the NWT.

Second is education. Many areas in the NWT still suffer from low levels of education. Many small and medium-sized enterprises lack the skills and capacity to take advantage of even small-scale opportunities, and often require intensive one-on-one assistance. One possible solution is to aid the business development organizations that are out there by providing funding, or more staffing somehow, so that we can improve the staff-to-client ratios, build better relationships, and try to bring that education to them.

They also need more training specific to the start-up and operation of business. There could possibly be a workshop series introduced, and if those types of things already exist, perhaps some medium to make businesses more aware of the training opportunities that do exist. Just in the last couple of years, the NWT has been linked up with Alberta, and we have access to video conference facilities now that provide some of that kind of material, so it doesn't always have to be in person.

Of course, we can always ask that entrepreneurs be made aware of the ramifications of not starting their business on the right foot. They always end up in trouble, especially with CRA, five years down the road.

Another one that was noted was the educational funding provided to employees of organizations and to tradespeople for upgrading and skills development, and that kind of stuff. Small businesses that have owner-operators who actually do the work, not just hire employees to do the work, are often not eligible for that type of funding and can't take advantage of the funds that are set aside to go to upgrade their services or perhaps get some specific training in a new area so they can broaden their service. Because of that, it's tough for them to compete, particularly against southern companies that might try to come in and tap markets once or twice a year and leave town with piles of cash in their pockets. The suggestion we had there was that perhaps changes could be made to existing training funds and programs to allow business owners to access them. We're probably all aware of the changes that were recently made to the EI program to allow self-employed people to now pay into EI and take maternity benefits, so why not broaden it a little more and allow small business owners to access training?

The final one under education is that many people in the NWT are not aware of the challenges and benefits of being self-employed, nor do they know anything about what it takes to be in business or how to get there. Perhaps educational efforts could be focused on senior high school and college students, and the schools could be asked if they wish to take advantage of a structured program to teach their students more about business. Perhaps business becomes not mandatory but a mandatory elective that schools have to at least offer to students and give them the chance to learn a bit more about business.

● (1455)

That covers off most of education.

Next is labour. If you'd been in Yellowknife maybe two to three years ago, this one would be plainly evident. New and existing businesses require a larger and better qualified workforce. Significant shortages of capable employees not only prevent new businesses from starting and existing businesses from expanding, but also make it very expensive and difficult for existing companies to maintain their current operations. I know restaurants here in Yellowknife, for sure, and Alberta too, were experiencing staffing shortages and had to cut back hours, increase wages, and hire younger and younger people to work in their businesses, and it made it tough to maintain staff.

● (1500)

The Chair: I'll interrupt you there for a second, Mr. Noseworthy. I've had a brief glance at your submission and there's quite a bit here, so maybe you want to take a minute or so and hit the high points of that, to sum up. Of course, since you submitted the document, we will get it properly translated. It is quite thorough, as you already alluded to. So if you'd take a minute and hit some of the key high points, we'll be able to move on to the next speaker.

Go ahead.

Mr. Todd Noseworthy: I'll just hit the highlights.

Lack of access to other resources—so they don't have access to lawyers and accountants on a daily or even a weekly basis, or other sources of private financing, which might be banks, venture capital, that kind of thing. We could inform businesses of the suitable business incubators. I understand there are virtual business incubators that operate online now, and if they don't work, perhaps develop suitable facilities.

One thing that was mentioned was to try to get representatives of INAC and ABC and other federal funding programs out into the communities more, so they better understand where those communities are coming from when they approach for funding.

There is a lack of targeted programming and funding. This has kind of been my axe to grind ever since I came to the NWT. Everywhere in Canada—different programs in different parts—the federal government provides funding for specific groups, whether it be youth, women, people with disabilities, and so on. Since I've been in the NWT, there has been no funding like that. I suggest that this be looked at and some needs identified and met.

Isolation is always a problem, largely due to the transportation and cost of transportation. Better roads and better access to roads can help there.

The second part was on the support services I mentioned. Community Futures organizations are out there. We're not funded to the point where we can provide all the services we're expected to provide. Staffing and recruitment is a problem for those organizations, as well as capital, although INAC has recently helped us address the capital issues somewhat.

We suggest all of those problems, along with training, could probably be helped with a possible federal-territorial partnership for Community Futures, rather than total territorial funding.

The Chair: Thank you very much, Mr. Noseworthy. I appreciate that. That was quite a good job, I must say. Well done, and as I say, it was a very thorough submission.

Now we'll go to Mr. Kennedy, who is from a very famous company in Canada's history, really, the North West Company. We invite you to bring your presentation.

Before you start, you knew Ian and Judy Sutherland, formerly, perhaps; they were on the board.

Mr. Edward Kennedy (President and Chief Executive Officer, North West Company): Yes, they are still on the board.

The Chair: Good. I wanted to be sure you made the connection there. They're good friends of mine.

Carry on.

Mr. Edward Kennedy: Good afternoon, and thanks for inviting me to be part of your presentation. Thanks for coming to the north as well.

As the head of Canada's largest and oldest northern enterprise, and as someone born and raised in the north, I am keenly interested in development issues affecting the region.

By way of background, as you may know already, we're a Canadian-owned retailer based in Winnipeg. We're publicly traded. Our units are held on the TSX. We're owned by thousands of individual investors, over 600 employees, and several investment funds, including a few aboriginal capital funds.

Today we operate 227 stores across northern Canada, Alaska, western Canada, the Caribbean, and the South Pacific. In Canada, our stores trade under the names Northern, Northmart, and Giant Tiger. Internationally, they trade under the names AC Value Center and Cost U Less. Our annual sales are approximately $1.5 billion, and we have 7,000 valued associates.

About 75% of our business is derived from food sales and related everyday products. The remainder is spread across a very wide range of general merchandise, from housewares to hardware, sporting goods, outdoor gear, appliances, and electronics.

We also offer financial services and health care services, from pharmacies to doctor recruitment.

North West is a significant investor in the Canadian north. We are the largest private sector employer of aboriginal people in Canada. Our total capital employed in the north is approaching $300 million, and our employment base in the north is 3,400 people. In addition to this direct local investment and local employment, we spend approximately $75 million a year on local services, including local freight.

While size has its advantages, for us, the success of our enterprise depends on community partnerships. We're a partner with over 40 commercial enterprises in the north, mostly aboriginal entities. We've entered into similar arrangements in Alaska and in the south. The most common agreements are store leases, but we also have non-retail partnerships. The most notable might be our shipping joint venture with three regional Inuit corporations serving the eastern and central Arctic.

Our approach to retailing is community-based in other ways. Our newest stores feature innovative green technology—one in particular in Labrador has been recognized as a leader in cold weather construction technology as well as managing efficient operating costs.

Our sponsorship of healthy living initiatives has raised over $1 million in the past eight years, and we spearheaded northern marathon teams. The idea here is that we have teams of up to 25 runners that come from the north and enter international marathons. They're part of Team Diabetes Canada. Most of these runners and walkers return to their home communities and are ongoing role models of healthy, active lifestyles.

Turning to northern development as a whole and our own direct investments specifically, we consider three elements as being critical when we consider where we're going to spend our capital and how to expand our business. Those are capacity, infrastructure, and business climate.

By capacity, I refer to knowledge and skills of the local workforce. Our industry, like the broader service sector, is people-intensive, with increasing enablement by technology and new work processes. We don't mine for minerals; for us, people are diamonds, and finding the best ones is all about our ability to grow and sustain our business.

Recently, we analyzed the correlation between the stability and capability of our local store teams and our sales in these different communities. We found, maybe not surprisingly, that the more stable and qualified our staff, the larger the store, the more local sales, and the higher the value of the wages and employment that was being generated by that store, the greater the capture of dollars that would otherwise leak into the south.

I use this example as a proxy for the entire service centre in Canada's north, which in general is severely underdeveloped. With more capacity, we envision a myriad of import substitution services that are otherwise more expensive or inconvenient to source from the south. Some possibilities are environmental services; expanded financial services, including insurance lending and income tax preparation; and facilities services, including equipment maintenance and repair. Just as a side note on that, the cost for us to repair equipment in a place like Pond Inlet would range between $5,000 and $10,000. At one of our Giant Tiger stores in Winnipeg, it would be under $500 for the same repair. So there is a gap there that you could fill with local talent if the capacity existed.

● (1505)

Local prescription drug dispensing through technicians is another opportunity. There is legislation in B.C. that enables this. We don't have it in the north right now.

Nurse practitioners and other sub full-position, qualified but still approved, health delivery models are also a possibility.

When we look at infrastructure, as you can imagine, we're talking about transportation, water, power, roads, broadband, schools, and health facilities. The challenges, as you've heard already and you know, relate to cost, reliability, quantity, and quality. We understand as much as anyone that in this environment it's complex, it's remote, and the climate can be harsh. But too often we think that's an excuse to justify mediocre performance—and I'm talking about our own organization. We believe northern infrastructure has to be benchmarked against the world, not only against other remote areas of the world. As well, the region's high costs, whether measured by productivity or cost of living gaps, need to be continually highlighted for attention and not misconstrued as a way of life.

All-weather roads, improved seaports, airports, more frequent and reliable air access, and technology that enables more housing stock per dollar of investment, as well as greener living practices, are all practices that would have a direct impact on the cost and quality of life and on the capacity of the region to compete.

The business climate, lastly, refers to other policies that affect direct local investment. I'm going to highlight a couple of them here and then wrap up.

In general, we find it to be a hit-and-miss proposition in the north. As one example, in Nunavut Territory we have an investment on the ground of $100 million and we employ 900 people, but when it comes to bidding for government contracts, we are considered a southern company with practically the same status as having invested nothing. So you can imagine that's not a policy that encourages a company like ours, or any other non-Inuit-owned service provider, to invest more in the north. In fact, it's a decision that helps, we believe, non-investment in the north because you can compete from the south just as easily as we have in the north.

The second area that's under review now that I'll highlight briefly is the food mail system. We've entered into an alliance with the other two large retailers in the north—Arctic Co-operatives Limited and La Fédération des coopératives du Nouveau-Québec, or FCNQ—and proposed different rules that would help in terms of streamlining.

We've identified up to 20¢ a pound inefficiency by the product running through the post office system at select entry points instead of having us manage the freight efficiently. There is a lot of waste and spoilage, as you can imagine. A 40-pound case of bananas can cost up to $4 a pound. The case alone is $4 and the shrink wrap alone could be another $5, and you have to wrap it, etc. When you turn it over to the post office and leave it there for a few days, it's not the best system.

I just point that out because we'd like to see a good outcome. We're not sure what the best answer is, but we've proposed that we be compensated based on the weight that we ship, and there can be an audit procedure. What we're proposing, really, is simplification and letting the businesses run it as efficiently as possible.

I don't want to end my remarks talking about barriers to development. I would say with confidence that these challenges still open us up for much potential for growth in the northern economy. You'll hear a lot from the natural resource industry, but looking at the service sector specifically, our company itself is a business that started in the north many hundreds of years ago, but more recently in the past 20 years we've grown internationally.

We've taken and leveraged our skill and knowledge of community retailing, cultural adaptiveness, and our remote market logistics to grow around the world. The key, we believe, has been the capacity of the people, putting people first, and then sizing up the gaps in a global context, whether measured by education, infrastructure, or the fairness of the business climate.

That's the end of my presentation. I'd be happy to answer any questions.

● (1510)

The Chair: Thank you very much, Mr. Kennedy.

Now we'll go to Mr. Robinson, who is with the Arctic Energy Alliance. In the same vein, there were some handouts here, but I don't think they were in both official languages. We'll endeavour to get those translated and get them out to members afterwards.

Mr. Robinson, go ahead. A presentation between five and eight minutes in length would be great.

Mr. Andrew Robinson (Executive Director, Arctic Energy Alliance): As was mentioned, my name is Andrew Robinson, and I am the executive director of the Arctic Energy Alliance. I grew up in Makkovik, in Labrador, which means I've been living in the north for most of my life.

I've been with the Arctic Energy Alliance for the last five years, the last two years as the director. We are a small, non-profit organization that gets most of its money from the territorial government. We have a vision that the NWT will become a leader in sustainable energy use. Our budget right now is around $2.5 million a year, so that gives you an idea of who we are.

I'm going to talk about working with people who live here. A lot of economic development focuses on big projects, which end up bringing in mostly people who live somewhere else. But our mandate is to focus on people who live here, so that's what I'm going to concentrate on.

Our mandate is also to look at energy costs and the environmental impacts of the energy use. So we look at how people heat their homes, how they heat their businesses, how they get the power to keep their lights on, and how they can move from A to B without affecting the environment too much or spending more than they can afford.

There is a high cost of doing business in the north. It is related to the high cost of heating oil, diesel, and gasoline. Down south you have a natural gas grid, which has relatively cheap heating energy in it, or you have cheap electricity. We don't have that. We're all on imported oil, and that makes things expensive.

It's the same with electricity. The costs here are much higher than they are anywhere else. This is related to the high cost of fuel, plus what you call economies of scale. Small communities have to pay for large numbers of generators to cover a small population. You end up having to pay a lot per person.

One of the biggest issues we look at now is climate change. When we started as an organization, our focus was on the cost of energy. Now it's on climate change, because we see it as becoming a bigger issue than the high costs. With the exception of Yellowknife, most of the Northwest Territories is built on ice. I don't know if you've ever been to Tuktoyaktuk, but there's a community freezer under the ground where they store frozen things. They can do that because it's ice. When you're down there, you can shine a light and see that the ground, the earth, is this much ice and this much dirt and then another layer of this much ice and that much dirt. It makes a nice pattern when you shine a flashlight into it, but it's ice. Tuktoyaktuk is built on ice, and so is most of the Northwest Territories.

When you look into the future, which is part of what we're mandated to do, you can see that with climate change the north is going to melt, and so is the ice that most of the north is built on. This is going to have a huge impact on the cost of business, the cost of living. You can imagine what happens when the ice melts under a tank farm. It's going to tip over or break and you're going to have a massive problem trying to clean it up. It's already happening. We've seen it with sewage lagoons, roads, airports, houses. Things are starting to tip over, and it's destroying the infrastructure. Whatever you do, when you invest in business, you're going to have to deal with that in the north.

These are the issues that I see, and we've tried to come up with some solutions. It's interesting, the Northwest Territories is leading the way in a lot of things. It would be a good idea to invest more in energy-efficient infrastructure. Too often we see things that have been built with a short timeframe in mind. You build something fast now because it's needed now. As an organization, we come in and deal with poorly built buildings and infrastructure that is not energy efficient and costs a lot to operate. When building infrastructure, it's important to take the time and spend the money to build for the long term. It's important to remember that the people who live in the place are going to have to pay for operating the equipment or infrastructure.

● (1515)

It's the same for the climate change that I mentioned. We're going to have to look at investing and building for an unknown future. Again, whatever infrastructure, whatever project is going to be built.... Climate change is not going to make this place a warm, sunny, happy place that's nicer to live in than it was before. It's going to be a wet, muddy mess, because everything is going to melt and you'll end up with mud. You're going to be trying to build in mud. That is going to be a challenge. We have to start to think about that if we're going to be doing projects in the north. How are we going to build on unstable ground as it is disappearing?

Likewise, as the others mentioned, in terms of the kind of stuff we're talking about, building basic infrastructure on the ground, the local people can do that. We don't need to import a lot of high-skilled people. We do need to invest in local skills, trades—and university education—but for local people. I think we do see that happening.

One example is that the housing corporation here has now adopted the EGH 80 standard for all new housing. They've also committed to bringing existing housing up to that standard, and that's excellent. Right now they're investing in new housing that's built well, and they're doing it with local people so much that most construction companies that we've seen are extremely busy.

There's a similar thing that's quite interesting. I don't know if you know this, but in North America, Yellowknife is the capital in using wood pellets for heating commercial buildings. There's nowhere else in North America that has this number of units. Again, that's credited to the Government of the Northwest Territories. They've started to switch to using wood pellets that come from northern Alberta to heat.

They're cheaper than heating oil. They're much less environmentally damaging if you have a spill. They're considered carbon neutral. They're basically made out of waste sawdust, so they don't have a climate impact. Here you have the north showing the rest of the country that it is possible to build an infrastructure that doesn't use fossil fuels, and it is cheaper to run.

● (1520)

The Chair: Is that it?

Mr. Andrew Robinson: I have one final point.

I think, building on that, we've seen some organizations here, for example, the City of Yellowknife, really start to take action on climate change. They've stopped talking about it and are actually doing stuff. The city had a target of a 20% reduction, which they wanted to have by 2014. They met that target last year. They did it in four years instead of nine, and it turned out it wasn't as hard as they had thought.

We have started recommending to anyone who comes to us that on all projects they adopt a target of becoming carbon neutral, which means building more efficiently, switching to renewables like wood pellets, and buying offsets for the remainder.

As I said, we're facing a pretty bleak future with this whole climate change thing. If we can't show the world how to fix it, we can't really complain about it. We found that it's actually not as hard as it looks, once you roll up your sleeves and start doing it.

Those are my comments.

The Chair: Thank you, Mr. Robinson, and all of our witnesses.

Now we'll go to questions from members.

This is a pre-set order of questions that represents each of the four parties that are here on committee. Each of the allocations is five minutes for both the question and your responses. The member could put the question to any one or all of you. We let them make that decision.

We'll begin the first round with Mr. Bagnell, for five minutes. He will be followed by Monsieur Lévesque.

Mr. Bagnell.

Hon. Larry Bagnell: Thank you, Mr. Chair.

Before I ask my questions, I have a comment. It has nothing to do with you—it's from the morning session—but I had asked how many hockey arenas we could build in the north with the $1 million that came from the program. I found out the cost was about $5 million for one arena.

My first question is for the northern stores. You were talking about food mail. As you know, there's been a report on it, and there was some suggestion that it actually be reduced. They'd get a big fight from me if they did that, but it was one of the options.

The three retailers said they had put some suggestions. Could you provide the committee clerk with something on that?

Mr. Edward Kennedy: Actually that's the submission. I can leave it with you.

Hon. Larry Bagnell: If you could leave it with the clerk, he could get it to all the members. That would be wonderful.

Mr. Noseworthy, tell us a bit about the Community Futures program, its success, the number of communities that are in it in the Northwest Territories, the number or types of projects that each community funds, and where you get your funding from.

There are certainly no Community Futures in my riding. The federal government used to fund them years ago, and they were looking at funding them again. I want to know, if it is a success story, whether it is something the federal government should get into in the Yukon and in the north. So tell us a little about the number of communities, success stories, and the types of projects you fund, etc.

Mr. Todd Noseworthy: I didn't bring numbers with me today to be able to give that. I can probably provide it at a later date, if you want. If you get the clerk to send me a list of what you'd like to see, I'll try to get it to him.

There are seven Community Futures in what is now the NWT. In 1995, when the federal government offered Community Futures programs to the provinces and territories, the territorial government did take it on, and from what I understand, they had big plans for it. I wasn't here at the time. The territorial government has put more money in, and they have created more organizations. Of the seven, there were only two when the turnover happened.

We are providing services to all communities in the NWT. I think there are approximately 32 communities over so many million square miles. I can't remember the exact number, but it's huge.

I think there are a lot of success stories up here. I can speak mostly for my own organization. We have clients who come to us year after year for working capital-type things to be able to carry out their businesses, and we also help people finance equipment. In addition to our own financing, we help people access other financing, whether it be from Aboriginal Business Canada, the Government of the Northwest Territories, or other organizations that might be willing to fund particular ventures.

The Community Futures program is a success right across Canada, not only in the NWT. There are 268 to 270 organizations across Canada, and some have been around for 20 or 25 years. I think it's one of the federal government's crowns, or roses, whatever you want to call them. It a program that has been around for a long time, and it has had a lot of success.

I've been involved in Newfoundland and here, and I've managed three different organizations. They're pretty similar, but they all have their own differences. One thing about Community Futures programs is that you go from one place to the other and you might find they offer different services.

Because there are so many here, given the original funding that came from the federal government and what the GNWT has tried to do with that, it is not able to provide enough funding to provide comparable services to what a Community Futures typically provides down south. You have Community Futures programs in western Canada that are getting $250,000 to $300,000 in core operating money. We have Community Futures here that are getting less than $140,000 in core money, with salary costs probably being 20% to 40% higher than what they are down south, let alone the operating costs we've all been talking about.

That's why my suggestion was that Community Futures, the people of the north, and the businesses of the north would greatly benefit if the federal government would at least become a partner again.

● (1525)

The Vice-Chair (Mr. Todd Russell): Thank you very much, Mr. Bagnell. That is your time.

We will now go to Mr. Lévesque for five minutes.

[*Translation*]

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Good day, gentlemen.

Mr. Kennedy, I represent the riding of Abitibi—James Bay—Nunavik—Eeyou. You have stores in virtually every community in Nunavik. I once met with one of your representatives who said he hoped to see the Food Mail pilot project expanded to all northern communities. We did contact INAC because the Food Mail program was administered by Heritage Canada. We were thinking that INAC could assign responsibility for managing the pilot project to each individual community.

Preliminary studies pegged the cost of the program at $60 million or $69 million. Nothing much has happened since then. In my opinion, if we were to examine future health care costs if such a program were not implemented, departmental authorities might be convinced to bring in this program.

As far as permafrost goes, perhaps conditions vary from one region to the next. Mud isn't so much of a problem in James Bay and Nunavik. The problem is more the cracks in the ground and runoff affecting people's drinking water. Changes will need to be made quickly to infrastructures.

Mr. Noseworthy raised an important issue, namely aid to northern, remote or isolated communities. Quebec has introduced one such aid program. At one point, there was an angry outcry. Remote regions were more or less accused of unfair competition. We will most likely need your support and your advice. Perhaps you would care to share with us your overall vision, without going into detail, because that could take a while.

Speaking of CanNor and education, as I recall, Ms. Gauvin did come and testify before the Standing Committee on Aboriginal Affairs and Northern Development. She anticipated that rather substantial sums of money would be spent on education, in cooperation with the business community. Are you aware of that?

● (1530)

[*English*]

Mr. Todd Noseworthy: I'm not aware of the education measures that you've mentioned. I would suggest that the education measures that need to be taken up here are largely not school and college based, but they're to be done by small organizations or perhaps individual businesses.

That's why I mentioned the video conference opportunity. We have facilities, I shouldn't say throughout the NWT, but at least regionally based in the NWT that are either already up and operating or will be soon. One-on-one education could be provided there if businesses were interested, but we also need to generate the awareness that people lack the skills that are essential to success. Even though, as I've mentioned, we've offered many sessions through that video conference facility over the last couple of years, the attendance is still low. People don't take advantage of something that is free. I can only guess that they assume they don't need the education. They need to be made aware that it's there, but also that they need it and that it will help them improve somehow.

But it's good to hear that there are measures being taken related to business and education. I'm glad to hear it.

[*Translation*]

Mr. Yvon Lévesque: Mr. Kennedy?

[*English*]

Mr. Edward Kennedy: On the food mail issue, the total cost is not that much. I know there is a lot of concern within INAC on capping it at $55 million; I think it's $55 million to $60 million now.

By comparison, we have 35 stores in Alaska, and the bypass system they use is a subsidy system—somewhat similar. As well, the SNAP program—the supplemental nutrition assistance program—that the Obama administration has put in place is a much more significant combined nutritional health benefit to consumers; there is no comparison.

Having said that, we've also had to deal with perceptions about whether these are being passed on, whether the subsidy is actually taking place. Together with the other two co-op groups, we've given many examples, and I'll just cite some for you here. In places such as Pond Inlet, if we didn't have that subsidy, eggs would be $11.89 a dozen, not $3.89. Bread would be $10.29, not $3.39. Milk would be $28.89, not $7.25.

So it's important, but in the big picture, it's actually not that much compared with what other northern jurisdictions are doing—specifically, the United States.

What is the opportunity cost? If you were to pull it away, you could imagine what would happen to the consumption of these products. The substitution would be to pop and chips and other things.

I've looked at this closely, and I think the analysis is still somewhat incomplete. I realize a lot of people have been looking at it. Perhaps an electronic benefit card, as in the nutritional allowance program in the United States, is the way to go; it allows consumers to spend on a list of nutritious items. Whatever it is, it should be simplified, because now I think we have one or two too many regulatory, administrative pieces to the puzzle.

The Chair: Thank you, Mr. Kennedy.

[*Translation*]

Thank you, Mr. Lévesque.

[*English*]

Now we'll go to Mr. Bevington for five minutes.

Mr. Dennis Bevington: I want to thank all three for your presentations. They all raise questions.

Mr. Noseworthy talks about the need for improved tax credits. But really, the northern resident tax credit covers small businesses as well: every employee and every employer would get a benefit. We asked for 50% and we got a 10% increase to it. I'm still gunning for the other increase, which would bring this in line with inflation.

That would certainly benefit small businesses as much as any other kind of tax refund, because it puts money in people's pockets. They can spend it on business, or the owner can actually get it back. Is that correct?

● (1535)

Mr. Todd Noseworthy: As long as they don't all go south to spend it. That is a large part of the problem. Goods and services prices aren't always reduced just because there's a tax credit.

Mr. Dennis Bevington: We are in a virtual age. You're going to have to face up to the fact that people are going to go online to get what they need, if they can't get it at the prices that.... It's a competitive world.

I was wondering, Mr. Kennedy, would there be an opportunity to put the subsidy at the retail sales point, simply on the items that would be of importance to good, healthy consumption?

Mr. Edward Kennedy: The answer I was trying to give before is that if it had to be that, it would be better to load a benefit card than have.... The retailers have already pointed out—and we'd probably be the least affected—that it's a multi-million dollar task to change the point-of-sale system, to track these savings by item, if that's what you're referring to, at the cash register tape. We have to change our system so that they can record two prices—or three, perhaps. We would have sale price items, as we normally do, and then we would have to create another price to show the savings on the item attributable to food mail, if that's what you mean.

We could show the customer on the cash register tape, with some —

Mr. Dennis Bevington: If you go into a store that has a loyalty program, they all do that anyway. There are cash registers that sort different prices for the same item. Is that correct?

Mr. Edward Kennedy: That's correct.

Mr. Dennis Bevington: If you had a conversion program to allow you to convert your cash registers to do that work, wouldn't that solve the problem?

Mr. Edward Kennedy: No, I don't think so. I think the answer there is to ask who is going to track all this, who is going to keep track of the amounts.

If I understand the report that's being reviewed, or the analysis being provided on it, there is going to be a regime of people looking at your profit margins per item. It's not just the transparency to the consumer; behind those numbers there is an audit mechanism that is supposedly going to say that you're going to make so much money on each of those items. I find this incredibly difficult to even envision.

But also, there are much smaller retailers in the northwest—I know you're going to hear from Andy Morrison in Iqaluit—who are going to have to deal with that point-of-sale system change that you're talking about. That's the biggest hurdle, as I understand it: it's just the cost to put it in place.

Mr. Dennis Bevington: Mr. Robinson, we're going to arrange for a tour of the corrections facility with the wood pellets. I had the opportunity to talk to the company that manufactures most of the wood pellets that come into Yellowknife. They run a sawmill in northern Alberta that would not be open today without the increase in customer base that the wood pellet sales in the Northwest Territories provides them with.

Could you talk about this right across the country? It's good in Yellowknife. Would it work in every other place where the main heating source is fuel oil?

Mr. Andrew Robinson: The short answer is yes, I think it would. We're in a unique position here in the Northwest Territories because we have a highway system that's relatively close to a system of sawmills that are producing waste sawdust. If you look anywhere throughout the northern parts of the provinces, you may have a similar system wherein there are highways but no natural gas network. A lot of these are remote, quite often aboriginal communities that have a method of getting wood waste in the form of pellets into them but don't have natural gas. The wood pellets are competitive with oil much more than with natural gas.

If you go over towards the Atlantic coast, where I grew up, in Labrador and Newfoundland, none of those places have natural gas either. So it makes total sense to be using the waste sawdust in heating.

Mr. Dennis Bevington: The federal government has just invested $1 billion to $2 billion in the production of ethanol in an attempt to reduce greenhouse gas emissions. This using of biological product is considerably less complex than the production of ethanol, and the greenhouse gas reduction returns are quite a bit larger. Is that not the case?

● (1540)

Mr. Andrew Robinson: Yes, I believe that's true. Especially in the north, our big user of fossil fuels is heat. A lot of people like to focus on electricity or transportation—which is valid in the case of airplanes—but the big thing is heat. Producing ethanol doesn't help us on that issue. I've heard recently that down in Ontario and Alberta they have tried running wood pellets through coal-fired generating stations and have found that you can run the stuff with no modifications at all. So you could convert existing coal-fired plants to run on renewable energy easily.

The Chair: Thank you, Mr. Bevington.

Now we'll go to Mr. Duncan for five minutes.

Mr. John Duncan: Thank you very much.

Mr. Noseworthy, I'm a little curious as to how your Community Futures boards work in the NWT. I know they have to work quite differently from the way they work where I am on Vancouver Island, where the business community is very much represented on the board, so that there are entrepreneurs directing entrepreneurial resources. Do you have that luxury?

Mr. Todd Noseworthy: I'd say that the boards vary from region to region. If you get a chance to read my full notes, you'll see that I mention board training and the fact that we don't have access to a large pool of professionals who are interested in business development. You have to have both: you have to have the professionals and the interest. In some places, such as Yellowknife and Hay River and Inuvik, they probably have better access and are able to attract people who have the skills.

In places such as mine, I might be lacking in the skills. We try to get community representation, which makes it even harder. We have communities of 70 or 80 people. What are the chances of finding someone who has even a business to come and sit on a board? We do the best we can with what we have, but there is a significant difference from Community Futures down south.

Mr. John Duncan: Thank you.

Here is a question for Mr. Kennedy.

We had testimony in Whitehorse about the issue you're bringing up as well, about the bidding on contracts. One Yukon-based company has done business in NWT and won't come back, but they bid in Alaska with no issue. You are stating that you are at quite a disadvantage in Nunavut. You use that as an example. Is this also true in NWT and in Yukon, or are there shades? Or is it only true in the one territory?

Mr. Edward Kennedy: It's really only applying in Nunavut before the split of the territories. This is part of the Nunavut Tunngavik Inc., their birthright agreement with the federal government. It's been politicized into regulations and procurement policy. In fact, prior to that we had the status of a northern business and we were fine with our role competing across the Northwest Territories as it was then. What's happened since, and it continues, is this issue that you have to be majority Inuit-owned to bid on a contract. In a very thin economy, you can imagine how competition gets restricted even further.

Mr. John Duncan: So BIP, the business incentive program, is not a barrier for North West Company in NWT.

Mr. Edward Kennedy: It has not been, no.

Mr. John Duncan: Okay.

You mentioned your one very leading-edge store in terms of green technology. I can assume you did that for more than altruistic reasons. Is there an economic payback from lower operating and maintenance costs?

Mr. Edward Kennedy: Yes, and it's the latest iteration of it. We have stores from Iqaluit to Inuvik that run refrigeration on ambient temperature, so the coolant is recycled through the exterior of the building, and that goes back many years. The current version is our best step forward. We're looking for paybacks of five years or less. Based on that, if you looked at our capital spending plans, which are very public, we're talking about several millions of dollars—$5 million to $10 million a year, from zero three years ago—because of where the price of fuel has gone and the search for substitution. That's why we're doing it.

● (1545)

Mr. John Duncan: You operate 227 stores in multiple jurisdictions. I was curious about how you ended up in the Caribbean and the South Pacific. Is it the similarities in remoteness and isolation and transportation that drew you there, or is it by some accident?

Mr. Edward Kennedy: I'd like to think it's a strategy. It's not getting away from the cold.

It's just what you said and what I said in my remarks: there are skills that tie to remote-market logistics. We've been to Greenland and done some business there. We've looked at Russia. Hemispherically we're not deterred. We have a store in Fiji, and there are a lot of similar aspects. That's why we're there.

The Chair: Okay. Thank you very much.

Thank you, Mr. Duncan.

Now we'll go to the second round.

It would appear that we have four spots on the list, and we probably have only enough time for that, so we'll try to stay right to the five minutes if we can.

We'll begin with Mr. Russell. You have five minutes.

Mr. Todd Russell: Thank you very much.

Mr. Robinson, you're from Makkovik originally.

Mr. Andrew Robinson: That's correct, yes.

Mr. Todd Russell: You have family there.

Mr. Andrew Robinson: My dad was the minister.

Mr. Todd Russell: You know the way it is in the north: often if you see a name, you can affiliate it with a particular community, but Robinson didn't hit me as a particularly Makkovik name.

Mr. Andrew Robinson: Thirty years ago, it would have.

Mr. Todd Russell: Yes, okay. Thirty years ago...man, I was in diapers. I shouldn't say that, should I?

Anyway, let me get to the point.

As well, Mr. Kennedy, I represent the people in Nain, and I've been to your store there many times. I want to know a little bit more about the food mail program and hear comparisons with what's being offered by the United States. Can you give us a bit more background to that? You mentioned SNAP, for example.

Mr. Edward Kennedy: It's an electronic benefit card. It's means-tested. It's not indifferent to income; it's on a means-tested basis. I believe it's also determined by the size of the family. That card is loaded at the first of the month, and food stamp-eligible product, which is identified on the shelf of the store, is shopped by consumers. We still call it food stamps, but now SNAP is the new acronym. They may spend it all, but usually they spend it throughout the month, and it's loaded again the next month.

What you get there is assurance that it's being spent on nutritious foods, and it's very simple.

All these other comparable machinations we were talking about—how you're going to show the savings and run it through the post office—cost time and money and waste product, because it gets delayed going north. That's how it works in its simplest sense.

The bypass system, as the name suggests, bypasses the post office. We've proposed that to INAC as well. We would just run it to the stores as we normally would, through the most efficient means possible, and then claim a subsidy, so it's similar to what we proposed to INAC. I have to say that it's broader than it probably should be: a lot of items on the bypass list aren't very nutritious or essential from a healthy living standpoint.

Mr. Todd Russell: With this SNAP program, you would have the regular price on the shelves.

Mr. Edward Kennedy: The everyday price that everyone pays.

Mr. Todd Russell: So in Pond Inlet a person would go to the store, for instance, and a jug of milk would be how much?

Mr. Edward Kennedy: It would be a lot. It would be in the $20 range—$20 plus.

Mr. Todd Russell: Okay. Let's say I'm a resident of Pond Inlet. I go to the store, and on the store shelf there's a jug of milk or a carton of milk—$20—but because it's an eligible item, I have a card to buy that item with. Is that right?

Mr. Edward Kennedy: You have a monetary value. Also, the value of that card would be means-tested and it would be cost-tested. The northern living allowance would be a lot more valuable on a family basis in Pond Inlet than it would be in, say, northern Manitoba, where there's all-weather road access. Those communities might not even be eligible. There would have to be an affordability calculation.

Going back to the envelope, I don't know if you could do it for $55 million, but you're not doing much for $55 million now. You're doing something, but you're not carving what you could. For $100 million, maybe you could do it, I don't know. I'm just giving you....

● (1550)

Mr. Todd Russell: It's a very interesting concept and one that I think we should get a bit more information on. People know about the program, the food mail program. Do people want it but they want it enhanced?

Mr. Edward Kennedy: It was just announced in the U.S. that they're now accepting food stamps. It's a major thing, and it's expected to continue even if stimulus spending starts to get curtailed. It's an ongoing program, but it was enhanced in the U.S., and it will likely continue to be enhanced. That's a recession counterbalance effort, but the mechanics of it have been established for years. They're well known, and the U.S. is the model for it.

Mr. Todd Russell: Is it similar in Alaska? Is there an ongoing program in Alaska that the state offers its people?

Mr. Edward Kennedy: This is a federal program administered by the state, so we also have it in our stores in Hawaii and in the U.S. Virgin Islands. In Guam we have three stores. Any remote U.S. territory has a food stamp program that's federally funded.

Mr. Todd Russell: It's very interesting. I thank you for that.

That's the end of my questions.

The Chair: Thank you, Mr. Russell.

Now we'll go to Mr. Clarke for five minutes.

Mr. Rob Clarke: Thank you, Mr. Chair.

I'd like to thank the witnesses for coming in today.

Our committee is dealing with economic development for northern territories, and you mentioned pellet energy. I'm kind of curious. For economic development there are so many gamuts in which a company can operate. First, in my riding in northern Saskatchewan right now they're looking at the feasibility of putting it in two of the sawmill plants because they're not as dependent on the American market, but they have another product they can market.

When you're looking at economic development, there are many benefits such as clean energy, the transportation.

Maybe what I'll just do is ask a question. You just respond and I'll just keep on going. How many businesses or homes in the Northwest Territories are right now dependent on pellet energy?

Mr. Andrew Robinson: Right now I would guess we have about 10 commercial systems running.

Mr. Rob Clarke: And how do they ship it? Do they ship it in chip trucks?

Mr. Andrew Robinson: Because we're far away from the source of the biomass, we have to use pelletized wood chips, so they're compressed into pellets and then shipped with grain-haul trucks.

Mr. Rob Clarke: Okay. How many vehicles are there on, say, a weekly basis? Or is it on a monthly basis?

Mr. Andrew Robinson: I'd have to give pretty rough numbers, but I'd say we're bringing in, roughly, five trucks a month.

Mr. Rob Clarke: Okay. And is there a business plan to increase the consumption right now?

Mr. Andrew Robinson: It's something that's happening both in the private sector and in the government. The territorial government has a strategy to try to use more biomass.

Mr. Rob Clarke: So we're looking more or less at a storage facility being built in....

Mr. Andrew Robinson: It is not. It should be, but right now all the pellets are coming in by grain truck and the storage on-site is enough to hold a whole grain truck. You may see this later on. Each site has a big grain silo that holds the pellets in it. There's a bit of an issue there. When the ice is out on the Mackenzie River, as it is right now, you can't get in a grain truck so you can't resupply, so they bring in enough to last. For more remote communities you need to bring in a bigger supply, like a year's supply.

Mr. Rob Clarke: With a pellet facility, though, what would be the possible employment opportunities? One, you would probably have to have a general manager, but then you'd have to have the yard workers and everything like that.

Mr. Andrew Robinson: It would be similar to the infrastructure that exists now for distributing fuel oil. To do it properly you need a farm with some kind of arrangement of tanks and workers. And you'd find that a tank farm costs a lot of money. It's a good way to develop business, because you have to pay a lot of engineers and a lot of people to develop these very technical pieces of equipment in remote sites, whereas a grain silo can be built for $10,000 instead of $10 million.

● (1555)

The Chair: You still have a minute and a half. Do you want to continue?

Mr. Rob Clarke: No, I'm good.

The Chair: Okay.

Go ahead, Mr. Duncan.

Mr. John Duncan: With respect to those grain trucks, as I guess they're called, there's a lot of pelletization going on in northern Alberta. There's a lot going on in British Columbia. Is that a pretty competitive market? The only reason you would be buying from Alberta rather than from B.C. would be the transportation differential.

Mr. Andrew Robinson: Yes, the closer you can get them from, the better.

Right now, most of the production in Canada is being shipped to Europe. They're putting it on ships through B.C. and the Panama Canal and shipping it to Sweden and Belgium and places like that. They're running them into the power plants.

For us, it's all about whether you're on a natural gas network. If you're not, and you're relatively close to a sawmill, you can pelletize, and it can be much cheaper than oil.

Mr. John Duncan: When you say that this material is considered carbon neutral, does that include the transport?

Mr. Andrew Robinson: No, it doesn't. It takes approximately twice as many vehicles to move the pellets as it does to move the oil, but the net impact is that technically it's 98% carbon neutral. It's something like that.

The transportation isn't too bad, unless you start transporting it right across the country or something like that, but then you lose your economics. That's how I see it.

Mr. John Duncan: Thank you.

The Chair: Hopefully we'll have an opportunity to follow up on some of those questions at tomorrow's site visit, which I know we're all looking forward to.

[*Translation*]

We will now go to Mr. Gaudet from the Bloc Québécois for five minutes.

Mr. Roger Gaudet: Thank you, Mr. Chair.

My question is for Mr. Noseworthy. I'm having trouble understanding you. Take, for example, my region in Quebec where I have served as mayor and reeve. There was a Community Futures Development Corporation, or CFDC, in our riding. It had a $1.5 million investment fund to manage in the community. It could turn to the Business Development Bank of Canada, or BDC, or to the EDC. There was also in the same regional municipality a local development centre that served as a portal or that also managed an investment fund. We also had Investissement Québec, a General Investment Corporation, the FTQ Fund, the CSN Fund and the risk fund.

I see, however, that you have nothing similar, or maybe it's that you have too many agencies. In my regional municipality, there were three mayors, business people, community officials and all kinds of people serving on the board of directors. How does it work with your organization, since you appear to be having some problems?

[*English*]

Mr. Todd Noseworthy: There are a couple of issues you raised there. First, the $1.5 million you mentioned was given to Community Futures organizations that needed it over the first five years of their lives. From my understanding, some Community Futures could access a second $1.5 million in the second five years, or the next three after the first five, if they warranted the money. In the Northwest Territories, of the two Community Futures that were present under federal funding, one received $1.55 million, I think, and the second received $1.4 million. The other five that are now in the NWT did not exist under federal government rules, so they were funded capital and O and M money after the feds left and the territorial government took over. Those organizations were not given $1.5 million. There was one that was close. Some have only received $250,000 for the investment fund, so we're underfunded partly because of that.

On the board issue you mentioned, every Community Futures organization fills the seats on its board differently. In some cases, you'll have organizations that have been given appointment ability. Maybe that's similar to what it was in the CF you were involved with in Quebec. It sounds as if you had a lot of community representation on the boards and that kind of thing. In my own Community Futures organization, what we do is we ask for nominations from a community. It does not have to be a chief or somebody who sits on a band council or somebody who sits on a village or hamlet council. It could be anybody who lives in the community, nominated by somebody else who lives in the community. Part of the reason we do it that way is that we do not want to be seen as a political organization. We want to be as far from politics and as neutral as possible. If we had all band and community governments represented on there, I don't think that would be possible.

Does that answer your two questions?

● (1600)

[*Translation*]

Mr. Roger Gaudet: That answers the question without really answering it. Earlier, you mentioned training. In our region, the Community Futures Development Corporation offers courses to self-employed workers to teach them how to calculate the PST, keep the books, and so forth. The training is provided by professionals. That's why I don't understand what the problem is with the organization that does this work in your region. These individuals should be able to teach these principles. You said earlier that no training was available for people going into business. That's what I do not understand. I'm not saying that this agency isn't good. However, right now, it may not be taking on the role it was designed to play.

[*English*]

Mr. Todd Noseworthy: Yes, I agree with you, they are not complete. That was the point I tried to make. If the brief gets translated and you get a chance to read it, you'll see more of that.

We do work one on one with clients. What I'm saying is that with more staff we could do more. Maybe we could provide some of this training in-house if businesses were interested in getting the training from us. Sometimes businesses perceive somebody from outside as better able to train them, but we do provide it when people ask or when people want to take the time to learn.

I mentioned in the brief.... I made a change and something got eliminated that should not have been, but in the brief, with the core funding in the NWT, provided by the GNWT for Community Futures, the seven Community Futures organizations are able to employ seven to eight people all together—so basically that's 1.2 people per organization with the core funding. Some organizations, but not all, have access to funding for an economic development officer in addition, and that would give them the second staff person. Some Community Futures organizations here operate with one staff person, and if you have insufficient staffing, you have to focus on the main activity, and the main activity is lending. Sometimes there just isn't time to do the other services and to offer those other services. That's why I suggested the federal-territorial partnership, to try to bring us back up to what you see in Quebec and Ontario and the rest of Canada.

[*Translation*]

The Chair: Thank you, Mr. Gaudet.

[*English*]

I have just a point of clarification, Mr. Noseworthy. You said that five of the seven are funded almost entirely by—

Mr. Todd Noseworthy: No, there's some misunderstanding there. Two were originally created under the federal government: the one in Hay River where Mr. Bevington is from, I believe, and one in Inuvik. After the program was downloaded to the territorial government, who voluntarily took it—it wasn't forced upon them or anything—five more were created.

The Chair: Okay. So they're all essentially now—

Mr. Todd Noseworthy: Now they're all territorially funded, except one, which refuses to sign the contribution agreement because there's so little in it for them.

The Chair: Okay, so the CFDC program, which we think of as a federal program, in NWT is actually a territorial program.

Mr. Todd Noseworthy: And in Nunavut.

The Chair: Okay, and Nunavut will be the same.

Mr. Todd Noseworthy: I should point out, although Mr. Bagnell has left already, there was a community futures organization in the Yukon prior to 1995 when the rationalization happened. Their fund got passed on to another organization.

The Chair: Very good. Thank you, Mr. Noseworthy.

We'll go to Mr. Dreeshen for five minutes, and I understand that Mr. Clarke is going to grab 30 seconds as well. So go ahead and split your time.

Mr. Earl Dreeshen: I might just take a few seconds and then he can have the rest of my time.

The Chair: Sure. Go ahead.

Mr. Earl Dreeshen: Mr. Kennedy, in your presentation you spoke of new service delivery methods that you felt might be possible. Could you could explain how you might be able to include different health service deliveries with the business model that you were considering?

Mr. Edward Kennedy: The one I'll come back to is the idea of a pharmacy technician. We actually have set up now in Tuktoyaktuk, and we're going to move into, I think, Paulatuk and Aklavik as well. Out of our Inuvik pharmacy, we're doing remote prescription fulfillment. You can do that with an automated dispensing device, but the key here is that you could upgrade—this is import substitution—the skill and the salary of someone locally, not all the way to a pharmacist. They're very hard to find and recruit even for places such as Inuvik, but a pharmacy technician, which is a well-paid position, can fulfill that prescription locally. They'll scan the prescription written by the doctor, which will get sent electronically to the hub fulfillment centre in Inuvik, for example, and then the prescription would be downloaded electronically but physically in the location.

I use this as an example because British Columbia, under its College of Pharmacists regulations, has enabled that for remote areas. North Dakota, Montana, and many sparsely populated areas of the U.S. have it. It's not that consistent in Canada. It doesn't exist anywhere else, in fact, except B.C., and by special approval we have it for the James Bay area of Ontario. It's not in Nunavut yet.

If we can envision that, with nurse practitioners, with different kinds of professional occupations and skills, where we you bridge the gap? Instead of having to go all the way to one end and say we're going to get a doctor for $400,000 to please come up five days a week, can we have someone, whether it's through telemedicine with a good broadband video, help them in a collaborative way? We see a lot of that coming, but it's slow and the opportunity cost is huge. That's my point.

● (1605)

Mr. Earl Dreeshen: Have you looked into any pilot projects or working with the health department, and so on?

Mr. Edward Kennedy: This particular example I'm giving you is a collaboration with the regional hospital and the local public health nurses. On the medical front, we are talking to FNIP, the first nation information project, about the idea of medical telemedicine models married up with local clinics. I'd say it's embryonic now, at this stage, but the genesis, the idea, is the same.

Mr. Earl Dreeshen: Thank you.

The Chair: Go ahead, Mr. Clarke.

Mr. Rob Clarke: I have about 30 seconds.

Mr. Robinson, you mentioned the pellet program. When you say it's carbon neutral, would you also be getting back carbon credits, or not? Would that qualify?

First of all, have you looked at that?

Mr. Andrew Robinson: I'm not sure I understand the question. Are you talking specifically about wood pellets being carbon neutral?

Mr. Rob Clarke: Yes.

Mr. Andrew Robinson: No, we would say that, as a fuel, if you're trying to count what your emissions are, if you're burning pellets, you would basically count that as not an emission.

Mr. Rob Clarke: But if you use it for an industry or something like that, if they're using that fuel, could that be compensated for as a carbon credit? Would you be able to sell that to another company?

Mr. Andrew Robinson: In theory you could. You need a regulatory system that's going to make sure the checks and balances are there to be allowed to trade that emission. In Canada, there's no such system. So it would be very difficult or impossible to sell it right now.

However, we do buy carbon offsets or credits for our own operations. We buy them using an international system that is set up. We buy offsets that way. You can't sell them in Canada right now.

Mr. Rob Clarke: What's one of the farthest distances you buy your pellets from?

Mr. Andrew Robinson: The farthest is Prince George, surprisingly. Most of it comes from La Crête, which is in northern Alberta, but we also get some from Prince George.

The Chair: Okay. Thank you, Mr. Clarke and Mr. Dreeshen.

Thank you very much, gentlemen, for coming this afternoon. This has been extremely helpful. As promised, we will take the documents you have submitted and those that need to be translated will be translated and will be submitted to committee members. We appreciate your time and input this afternoon. You can be sure it is going to help our report and recommendations.

Committee members, we will now suspend until 6 p.m. We will take an early dinner break.

The meeting is suspended until 6 p.m. Thank you.

● _____ (Pause) _____

●

● (1800)

The Chair: We'll resume our third installment of the 38th meeting of the Standing Committee on Aboriginal Affairs and Northern Development.

We are delighted to be here in Yellowknife. This is the second of three stops that the committee is making in the three territories. Unfortunately, we only have time to go to the territorial capitals, but we've had a comprehensive set of hearings. On Tuesday we did the same thing—we had three sessions of three hours in Whitehorse. Next week we'll be heading to Iqaluit to hear from a similar cross-section of witnesses.

These are people and organizations that have a stake in advancing economic development in their region. The study itself is about identifying barriers and considering solutions, and we're hoping to hear your ideas on those topics, with a view to developing a report and recommendations about what the government can do—whether it's programs, new regulations, or legislative changes—to advance economic development in the north.This is more than economic development for development's sake. It's about advancing outcomes and the quality of life for people who live and make their living in the north.

We're delighted this evening to have with us four different organizations. We'll begin with presentations and then we'll go to questions from members. We will be doing simultaneous interpretation. To get a good speaking pace, think of normal conversational speed and then take it down a notch or two. It might seem a little uncomfortable, but it will be a good pace for our interpreters.

We'll begin with Mr. Boris Atamanenko, the manager of the Northwest Territories Arts Council.

Mr. Boris Atamanenko (Manager, Community Programs, Northwest Territories Arts Council): Thank you.

Greetings, everyone.

I must say that it's a privilege to be here. In our daily work with the arts council, economic development isn't top of mind. It's rather the creative industry. I am the manager of community programs, which is part of the culture and heritage division of the Department of Education, Culture, and Employment in the Government of the Northwest Territories. It is a multifaceted role and the administration of the arts council is one part of that portfolio. I've been administering for the arts council since 1995.

Before I address the workings of the NWT Arts Council, I thought it would be good to provide some context. The arts council functions as a partner in the NWT arts strategy. In 2004, after extensive consultation with NWT communities, the Government of the Northwest Territories developed a strategy to guide programs, services, and marketing efforts on behalf of the arts and cultural industries in the Northwest Territories.

There were two departments to lead this: the Department of Education, Culture, and Employment, which I represent; and the the Department of Industry, Tourism, and Investment. In this framework, the NWT operates with a mandate to promote the arts, and the NWT Arts Council operates with a mandate to promote the arts in the NWT.

I have some speaking notes that say a little more about the vision and goals of the NWT arts strategy, but I won't go into that at this point. I just wanted to give you a frame of reference so that you could see how we operate as colleagues with a sister department.

I hope I'm not going too quickly for anyone.

● (1805)

The Chair: That seems to be fine, Mr. Atamanenko, but thanks for checking.

Mr. Boris Atamanenko: Thank you.

Specifically, the NWT Arts Council was established in 1985 as an advisory board to the Government of the Northwest Territories, and 2010 will be its 25th anniversary. This gives us pause for some reflection as well.

The mandate, as I said, is to promote the arts in the Northwest Territories, and the means to do this is by providing recommendations to the Government of the Northwest Territories' Minister of Education. The recommendations can be on creative projects in the visual, literary, media, and performing arts and funding for those projects, and on issues and policies associated with art and artists in the Northwest Territories.

There are five members who also act as jurors. They are political appointments. They are appointed to the arts council for terms of two years by the executive council of the government. The members are chosen for their expertise in an art form or their background in the community in fostering the arts, and from all five regions of our territories.

In terms of the demographics of service, as you are probably aware there is a population of a little over 40,000 in the Northwest Territories in 33 communities, and nine distinct aboriginal language groups, as well as English and French. The NWT Arts Council also recognizes that there is increasing growth of new Canadian residents from East Asia, Africa, and Eastern Europe in a number of our communities. Most communities in the territories are very small with populations of fewer than 1,000.

My office administers the funding program for the arts council. We have an annual review, and the budget for this program is $500,000. That is in direct contributions for arts projects. It is project-based funding and not core, sustaining support to organizations, however.

For assessment of artistic projects the arts council members meet and make their decisions based on artistic merit and also on community benefit. They are very strong about seeing the relationship of an artist or of an arts organization in each community and how those ripples swing outward in terms of promoting and engaging people in doing arts practices.

There are funding priorities set by the arts council. I will leave you to see those in my speaking notes. I'll carry on to describe some of the disciplines we serve, and maybe where the role in support to the cultural industry and the economic development portions would be.

The arts council supports audio recording of voice and music, performing arts in all categories of dance, music, storytelling, and theatre. Storytelling is a particularly evocative tradition that is natural to some of the cultural context of our territories, and the arts council recognizes this and supports it in a large way. Writing and publishing, visual arts, crafts, and film and media arts are also supported.

The arts council reviews applications from individuals or organizations through three different stages tied to the arts and learning mandate of our Department of Education. The first is creative development. That is to say, people need to acquire the skills to do their art form and they can achieve that through some forms of training, workshops, or self-study. Learning from others and mentoring are large in our smaller communities as well, as generations pass skills on to the next.

Creation and production are actually doing the work, creating the works, once you have acquired those skills. The purpose of arts council funding is to support the creation of those works and then to think about how they might be disseminated or achieve public access.

That brings the third tier, public presentation. Through travel support, arts council will support someone to present their art work or storytelling or to mount an exhibit of their work in another community in the NWT.

One of the barriers right now is that we don't support our artists outside of the territories, so touring is really not a program of support through the council. This is for budgetary reasons primarily. I think there could be a day where we will be able to help to sponsor our artists abroad.

I will close by saying that the arts council office and my office provide a lot of assistance in coaching through proposal writing and in helping organizations determine their strategic planning, all in the context of what project support might come through arts council, bearing in mind there are other funding agencies as well. This is where we cooperate with our sister department in the GNWT, with Canada Council for the Arts, with Heritage Canada, and with other agencies. We provide sample budget sheets and proposal templates and offer those alternate sources of support where they might be applicable.

● (1810)

I thank you very much for your interest in us, and I'm certainly interested in the conversation that will follow.

Thank you.

The Chair: Thank you very much, Mr. Atamanenko.

We will now go to Ms. Cherwaty. Ms. Cherwaty, by the way, is the president of the Northern Territories Federation of Labour. I understand that your voice might be under some stress tonight, so if you grab hold of that microphone stand and bring it a little closer, you won't have to speak up too loudly. The microphones are quite sensitive and will pick up quite well, even a normal speaking voice.

Please go ahead with your presentation, and we look forward to it.

Thank you.

Ms. Mary Lou Cherwaty (President, Northern Territories Federation of Labour): Thank you very much, Mr. Chairman.

My voice is a little bit rough today, so I appreciate your bearing with me.

I'd like to thank you for the opportunity for the Federation of Labour to present our views on aboriginal affairs and northern development. As well, to the committee members, thank you for taking the time to travel to each of the three northern territories to hear from northerners about the concerns that we have.

I understand that my colleague Alex Furlong spoke to you in Iqaluit yesterday. Our Federation of Labour actually covers both the NWT and Nunavut, so I will be speaking primarily on those two territories.

No study of northern economic development would be complete without taking into account the socio-economic indicators that drive our northern reality. Building bridges, pipelines, roads, and mines won't improve the lives of northerners without a serious investment in social infrastructure.

While there are many aspects of northern living that require attention, today I will talk about three fundamental areas that need to be addressed immediately: unemployment, lack of housing, and the high cost of living.

I am hopeful that other presenters in your visits across the territories will outline the importance of settling outstanding land claims; the serious impacts of family violence, specifically the high rates of violence against women; escalating rates of suicide; the need for effective pay equity legislation; and implementing measures to reduce the wage gap between the rich and the rest of us.

On the issue of unemployment, from July 2008 to July 2009 the employment rate in the NWT fell to 66.3%. According to our bureau of statistics, this is the largest change in unemployment rate in any jurisdiction in Canada. Out of our potential working population of 31,500 persons, 1,500 are unemployed and 9,000 are not in the labour force, and they're not in the labour force largely because they've given up looking for work. This means that 33% of NWT residents are actually unemployed. And if you take into account that the NWT is actually the only jurisdiction in Canada that's losing population, this is a relatively conservative number.

The situation in Nunavut is much worse. According to the Nunavut Bureau of Statistics, the total potential working population in September 2009 was 18,600. Of those, 1,700 were unemployed and 7,100 were not in the labour force. This equates to 47% of Nunavummiuts are not working. And if you only take into account the Inuit population, this rises to over 56%.

The Northwest Territories and Nunavut, with the highest percentages of unemployment, are also the only jurisdictions in the country without our own EI board of referees. What happens when a resident of either territory wants to appeal an EI decision? They have to go to the board in Edmonton, Alberta. Workers and employers in the NWT and Nunavut do pay huge amounts of money into a federal EI system that is largely inaccessible to us. If a worker is laid off and lucky enough to access EI, the level of benefits are insufficient to live in the north, so they end up moving south, adding to the out-migration I spoke of earlier. There needs to be some form of indexing EI benefits to adjust for regional costs of living.

The other really important issue that relates to unemployment is education. Sadly, the number of students who graduate from high school is less than 70% in the NWT, and as low as 42.6% in Nunavut. Statistics Canada figures show that rates of graduation from post-secondary institutions are just as bad.

I know that education is technically a territorial responsibility, but the federal government does need to recognize that children cannot learn effectively when they are crammed into over-crowded houses, lack basic health and dental services, and have no access to affordable, nutritious foods. So funding in all these areas needs to be increased.

On the issue of the lack of housing, in 2004 the Right Honourable Adrienne Clarkson stated:

> ...the conditions in far too many aboriginal communities can only be described as shameful. This offends our values. It is in our collective interest to turn the corner. And we must start now.

Unfortunately, almost six years later, northern aboriginal and Inuit communities are no better off.

According to the Yellowknife Homelessness Coalition, in October 2008 Yellowknife had a vacancy rate of 0.7%, and 34% of households were spending more than 30% of their income on shelter.

● (1815)

My brief has a lot of other statistics about the serious rates of housing. I'd like to highlight in this area that in Nunavut there are situations where people aren't classed as homeless because they have shelter, but they're sharing shelter. They're living in shifts in one house. So if it's someone's time to go to work, they go to work, and when they come home they kick somebody else out of the house so they can have a space to sleep. There's just not enough room in the houses for them to even sleep.

One of the most disastrous outcomes of this lack of housing is poor health. Nationally, eight out of ten Canadians had contact with a medical doctor in 2008. In NWT it was one half of that, and in Nunavut only one out of ten residents had access to a doctor. In both of the territories the infant mortality rates are far greater and the life expectancy of those who do live is much less than the national averages. Northerners, especially our aboriginal and Inuit peoples, are plagued with health problems that put them on a par with some of the poorest parts of the world. In a country as wealthy as Canada, this is unconscionable.

The Chair: If you could, please begin to sum up.

Ms. Mary Lou Cherwaty: Wrap it up? Okay.

I'm just going to say that we've addressed the housing and unemployment, and the other area is the cost of living. One area in the cost of living that we did talk to the finance committee about was increasing the northern residents tax deduction. This is more for the working population in our territories, but because of the high cost of living we pay more in GST, and that's actually being clawed back from what we do gain in the northern residents tax deduction.

In conclusion, there needs to be a greater focus on reducing unemployment, increasing adequate housing, and addressing the high cost of living, and thereby creating healthier and more stable communities that can withstand the pressures associated with economic development. It's also critically important that whatever measures are taken to improve the lives of northerners, we need to respect the culture and the values of our aboriginal and Inuit populations.

Thank you very much for your time.

● (1820)

The Chair: Thank you very much, Ms. Cherwaty.

Now we'll go to Mr. Charles Pokiak. Do you pronounce the k on the end?

Mr. Charles Pokiak (Director, Tuktoyaktuk Hunters and Trappers Committee): Yes, Pokiak.

The Chair: Thank you very much, Charles.

Mr. Pokiak is a director of the Tuktoyaktuk Hunters and Trappers Committee.

Welcome to our committee, and please go ahead with your presentation for about five minutes.

Mr. Charles Pokiak: I'm glad to be here. It was kind of short notice for me. I just got off the plane a little while ago, so I'm a bit jet-lagged, but I'm used to it.

Mary hit the nose right on the button about the cost of living and the shortage of housing. I find 20 people in one house, sometimes. It's a fact up there in Nunavut and in the Northwest Territories, right in our backyard.

The jobs that do come up there are few and far between. We're used to no work, sometimes, and then when the jobs come up with oil companies, it's all labour. They hire us as labourers because our education is limited. We don't want to move away from home. We want to be with family. Grandparents look after the children.

The cost just to go out on the land.... For instance, when I used to trap, it was a lot cheaper to go out, to charter a plane, to go 150 miles or so to where the marten are, southeast of our community. Just to charter a plane was $400. Now to go over there it's over $3,000, because we have to get a plane now just to go from Norman Wells to Inuvik and to Tuk and fly out from there.

We have two avid trappers out there still: Billy Jacobson and George Unalize. They've trapped all their lives and they're out there 24/7. Just as an example, just to go out there, it cost them $3,000 one way. They try to make ends meet by doing a little bit of trapping. These guys are in their seventies, and they're trying to make a living at it. Just to break even, they get a little bit of fur, which costs the price of gas to fly out. There used to be a trap funding for that. We have that, but it's about $3,000, and it goes out to those guys to try to help them with the cost of chartering a plane. You can see that they want to come home for Christmas and sometimes they can't. It's hard for them to get the marten sometimes because of the weather and global warming, as they say, the climate change. It's hard just to go out because the lakes are not thick enough sometimes. There's too much overflow.

That's about all I have to say.

The Chair: Charles, you used the term “overflow”.

Mr. Charles Pokiak: Overflow is when you get too much snow before it really freezes. You have a thin layer of ice; you get too heavy packed powder. The weight of the snow will break up the water, so you're going over the land most of the time. When I used to trap, even before Christmas I wasn't allowed to go on the lakes, because it's up to your knees in some places.

The Chair: Okay.

Thank you for coming and joining us this evening.

Now we'll go to our fourth presentation, and that will be from Ms. Hilary Jones, general manager for the Mine Training Society, and also Mr. Ted Blondin, who is a director with the Mine Training Society.

Mr. Blondin is going to present for us. Go ahead, please.

● (1825)

Mr. Ted Blondin (Director, Mine Training Society): Thank you very much. It's a great honour to be making a presentation to the committee.

I'm on the board of directors with the Mine Training Society, as you indicated, but I also bring experience as vice-chairman of the Aurora College. I'm also on several study groups here.

The Chair: We're going to be there tomorrow morning, actually.

Mr. Ted Blondin: Right on.

In my presentation I'll bring a lot of the experience I have, partly as a negotiator on the Tlicho land claim agreement, so I might bring some self-government elements to it.

With regard to taking opportunities and dealing with the barriers to economic development in some of our smaller communities, the northern communities are no different from any other aboriginal community across Canada. We all have social problems. We're dealing with alcohol and drugs and gambling. That leads to a lot of other problems with younger people being left home alone and not having the advice they need to further their education.

Of course they'll have to go through a fairly large healing process, and that is usually very expensive. I'm from one of the Tlicho communities, so when we run into these problems we approach the territorial government for counsellors to come to our communities. But there's no money for it. So because of the opportunities and benefits that flowed from BHP, for instance, we trained 30 alcohol and drug counsellors and we now have 30 alcohol and drug counsellors in our four communities. So we've had to take our own initiative to try to deal with some of the healing in our communities.

All the social problems we encounter in our communities follow the education problems we have. It's true we have growing numbers of graduates every year. Fifteen years ago we only had three people in post-secondary education. We now have over 100, and that's because since the settlement of land claims we've been able to set up a scholarship committee and subsidize students to go to post-education institutions.

Over 85% of those students graduating are young ladies, and just about 100% of them want to come back and either work for Tlicho government or one of our businesses. So I think that's money very well invested.

We're also finding that even though students are graduating, there's still a low literacy rate. They're not quite meeting the Alberta standards in English, for instance. Therefore, as the vice-chairman of Aurora College, I'm also dealing with that, in terms of students having adequate training to take on some of the courses.

Also, with the opportunities available to us, particularly with the diamond mining companies and the tourism business in our area, there seems to be a lack of opportunity for career exploration and counselling. Right now a lot of students become secretaries, bookkeepers, teachers, and social workers. There's nothing wrong with all of that, but a lot of the careers in the mining companies, like engineering and higher positions in the mining companies, or even business, require the matriculation courses: English and math 10, 20, and 30. A lot of them take some of the weaker courses, and therefore they can't take the courses that are required to take on the jobs that really do pay well.

That also has an effect on the training. There really is a lack of business training—upgrading is required—literacy, and life skills; therefore, we have a long way to go before we start putting on some business courses.

But a lot of people are very interested in it. There's no shortage of experience in the communities. A lot of people have worked in various areas because they take whatever jobs become available. We just have to build on that experience.

● (1830)

Running a Tlicho government makes you realize that when you run a government people require a lot of services. To fund these services, every activity costs money. Therefore you have to put some thought to the economic arm of the government. So dealing with these barriers to economic opportunities is something close to our minds, at the forefront.

As people come forward to the territorial government and the federal government they say they need training for mining, they need more teachers, they need more people trained in the language area. Funding does come, but it usually comes for specific types of programs, and in the communities the solutions are not vertical, they are horizontal. Therefore, none of the courses that are required are stand-alone; they all sort of play a part, flipping over one another.

The Chair: If you could maybe sum up, Mr. Blondin, that would be great.

Mr. Ted Blondin: Okay.

There also seems to be a real lack of opportunity in the way that when larger companies come into town, there seems to be conflict with local development, opportunities for local people to really advance. Bigger companies come in as a joint venture, and because we're the local people they use our name to get the contracts. Again, as Charles has indicated, we're usually in there as the labourers.

In terms of resources, there don't seem to be enough business support services, particularly in the smaller communities. There seems to be a lack in the budgets or financial knowledge of what's out there. There seems to be also a lack of business support in small communities and a real lack of networking in terms of the partnerships that can be built up so we can take advantage of the many opportunities that are available for us.

I'll conclude with that, and I'll take on any questions the committee may have.

The Chair: Thank you very much, Mr. Blondin.

We'll now proceed to questions from members. We'll begin the first round of questions and we'll start with Mr. Russell for five minutes.

Mr. Todd Russell: Thank you, Mr. Chair.

Good evening to each of you. Thank you very much for bringing your unique perspectives to this committee. It's certainly helping to fill in the picture, give it a bit more depth, more colour, we'll say, in terms of this particular study. I thank you for that.

I want to be clear about a fact, because I listened very closely to Ms. Cherwaty's presentation. Our notes tell us that the unemployment rate is 6%, down from 2001 at 8.6%. That is from the NWT Bureau of Statistics. Your presentation says 33%. I'd simply like to know, because one thing we've heard here is about the lack of human capital, that businesses are searching for individuals who are skilled, semi-skilled, or unskilled. We need to understand a little bit more where that figure comes from. If we look at the lack of labour or skilled trades or what have you as a barrier and we want to make recommendations, then we need to know where we're coming from on that.

Then I want to turn my attention and extend a welcome to Mr. Pokiak. I think hunting and trapping is not something people often think about when we think about economic development. Of course it is a vital and dynamic part of the north, and certainly I know what it contributes to a lot of families and communities in Labrador, where I come from. I want you to give us a bit more of a sense of how important these types of activities and the activities represented by your council or your committee are to the lives of northerners, particularly aboriginal peoples in the NWT.

I'll start with Ms. Cherwaty and then Mr. Pokiak.

● (1835)

Ms. Mary Lou Cherwaty: Thank you very much.

What I was trying to get across was that the statistics the bureau shows are actually the unemployment rate. There are a vast number of residents who fall under what they call “not in the labour force”. What happens is that when someone's unemployed, after a year they fall off the unemployment numbers. If they're not deemed to be looking for work, they go into another category called “not in the labour force”.

I've taken those two numbers together and said, okay, out of all NWT residents, there are actually 33% who are not working. They're unemployed, for a variety of reasons. What happens, generally, in that larger number is that they've given up looking for work. They don't have the skills, or they can't find employment. Especially in our smaller communities, there are so few actual jobs that those numbers are a lot higher. But they don't actually fall under Statistics Canada or Bureau of Statistics figures as unemployed.

I hope that answers the question.

Mr. Todd Russell: It answers the question.

I'm not sure. Can we say that someone who is not actively looking for work is unemployed? A stay-at-home mom is still valuable, or a stay-at-home dad, for that matter. They serve a valuable function to their family and their community just staying at home. Would you consider them to be part of your 33%?

Ms. Mary Lou Cherwaty: Yes.

Mr. Todd Russell: Okay. I just wanted to make that point clear.

Mr. Pokiak.

Mr. Charles Pokiak: There's a program called Take a Kid Trapping, and it worked successfully last year. A couple of elders take at least five to six or ten kids, if they have the means, out for a week or two weeks. This shows them a little part of what they endured when they were younger, when they used to trap full-time.

Now these guys are retired from trapping. We got some funding through ENR and through our hunters and trappers committee, and we give them a little bit of funding to go out to buy the gas and the groceries, and we hire them. It works successfully. They got a few caribou, even though our caribou numbers are down. They're allowed to take two or three, just to show them how to work on a whole caribou and take everything from the caribou without wasting. That helped in the past.

On the healing, there was a program on that a couple of years back. The TCC and the hunters and trappers put some funding aside. What I'm trying to get at is the healing process for the guys or the girls who went to residential schools. They had a program with them. There were about 30 applicants. They went out and they got a caribou each for elders and for mothers with no husbands. All that meat from the caribou, everything, went towards that program.

These programs are really vital. You haven't seen some guys go out in 30 years. You know, they're homeless. They just wander around. Sometimes they don't know what to do. But they had a chance to go out on the land as they did when they were kids, when they had a chance with their parents. Some of their parents are gone. The grandparents who taught them are gone. It really revitalized the positive side. You see these guys, and they're carrying that on. They want to make an effort.

● (1840)

The Chair: Thank you very much, Mr. Russell.

[*Translation*]

You have the floor, Mr. Lévesque.

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Good evening, ladies and gentlemen.

Mr. Atamanenko, as Quebeckers and as a minority in Canada, we have been staunch advocates of exporting our culture and knowledge to countries abroad. We have opposed funding initiatives to import foreign culture. I'm wondering whether, as a resident of a remote territory—one could even say isolated, at times—you share our position.

[*English*]

Mr. Boris Atamanenko: Monsieur, that's a very deep question.

I think the arts council's mandate is really to serve northerners first, in the north. What they're seeing as a trend, especially in smaller communities, is people seeing a potential source of income through their art and they need to reach beyond territorial borders in order to find those markets. So the arts council, while it can't support the marketing side—it's not its mandate—certainly wants to encourage people to become the best they can in their skill and find the audiences or markets where they may be able to.

I don't think it's a question of sending people away from home. It's been explained by some of the other presenters how people may study down south, return to their communities, and then even give back to the community what they've learned.

If I'm understanding the question correctly, in terms of exporting what we have outside, the arts council really believes in developing this within the territories and celebrating that first, for northerners to access. But certainly it doesn't want to shut the doors to people who see development opportunities for themselves through art as business.

Merci.

[*Translation*]

Mr. Yvon Lévesque: It amounts to the same thing. If you want to export you craft as well as your talent, you have to be known abroad.

Ms. Cherwaty, I have been involved with the labour movement and I represent the riding of Abitibi—James Bay—Nunavik—Eeyou. There are first nations members and Inuit living in my region who refuse to be identified with first nations.

In terms of a region's human resources, there are ordinary workers who follow their leaders' instructions, and there are also people who lead the way. I don't know if that's the case in your region, but when massive layoffs or work shortages occur, workers tend to leave the region to look for employment. If workers belong to an association, they tend to withdraw their involvement for lack of financial resources.

The Bloc Québécois is calling for the elimination of wait periods when a person loses his job, so that in the first few weeks of unemployment, he would be able to look for another job. Currently, that is not the case because workers lack the financial resources to embark on a job search. We are asking that the qualifying period for benefits be set at 360 hours, that the maximum insurable earnings level increase from $39,000 per year to $47,000 per year and that the benefit rate be increased to 60%.

Would initiatives like this help your region to hold on to its current workforce and encourage businesses to stay put? When businesses lose workers, they tend to want to relocate in order to maintain a skilled workforce. I'd like to hear your views on this subject.

● (1845)

[*English*]

Ms. Mary Lou Cherwaty: Thank you very much.

Absolutely, 360 hours should be a Canadian national number. The Canadian labour movement has been calling for this for many years. And we fully support the Bloc's position on that number.

The other part I was trying to get at in the EI benefits area is that we don't have enough indexing in the north. So even if we eliminated the waiting period, which is a great idea, and reduced the number of hours to qualify, the qualifying amount—the benefits the person who's unemployed actually receives—isn't enough to live on in the north. That number has to somehow be indexed as well, if possible.

The first two you mentioned are great first step measures. But I think we also need to look—if that doesn't improve retaining qualified workers in the north—at why that is and perhaps look at indexing, as well.

[*Translation*]

The Chair: Thank you, Mr. Lévesque, Ms. Cherwaty and Mr. Atamanenko.

You have five minutes Mr. Bevington.

[*English*]

Mr. Dennis Bevington: Thanks, Mr. Chair.

Thanks to everyone for coming out tonight and supporting this effort, which is quite a large study that we're doing on this committee. I'm sure our chairman will sum it up for us after a while.

There are a lot of questions I could ask.

To the Mine Training Society, the conditions of mine work in the north are such that you generally have to leave your home to travel. You're away for two weeks and home for two. That's the model we've developed. What's your estimation on that? Is it working, and is it attractive to people?

Mr. Ted Blondin: We'll do this in two parts.

When BHP first came on the scene and the two-week-in and two-week-out issue was tried, during the very first year of operation eight relationships in our community broke up. That caused problems in the community, because this was something that was not normal. But over time people got used to it, and it's now becoming fairly normal. People are younger and starting to become more mobile now, and the jobs are a very important part of our lives. We're affected, so we have to take advantage and make sure we derive as many benefits as possible.

Ms. Hilary Jones (General Manager, Mine Training Society): I can follow up on that.

Dr. Ginger Gibson actually did a longitudinal study on the effects of two-and-two on remote communities for the Tlicho government. Her findings indicated that in order to be successful as a miner in one of the camps there were three things that had to be done. First of all, the miner had to be strong like two people—strong in his or her own culture, but also strong in the culture of the mine. Secondly, the partner left behind had to be strong like two people, because at that point they are two people to the family. They are the mother and the father. Having the skill sets to be able to manage the household and all the challenges, especially in a remote community, with having to do the budgeting and the wood chopping and everything else, is important.

Also important is that officials of large corporations have to do a complete mind change, because they have to be strong for the two people. They have to understand that the definition of family in the north, in our communities, is completely different from what you'll find in the south. If an elder dies in the community, you are expected to go to the funeral. People will quit their employment if they can't get time to go to a funeral, because the community is your family. Having our mines understand that has been a challenge. So you talk about economic development...even for people who are employed, it's a matter of culture. You do not deny your family.

There are some challenges there, but we are working with our trainees, helping them to develop those skill sets so that when they do go away to the mine, at least there is some thought given back to the community.

● (1850)

Mr. Dennis Bevington: Mr. Pokiak, we've seen the changes in the caribou herds in the last couple of years and the restrictions on hunting. For the committee, and for everyone, could you describe how important subsistence hunting is to a community like Tuktoyaktuk?

Mr. Charles Pokiak: For the past few years now, we have been setting boundaries. When I was growing up, our elders always talked about no boundaries, making lines on land where we could go. It was 400 miles in each direction that they wanted to go to share with each community, even going as far as the Sahtu, if they had to. If they were out of caribou, they could come onto our land and hunt for the elders and for themselves, because caribou is really vital there.

And with the price of beef.... For instance, a T-bone steak is about $40. A box of shells is $40 to $50, on average. With that one box, you could maybe average five to ten caribou, and that would feed a lot of families, where one T-bone could only feed one person.

The Chair: I have to be a better shopper.

Mr. Charles Pokiak: A lot of our elders have learned from government.

To get to Dennis's point, it's vital and it's our way of life. When we get one or more caribou we'll share it with the community and the people who can't afford to go out. They might help with gas, and that's one way to help out to go out on the land.

The Chair: Thank you, Mr. Pokiak and Mr. Bevington. I appreciate that.

We'll now go to Mr. Dreeshen for five minutes.

Mr. Earl Dreeshen: Thank you very much, Mr. Chairman.

Thank you, ladies and gentlemen, for coming here this evening. It is certainly appreciated.

A lot of things I'm going to say come from a personal point of view, because each of your organizations I have some type of association with.

First of all, Mr. Atamanenko, my wife was a board member for the Alberta Foundation for the Arts, so I've had a number of years of going to museums and theatre and seeing the work that artists do, which is part of what I have here to take home for her. I also understand the multiplier effect that there is for arts funding and the importance of it for arts and culture in the community.

I'd like to ask, first of all, if you feel you have the resources to assist your members to benefit from the tourism dollars that are coming into your community.

Mr. Boris Atamanenko: The arts council has been fortunate in the last couple of years, in that the Government of the Northwest Territories has increased its resources to deliver on requests from artists and organizations in the communities. Arts and tourism is an interesting one, and certainly many would see the opportunity for perhaps sharing the culture with visitors to the NWT.

On the tourism question, is it about showing our best in artistic talent to visitors, or is it about exports?

Mr. Earl Dreeshen: Basically to visitors is where I'm coming from.

Mr. Boris Atamanenko: Right. What I don't think I articulated very well in the presentation was that there is a real lack of infrastructure for the arts in the Northwest Territories. It's not just facilities like galleries or theatres, but it's also human infrastructure in terms of the administrative capacity. Any one artist may have ambitions to present their works to people, but in a coordinated way in any community it's a lot of effort that is heaped on the willing and the volunteers.

The arts council is trying through its work to support projects that might take hold in a tourism and economic development context, or even just for the social well-being of the community. They're very interested in that sort of whole round of community dynamics where arts is a critical part, but they don't have the answers about the tourism link.

● (1855)

Mr. Earl Dreeshen: Thank you.

My father-in-law was a hunter and trapper. He used to buy for the Edmonton fur auction in the early 1900s. I heard a lot of stories about hunting and trapping. Of course, trying to look now at the sorts of things that are taking place we look at the attitude perhaps of Europeans with respect to our fur industry.

Mr. Pokiak, are there things that we can be doing to help advocate on your behalf or are there things that you are doing to try to minimize some of the effects of some of these organizations that are taking your industry to task?

Mr. Charles Pokiak: Yes. The legholds are banned for marten. We have to use the quick-kill traps. I saw them when they first came out. I was out on the land with Billy Jacobson and my brother, James Pokiak, and they weren't quick-kill. So the change there was that they just wanted to improvise from the leghold.

It takes more time to set them because you carry more traps. Once a marten gets tangled up in one and freezes—and you leave your traps for no more than five days, but you might catch one right when you're leaving—the whole trap and animal has to come home and you have to carry extra. That costs in gas and things like that.

To me, trappers are a dying breed. It's hard to say, but it is true. There are a few people out there yet who want to make a living at it. For instance, the dog officer up there gets more for a dog that's killed than you get for fur. It's $40 for a fur-bearing animal. To kill a loose dog that's a nuisance, you get $75. Which way would you want to go?

Mr. Earl Dreeshen: Yes, which way are you going to go.

Do I have a moment?

The Chair: I'll give you a little bit because everyone else was over just a touch, so just a short question.

Mr. Earl Dreeshen: Certainly.

To Mr. Blondin, I am also a school teacher, so I wanted to ask you, being a high school teacher in my past, what types of business training upgrades your college could be developing to help to specifically assist your students so that they can tie into some of the different trades and so on that are available.

Mr. Ted Blondin: I think that rather than just go out to certain professions, they have to understand that there are certain courses that they have to take to get them there. I think from a business point of view.... I also took management, and I've always said, if you don't know what to take when you go to school, take management, because you can become a manager of anything. If you specialize in something, you can go there, especially if you want to go into business. There are a lot of business opportunities, and some students are doing that. That's what I recommend.

Also, I think that you have to be open-minded in the way that wherever there are problems, there's a business opportunity. If people have concerns about the environment, then we have to start training people as researchers, because right now we're hiring consultants to do all our work for us. Why don't we do it ourselves? If you have problems in the area of social work or whatever, then what you do is...like trapping, for instance. If there are social problems, you have to get the students away from the alcohol and drugs and put them back on the land, culturally. There's a business opportunity to do that. There are a lot of people who are very good on the land, so why don't they start trekking on some of our unexplored rivers, and do that every summer? We get a lot of calls every summer for people to do exactly that.

So there are opportunities that people don't normally take. There are certainly opportunities where, if people put their minds to it, they could take advantage of them.

● (1900)

The Chair: Thank you, Mr. Dreeshen.

Now we'll go to our second round, beginning with Mr. Russell.

Mr. Todd Russell: Thank you, again, Mr. Chair.

This is for both of you involved with the MTS, the Mine Training Society. Can you give us a sense of the types of programs you've been able to facilitate through that initiative, and maybe some numbers? I guess the end result is employability, people going into the mining industry in one job or another. How has that been achieved, and what results are you getting? I think there have been probably some very good success stories associated with this initiative since 2004.

Ms. Hilary Jones: I'd be happy to answer that.

Since 2004 we have assessed 932 individuals, trained 632, and 500 of those got employment. The reason it is successful is, one, that it's a partnership approach between industry, aboriginal governments, and public government. It's one place were politics are dropped at the door and there's the focus and the mandate to get aboriginal people and northerners into long-term, sustainable employment.

Part of the success rate is because of the way we have incorporated tenets of the medicine wheel into our training. We deal with the learner as whole person, as opposed to just a brain that's learning some stuff. When we do our training we try to start it in the community, because people are in their comfort zone.

Our program for underground miners, which is the biggest need for the mining industry right now here in the north, has actually won a premier's award for collaboration and excellence. It's in three different phases. It starts in the community, and all the people there are introduced to the concept of mining. Some people have never seen mine equipment, but we bring in simulators to show that, and we talk about job-rating their skills, and we also do an introduction to underground mining.

Then we bring them into Yellowknife, and we always make sure that two people from one community come, so you have that safety guard right there with you. You have someone who has your common experience. We do training with our partners at Aurora College. We've had investment from the federal government in our program in buying a mine simulator. Aurora College is the only public institution that actually has a mine simulator where we can do safety training. It's like the things you'd use to teach pilots how to fly planes, but now we're teaching people how to drive haul trucks underneath the ground in a very safe environment.

Mr. Todd Russell: But then what?

Ms. Hilary Jones: Then we do hands-on training with haul trucks, and it's been a partnership all the way along. The mines themselves have actually put money into the simulator. The GNWT and INAC have invested in this thing. After that, the students go into a traineeship in which they can actually get skills, go to the mine, and develop their understanding. They're monitored and mentored the entire time.

It's gotten to the point that the trainees develop an attachment to it. They're coming back once they're employed and getting their families going. Every time someone has a baby, they're at our doorstep. First you tell the family, and then you go to tell the Mine Training Society. It's that ongoing mentorship. It's the attachment to people. You're mentoring and fostering all along. You're not babysitting, but you're giving that extra coaching and understanding. We're dealing with the mental, the physical, the spiritual, and the emotional. If one's out of balance, you're not going to learn. That's one of the reasons we've had success in our programs.

● (1905)

Mr. Todd Russell: I had some involvement with a similar program in Labrador. We had ASEP funding as part of the Voisey's Bay initiative. But some of the things you talked about are unique. It's a holistic approach, and there's been a hell of a lot of work from that perspective back in Labrador.

Mr. Blondin, did you have something to add?

Mr. Ted Blondin: The communities here in the Northwest Territories are affected by the whole mining industry, and we will be for the next hundred years. Although we've just been in this program for the past nine years, we still see a lot of work ahead of us. I think we can succeed in getting more people trained and into jobs.

We have an extension to 2012, and we sincerely see the need for an extension of the program. It's been very successful, and we want to carry on.

The Chair: Mr. Duncan.

Mr. John Duncan: I'll stay on topic—the Mine Training Society. Our briefing note says that it's all about training for diamond mining jobs, but it's actually for all mining jobs. In Nunavut, they're sending people to Labrador for training. Is your intake entirely NWT, or are you getting people from Nunavut as well?

Ms. Hilary Jones: Our intake is strictly from the Northwest Territories. In the early days, we worked with the Kitikmeot Inuit Association on cementation, to teach underground mining. We have funded training for Baffinland Iron in their Mary River project. We helped to fund taking students down to Newfoundland for training with ten diamond drillers. But we focus on the Northwest Territories because that's our mandate.

Mr. John Duncan: I didn't realize you had that Baffinland connection. That's great.

Ted, wearing your Aurora College hat, you said that 85% of your people in post-secondary are women. Did I hear that right?

Mr. Ted Blondin: You heard it right. I was talking about how 85% of the Tlicho graduates are young ladies. The evidence is there when you go to any of our offices.

Mr. John Duncan: We're finding that throughout society women attend post-secondary at higher rates and with higher rates of success than men. I don't expect that you or I have an answer to this, but it is a challenge. Men are not showing up in the same way for post-secondary. It's an issue.

Mr. Ted Blondin: I think it's also showing up in the way that these young ladies are also taking courses in truck driving. The mining companies' big trucks are worth $7 million, and they prefer some of these young women to drive their trucks because they take the extra effort, the extra care, to look after their $7 million baby.

Mr. John Duncan: I know what you mean. I've heard similar stories from other industries as well.

I want to cover the waterfront a little bit here. Boris, you talked about the lack of infrastructure behind some of your arts needs. I noticed that there was a need for a portable stage in Inuvik, and that was funded by the federal government. I was happy to see that. You always had to try to schedule it ahead of time, and with all the logistics involved, I could see how painful that would be.

In terms of funding on an ongoing basis, when we had our hearings in Whitehorse, we had that SINED funding, which is $30 million over five years for each territory. In Yukon they've already made an arrangement or accommodation that 20% of it will go to tourism and 10% will go to culture, so they already know that. It's already established. CanNor has agreed, the Yukon government has agreed, and the federal government has agreed. Is that something you could consider working towards?

● (1910)

Mr. Boris Atamanenko: It's certainly a broad objective under the NWT arts strategy to consider tourism. We have a sister department whose mandate is there. From the point of view of the arts council and my department, the conversation is always open.

Another conversation that's endless up here in the NWT is the comparison with Yukon and what they've done for their arts community and for tourism, and maybe what the focus is within the NWT. Artists are the first people to want to push that kind of notion.

Your comment about the infrastructure is telling, because the stage in Inuvik, supported through federal funds, was really prompted by the only performing arts facility that we have as a dedicated establishment in the territories, the Northern Arts and Cultural Centre. It has a mandate to serve all of the Northwest Territories, and there has been a lot of work on behalf of its board, which now includes members in Inuvik and Hay River, and not just in Yellowknife, to grow that.

Mr. John Duncan: Okay.

The Chair: Time goes very quickly. When you get on a roll, Mr. Duncan, time evaporates.

Thank you very much.

[*Translation*]

We will now continue with Mr. Gaudet.

You have five minutes.

Mr. Roger Gaudet: Thank you, Mr. Chair.

My question might seem too simple, Mr. Pokiak, but I will ask it anyway. Why have you not turned trapping and hunting into tourist attractions?

[*English*]

Mr. Charles Pokiak: That's very hard to answer. It's hard for us to manage our own land with other people, with tourism. It's really tough. Even to take out a non-aboriginal like yourself, if I wanted to take you out, I'd be charged by ENR and DFO. When we go out on the land, it's mostly just the aboriginal people, sad to say. I wouldn't mind to do that, all right, for income.

One thing they cut off as well is sport hunting for caribou. They haven't done it yet for muskox and polar bear, so that's one avenue, but they did cut it off indefinitely for caribou until the numbers come up.

[*Translation*]

Mr. Roger Gaudet: Thank you.

Mr. Blondin, does your organization not have labour standards in place? I was truly affected earlier when you said that the mining company will not give workers leave to attend the funeral of a family member. That is immoral.

Are there no labour standards for mining companies? If my father were to pass way, as a Member of Parliament, I would request leave to return home. Do you not have similar standards in place? What is the big problem?

[*English*]

Mr. Ted Blondin: I'm not sure about the labour standards, but with each of the mining companies we negotiate impact and benefit agreements in terms of what can happen between the mining companies and ourselves in terms of what cultural leave we can take, when we have to leave, and bereavement of family. Their definition of "immediate family" means just your brother, sister, mother, and father. In our society, of course, what happened quite some time ago is that younger families went out hunting and trapping and the grandparents raised a lot of the younger people. So when a grandparent passes away, in our culture it's very important that you're there to see them off, but it's not defined as immediate family in our benefit agreements.

So when a very important person passes away in our community, usually about four or five workers want to come out at the same time, and that disrupts the activity of a mining company. Therefore, they find it very expensive, on their behalf, and there are a lot of problems.

● (1915)

[*Translation*]

Mr. Roger Gaudet: How much do mine workers earn?

[*English*]

Mr. Ted Blondin: A lot of these workers have had experience before in other mines, but when you get to work for one of the mining companies, you're given labour work wages at the entry level, and you have to start working your way up. Now, if you work at BHP and then you transfer over to Diavik, in most cases you have to start all over again. And that's what's happening. As mining activity slows down in one mine, a lot of workers want to transfer.

Reading the newspaper just recently, I see Diavik wants to hire another 150 people. So already the word is around the community that people want to start transferring. But they're young enough.

The other way they can move up the ladder also is to take training in other areas and to get higher-paid jobs. If you work in a process plant, you get paid a certain rate. If you're a truck driver, you get paid a certain rate. Everybody wants to work as a truck driver, but that job doesn't transfer well to working in the community. But workers who get an apprenticeship position as an electrician—as a few people in our community have done—and get the training up in the mines, they come home and they do electrical work for a few bucks. So that kind of work transfers very well, and we really try to push those type of things.

The Vice-Chair (Mr. Todd Russell): That's going to do it. Mr. Gaudet, thank you very much.

And thank you to the witnesses.

We'll go to the Conservative Party. I think we're having two people split their time.

Mr. Charles Pokiak: Can I add something to Mr. Gaudet?

The Vice-Chair (Mr. Todd Russell): Yes, sir.

Mr. Charles Pokiak: There's one other cost factor we have to go through. To take somebody like yourself out on the land, we have to get all our licences in order and buy a permit. And to cover the costs, it costs about $7,000 just to establish yourself or myself as an outfitter.

The Vice-Chair (Mr. Todd Russell): Okay.

Thank you very much.

We'll have five minutes for both Mr. Clarke and Mr. Duncan. Mr. Clarke.

Mr. Rob Clarke: Thank you, Mr. Chair.

Thank you to the witnesses for coming in this evening. It's getting late for some of us, and no doubt you're doing very well for.... It's a long day.

You mentioned the lack of housing. Being first nations myself and living and working on a reserve, I know what communities face. My riding is in northern Saskatchewan. To get into what our study is, the economic development of the northern territories, I understand there was $300 million allotted for the territories in Nunavut and I believe $50 million was also allocated specifically for the Northwest Territories to improve housing.

How is this money being used for economic development in the northern communities? Is it through trades, through apprenticeships, through work experience programs? This is to whoever can answer the question.

● (1920)

Mr. Charles Pokiak: There was a trades program up in Tuktoyaktuk last fall. When I took that program, I passed the course. It was very successful. They built something like a hab house for the Tuk Housing Association. They only finished half of it, so they got another contractor to come in. What happened is that the trades program only went as far as the money allowed. It's hard to get the teachers to go up there and be there for a long time. That's how it worked. They were working for about three months.

Mr. Rob Clarke: What we have seen in the Yukon is almost like a mentoring program in place. Were they also doing that there?

Mr. Charles Pokiak: Yes. They were doing that through our Tuk community corporation and housing association. They were interacting with each other, and it was successful. Right now, they're doing renovations on houses over 30 years old. For 25% of the income, you're just putting makeup on a house, without the foundation even being levelled first. What happened in the past is that we would get a lot of permafrost, and it moves up and down.

Ms. Mary Lou Cherwaty: I would like to add to that. One of the biggest differences between the northern parts of the provinces and Nunavut specifically is that there is no road access. The largest material needed for houses is wood, and there are no trees in Nunavut. The wood has to be brought in somehow. Barges come in once a year.

So there are many other barriers. When you say go build a house and here's the money, there are so many other factors that need to be taken into account in Nunavut as well.

The Vice-Chair (Mr. Todd Russell): We have a minute and a half left.

Mr. Duncan.

Mr. John Duncan: Oh, great. Where shall I start, then?

Mr. Russell had a line of questioning with you, Mary Lou, concerning the EI numbers. I'm curious too, because I have the same backgrounder. If we were to translate your 33% number nationally, do you have any idea what the number would be? Obviously, there are people who are not in the labour force everywhere in Canada.

Ms. Mary Lou Cherwaty: I'm sorry, I don't have those numbers with me. I have them at my office and I could send them in, if you wish.

Mr. John Duncan: Then we've established that those numbers do exist?

Ms. Mary Lou Cherwaty: Yes. As I say, I just don't have them with me. I would have to send them.

Mr. John Duncan: Where do you find those numbers?

Ms. Mary Lou Cherwaty: Basically, there are two different sources. Statistics Canada publishes labour force numbers. Every province and territory publishes, through their bureaux of statistics, their numbers as well.

Mr. John Duncan: I have read very recently—that's why I was puzzled—that the way the U.S. keeps statistics, it's very easy to develop ithe number of people whose EI benefits have run out and who are no longer considered to be looking for work, but our stats make it very difficult. That's why I was so curious to know how you did this.

You're mixing federal stats with provincial-territorial stats—is that correct?

Ms. Mary Lou Cherwaty: No, I would need to do that to get the other statistics you're asking for. The numbers I came up with are through the Government of the Northwest Territories Bureau of Statistics. The Nunavut numbers in the brief come from the Nunavut Bureau of Statistics.

The Vice-Chair (Mr. Todd Russell): Thank you very much.

Mr. Duncan, I gave you an additional 30 seconds. I hope you're happy with that.

● (1925)

Mr. John Duncan: It's because you like me so much.

The Vice-Chair (Mr. Todd Russell): We'll leave that for debate.

We'll go to Mr. Bevington for the last five minutes.

Mr. Dennis Bevington: I'll go to Mr. Atamanenko first, because I sit right in front of his uncle in Parliament.

The arts council gets $500,000 from the territorial government. Is there any other funding available for artists in the Northwest Territories?

Mr. Boris Atamanenko: Yes, there is, Dennis.

We have a support to northern performers program, which currently rides at $186,000. That supports about 20 of our festivals and other public performing events in communities in all regions of the territories.

Mr. Dennis Bevington: That's more for events funding.

Mr. Boris Atamanenko: That's events funding, and it is designed to put northern performers on northern stages. It is not for bringing in a southern act to perform on a northern stage.

Shall I continue with the litany of programs?

Mr. Dennis Bevington: Yes.

Mr. Boris Atamanenko: The other programs are core funding support to cultural organizations. Three are aboriginal organizations. These are assigned based on the demographics. There is a Gwich'in Social and Cultural Institute, a NWT Métis Cultural Institute, and a Dene Cultural Institute, which is known as the Yamózha Kúé Society and is based in the South Slave. It represents the broader spectrum of Dene people and languages. There is also the Northern Arts and Cultural Centre. Specifically for the arts, that is the one performing venue we're able to support through core funding. Those are not administered by the Arts Council, specifically.

This year we introduced three new programs. One is for supporting youth in theatre specifically, and that's a $50,000 program. Another program was designed to target the media and film arts. That's another $50,000 program. One more was for literary arts support. These are all designed for organizations in those fields to be delivering services, training, and workshops to advance those disciplines.

Mr. Dennis Bevington: In the Yukon they're putting money from CanNor into the arts and are giving it directly to individuals who are engaged in artistic production, and in many cases they are building careers for themselves. I'm thinking that maybe something that could be suggested as part of moving forward with this study is the importance of small investments in the arts and seeing whether we can perhaps get that to the federal government through our study bringing that out. That's the purpose here, I think.

In a larger province like Alberta, do you have any idea what the per capita investment in the arts would be?

Mr. Boris Atamanenko: I have a table, which I don't have with me now. I would be wrong to try to wing it with the figure, Dennis. But I could provide it to the panel by email. It compares per capita funding for all regions in Canada—all provinces and territories—for arts. That could be useful.

I'm not sure about the numbers, but I think right now the Northwest Territories sits next to the Yukon as one of the highest, but our populations are smaller as well.

Mr. Dennis Bevington: Ms. Cherwaty, the number I saw for the United States during this recession, using the same figures you have, is about 22%. I think your figure is probably pretty accurate in what it says. But how much of it is due to circumstance, such as a lack of child care or the lack of opportunity to get to work because the network is not in place that can give you the support to get to work? How much of it is gender-based?

Ms. Mary Lou Cherwaty: I think that's part of the problem. When we look at statistics, they're very basic and they don't cover all those things, and unfortunately, to my knowledge, there hasn't been a lot of research done on that. I know that child care is probably one of the largest barriers to women, especially when entering the workforce. There are few organizations here related to mine training that look specifically at women in trades, especially women in mining, oil and gas, and the barriers they have.

Aside from mining, the other barriers are the lack of child care. I can't emphasize that enough. We've had day care closures here in Yellowknife, Fort Smith. There's no access to quality affordable child care.

● (1930)

The Vice-Chair (Mr. Todd Russell): Thank you, Mr. Bevington. That's your time, sir. Thank you very much.

Thank you all.

Mr. Lévesque has been quite persistent. He wants his two minutes.

Mr. Yvon Lévesque: One minute is enough. This is for Mr. Pokiak.

[*Translation*]

Mr. Pokiak, you talked about overcrowded housing conditions in your presentation. Roughly how many more housing units would you say your communities need? This is my last question, but I believe it's a very important one.

[*English*]

Mr. Charles Pokiak: Our community would like to see at least 20 more houses. As I said before, we have had these houses for over 30 years, and every five years, ten years, we renovate them. Just get rid of the old ones and build duplexes or something in the same place, because the lots there are pretty big and you could have two houses rather than just one. And with a duplex, two or three bedrooms, that would solve the problem.

The Vice-Chair (Mr. Todd Russell): We're going to have to end it there. Yes, there were a couple of questions about statistics, and Ms. Cherwaty has offered us some explanations, which we certainly appreciated.

For the information of our panellists and for the committee, our researcher was doing some research as well and came up with a Canada-wide statistic for the “not in labour force”, which I think is the way you explained it in your figure, and it's exactly the same, 33% in Canada, the same as the stat that was provided for the Northwest Territories.

On behalf of all our committee members, I want to thank our witnesses here tonight who have taken their time to share with us and to greatly inform our study of northern economic development. As I said earlier, you have brought unique perspectives and voices that aren't always invited to these types of forums because of a restricted sense of what economic development is. I think the committee has rightly expanded its view of the dynamics around economic development and what it means in a more holistic fashion.

I commend our committee members for that, and I commend you for being here. And to those who have travelled quite a distance to be with us, a special thank you for being here.

With that, we'll suspend for ten minutes to change panels. Have a good night.

● _____ (Pause) _____ ●

● (1945)

The Chair: Good evening. I was going to say “ladies and gentlemen”, but it looks like it's all gentlemen at this point.

Bonsoir, mesdames et messieurs. As was pointed out by my parliamentary intern, there are other ladies in the room. Thank you very much.

Ladies and gentlemen, it's been too long of a day. One tends to slip up on these things as we get into hour number nine, as we finish up our day today.

We're delighted to have you with us, and we'll get to introductions in a moment.

We are essentially taking up, as you probably realize, consideration of the advancement of economic development in Canada's north, principally the three territories.

This is the second of three stops we're making in each of the territorial capitals. We were in Yukon on Tuesday and yesterday, we are here in Yellowknife today—and we'll be on a tour tomorrow before we depart—and next week we'll be in Iqaluit. These three visits are part of a larger and longer study on the whole topic. Most of the witnesses we'll hear from on this question we'll be hearing from in Ottawa. But we are delighted to be here in the territory, hearing from people and getting a true flavour of some of the issues that are in front of them in advancing this question.

We have a total of three organizations here tonight. As is customary, we'll ask for presentations from each of the three organizations, after which we'll go to questions from members, and there will be time limits on the questions.

I think some of you may have even been here, perhaps, witnessing how the last session went.

We'll begin with a director, Mr. Fred Koe, from Northwest Territories Métis-Dene Development Fund Ltd.

Mr. Koe, you have five minutes, or thereabouts. If it stretches to six or six and a half minutes, that's okay too, but in the interest of time we'll try to hold it at that. That will apply also to our other presenters here tonight.

Mr. Koe, you have the floor.

Mr. Fred Koe (Director, Northwest Territories Métis-Dene Development Fund Ltd.): Merci, Mr. Chair, and welcome, committee, to our north. *Drin qweenzee*.

I quess I can say I'm a true northerner from the Gwich'in Nation in the western Arctic, and I represent the Métis-Dene Development Fund, of which I am a director. We've submitted a brief to your clerk, and they will get them interpreted and passed around.

I just want to highlight some of the main points in the brief and focus on what we consider to be some of the barriers and some of the solutions, which I believe is your focus.

The Métis-Dene Development Fund, and I'll just use the acronym MDDF, was formed in 1991 under the Canada Business Corporations Act. We have two shareholders, the Denendeh Development Corporation and the NWT Métis Development Corporation. Over the years, we have lent out in excess of over $12 million to more than 200 Métis and first nations businesses in the north. Currently we have about 60 active clients, and we cover just about all sectors of the economy.

In the last year we've signed a new agreement with the Department of Indian and Northern Affairs called SINED, and that's a new one where we're now expanding our lending to non-aboriginal businesses in the Northwest Territories. The total loan capital for our corporation is now about $6.5 million. That's quite a leap from when we started, with just over $2 million.

Again, I'm just very quickly going through some of the highlights. I'd like to focus on some of the barriers to economic development, and I'm sure you've heard these. I've seen some of the briefs that were presented, so I'm sure there will be some repetition.

Underfunding, the ability to get equity to start up businesses, is one of the issues for organizations such as ours and others that are in the business, and it affects their ability to service and be in the smaller communities where people can access the services. After care is a huge issue because of the limitation of trained and expert people in smaller communities.

Another area is mentoring and job shadowing.

Bookkeeping is one of them as well. Again, businesses tend to centre in the larger communities and they try to service everywhere from places like Yellowknife, Inuvik, and Fort Smith, and of course they don't get into the communities where we want to keep our business people.

Technology again is an issue, such as high-speed Internet, e-mail, cell service. All that is a boon to having good business, the access to information and access to banking services that we in bigger communities get very used to. It's very difficult.

Procurement is another area where we feel there's a bit of a barrier because in the north we usually go south to get cheaper goods and services, which doesn't really develop the manufacturing or supply end of things in the Northwest Territories. And there are your freight costs. You guys have been travelling, and you're going to go to Iqaluit. You know the distances you have to travel; we do that as a matter of course.

Seasonality, with our short construction season, is another issue for many businesses that are in construction, and especially for ones that rely on government contracts and have to do their work in two to three months. Again, the profitability of trying to do that or do rush jobs is very difficult.

● (1950)

Banking is another one, getting access to capital or even payroll services. You need cash to do some of your business. Most places have a northern store or a Co-op store, and it's very difficult to access cash. So banks or other types of services that provide cash are a necessity. We talked about human resources a bit, the need for trained people and skilled people. You heard from the mining industry about the lack of skilled people and the need to train people to do work for them.

Government is an area where...there are a lot of agencies involved in economic development, both federal and territorial. Again, they do a lot of good work, put out a lot of good brochures, but really, at the end of the day, it's what gets down to the business level, and we find that a bit lacking. We need governments to not only talk the talk, but also walk the walk.

I'll talk bit on some of the solutions that we feel could help. One is funding for start-ups, equity funding or loan guarantees to assist businesses getting started. It's always an issue. You have lots of good people who want to start a business, good tradesmen especially. It's very hard to get funding to start up. Our aboriginal finance institutions and our Community Futures in the north have very limited funding. We're trying to service a large area—a small population but a large area—and we're always stretched thin. A lot of our money seems to go towards administration, which means less money for the actual customers.

● (1955)

The Chair: We'll need to sum up if we can, Mr. Koe. I realize you've handed in a very thorough brief, and as you mentioned, this will be translated for the benefit of all members here and for consideration of our study. If you could just sum up, then we'll go on to the next speaker. It could be that some of this material you'll be able to get out as well in the course of questions that will come up.

Mr. Fred Koe: Okay, just to sum up then, there have been some initiatives. Just yesterday I saw an announcement from Industry Canada on providing service for mentorships for small business in the Northwest Territories. That's a solution that we feel can help. Communication, venture capital, low interest, an increase in our ability to get new technologies into the communities—all of that is going to help our businesses.

With that, I'd like to thank you very much for this opportunity.

Merci.

The Chair: Thank you very much, Mr. Koe.

We are honoured to have two chiefs with us here this evening, each from the Akaitcho Treaty 8 Dene.

Would you each like to have an opportunity to address the committee? We'll maybe split it up that way. If that's all right, then we'll try five minutes each and see how we work out with that.

First we have Chief Ted Tsetta. He is the chief of N'dilo. We also have Chief Steve Nitah, who is the chief for the Lutsel K'e.

Thank you very much.

Let's go with Chief Tsetta for five minutes.

Chief Ted Tsetta (Chief of the Yellowknives Dene First Nation (Ndilo), Akaitcho Treaty 8 Dene): Good evening. Thank you for taking this time from your busy schedule. We've been travelling just to be part of this, and I'm grateful that you could come into our hometown. This is our home. I'm the chief here, and I'm glad to see the panel. I speak on behalf of the chief and council, the elders, and the 1,400 members of my band.

You will probably know from television that the mining industry has been among us for 80 years. Yet economic development has always been on the other side of the fence. On this topic, we have a lot of detailed information that my colleague from across the lake is going to be touching on.

It's about time that Canada listened to us. As a newly elected chief, I know that there is an abundance of youth and elders who have not been represented. One of the reasons is that economic development and education are big ticket items here. We need to raise the level of education and keep pushing ahead with economic development funding arrangements. That's a big one. We need more direct funding to our first nation in order to move forward and become sustainable.

With that, I'm going to turn this over to my colleague, Chief Steve Nitah.

Thank you.

● (2000)

The Chair: Thank you, Chief. It is a great honour and pleasure for all of us to be here on your land. We've enjoyed a full day, and we welcome all of your presentations this evening.

Chief Nitah.

Chief Steve Nitah (Chief of the Lutsel K'e Dene First Nation, Akaitcho Treaty 8 Dene): *Mahsi cho*, honourable members of Parliament. Welcome to Akaitcho territory. As a former member of the Government of the Northwest Territories and the legislature and as a former chair of standing committees that travelled throughout the territories giving public hearings, I understand the challenges that are faced by the honourable members here today.

My name is Steve Nitah. I'm the chief of the Lutsel K'e Dene First Nations. I'll be making a presentation on behalf of the Akaitcho Dene First Nations that are negotiating the implementation of the treaty of 1900.

With me today, along with Chief Ted Tsetta, is Sharon Venne, our technical advisor to the process.

There is a large workshop going on in my community right now—a governance workshop. We flew out of there at five today, and we'll be flying back to Lutsel K'e this evening to continue the workshop tomorrow. So we all have very busy schedules.

The presentation I will give this evening is in two parts: one on economic development, and another on political development that speaks to decision-making in the jurisdiction.

Thanks for giving us this opportunity to speak. We have prepared a statement, which is in the package of materials. I'll give a short summary of the presentation. To the members who are French-speaking, we apologize. We did not have the time to prepare our documents in the French language, but we will provide documents in that language. As Dene speakers, we understand the importance of communicating in the language we are comfortable in.

As I indicated, we are Akaitcho Dene. We number nearly 4,000. There's a map in our presentation. We have an approximate land mass of 468,000 square kilometres, which is, by the way, larger than the state of France. We have the largest non-Dene population living within our territory—that is, the city of Yellowknife—which presents unique challenges and opportunities for us in Akaitcho.

Our forefathers negotiated and concluded a peace and friendship treaty with the crown in 1900. At this time, we are in the process of negotiating with Canada on the understanding and clarification of rights within our territory for Dene and non-Dene alike. We are preparing 17 chapters of the proposed 23 chapters of the Akaitcho agreement. We will table these chapters with the federal government in March 2010. I will return to this later in my presentation.

While we have been busy trying to find solutions, Akaitcho has not experienced a similar benefit. At this time, our territory contributes more than 51% of the GDP of the Northwest Territories. We are the economic engine of the Northwest Territories, but we do not see tangible outcomes from our contributions.

Let me review very briefly, gentlemen, some of the efforts Akaitcho has been engaged in for the development of solutions that support economic development in the Northwest Territories.

In March 2001 we negotiated an interim measures agreement with Canada and the Government of the Northwest Territories. Then there was a ministerial directive to clarify the operation of the interim measures agreement and give further guidance on the issue of permits and licensing within Akaitcho territory.

In November 2006 there was an order to withdraw 1,034 hectares within the city of Yellowknife. It was a unique withdrawal within a municipality. Akaitcho believes that this was the first such withdrawal within a municipality in Canada. In addition, there was a special feature of the withdrawal. There is an opportunity to have an economic project on some of the withdrawn lands. In the three years since the withdrawal, we have not been able to take advantage of this unique feature, since we are unable to get an interim economic package from the federal government, which we were negotiating as a companion to this withdrawal. Unfortunately, there was a change in government and a change in direction.

● (2005)

We would like support from the committee members for an interim economic package so we can take advantage of the specific and unique language of the land withdrawal within the city of Yellowknife. In November of 2007 we withdrew lands for a proposed national park and other lands. This is a further indication of Akaitcho's attempt to provide Canada with a level of comfort within our territory.

The Akaitcho Dene have developed mineral exploration guidelines for companies wishing to conduct mineral exploration activities wholly or partially in Akaitcho territory. The Akaitcho Dene took this step following the Supreme Court of Canada decision in the Taku Tlingit case. In that case, on the issue of consultation, the Supreme Court of Canada said that first nations should indicate the level of consultation they would like to see within their territory.

Well, Akaitcho has been trying to work with industry and government. The federal government put in place a northern economic strategy with the creation of a northern economic development agency. As Dene, we want to be involved in these kinds of discussions when we are providing the stable environment for industry to take place within our territory. We have a lot of questions concerning the new agency set up by the federal government, and we raise three at this point. There are other questions in the presentation package.

First, what was the level of consultation with the constitutional rights holders prior to the government's announcement? None.

Dene chiefs should have been involved from the beginning in shaping the structure and the policy and priorities of this new agency.

Three, it is totally economically driven by the needs of the south. What about the needs and aspirations of the Dene in the north? The development of the agency is in marked contrast to the findings of the Harvard Project. We are raising it in our presentation as it has direct relevance to your work and our work.

Let us turn to some of the key indicators and findings of the study.

One, control of decision-making is essential to economic development. Let me emphasize this point. When a body outside of an indigenous nation makes the decisions, economic development does not work. This cannot be overemphasized.

Two, self-governance alone is no guarantee of success. The Harvard study found that sovereignty was essential. What did sovereignty mean for the study? Sovereignty meant the ability to make your own decisions. The most successful indigenous nations were the ones that could create the environment in which investors felt secure.

Three, what is a good governance structure? There must be a strong dispute mechanism that guarantees people that their investment will be secure. In the Akaitcho negotiations, we looked at nine agreements with chapters on dispute resolutions. Our conclusions were that these chapters are not workable since the dispute mechanisms were not built on indigenous values but rather on non-indigenous values. An Akaitcho independent study came to the same conclusion as the Harvard study.

Four, good governance requires human input at all levels of institutional development. There must be people within the indigenous leadership who can articulate a new vision for the nation's future based on Dene values and beliefs. There must be a willingness to understand and encourage the foundational changes that such a vision requires. There needs to be strategic thinking to move away from crisis management and opportunistic quick fixes toward long-term decision-making that incorporates community priorities, concerns, circumstances, and assets. That means looking at all the indicators and making strategic decisions rather than quick fixes.

Our elders understood the process of strategic thinking, which allowed them to survive in Denendeh. These values must be used and incorporated into the daily decision-making of the Dene.

The Harvard study found that the most successful indigenous nations have good governance structures. The governance models must match indigenous concepts of how authority should be organized and exercised. Institutions and models designed for non-indigenous people and imposed on indigenous nations are a recipe for disaster. The Harvard study found that quick fixes do not work.

What is a quick fix? A quick fix is where decisions are made to solve all indigenous nations' problems rather than building a strong, basic, incremental economy. Most of the quick-fix solutions that were investigated had common problems. Indigenous nations let the federal government make this decision for them. The federal government decided what projects would be funded and what projects would not be funded. This effectively removed the development agenda from the indigenous nations.

● (2010)

There was no strategic work with indigenous nations by the federal government so that the indigenous nations could set their own priorities and think carefully about them.

The Chair: Chief, we're at 10 minutes right now. We're going to go over your time. How much more have you got there?

Chief Steve Nitah: Well, I'll just go to the conclusion then.

The Chair: Good. With whatever you have to skip over to finish up, there will likely be an opportunity that you could address those points in the course of answers to questions that come up. But if not, as you pointed out, your thorough briefing will be available to all members in printed form as well.

If you would go to the conclusion, that would be terrific. Thank you, Chief.

Chief Steve Nitah: Okay. To summarize, there are two things.

We are in negotiations to finalize an agreement with Canada that stipulates the relationship between the Akaitcho Dene and the people of Canada, as represented by the Government of Canada and the Government of the Northwest Territories, by which the Akaitcho wishes to make decisions that affect their lives on economic development, social development, and so on.

A more specific and immediate request we have is the economic package, which we were negotiating with Canada at the main table to accompany the land withdrawal in the city of Yellowknife, so we can use that interim economic package to invest in the north and create economic opportunities not only for our Akaitcho citizens but for the citizens of the Northwest Territories.

The Chair: Thank you, Chief.

Now we'll go to our fourth presentation, and that is Mr. Darrell Beaulieu.

Darrell is with the Northern Aboriginal Business Association. Members will know this is one of the witnesses who was able to come somewhat last minute. He agreed to come before us this evening.

Please go ahead with your presentation, and after that we'll go to questions from members.

Mr. Darrell Beaulieu (Chief Executive Officer, Northern Aboriginal Business Association): Thank you.

I am actually with the Denendeh Development Corporation, which is a group of companies. We established the Northern Aboriginal Business Association. Part of my presentation will include everything.

To give you a little background, the Denendeh Development Corporation was incorporated in 1982 as a not-for-profit corporation. The Northern Aboriginal Business Association was recently incorporated, in 2007, so it is in its infancy. It was DDC that initiated that process.

● (2015)

The Chair: Darrell, could you give me the name again?

Mr. Darrell Beaulieu: It's the Denendeh Development Corporation. I believe the clerk has my business card. Actually, I gave him a Denendeh Investments business card, so we will clarify that later.

The Chair: I appreciate that. Thank you. Go ahead.

Mr. Darrell Beaulieu: Just before I start, again, thank you for giving me the opportunity to share some of the concerns and the barriers and proposed solutions for economic development here in the Northwest Territories.

Denendeh Development Corporation is 100% owned by all 27 first nations communities in the NWT. We work to create long-term Dene economic self-sufficiency, and we hold interests in not-for-profit investments in—and you heard the first presenter, Fred Koe—the Métis-Dene Development Fund and a fine traditional art store. If you stay at the Explorer Hotel, you'll notice that Arrowmakers Fine Traditional Art is there. It supports northern aboriginal artists. We hold investments in oil and gas drilling, communications, real estate, power generation, and pipeline construction.

I'm just giving you a brief background of where we're coming from; then I'll give you a brief background on NABA and where it's coming from.

Getting right into it, you may have seen a recent TD Bank study that concluded that increased mutual economic cooperation between aboriginal people, business, and government was having a positive impact on the social well-being of aboriginal people across Canada. I believe that report was recently sent right throughout the nation. This is echoed in Calvin Helin's best-selling book, *Dances With Dependency*. I'm sure many of you have seen or heard of the book, and I believe Calvin sits on the social committee with the Minister of Finance.

As first nations complete land and self-government agreements with Canada, they're emerging as economic forces, with land bases and control of the resources and capital. With that as background, we at DDC and NABA hold an annual aboriginal business conference. The theme of that conference is establishing economic cooperation. Next year we will be jointly holding it with the NWT Chamber of Commerce, again under the theme of establishing economic cooperation. Annually we have resource development corporations, whether in the mining industry or the oil and gas industry, and governments, the private sector, and aboriginal businesses come together to share some of their knowledge and to look at creating partnerships and investments, etc.

I'm going back and forth a little bit, so bear with me.

In the NWT, aboriginal people have or will have direct control over more than 360,000 or 400,000 square kilometres of land, with both surface and subsurface rights. Right now, I believe, the Inuvialuit have over 90,000 kilometres, the Gwich'in have about 56,000 square kilometres, the Saulteaux about 40,000 square kilometres, and the Tlicho about 39,000 square kilometres. Right now, for the Dehcho and Akaitcho, which haven't completed their processes in treaty implementation and the Dehcho process, I have numbers, but they were sourced by Indian Affairs, so I don't know whether they're right or not and so won't verbalize them here, because those two are still under negotiation.

Turning to economic statistics, again as a background, the GDP growth rate here is over 13% compared with Canada's 4%. The economy has grown from almost $2.5 billion in 1999 to a little over $5 billion in 2008. That's an increase of about 136%. The per capita GDP in the NWT is about $125,000, over twice the national average of $48,000.

Again, this was last-minute, so I sourced this information from the GNWT, just so you're aware, if it wasn't brought out before.

● (2020)

Going back to NABA and aboriginal business in the Northwest Territories as a background, in 1982 there was a handful—maybe about 20—of aboriginal businesses registered in the NWT. In 2006-07 the Denendeh Development Corporation compiled a database. We did a study and found that there were well over 561 aboriginal businesses operating in the Northwest Territories. That's a huge growth. If you look at the NWT business registry, there are 5,000 operating businesses registered here, of which 2,500 are non-resident and 2,500 are resident. Of the 2,500 that are resident, over 500 are aboriginal businesses. I wanted you to see it in that context.

The question is, are the NWT aboriginal businesses benefiting from the strong NWT economy that I spoke of earlier? I think that's the question we need to keep in our minds in looking at the numbers. We have all these numbers—$2 billion from one mine being sold, so much for the oil and gas industry....

I want to get to the barriers now.

The Chair: If you could sum up here, that would be great.

Mr. Darrell Beaulieu: I want to let you know that I have *A Hand Up, Not A Handout*, the document the Senate put out a couple of years ago. Looking at some of the recommendations there, I ask where they are now. But I want to go to my barriers first.

A lot of this I think echoes what has been said earlier; just a few minutes ago, it was the lack of implementation of finalized agreements. You're probably well aware that the comprehensive claimants have formed an organization and get together on an annual basis. One of the issues they bring up is that the G'wichin and the Saulteaux and the Tlicho have finalized their agreements, but they're not fully implemented to benefit them as they understood they would when they were negotiating. Number two is the lack of meaningful progress in negotiations with the Dehcho and Akaitcho. That's something we have to consider in the big picture, if you're looking at economic development in the Northwest Territories. I'm sure you've heard presentations from the NWT.

Lack of infrastructure is huge, and the cost of living.... Four litres of milk in a community is $18. A one-pound ham is $50, almost.

Lack of infrastructure really has an impact on the cost of living, and not only on the cost of living; it has a huge impact on the cost of development. To get a piece of machinery off the highway and into a northern community along the Mackenzie River or into an inland community such as Lutsel K'e, to get one house.... We've all heard the story of $600,000 matchbox houses in Nunavut. Those are real things that we have to consider in looking at infrastructure.

The procurement policy of the federal government is not really being implemented in the Northwest Territories. I noticed that was a recommendation in the Senate's report. Right now, there are businesses that are not getting the opportunity for any contracts over $5,000 that may be listed on MERX but are not being implemented in the Northwest Territories. That's a barrier.

The Chair: We will have to sum up there. I appreciate that there's much to impart, and we become frustrated by this ourselves, but we're doing our best. We appreciate your patience and understanding with the timelines we're working under.

Do you have a final brief sentence or statement, and then we'll go to questions?

● (2025)

Mr. Darrell Beaulieu: I think one of the more important barriers is the support that's needed for sustainable sectors such as forestry, fishing, hunting, and trapping. I want to finish off with my solutions, and it will be very quick.

Solutions: full implementation of the completed agreements; just and timely resolution of the negotiations that are in progress, more specifically approval of the Mackenzie Valley Highway; approval of the Mackenzie Valley gas project; continued support for communications and technology; development of hydro and wind power capabilities and reliable and affordable public utilities; and creation of a northern university. I'm sure you've heard that education is such an important piece in the development of any society. Lastly, I didn't get to speak on the CanNor component...but real consultation with first nations, including their participation in the design and implementation of issues that will affect them here in the Northwest Territories.

With that, Mr. Chair, thank you very much.

The Chair: Merci, Monsieur Beaulieu. I appreciate that—and to all our presenters here this evening.

Now we will go to questions from members. The questions are in a pre-set order agreed to by the committee and they represent questions from each of the four parties represented on the standing committee. The five minutes allowed are both for the question and the answer. Obviously, the more succinct we can keep both of those, the more we'll be able to cover in the short time we have.

We'll begin the first round of questions with Mr. Russell for five minutes.

Mr. Russell.

Mr. Todd Russell: Thank you, Mr. Chair.

Good evening to each of you. We've been warmly received in Akaitcho territory. It's hard to say; it was minus 20, but we've been warmly received, there's no doubt about that. And I'm sure it's going to get a bit colder as the days and weeks move forward.

I just want to go back to a couple of statements made by Chief Nitah. You said you signed an interim measures agreement. Is that agreement being honoured by all parties? Can you give us a little more background on that? Are there any conflicts around that particular agreement? I think you said it dealt with permits and licensing. I just want you to flesh it out for us a little more.

In terms of your treaty implementation negotiations, you indicated that 17 chapters will be completed and submitted to the federal government by March 2010. Am I right in saying that? What does that mean when we have 17 of 20-plus chapters? What would happen at that point once it gets submitted? I'm curious, because March 2010 is going to come up, and what does that mean for us as members of Parliament? Will we have a bill to deal with at that particular time in the House? I will be quite interested in hearing what you have to say about those different issues.

Chief Steve Nitah: Thank you for those questions.

The interim measures agreement is just that, an interim agreement that allows for Ottawa to give us some financial resources to set up an Akaitcho screening board, which doesn't have the same authority or legislative backing as the Wek'èezhii or other boards created in the Mackenzie Valley. This board consists of two members from each of our first nations, working with administrative staff. It centralizes as a one-stop shop the ability of interested companies that want to do exploration or other activities in the Akaitcho territory.

The office receives the permit applications and reviews them in terms of their technical aspects and determines which of the first nations would be impacted the most. It then sends the application to the affected first nations with recommendations of how to respond. It simplifies exploration activities in the Akaitcho territory.

The 17 chapters that I speak about are out of the 23 chapters that will make up the Akaitcho agreement and the implementation of the treaty as we agreed to at the time. What has happened there is that the federal negotiating team gave us an offer, back in March of this year, saying the progress being made at the main table was not sufficient and suggesting therefore that we develop our own language to these chapters.

We agreed to do 17 chapters. We started the work, effectively, in August of this year. We're working towards finalizing those chapters by the end of this calendar year so that we can take those chapters to our membership for their review and approval. Once they approve it, we will submit that to the negotiating team, the federal government. We can provide the committee members with copies of the chapters. Once the federal government receives the chapters, they will review those chapters and determine whether there's enough common ground between the Akaitcho and the federal negotiating team to see if there's a willingness to pursue further negotiations. If there's a willingness, the negotiations will continue.

Hopefully we'll finalize the other five chapters to have an agreement in principle by the end of fiscal year 2010 and an Akaitcho agreement shortly thereafter. If that doesn't happen, the work we've been doing in creating a positive investment plan in the Akaitcho territory would be jeopardized.

As I indicated, the Akaitcho territory is the economic engine behind the Northwest Territories. Three of the diamond mines are within our territory. The fourth one that's under consideration, the Gahcho Kué De Beers project is in our territory. Avalon Rare Metals is in our territory. There's more to the west. There's uranium to the east and gold around here. The only commercial fishing in the Northwest Territories is happening in our territory, and we haven't benefited one cent from Canada yet.

● (2030)

The Chair: Thank you, Mr. Russell. The five minutes have elapsed.

I want to interject at one point here in terms of setting the context for our discussions.

It's very clear, by the way, that the issues of which you speak tonight in fact have been reiterated certainly quite well by yourselves this evening, but this is also a message we're hearing as an important component to advancing economic development as it relates to the Yukon. We heard this message in the Yukon and we're hearing it again here in NWT.

We're certainly understand what you've presented us with here tonight, realizing that the standing committee isn't in a position, for example, to arbitrate or to be an arbiter in terms of taking that forward. You have specific concerns, from what I can see, with the process of implementing final agreements. You've given us some good examples of that. We're not able, as a committee, to necessarily solve that issue. I'm sure you probably understand that's not the case. But in the context of our understanding of why this is important for advancing better economic outcomes in the north, the examples you give us here are important.

I just want you, Chiefs, to know and understand that we're not in a position to necessarily solve or be the means by which you can advance that process. This is something, of course, that I'm sure you and your representatives for Akaitcho will continue to do with the government.

With that, we'll carry on to our second question.

[*Translation*]

Go ahead, Mr. Lévesque.

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Good evening, sirs. I have some questions for Mr. Koe and for Chief Tsetta.

Mr. Koe, you alluded in your presentation to the supply problem and to supply costs. I'm not quite sure I understand. I thought the road stretched at least as far as Yellowknife. This morning, mention was made of completing the valley highway. I'm not that familiar with this territory. I represent the northern Quebec riding of Abitibi—Baie-James—Nunavik—Eeyou.

Since you do have land transportation options, could you not bring in the supplies during the off season, that is during the fall and winter? That way, in the summer, the supplies would already be close by.

Chief Tsetta, you stated that economic development was not one of your priorities. However, if companies wanted to exploit some of your territory's natural resources, would you be open to the idea of working with them?

● (2035)

[*English*]

Mr. Fred Koe: Yes, the road from the south comes to Yellowknife. This is a terminus of this highway. To service the mines we use winter roads over the ice, and they are able to get their supplies during the winter. Not all our communities in the north have access to roads. The southern Mackenzie has a good network. The Mackenzie Delta has a highway—the Dempster Highway to Inuvik—and then they have winter access to the communities, including Tuktoyaktuk. Other communities on the Beaufort coast and the smaller communities down the Mackenzie River don't have access to roads.

So yes, if we can get an all-weather road—and the suggestion was made by my colleague Darrell to extend the Mackenzie Highway right down the valley—we think that would open up a tremendous amount of economic activity.

Chief Ted Tsetta: Thank you.

When I was talking about economic development, I wasn't saying it's not important. It is always a key to the door. Economic development has in the past opened doors in different locations in Canada. It always has done a lot more than just giving you education. That's why I referred to economic development as a tool. Education, for me, is the main goal here, to educate the people in the northern university to develop economic development...with higher grades—how northern Canada can have the highest level of education with economic development, both combined into one. My point was that economic development is important to us in the north, and education is also important. It really opens the doors to royalties, payments, and so on.

One of the biggest issues we have here in the north is that once the material and the minerals are taken out and go south, very little is ever brought back. That's the problem we have in the north. Other people benefit from our resources, right from our back door here in Yellowknife. For 80 years they've been mining and we're left with the destruction. We can't even sell that any more. So it's a very tough ticket to sell without economic development.

Last, we have always had land in the north around this territory, and now our land is diminishing, the water is getting contaminated, our wildlife is diminishing. What we have left is over here to the far east, so we have to make sure we protect whatever is left out here.

I'm sorry I got you on the wrong foot there, but economic development and education work side by side, making sure everything is done by regulation and with proper management.

Thank you.

● (2040)

[*Translation*]

The Chair: Thank you, Mr. Lévesque.

Thank you, Chief.

We will now go to Mr. Bevington.

[*English*]

Mr. Dennis Bevington: Thank you, Mr. Chair.

It's great that you were able to come before us tonight. I am concerned that in these hearings we have as many opportunities to hear from the aboriginal governments as possible, and I'm glad you've made that time to do so tonight.

As you know, we have a CanNor agency now that has, I think without much consultation with anyone.... In the spring we had presentations from the ADM of INAC that there was going to be extensive consultations on it. What we see now is that this agency has been set up, certain things have happened, political decisions have been made. How can this be rectified, in your mind, to ensure that the aboriginal governments, the aboriginal corporations, have a proper consultative say in the work going forward for this economic development agency? Do you have any practical suggestions for us to provide to the government?

Chief Steve Nitah: In an environment such as the north, where first nations people, indigenous people, make up half or more of the population, it is important that their values, their desires, are incorporated into any major decision in the area of economic development. Let's face it, the north is an exporting part of the world. We export everything. We don't grow anything here. We export everything. We are exporting minerals, renewable resources, and non-renewable resources. Accessing these resources has an impact on our lives. It has environmental impacts. It has socio-economic impacts. It has cultural and spiritual impacts.

That happens all the time. My colleague talked about the Con and Giant mines. Those are quick fixes: let's put a lot of federal money into it and create some jobs. At the end of the day, the taxpayers pay for the cleanup. I hope those days are done.

When it comes to economic development, the meaningful involvement of the people who are going to be most affected should be a priority for any government that wants to create institutions for economic development. That isn't happening. How do we guarantee sustainable economic development for ourselves? In the case of the Akaitcho territories, I just gave you a synopsis of what's happening. There has been no discussion with the people of Akaitcho.

Speaking about the pace of development in the Akaitcho territory, 100 years from now there may be no resources for people. We don't have a concise operational plan for how to mitigate the communal impacts of all the different projects. As a people, we are not benefiting from them right now. Some people are getting jobs. A lot of them don't get jobs, because of criminal records or other encumbrances. Our businesses are having a hard time getting their foot in the door, because we don't have access to capital. We don't have investment dollars to get capital. We were trying to negotiate an interim economic package in the Akaitcho territory, so that we'd get the financial resources to make investments. In the Northwest Territories, 90¢ on every investment dollar goes south. That is the reality of our lives. Any development in the Northwest Territories is going to benefit Canadians as much as it benefits the people of the Northwest Territories.

Thank you.

● (2045)

The Chair: Thank you, Chief Nitah.

Now we will go to Mr. Duncan.

Mr. John Duncan: These are good presentations.

You made an offer, Chief Nitah, to provide 17 chapters. Am I right that those 17 chapters are in a form ready to go to your community? Did I misunderstand what you were saying?

Chief Steve Nitah: The chapters are currently being developed. We hope to finalize them by the end of this calendar year or early in the new year before we take it to the membership. The membership will review it, and if they are happy with it, then it will be presented to the federal negotiating team. At that time, we will be able to make copies available to the standing committee.

Mr. John Duncan: Okay, now I understand.

I want to say that you actually have more than one unique circumstance. This is the only case I know of in Canadian federal negotiations where this has been the procedure that was followed. A lot of other first nations south of 60 are watching with much interest to see how this works out. And it's not just first nations that are watching with interest; I am as well. If it works, I think this is a way to try to expedite things. I detect a sense of urgency on your front as well as from the federal government on this, and no doubt from the Northwest Territories government.

I have a question regarding the economic development. Darrell talked about the Mackenzie Valley Highway. Fred, I think you made reference to it as well. I am aware of a couple of projects. The Gwitchin First Nation, which is where you're from, Fred, made its strong interest known to connect Fort Good Hope to Inuvik. And Mr. Bevington was talking today about the bridges that are either under construction or are planned in the southern section to get toward Tulita.

In a sense, the Mackenzie Valley Highway project is proceeding. I know there have been moneys allocated for 2009-10 from the community adjustment fund of about a million, and I think this is between the Gwitchin and the Government of the Northwest Territories and the federal government. Is that correct? Do you have more detail on that, Fred?

Mr. Fred Koe: I think that money you're referring to is for the feasibility study for the extension from Tuktoyaktuk to Inuvik.

Mr. John Duncan: It's not from Fort Good Hope to Inuvik?

Mr. Fred Koe: No. As far as I know, there are no moneys allocated for the extension from Wrigley to Inuvik, and that's what we're pushing for.

Mr. John Duncan: But that consists of progress. What I'm getting out of the background documentation we have is that there is a strong interest, and we've heard it from other presenters as well. This seems to be a priority that is coming through very strongly. It's good to see there's support across the board on this.

In terms of some of the barriers, Fred and Darrell, I think you both mentioned technology: Internet, cell coverage, how this affects banking and so on. What is the current status? What's needed in order to get Internet and cell coverage to where it needs to be in NWT? Can you give us a flavour for that?

● (2050)

Mr. Darrell Beaulieu: Right now the Internet service we do have in some communities is through satellite service, such as in Nunavut. There really are no land lines, although in southern NWT there are some fibre optic cables being laid. Yellowknife is served through fibre optic. The majority of the communities that require it don't have that type of capacity or speed that Canadians have in southern Canada, or the infrastructure required for that. The Mackenzie Valley Highway proposal does include a fibre optic cable that runs alongside the highway that will make sense, and then it will branch off to the communities.

Mr. John Duncan: Thanks for that.

There are parts of southern Canada that don't have these technologies in place yet either, and some of them are in my area on the B.C. coast.

The Chair: That will have to do it, Mr. Duncan. Thank you. You can come back, though. We'll have time in the next round.

That finishes up the first round. Now we'll go to Mr. Russell. To get a few extra questions in, we'll go with three minutes, if we can.

Mr. Russell, a three-minute round.

Mr. Todd Russell: Thank you, Mr. Chair.

Your points are well taken. If you have 50% of the population, you damned well have to be included if we're going to have any kind of just economic development. I think we can create wealth, and wealth can be accumulated in a few hands, but that's not economic development. I don't think that's our vision of economic development, either, from the committee's perspective.

What is important for us, as a committee, is that we have to listen very carefully about imbuing our study with some of the values and cultural ideas, and that nuance should be there. We should at least recognize it as we go forward. That's a very important point for us. I'm glad you reminded us and emphasized that to us so that we don't repeat the mistakes made by other studies or by other interventions, if you want to put it in that fashion.

Did those three diamond mine companies—and we have talked about others—talk to the Akaitcho or the affected first nations and aboriginal peoples? Have there been any impact and benefit agreements? I would think that if that didn't happen to some extent, there would be more than one outstanding court case. That would be the sense I would get, coming from Labrador, where we have unsettled land claims. Developers want to go ahead and that type of thing.

Can you give us a sense of what the relationship has been like over the development of those mines and where the Akaitcho have been involved?

Chief Steve Nitah: I certainly can.

The Akaitcho, as a whole, have not been participating with these mines. However, my community of Lutsel K'e, the chief's community of N'Dilo, and Dettah, in Yellowknife, have individual agreements—not as a group—with Diavik and De Beers.

We have a collective agreement with BHP, which was the first one. That agreement was pretty much forced upon us. At the eleventh hour, there was a shotgun to our heads to make an agreement before 12 o'clock. If we didn't make an agreement, they were going to give them permits anyway. That was under the minister back in the day.

We do have impact-benefit agreements that give some financial resources to the community to mitigate the impact—the social impact and the cultural impact—of the mining activities on our people. But that doesn't replace what we should be sharing with Canada in terms of royalties and taxation revenues from both personal and corporate taxes.

Mr. Todd Russell: Is that about it?

The Chair: Yes, that's three minutes.

This is the rapid-fire round we're now on. Let's go back to Mr. Clarke or Mr. Duncan.

Mr. Duncan, did you want to continue with your line of questioning?

Mr. John Duncan: Sure.

Darrell, you were cut short when you were making your presentation and you were talking about barriers. You talked about MERX, but then we didn't get the full context of what you were wanting to tell us. Could you explain how MERX is not working for you in the NWT? I didn't understand.

● (2055)

Mr. Darrell Beaulieu: It's not necessarily that MERX doesn't work. Most of you are aware that you have to register to be part of MERX. You pay your annual fee. But that's not the issue.

The issue is that contracts over $5,000, which, according to the procurement strategy for aboriginal business in Canada.... I'm saying that it's not really being applied. We've seen contracts worth up to $70,000 a month or $160,000 a month—and these are five-year contracts—that are not being made available to aboriginal businesses in the Northwest Territories. They're being deflected directly into the market.

If aboriginal people are going to participate in the northern economy here, I think it's very important that the federal aboriginal procurement strategy be fully implemented and that aboriginal businesses have the opportunity to fully participate. For example, recently there was an RCMP contract and there were other contracts that just bypassed the aboriginal procurement program.

Mr. John Duncan: Are you saying that you find out about them after they've been awarded? Is that what you're saying?

Mr. Darrell Beaulieu: Not necessarily. We're finding out while they're going out, and they're not being awarded—both.

Mr. John Duncan: Thank you.

The Chair: You have a minute.

Do you have anything more, Mr. Clarke or Mr. Dreeshen? All right.

[*Translation*]

Mr. Gaudet will close out the meeting.

You have three minutes, sir.

Mr. Roger Gaudet: Thank you, Mr. Chair. My question is for Mr. Koe.

I don't know if I understood you correctly. You stated that you had received $12 million in investments and that you had made 200 loans.

Is that in fact what you said? You went on to state that you have received an additional $6.5 million in loan capital. Is that correct?

[*English*]

Mr. Fred Koe: The amount of loans over a period of time is equivalent to over $12 million, so it's not—

[*Translation*]

Mr. Roger Gaudet: That is not just happening here. We're seeing this back home as well. Some companies go bankrupt and shut down their operations. What is the success rate of businesses in your region?

[*English*]

Mr. Fred Koe: I don't have an exact percentage, but it's fairly high because—

[*Translation*]

Mr. Roger Gaudet: In percentage terms, approximately how many are successful?

[*English*]

Mr. Fred Koe: I believe it's 70% to 80%. That's a real rough estimate.

[*Translation*]

Mr. Roger Gaudet: That is a far better success rate than we see back home. When venture capital is involved, the success rate back home is 35% or 36%. I encourage you to keep up the good work.

[*English*]

Mr. Fred Koe: It might be a little high, but we know our customers.

[*Translation*]

Mr. Roger Gaudet: With an 80% success rate, it's not a question of venture capital, but rather of guaranteed capital.

Mr. Beaulieu—

[*English*]

Mr. Fred Koe: You don't have enough of it. That's the problem with it.

[*Translation*]

Mr. Roger Gaudet: I want to commend you, Mr. Beaulieu, because your company is 100% owned and operated by aboriginals. What are your company assets? Have many employees are on the payroll?

[*English*]

Mr. Darrell Beaulieu: Our core office has about six or seven people, but we do have subsidiaries where we own a majority, such as Shehtah Nabors Drilling. We have four drilling rigs, four service rigs, and one other rig. When we're fully going we could have well over 100 to 200 employees. But as you know, the oil and gas industry has been low, so we have a couple of rigs going, and we're probably down to about 30 employees.

We have the art store, and we do service 160 remote telecommunications sites from northern B.C., Yukon, NWT, and Nunavut. That doesn't take many employees, but it will go up to ten to a dozen.

● (2100)

[*Translation*]

Mr. Roger Gaudet: My next question is directed to the two chiefs.

You say that you control 51% of the GDP of the NWT, and that you are not receiving any mining royalties. Who is receiving these royalties?

[*English*]

Chief Ted Tsetta: What we're referring to is when you see $200 million a year profit and you get $1 million out of that $200 million. That's what we meant. We're not getting anything at all at the end. At the same time, we are left with the social impact at home, here in the Yellowknife area, in the smaller communities. The impacts that are left behind from these diamond mines are so humongous. It's very, very hard to explain the impacts that are involved with these mines. That's what I was referring to.

I hope I'm clear with that.

The Chair: Thank you.

Chief Nitah, you wanted to add something there. Please go ahead.

Chief Steve Nitah: Thank you.

To answer the question, the majority of the royalties are collected by the federal government, and a small percentage that's collected is shared with the signatories to the comprehensive land claim agreements outside of the Inuvialuit agreement.

The Chair: Merci, Monsieur Gaudet.

Chiefs, I appreciate it.

I have two quick questions, one from Mr. Clarke, followed by Mr. Bevington.

Mr. Clarke.

Mr. Rob Clarke: Thank you, Mr. Chair. Thank you, witnesses, for being here today.

You made an important comment there, Darrell. It's not a handout; you just want a hand up. My chief in Muskeg Lake, which is in Saskatchewan...my riding basically comes right up to and touches your territory.

Fred, you made some comments here. You said $12 million to 200 individuals since the term.... You currently have 60 clients. Now, you mentioned a mentoring job sharing program. Does that deal with just trades, or are we looking at individual trades such as electrical, plumbing, finishing, carpentry, all the way up to individual projects in the mines—the diamond mines, the gold mines? In effect, is that mentoring program in all aspects across the territory?

Mr. Fred Koe: I'm referring to mentoring for small businesses. The trades and the mines have their own programs for training skilled workers. My comment was regarding small businesses. What happens, as we all know, is we get a professional tradesman who is very good at whatever he or she does and who wants to go into business. Pretty soon you're doing contracts, and pretty soon you can't work your trade because you're too busy filling out forms for various government agencies. The cycle goes on and then your business collapses because you can't do the work. That's where we need help.

The Chair: Thank you, Mr. Clarke.

Mr. Bevington, you'll have the last question tonight.

Go ahead, Mr. Bevington, a short question, two minutes maximum.

Mr. Dennis Bevington: Sure, really short.

We've gone through the process with three diamond mines, three major corporations. The federal government, to my mind, handed them the resource on a silver platter, and certainly we did manage to get some jobs and business opportunities out of it. But that's basically it for the Northwest Territories. Just like everyone in the Northwest Territories, we didn't do all that well from it.

Now, in the Akaitcho territory, you're setting up mineral exploration guidelines. You're entering into discussions as well with other mining opportunities there. Do you sense that the industry itself is willing to listen to what you're saying? Do you get the sense that you're getting some response at least from the industry on this?

To my mind, the federal government has been missing the boat on this for the whole time that we've seen the development of the Slave Geological Province.

● (2105)

Chief Steve Nitah: Thank you for that question, Mr. Bevington.

Yes, we certainly have seen positive reaction from the majority of the industries that are interested in the Akaitcho territory. Being a former MLA, a current chief, and a former employee of Diavik Diamond Mines and some exploration companies, I have a pretty clear understanding of the needs of industry and the needs of the people I represent.

Both sides want clarity and certainty. Through our development tools, such as the exploration agreements, we at Akaitcho are providing that certainty and clarity. We find that the industry is responding quite well to that. That's what they want. They want the landowners to make decisions they can live with. Right now, what they see in the federal bureaucracy and policies is a boondoggle of uncertainty, and they don't know who they're talking to and what they're going to be asking and so on. By being positive and proactive, we find that the relationship with the industry is pretty positive.

The Chair: Merci.

Thank you very much, Mr. Bevington.

That will finish up our meeting. I must say to all of you that we appreciate your coming here tonight.

Chiefs, we really want to wish you well in your travels. I understand you have some travels in front of you yet tonight, and I want to wish you well for your continued deliberations at your meetings this evening. This was a very informative panel for us. We'll appreciate receiving and going through the materials you've presented here. We'll get them translated and then properly distributed to each of the members. But the points you raised here this evening are very important and will be given a very careful look in the weeks and months ahead as we continue with our study, which will take us well into the early part of 2010.

We bid you well in your work ahead and hope that our paths will cross in the near future as well.

Mr. Beaulieu, you had another point.

Mr. Darrell Beaulieu: Yes. I just wanted to share something, just a quick little blurb here. Thirty-nine years ago there was a Minister of Indian Affairs who stood in front of the Standing Committee on Finance in the Government of Canada. You probably all know him. His name was Prime Minister Chrétien, and he made a statement to the Standing Committee on Finance about the Northwest Territories, saying that if there's any benefit from any of the resources that are extracted from the Northwest Territories, it should first go to benefit the residents of the Northwest Territories. That's 39 years ago, and for 39 years we've heard comments from each aboriginal leader, etc., continually saying we need to benefit from this.

I just wanted to reiterate that: 39 years later it's still an issue.

Thank you.

The Chair: That's either a great way of saying just how patient we have become, you have become...but it really does underscore the importance of the work we're all engaged in, and we really do appreciate the time you've given us. We'll take great interest in what you've given us here tonight.

Thank you very much.

Just before I bang the gavel and adjourn, there are a couple of administrative notices.

Members, you'll know that tomorrow we're getting the bus outside the hotel here at 8 o'clock. Our first site visit is at Aurora College at 8:15, and breakfast will be at Aurora College.

Thank you, Mr. Russell, for reminding me, so no need to go out and have a full score, five-course breakfast before we head to Aurora College. I think they will feed us well.

Pardon, monsieur Gaudet.

● (2110)

[*Translation*]

Mr. Roger Gaudet: Mr. Chair, I want to apologize in advance for tomorrow. My colleague Mr. Lévesque and I will be unable to accompany you. I'm very disappointed, but I do want to thank the interpreters, the analysts, the technicians, the clerk and the logistics crew for their hard work. I think we've spent a fine week together. I will see you next Monday.

Thank you, Mr. Chair.

[*English*]

The Chair: I'm delighted that you said that, as a matter of fact. It occurred to me over the last few days that the work—Mr. Russell's wanting me to bang the gavel here, but we're still talking—we've done here just could not happen without this tremendous team that we have with us from the House of Commons. These are all people who work in the House of Commons when we're not out travelling on the road. They include our sound and logistics people, our interpreters, our clerk here, and Mr. Gauthier here, who is from the Library of Parliament. It takes in fact a team about the same size as the number of MPs. And I don't know what that says about the MPs when you have one assistant for each and every one of us, but as I'm sure you know as well in your organizations, it takes a tremendous group of people to achieve success.

So I thank you, Mr. Gaudet, for pointing that out, good for you, and we owe them all a great compliment as well.

Chief Nitah.

Chief Steve Nitah: Thank you. I just wanted to make an observation.

One staffer per MP—it's almost like one bureaucrat for every person in the Northwest Territories.

Some hon members: Oh, oh!

Chief Steve Nitah: I just wanted to thank the committee for giving us the opportunity to make a presentation.

I must say, I'm quite envious of the interpretation equipment. As a Dene speaker working with a lot of unilingual speakers, the interpretation equipment is always an important tool we use.

The Chair: Very good. Thank you for that.

Now it's gavel time. Thank you very much.

This meeting is adjourned.

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