HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Natural Resources1

RNNR • NUMBER 015 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, November 23, 2011

Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

Wednesday, November 23, 2011

● (1530)

[*English*]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. We're here today, once again, to continue our study of resource development in northern Canada. We have a full panel of witnesses here today. We're probably going to have an abbreviated session, so we'll get right to the presentations.

From Agnico-Eagle Mines Limited, we have Eberhard Scherkus, who is the president and chief operating officer. From Newmont Mining Corporation, we have Chris Hanks, who is the vice-president of environmental affairs at Hope Bay Mining Ltd, and also Tara Christie, who is the senior adviser of external and governmental affairs at Hope Bay Mining Ltd. From the NWT and Nunavut Chamber of Mines, we have Tom Hoefer, who is the executive director, Larry Connell, the vice-president, and Brent Murphy, the director. From the Inuit Tapiriit Kanatami—Mary Simon isn't here today—we have John Cheechoo, the director, and John Merritt, the senior policy adviser.

Welcome to all of you. We will start the presentations and go through them in the order they appear on the agenda, starting with Agnico-Eagle Mines Limited.

Go ahead with your presentation, please.

Mr. Eberhard Scherkus (President and Chief Operating Officer, Agnico-Eagle Mines Limited): Thank you.

Welcome, everyone. Thank you for taking the time to hear our story.

Agnico has been around the mining industry for over 54 years. We have six mines, four of which are in Canada: one in Nunavut and three in northwestern Quebec. We first acquired the Meadowbank project a little over five years ago, back in April 2007. We can say that we arrived in Nunavut without any preconceptions. The Meadowbank Mine, as a result of our mine-building program, had the first gold pour on Inuit-owned lands on February 27, 2010.

We then acquired another project located outside of Rankin Inlet, the Meliadine project from Comaplex Minerals on July 6, 2010.

Since we began our activities in Nunavut, the GDP of Nunavut has increased—by 11% in 2010—largely due to Meadowbank.

We can also say that of our 750 employees on site, 38% or almost 300, are Inuit.

We have spent almost 43%, or a total of $665 million, on northern businesses in the Northwest Territories, Yukon, and Nunavut. However, most of the jobs we have created are entry-level and semi-skilled jobs.

Looking back over our five years, we note some of our challenges and observations. I'll start from the beginning of the mine development process.

Getting access to Inuit-owned lands for exploration is still a very long and very difficult process.

You'll also hear today that environmental permitting is not keeping pace with the development of a mining project, especially a project that has very limited windows for shipping. Also, the process appears to be focused on the process rather than on the results.

We have had some issues with respect to NIRB. The process is difficult even for low-impact activities.

IIBA negotiations are rather different. They're new for most. They're new for the Kivalliq Inuit Association. They're new for us. So there's a learning curve involved. However, our experience at the negotiating table is that they tend to be front-ended, and they also tend to restrict competitive business process by favouring northern businesses.

There does not appear to be enough emphasis on building Nunavut economic capacity and competitiveness in a global investment market.

Education and training have often been seen as the responsibility of the project promoters, and I'll talk a bit more about that.

With regard to geography and logistics, planning is key and represents a very large component of operating costs.

We've also learned that we have a lot to learn from each other's culture.

Challenges exist with respect to permitting. Here's just a summary of those related to Meadowbank. We currently have 202 conditions that we have to respect. We've already submitted our 2009 and 2010 annual reports. These documents are in excess of 4,000 pages each. We have not received any comments on either document up to two years later, so there is a lack of capacity.

The industry is taking a lead role in training. We have acquired an almost one million dollar simulator to help train Inuit in haul truck driving. We are a sponsor of the diamond drilling school in Arviat. We are also a sponsor of the Kivalliq Mine Training Society. We invested over $1.7 million in training last year.

Our view is that the governments are more focused on social programs than on providing skilled labour for the resource industry. We currently have only four Inuit mechanic apprentices at Meadowbank because of the high number of high school dropouts. They just can't pass the trade entrance exam.

The Canadian aboriginal skills employment program will be terminated unless there is further funding. We see more issues for the future.

When you look at our overall conclusions and recommendations, resource development does create opportunities. Other jurisdictions have realized this. However, we have to realize that our business is very cyclical. We must seize the opportunity when it is presented to us.

We've heard about education a lot. Training is the wave of the future, and as we've said many times, it is very expensive to import skilled labour from other parts of the country.

● (1535)

Infrastructure has to be improved. Other jurisdictions are investing to promote access and development. We need improvements to airports, ports, communication, and housing to be able to house the labour force that will be required. The permitting process has to be streamlined. It is still too long and, most importantly, in the world around us, too unpredictable from an investment point of view.

Also, high IIBAs should not have a negative impact on project economics. This should be used as a tool to attract investment rather than be front-ended and as a result end up decreasing the IRR. Access to Inuit-owned lands for exploration has to be simpler and more predictable; it shouldn't take up to three years to be able to attain land. Hamlets also should progressively gain powers of taxation. We currently spend the equivalent of $800,000 that flows to the GN. However, very little of it appears to get back to the municipality. This would help build capacity and increase local accountability.

In summary, we've had great community support from the councils, the peoples, and the businesses; the communities are unified in their support of resource development. Nunavut has excellent mineral potential. Over the past year, 35 new joint ventures have been formed. We were able to consummate a deal with NTI on prospective claims. It took three years of negotiation, but that three years is also three years of lost exploration. Shipping costs have declined. There are more flights up north, but we need larger runways and aircraft.

With declining unemployment, the impact of the Meadowbank Mine has been significant. Income support to Baker Lake has declined 20% from 2008 to 2010. There is an increase in and focus on training. We have gained valuable experience in developing the Meadowbank Mine and hope to apply all that knowledge on the Meliadine project in Rankin Inlet. We've developed regional, Government of Nunavut, Government of Canada, and community, personal, and business relationships, and these will be valuable in our future development. Probably, most importantly, we have a much better understanding of the Inuit culture.

Mining is a very risky business. In a pro-mining region like the Abitibi, recently we closed our gold mine due to concerns over employee and public safety. Our company was recently questioned about our Arctic strategy and our Arctic exposure. We just closed a transaction in Sonora, Mexico, with acquisition costs of $250 million and a build of $150 million that should be in production in three years.

It has become abundantly clear that resource development is the way of the future in the north. The numbers tell the story. There has to be a better way. Industry can lead, but we can't foot the whole bill and carry the whole freight.

Thank you.

● (1540)

The Chair: Thank you very much for your presentation, Mr. Scherkus.

We now go to Newmont Mining Corporation. I understand both of you have presentations.

We'll start with Chris Hanks, vice-president, environmental affairs, Hope Bay Mining Limited, Newmont Mining Corporation. Go ahead, please, sir.

Mr. Chris Hanks (Vice-President, Environmental Affairs, Hope Bay Mining Ltd., Newmont Mining Corporation): Mr. Chairman, honourable members of the committee, thank you for allowing us to speak this afternoon.

Newmont Mining Corporation is a global producer of gold. We have operations in the United States, Australia, Peru, Indonesia, Ghana, Canada, New Zealand, and Mexico, employing some 35,000 people around the globe.

Our wholly owned subsidiary in Canada, Hope Bay Mining, is exploring and considering development options for the Hope Bay greenstone belt in western Nunavut. It is one of the largest unexplored greenstone belts in North America. Hope Bay includes the Doris North project, which is currently in advanced exploration underground, and which we hope will come into production at some time in the near future.

Newmont also owns legacy properties in Canada that are in closure and reclamation. These include the Con Mine in Yellowknife and the Golden Giant Mine near Marathon, Ontario. Further, we have new exploration interests in western Canada, Yukon, and the Northwest Territories.

We'd like to talk today about issues that affect all of us who are working in the Arctic. Companies pursuing mineral exploration in the north face a number of challenges. They include regulatory uncertainty, substantial expectations by first nations and the Inuit, and a lack of key infrastructure, combined with natural factors of vast distances and harsh weather that make the costs of operation in the Canadian far north very expensive.

The challenge is to make development of more deposits feasible to feed the pipeline of projects in exploration and production to build a sustainable Canadian industrial base in the Arctic.

First, we need an efficient regulatory framework. In order to facilitate exploration and development in the Arctic, it is essential to have a regulatory framework that is protective of the environment, provides local benefits, and can happen in a time that allows companies to make timely economic decisions. It takes time to complete the regulatory processes, and this affects Nunavut's competitive investment market. Despite its extremely promising geology, the business challenges associated with working in Nunavut are great. Permitting timelines are of even greater critical impact on Arctic operations than they are south of 60°. The main reason for this is that long permitting lead times complicate the logistics planning necessary to build and operate mines. A lack of certainty in permitting decisions significantly increases the risk of the project and hinders investment, because a mistake of months in a permitting process can actually cost us years on the ground, by the time we design and build a mine and transport equipment to the Arctic.

There are some things that would help greatly. The northern major projects office modelled on the major projects office south of 60 degrees needs to be improved and resourced so that it can make the same advantages in the north that the MPO makes in the south. Major development projects need to be able to get through environmental assessment and permitting in a reasonable time. This has been an ongoing discussion between us and others. Our opinion is that 24 months is a reasonable period. At times now it goes closer to four years.

Reduced timelines that add to environmental assessments, such as long periods of review prior to ministerial signatures and long periods of approval on other auxiliary federal permits, could be shortened without risk to the environment. We believe you should be able to have your permitting packages together within six to eight months after you go through an environmental assessment. At Hope Bay, for instance, some of the permits following environmental assessment took another four years to obtain.

Part of this is that the northern boards of public government need to have adequate resources to do their job in a timely manner. It's expensive to keep good staff in the Arctic and to attract people to stay there, and it's also expensive to train the people from the north to participate in the processes. That is certainly a repairable problem. Resourcing those boards is something that should be fixed.

● (1545)

Projects located on Inuit or first nations lands face unique opportunities and challenges. Newmont supports the process under way to complete the implementation of the Nunavut Land Claims Agreement through actions like passing the proposed Nunavut Planning and Project Assessment Act with appropriate timelines.

Canada should be proud of the success of the initial mine training initiatives for first nations and Inuit in the NWT and Yukon. These programs are sunsetting and should be re-examined. The demographics in the north show that the population of young aboriginal people is growing rapidly. Cooperation between government and the mining industry on training can provide an opportunity for these youth to have meaningful careers going forward in their lives. Private-public partnerships for training should be an important part of Canadian progress in the Arctic.

There are some unintended consequences to the Nunavut Land Claim Agreement. One of them is that a position of double-bonding has occurred with the reclamation securities that are held over land and water between regional Inuit organizations and AANDC. That needs to be addressed and taken care of. It means that companies are posting double security for land and water in some instances. We fully support securing potential liabilities 100%, but they can't be doubled up. We're told that the solution to this may only be through legislation. If that is the case, we would encourage this committee to ask the government to proceed with legislation that would fix the issue.

Ms. Tara Christie (Senior Advisor, External and Government Affairs, Hope Bay Mining Ltd, Newmont Mining Corporation): Thank you, Chris.

Another important aspect of northern development, which I believe you'll hear from all of the industrial representatives, is infrastructure. Nunavut and the entire north is infrastructure challenged, from the aging and inefficient community power plants, to limited broadband, unpaved and too-short airstrips, and industrial sites where companies must expend private investment capital to develop the basic services that are available in other parts of the country.

In the long term the success and failure to develop strategic infrastructure in the Arctic of Canada may ultimately affect Canada's influence in the circumpolar region. Given the enormity of the task, Canada must utilize the benefits of public-private collaboration using the private developments that occur in the north as an opportunity for Canada to derive long-term and strategic infrastructure.

Going forward, we suggest the government develop a comprehensive northern infrastructure strategy to lay out a detailed long-term vision for infrastructure in the north, and anticipate the needs and priorities and projects that should be considered for partnering with Canada.

We recognize this will require considerable consultation with first nations, but we encourage you to develop an infrastructure strategy so that projects can be identified as they develop. We don't suggest that industry is looking for Canada to build its infrastructure, but the government should look at creative incentives through regulation, taxes, or royalties, to create an environment conducive for companies to leave a legacy of strategic infrastructure in the north.

One example that might be applicable is the P3 program for large-scale infrastructure projects, such as hydroelectric, sea ports, roads, and broadband. Increasing P3 funding could make many projects more feasible and build a positive resource legacy in the north. This could include longer paved airstrips that are capable of accommodating both strategic- and tactical-lift aircraft, and providing alternative and more sources of energy for the north, which may also help in the long term with greenhouse gas emissions.

In conclusion, we hope we've presented a few practical and high-priority items for Canada's northern development to help improve the mining investment climate in the north. On the regulatory front, we urge you to continue to improve the timelines in the assessment and regulatory process in the role of the northern projects office, and allocate resources to the co-management board's further increasing workloads.

On the Inuit and first nations front, we urge you to complete the implementation of the Nunavut Land Claims Agreement and the other land claims, including the passage of the Nunavut Planning and Project Assessment Act; support first nations and Inuit training initiatives that will help us find the labour force we'll need for all of our projects in the north; and resolve the double-bonding issue that Chris mentioned.

We urge you to think creatively to find ways to develop infrastructure that will benefit Canadians and northerners in the long term and develop a strategy for that. Canada can make the north a more competitive place to do business by working closely with the Inuit and northern first nations and their governments, the governments of the territories, and industry. In a more competitive environment a broader range of economic, environmental, and social opportunities is possible, and ultimately the result will be a higher standard of living for northerners.

Responsible economic growth based on environmental stewardship and healthy communities is essential for Canada to realize its Arctic vision.

Thank you for this opportunity.

● (1550)

The Chair: Thank you, Tara Christie, senior adviser of external and government affairs for Hope Bay Mining Ltd. Thanks for keeping your presentation on time.

From the NWT and Nunavut Chamber of Mines, Tom Hoefer, executive director, is going to make the presentation. Go ahead, please.

Mr. Tom Hoefer (Executive Director, NWT and Nunavut Chamber of Mines): Thank you very much, Mr. Chair and standing committee members, for having invited us down to appear. I'm joined today by Larry Connell and Brent Murphy, who are two directors on our board.

We're a non-profit society representing industry and advocating for responsible development in the Northwest Territories and Nunavut. We do that out of two offices now, located traditionally in Yellowknife and this year a new office in Nunavut. It was sponsored as a pilot project with the Government of Canada, the Government of Nunavut, and our industry members to deal with the phenomenal growth opportunities.

We've provided a larger deck, and I'm going to paraphrase it, touching on a few slides. There are three key messages: first, mining is a key economic strength in the north; secondly, great opportunities lie before us; and third, we face challenges.

Eberhard Scherkus already touched a little bit on the importance to the economy in Nunavut with his project slowly approaching 15%, along with exploration in that region, of the GDP. In the NWT, mining is about 30% of the GDP. When you factor in other spinoffs in real estate and transportation, it's almost half of the whole economy. It's certainly a big industry.

Our industry is able to produce a lot of other spinoff benefits in infrastructure, for example. Over the years, it has been responsible for the only railway into the north. It has been responsible for ports at Nanisivik and Polaris, for the highway into Yellowknife, and ice roads—that sort of thing. It has also been very good at providing community benefits through things like helping infrastructure in communities, recreation facilities, scholarships and training, and lots of sponsorships and donations as well.

Our industry is a technological innovator, certainly on the engineering side. We're able to overcome challenges. The Diavik Diamond Mine received Canada's top engineering award a few years ago for having come up with a dike design that allows it to mine ore bodies on the bottom of the 60-kilometre-long lake. Without that, we wouldn't have the benefits of that operation.

We've also made engineering achievements with diesel technology, for example. We actually achieve twice the efficiency from our diesel power generation that communities do, because we collect the waste heat from those diesels. Just recently, we had one of our companies announce it is putting in wind generators at its site to help expand that ability and see what they can do for generating alternative energy.

We've also helped with ice-breaking cargo capability in the north. Nowadays, we've engineered ice roads so that we can take 10,000 trucks over a two-month winter road up to mine sites, which is a pretty phenomenal achievement.

We are not only a technological innovator; we are also a community innovator. Quite frankly, the mining industry in the last 15 years has been a real game changer in the north in both territories. Community benefits are that big game changer.

Mining is the largest employer of aboriginal people in Canada. It's also now the largest private sector employer of aboriginal people in the north.

The NWT diamond mines alone have contributed more than 17,000 person years of northern employment. Half of that is aboriginal employment. That has just been in the last 13 years. Accompanying that, there has been over $8.5 billion in northern business investment, and half of that has been in aboriginal businesses. These are businesses that just didn't exist a mere 13 years ago. Already, if you look at Nunavut's gold mine and get the statistics from it, maybe you'll see that it is already on that same path as to what's happening over there. It's a real game changer; it's a different industry from even 20 years ago.

We have a lot of opportunities before us. There is a nice map in your deck that shows potential projects in Nunavut and the NWT. These are all projects that are in the advanced stage, or else they are in the environmental assessment stage. We're hopeful they can become mines. Of course, it's all dependent on commodity market prices, timelines, and our hitting that window.

In Nunavut alone, there are at least 10 potential mining projects. They're identified on a nice chart in your package. If you look at the job opportunities that accompany those, you'll see they're huge. You'll see in the graph that it's really quite a tidal wave, if I can use that term, how many jobs those represent. They're in the thousands of jobs, which means lots of opportunity for training if we're going to maximize those opportunities in jobs as well.

On the business side, again, there are huge investments that those projects would bring, both in capital construction and in operating expenses. I dare say that also provides a lot of benefits to government, because the whole way through there are taxes collected.

If you look at the NWT, we have six mining projects in a similar situation. They are perhaps not quite as large as in Nunavut, but they are still important to us. If you combine those two, you have a total value in the north of about $14 billion in capital investment between those two territories. There are over 100,000 person years of employment and more than $40 billion in total expenditures over their lives.

We face challenges as well. There are five challenges we've outlined. One is geoscience; one is regulatory and policy environment; one is infrastructure; one is regulatory capacity; and the final one is community capacity.

Geoscience is our research and development. I know you've already heard speakers in the past on that, so I won't touch on it very much.

● (1555)

We're very happy that there has been an announcement recently to reinvest in exploration in both territories. That is the most undermapped region of the country.

On the regulatory and policy environment, I'd say Nunavut is quite supportive. They've benefited from a single land claim. They have a supportive GN, Government of Nunavut, and NTI mineral policies.

They have legislation, though, that needs to advance. You've heard some people touch on the NUPPAA bill. We're hoping that will come back this year. That will help to provide certainty for projects going through environmental assessment, and I think that's why Nunavut has $323 million in investment projected for this year.

On the NWT side, it needs help. Quite frankly, that's reflected in a drop in exploration investment down to $83 million this year. When the world is booming, our two neighbours in the Yukon and Nunavut are booming, and we're going the other way, it's a symptom that something is wrong.

One of the issues is access to land. It's becoming more difficult in parks and protected areas. Unsettled land claims are creating a huge challenge. The Akaitcho claim is a particularly rich area, and that's creating a lot of problems for us.

Aboriginal consultation is unclear, and I've mentioned land use planning and protected areas.

The legislation is complex. We have a very complex environment because of the multiple land claims up there. Our legislation under the Mackenzie Valley Resource Management Act needs amending. The process has begun. It's been a long time coming, but we would urge that the pressure stay on to have it amended.

With regard to infrastructure opportunities, the Chamber of Mines doesn't have a particular strategy that we're pushing. We have a map in the deck. You'll see there are a lot of opportunities throughout both territories for ports and for roads. There are also opportunities for hydro power, airports, even a railway. We would seek your help, though, in finding creative solutions and creative funding solutions to that.

On the community capacity side, training capacity is the big issue. You've already heard that ASEP comes to an end on March 31. There is no successor program. We need to have a successor program. It was very, very successful, with the benefits on the diamond side in the Northwest Territories. We need to keep that momentum going.

We also need it on the business side. With the billions of dollars in investment, local companies could reap a lot of benefits, as they are now, but with that growth we need to also look at increasing their business capacity.

There is environmental capacity for communities as well. We want to have good solid environmental assessment processes, and communities need to be involved in that to make them sound.

Ottawa can help us face these challenges. Let me touch on five.

On the geoscience side, continue to grow that investment. It's important to an undermapped region of Canada.

On the regulatory and policy environment, advance the legislative changes to NUPPAA and the Mackenzie Valley Resource Management Act. Settled land claims would be a tremendous benefit to us. And clarify the aboriginal consultation issue.

On infrastructure, as I said, find the creative solutions and partnership and we'll work with government on that. With regard to regulatory capacity, provide sufficient funding for public boards of government. We've signalled to the Minister of AANDC already about funding for boards like NIRB. They have to deal with that wave of opportunity, and we want them to have the capacity to run good processes.

Then, finally, on the community capacity side, we need support for new aboriginal training funding. We also want support for that business capacity building, and we want to ensure funding to participate in the regulatory processes.

That draws my report to a conclusion.

I've also brought with me a book to speak about innovation and infrastructure, and there are copies available for every one of the members. It's the 30th anniversary of the ice road, which has done so much and has actually made those diamond mines possible. So you might like to have a look at that.

Thank you very much.

● (1600)

The Chair: Thank you very much, Mr. Hoefer, for your presentation.

We go now to the Inuit Tapiriit Kanatami. I understand we have John Cheechoo, director, giving the presentation.

Go ahead with your presentation, please.

Mr. John Cheechoo (Director, Inuit Tapiriit Kanatami): Thank you, Mr. Chair and committee, for inviting us here today.

ITK is a national organization. It represents some 55,000 Inuit in Canada. Its member organizations are the four regional Inuit organizations in Nunatsiavut, Nunavik, Nunavut, and the Inuvialuit Settlement Region. Together these four regions form Inuit Nunangat, the Inuit homeland in Canada.

We were invited to address the topic of resource development in the north. We have a couple of preliminary points to make on that topic.

The first is that we will speak to resource development in the Arctic, not the north itself but the Arctic. Discussions about the north can mean many things in Canada, but regrettably, and notwithstanding ITK efforts, often leave out the Inuit Arctic regions of northern Quebec and Nunatsiavut as well. I just point that out.

The second preliminary point is that resource development should conventionally be understood to include renewable as well as non-renewable resources. Traditional Inuit culture is a hunting culture, and Inuit look to such things as commercial fishing and sports hunting, as well as the maintenance of traditional wildlife activities, to help build up a growing and diversified economy.

Having said that, we suspect the committee's main interest at the moment is in relation to non-renewable resource development. For much of the history of Inuit within Confederation, the Arctic has been largely out of sight and out of mind. That has changed. There are many indications that the Arctic will have an increasingly large part of international resource development attention.

That prospect is seen in the hundreds of millions of dollars now being spent on mineral exploration in the Canadian Arctic. It is seen in such proposals as the Mary River iron ore project, complete with a railway and new port on Baffin Island. It is seen in the estimates of the United States Geological Survey that the Arctic is likely to hold a significant portion of the world's hydrocarbon reserves, both oil and gas. And it is seen in the speculation that advances in technology, receding ice conditions, and established and expanding trading patterns will promote much higher levels of commercial shipping in Arctic waters.

These kinds of changes are shaping the political and economic environment, but there are also other changes shaping that environment. Our land claims agreements with the crown and other power-sharing political achievements have opened a new chapter. These large regional modern treaties began with the James Bay and Northern Quebec Agreement in 1975 and continued until the Labrador Inuit agreement in 2005. They form a continuous chain across the Canadian Arctic from the Alaskan border to the Labrador coast.

For Inuit, the modern treaty-making process is virtually complete, and common-law Inuit rights have now been codified, largely if not exhaustively, into the black-letter law of treaties. These treaties are all protected by section 35 of the 1982 Constitution Act. They have interpretive primacy over any conflicting federal, provincial, and territorial laws.

Together, these treaties make Inuit the largest non-crown land owners in Canada by a considerable distance. Much of this land has rich mineral potential. These property rights and benefits work alongside a restructured jurisdictional world. The treaties, directly and indirectly, have given rise to the creation of the Nunavut territory, with a strong Inuit majority of citizens. They also form the basis of new and enhanced regional and municipal government structures and powers in other Inuit regions outside of Nunavut. Some of these are still emerging.

The treaties have created new, more coherent regulatory machinery for the management of lands, waters, wildlife, and for the review of development project proposals. Appointments to joint resource management boards are made both by senior governments and by representative Inuit organizations.

The various proprietary and jurisdictional features of the treaties are complementary. They work together to deliver a decisively rebalanced distribution of power between Inuit and the crown, and, by extension, between the Inuit residents of Inuit Nunangat and Canadians living in southern Canada. They guarantee a strong, if not exclusive, role for Inuit in the assessment of development proposals.

These new agreements and arrangements do not give Inuit an unqualified veto on most forms or occasions of resource development. They do, however, create a kind of big-ticket tripwire with a very clear message attached. What is that message? That message is that proponents of major development projects in the Inuit homeland should actively seek Inuit partners, and in all cases they must turn their minds to how their proposals can deliver maximum benefits to Inuit communities and households as well as to their shareholders.

The old days of Inuit being passive observers to such fundamental decisions are gone. No approach to resource exploration development in the Arctic will be successful unless Inuit are full partners and draw direct and substantial benefits. This last message was forcefully made and upheld by the Nunavut Court of Justice in a successful application in the summer of 2010 by the Qikiqtani Inuit Association for an injunction to halt seismic mapping authorized by the Canadian government in Lancaster Sound.

● (1605)

Inuit have, with reluctance but determination, brought litigation in other circumstances when Inuit rights have been fundamentally ignored. Inuit put great stock in the value of candour and transparency in building a more secure and more just world. For that reason, Inuit leaders from around the Inuit circumpolar world released a declaration in May 2011 setting out fundamental Inuit principles and expectations with respect to Arctic development. That declaration, entitled “A Circumpolar Inuit Declaration on Resource Development Principles in Inuit Nunaat”, can be found at the ITK website and the Inuit circumpolar website. We have a copy here as well for people to view, in particular the declaration that was struck back in May. ITK recommends that all the members give the declaration a careful and close review.

We would like to close our presentation by suggesting that Parliament adopt a number of very clear priorities in relation to Arctic resource development.

Number one, construct policies and make decisions in the Arctic, both in the international and domestic spheres, on the basis of a strong, honourable, and mutually respectful and beneficial partnership with Inuit.

Number two, apply partnerships by implementing Inuit land claims agreements fairly and constructively. There is a serious problem in that regard at the moment.

Number three, move quickly to bring about a mix of federal laws, policies, and agreements that will ensure that Inuit and Arctic governments receive first priority and a generous share of public sector revenues generated by resource development projects. Among other things, this means early conclusion and implementation of devolution agreements for both the NWT and Nunavut.

Number four, respond expressly and positively to “A Circumpolar Inuit Declaration on Resource Development Principles in Inuit Nunaat” and its earlier companion declaration on Arctic sovereignty.

Number five, give full federal support to the new national Inuit education strategy, and invest, invest, and invest again in Inuit education and training. Improved levels of Inuit educational achievement and training are the biggest key to overcoming the glaring mix of social and economic problems that are plaguing, and in far too many cases crippling, Inuit communities and households.

Number six, and finally, temper enthusiasm for the economic benefits of resource development with climate change policies that are substantive and ambitious and that contribute to international confidence and solidarity. Special efforts must be made to address climate adaptation measures in the Arctic right now.

Thank you very much for your time and attention.

The Chair: Thank you, Mr. Cheechoo, for your presentation.

We'll start questioning and see how far we get.

Mr. Trost, for up to seven minutes.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

I appreciate everyone's testimony here today. Just a warning: there's a great probability that we will be interrupted here fairly shortly.

Fairly quickly, one thing we've heard repeatedly over and over again is that regulatory timelines are a problem. We've heard that from other witnesses before. You laid it out today. Some were more aggressive in previous witnessing. We have your long-term solutions, but is there something we could do fairly quickly to make a major impact in the next 12 months or so? Some of the things —adding capacity, etc., and you bring up training, budgets—will take as long to do as some of the regulatory delays that have been noted here. Is there a one, two, three, something quick that this committee could recommend and say get implemented for next year that could start right away speeding up the regulatory process?

Does anyone have any quick suggestions?

We'll start with Mr. Hanks.

The Chair: Go ahead, Mr. Hanks.

● (1610)

Mr. Chris Hanks: Thank you, Mr. Chairman.

Probably the fastest thing that could happen is.... When the original budgets were set out for organizations like the Nunavut Impact Review Board and the Nunavut Water Board, the assumption was that at any given time there would be one or two major projects going on and a host of smaller ones. If you look at the workloads of NIRB and the Nunavut Water Board, for instance, they now have three to four major projects going on, some of which, such as the Mary River project, are extremely large. So more funding to those boards of public government would be a quick solution.

Mr. Brad Trost: So a rapid increase in capacity for regulators, as far as trained regulators, say, coming from the south, who have experience....

Any other quick suggestions?

The Chair: Mr. Murphy.

Mr. Brent Murphy (Director, NWT and Nunavut Chamber of Mines): Thank you.

I think from the NWT side...a clarification of the roles and responsibility of Aboriginal Affairs versus the public boards, especially when it comes down to consultation: who's responsible for it?

Mr. Brad Trost: How quickly do you think that could be done? Do you think that could be done very quickly?

Mr. Brent Murphy: I think it could be, if the roles and responsibilities were clarified, yes.

The Chair: Okay. We need the will of the committee here. We need unanimous consent to continue. The bells have started.

Go ahead, Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Chair, I would suggest that when we come back we extend our meeting until the bells ring for the votes at 6:15 p.m. I think we've got consent to go to 5:45 p.m. or 5:50 p.m. from members around the table.

The Chair: Is there consent?

Mr. Gravelle.

Mr. Claude Gravelle (Nickel Belt, NDP): There is consent to extend the meeting, but could we carry on and at least get his questions finished? It's a 30-minute bell and we're only five minutes away.

The Chair: Is there agreement?

Then we will do that. We'll go to the vote, come back, and extend the meeting so we can hear more from these witnesses.

Go ahead, Mr. Trost.

Mr. Brad Trost: Thank you, Mr. Gravelle. I've never been supported by the NDP quite in that fashion before.

An hon. member: Enjoy it.

Mr. Eberhard Scherkus: I think some of the projects have to be provided with pre-screening. A lot of the projects are technically complicated, and I think you cannot permit the whole project in one lump sum for some of the work. It becomes very difficult and very complex. If there are certain elements that can be pre-screened, so that work and more data can be gathered in a very systematic fashion, that would greatly help project development.

Mr. Brad Trost: We've heard from other witnesses about regulation in other jurisdictions, where they directly put one person to steer each project through the regulatory system. Essentially, there's a bureaucrat who's there, not to work against you but to work for you, to try to speed you through the system.

Have any of you had experience with that? If not, what would be your opinion as to how helpful that would be?

The Chair: Mr. Hanks, go ahead.

Mr. Chris Hanks: I have direct experience with it, having worked on a project in Alaska. When you bring a project proposal forward, the first thing that happens is the State of Alaska appoints a project manager for it. The second thing that happens is that all of the responsible agencies sit down with the proponent to come up with a schedule and a timeline for the review.

Mr. Brad Trost: Does it work?

Mr. Chris Hanks: It does work. In the Alaskan system, there is proponent funding for part of that process, and that's based on agreement over a schedule. That process does work quite well.

The Chair: Mr. Merritt, go ahead, please.

Mr. John Merritt (Senior Policy Advisor, Inuit Tapiriit Kanatami): I have two comments. In response to the previous question, ITK would support some of those priorities identified in terms of what could be done immediately, primarily the investment of some additional funds in the institutions set up to review projects in Nunavut.

As Mr. Hanks said, the level of review is exponentially greater than when those boards were first created, and the Planning and Project Assessment Act is very close to being tabled, I understand.

In terms of your second question, I have a point of caution. The main features of the assessment process for projects in Nunavut are very much anchored in the Nunavut Land Claims Agreement. That's a constitutionally protected treaty, so you can't innovate in terms of introducing time limits and processes that are at odds with that agreement. The reason why there is so much shared interest in the new legislation is that the new legislation works very carefully within the treaty.

● (1615)

Mr. Brad Trost: Let me ask a really quick follow-up question then, because the Nunavut and Inuit populations would be some of the prime beneficiaries of the jobs, employment, etc. What suggestions would you have to help things speed up within the framework and legal jurisdictions you're in, and what would you be willing to contribute and get involved with to help speed up those economic benefits, which would, in cooperation, be of great benefit to you? The question is for either of the representatives.

Mr. John Merritt: I think your last two questions merge, because in the case of Nunavut, the two things that could be done and that it would support would be to strengthen the boards that are already in place, which, with more resources, could process things faster, and try to get the legislation on the books that will amplify the Nunavut Land Claims Agreement without violating it. Those are two very important steps.

In terms of what Inuit are doing besides that, I think, as some of the witnesses mentioned, Inuit owned a lot of land in Nunavut and have worked very hard since 1993 to create their own capacity to process applications for projects on Inuit-owned land.

The Chair: Mr. Connell, very briefly, please.

Mr. Larry Connell (Vice-President, NWT and Nunavut Chamber of Mines): I don't think industry is asking for any change in the Nunavut Land Claim Agreement, or the process, or the regulation of the law that applies. What we're looking for is a streamlining of administrative processes within that. There's an awful lot of duplication going on within the process right now, where we go through this review of the projects. We take it out for technical review. We do that once, twice, and each time we do that, there are costs to us, but there are also costs to every one of the federal government regulatory bodies that have to participate, and there's a lot of duplication. We end up going back to the communities, between environment assessment and permitting, a total of three times. So even the communities ask us when this project is going to take place, because we've been there three times asking for their input.

We're looking for a streamlining of the process that's not changing the umbrella under which it sends the protection that's there under law or regulation. We don't need to change that. It's the administrative process of how that's applied.

The Chair: Thank you very much.

We'll have to suspend the meeting now. We will be back as soon as we can. Once we get a few people back we can hear from witnesses and go ahead with questioning, even if we don't have quorum.

Mr. Stewart, if you'll be back, I believe you're starting with the questions.

Thank you very much.

I'll suspend the meeting until after the vote.

● (1615)

(Pause)

● (1705)

The Chair: We will resume the meeting now.

We are going to Mr. Stewart, from the NDP, for up to seven minutes. Go ahead, please.

Mr. Kennedy Stewart (Burnaby—Douglas, NDP): Thank you, Mr. Chair.

The Chair: You have the weight of the whole opposition on your shoulders here.

Some hon. members: Oh, oh!

Mr. David Anderson: I have a point of order—sorry to do this.

We had said we were going to go.... I think the time is going to be extended in the House. Some people have to leave at six.

Is six o'clock okay with the opposition?

The Chair: We'll go until six.

Are you all okay until six?

Voices: Yes.

The Chair: Okay, great. If somebody has to leave, we won't be offended.

Go ahead, Mr. Stewart.

Mr. Kennedy Stewart: Okay, thanks.

I'd like to thank all the witnesses for coming in. We've learned lots about mining and geomapping over the last few weeks. Again, every story kind of reinforces the others, so that's very helpful. We're learning a little bit more as we go along.

My first question is for Mr. Cheechoo, from the ITK. I was reading the circumpolar Inuit declaration with great interest, especially clause 3.7, which says:

> Partnerships must acknowledge that industrial development of the natural resource wealth of the Arctic can proceed only insofar as it enhances the economic and social well-being of Inuit and safeguards our environmental security.

These are very reasonable demands that any community would expect. I'd like to ask you how this is going. From your perspective, how well is clause 3.7 is being respected in terms of development in your communities?

The Chair: Mr. Cheechoo.

Mr. John Cheechoo: Is it the resource declaration you're talking about?

Mr. Kennedy Stewart: It was on this....

Mr. John Cheechoo: It's the sovereignty declaration.

Mr. Kennedy Stewart: That's right, it's the circumpolar Inuit declaration, clause 3.7.

Mr. John Cheechoo: Okay, because I thought you were talking about the resource development.

Mr. Kennedy Stewart: I'm sorry about that.

It's about partnerships.

The Chair: Mr. Merritt, go ahead, please.

Mr. John Merritt: Thank you for that. I'll just add a bit of context.

As members will appreciate, these two declarations were done by Inuit representatives from four circumpolar countries. There was a discussion among not only Inuit in Canada, but also Inuit from Greenland, Alaska, and Chukotka. These two declarations represent an attempt to balance out the competing, or at least variant, views of Inuit in different countries.

Inuit in all these countries acknowledge, of course, that there's a balancing act between economic development and environmental protection. I'm sure that's a very familiar theme in this committee, from all kinds of delegations.

The interest in resource development came up primarily, at least initially, in the context of Arctic sovereignty. Precisely because of the need to work through that balancing act, circumpolar Inuit came up with a more detailed declaration on resource development. You'll see much more detailed principles, attempting to strike the right balance between those two competing objectives.

Mr. Kennedy Stewart: Sorry, perhaps I could just steer you a bit.

We're hearing a lot about partnerships between companies and native communities, with companies saying that they're working very well and that lots of training is going on. But then we hear a lot about a lack of capacity.

What I'm actually interested in is your perspective on these two issues. Are you pleased with how well the partnerships are moving forward? And how about the lack of capacity issue?

Thank you.

The Chair: Mr. Cheechoo.

Mr. John Cheechoo: Thank you very much. Good question.

Going back to this particular declaration, including the resource one, I've spoken to the people at the Inuit Circumpolar Council about setting up a process by which they will implement these particular declarations. They're going through the process now, getting the resources to build that implementation approach on those declarations, because they are quite broad and apply to a large area in the circumpolar world. It is also a suggestion by the ICC to make the point at this committee that there is very much an important role Inuit can play on a circumpolar level with respect to these developments. Inuit can speak to other Inuit in Russia, Alaska, and Greenland, and can discuss these issues on a broad level, including oil and gas, offshore, etc. There is also a particular role Inuit can play across that board within their own organizations and their own group. So that's an important part of the whole discussion strategy. The declarations themselves aren't just declarations but also signals that Inuit want to be players in the circumpolar world and make decisions, and to help make those decisions.

In terms of the training aspects, as you probably know, there are a lot of challenges in trying to get people trained in particular areas of employment, careers, and so forth, when the school system and the education achievements are fairly low. It's not just today that you have people wanting to get jobs, but you have to look at a long-term goal to get the educational achievements of young Inuit up, get them graduating. That's why the education strategy that President Simon talked about...she's wanting to get as much support from various players who want this as a fundamental building block, even if it's for the industry side, for jobs, for government, and so forth. I think it's important that the long-term education strategy be focused not just on the immediate term, where there might only be four people being trained at a given site or whatever, or there are retention issues....

I think there's the broader, long-term vision that needs to be looked at. I think we'd welcome discussions with the various industry folks around this table, and others, and to discuss this with Mary Simon as well, to see how they can participate in that particular development.

● (1710)

Mr. Kennedy Stewart: Thank you.

I have one question for the companies. We've heard a lot about things that would perhaps speed up processes. I'm wondering if more staff on the review boards, on the CEA, the folks who are reviewing your applications, would help speed this up, or if that's something you might care to comment on.

Mr. Eberhard Scherkus: I think additional staff would definitely help, and that is part of the solution. I think the other part of the solution is to have continuity, and not to have anywhere between two to three project leaders on a file and then have to redo it. If there's continuity, that would greatly help. If there were additional resources and staff, that would help as well. In certain instances, industry has offered to pay for extra capacity, if necessary, if only to speed up the process. Those would be three of the things that would help the process.

Mr. Kennedy Stewart: Thank you.

The Chair: Your time is up, Mr. Stewart.

We go now to Mr. Hsu, for up to seven minutes if you'd like. Go ahead.

Mr. Ted Hsu (Kingston and the Islands, Lib.): Thank you very much, Mr. Chair.

I would like to start off with Mr. Scherkus. I was looking at the companies here. We have a U.S. company—I was looking in this book—and there's a South African company, a British company, and an Australian company. But you're a Canadian company.

My question to you is, does that make a difference? Does that make a difference to the people who live in the north, who want to derive the benefits from the natural resources available in the north?

Mr. Eberhard Scherkus: We believe it does. The main reason we developed the Meadowbank project is that we used our home base in northwestern Quebec, just south of James Bay, and Val-d'Or in the Abitibi, and we could leverage all of our experience, our workforce, and still use a model very similar to what Xstrata is using with Raglan. We believe if it wasn't for that...when we first looked at Cumberland during the boom of the tar sands, we could not compete. When we look at the Canadian flag and the Inuit flag flying over the camp at Meadowbank, we as a company are proud. We've been in business in Canada for over 54 years. The Agnico park has been in business for over 100 years. Yes, we're staunchly Canadian.

One small anecdote. When we poured our first gold on February 27, 2010, that was the first gold from a mine on Inuit-owned land. The next evening, Sidney Crosby scored and it was a Canadian gold, so it was a great one-two punch.

● (1715)

Mr. Ted Hsu: Maybe I should give some other witnesses a chance to comment or add to that.

The Chair: Mr. Hoefer, go ahead.

Mr. Tom Hoefer: I'm a Canadian, too, and I have to stand with Canadian patriotism. I also worked at the Diavik Mine, and we were owned 60% by Rio Tinto, which is a British-Australian firm, and 40% by a Canadian firm. I would say that company as well took a leadership role. Rio Tinto was head of the global mining initiative to try to push sustainable development to new boundaries. They chaired that—along with lots of other companies working all over the world. They were also asked to contribute to northern benefits through participation agreements—IBAs, if you will—through socio-economic agreements, and they stepped up to the plate to do that. They're also the ones that have wind turbines up, and they're trying to do new things with them. They're also leaders.

I'd like to say Canadians are the best, and I personally believe that, but they're all good operators and they have their hearts in the right places. Another thing is that I think communities and government push them hard, too, and they ask them for commitments, doing socio-economic assessments and environmental assessments.

Mr. Ted Hsu: Let me switch subjects. There are several levels to this question. I think we keep statistics about the number of jobs in the mining industry in the north. What percentage of the jobs are local employees? I think we do keep those statistics, don't we?

Mr. Eberhard Scherkus: In our situation at the Meadowbank Mine, 38% to 40% are local Inuit from the Kivalliq region. That would be almost 300 employees.

Mr. Ted Hsu: How would that break down between skilled and unskilled, if it's possible to draw a line somewhere?

Mr. Eberhard Scherkus: I would say the majority are entry level, but that is changing. The majority of our equipment operators are now Inuit. We have now been able to train our first Inuit supervisor in the mine, so there is a change. We now have four Inuit mechanic apprentices. But on the hydraulics and diesel, for those types of skills, it is going to be difficult and it will take some time.

Mr. Ted Hsu: Do we keep statistics across the north, a global aggregate?

The Chair: Mr. Hoefer, go ahead.

Mr. Tom Hoefer: Certainly, the NWT government keeps statistics for the Northwest Territories. The government has required all the mines to sign socio-economic agreements. Under those agreements they report on a regular basis, sometimes twice a year but certainly once a year, and then they aggregate those. Right now in the NWT there are about 2,700 workers in the diamond mines; about 55% are northern, and about half of that are aboriginal.

Mr. Ted Hsu: Do we keep statistics on the types of jobs? I'm thinking of skill levels, because that corresponds with the salary levels.

Mr. Tom Hoefer: I'm not sure how detailed they get, but I'd certainly make the same observation, that because the educational levels in the aboriginal community in the north are lower than in the non-aboriginal community, most of those jobs are at the entry level, the semi-skilled, the apprenticeship and trades area, which is increasing all the time.

There is also a program that one of the mines calls the aboriginal leadership development program, to try to take those workers who have demonstrated that they want to move on but don't have the skills, and help with their training, so they can move up in the ranks into supervisory roles.

Mr. Ted Hsu: I'm wondering if the industry has ever considered setting targets to have a certain percentage of highly skilled jobs filled by locals by a certain year, or some similar kind of schedule that the industry could aspire to. Is that something you would be in favour of, or have already?

● (1720)

Mr. Eberhard Scherkus: Any time you set percentage targets it becomes very difficult. We've had that difficulty in some of our contracting out, where the Inuit association requested a minimum target of Inuit people, and when we asked for the local Inuit entrepreneur to meet that commitment, it became difficult. I think it has to be on a best efforts basis. These numbers are very tough to meet, because we're starting from so far behind.

Mr. Ted Hsu: Thank you.

The Chair: You have a few seconds.

Does anyone else want to respond to that? Yes, Mr. Merritt.

Mr. John Merritt: Just to answer the first question, I don't think there are reliable statistics in terms of Inuit participation in resource projects in all four Inuit regions. There are statistics for public sector employment. Generally, there is 40% to 50% Inuit participation.

In terms of objectives, the Nunavut Land Claims Agreement—I'll refer to that one—has a very clear target in terms of an ultimate objective, and that is to have a representative workforce in both the public and private sectors. In the case of Nunavut, that would be 85% participation. That's not a surprising principle, because you see it in the Public Service Employment Act. The Public Service of Canada should reflect the people of Canada. I don't think anyone would object to the worthiness of that as a target.

The more difficult thing, as my colleague said earlier, is trying to get there. What are the practical measures? There was discussion earlier about education. Certainly ITK and other organizations have always said that the problem here is on the supply side. Organizations don't say that there's a conspiracy to keep Inuit out of a job. There's not a problem of discrimination comparable to the U.S. south 50 years ago. It's not that kind of situation. Seventy percent of the kids aren't coming out of the schools. Whatever efforts are being made by the mining industry, and some of those efforts are quite creative, it's not fundamentally their job to fix the major problems in the public education system. That belongs in the public sphere.

The Chair: Thank you, Mr. Hsu.

We go now to the five-minute round. We'll have Mr. Anderson, for up to five minutes.

Go ahead.

Mr. David Anderson: I'm going to follow up on that, because human resources acquisition is an element we're hearing about. We had folks from Saskatchewan here. They were talking about a need for 15,000 or 17,000 people in the next seven or eight years. We heard a couple of days ago, I think, that 5,000 to 8,000 folks are going to be needed to work.

What are the plans? This is not a long time period. If you're talking about fixing the public education system, you're probably talking about a longer time period. Do you have specific plans for being able to meet those kinds of resource requirements over the next five to ten years? How will immigration play a part in that? It's playing a big role in my province right now. Are you just looking to local education and training to meet those demands?

We'll work our way across the table.

The Chair: Mr. Hanks.

Mr. Chris Hanks: I think, in the first instance, Mr. Anderson, we would want to look at the local situation. If you take the area in Nunavut we work in, for instance, the six communities closest to us have a mean age of between 18 and 24. The wave in the birth rate coming in behind that is substantial. There's a very good workforce potentially coming along, and they're people who are young enough that they can either stay in school or go back to school.

Mr. David Anderson: Can I ask a question? As you see the employment levels rise, do you see changes in the social structures so that people are more willing to stay in school? They see a reason for doing that. Is it fair to say that?

Mr. Chris Hanks: It is, and the example I would use would be the Tlicho people, the Dogrib people in the Northwest Territories. I was involved with BHP in the construction of Ekati. The first time we went out to give scholarships in 1995, there was one Tlicho citizen in post-secondary education. Within three to four years, there were over 100 a year in regular post-secondary education. You saw a real transformation in their society as that became more of a norm. Now, 15 years later, the number that have stayed in school has really made a difference in the success of their companies, in the penetration of their own businesses, and in changes in their leadership.

Ms. Tara Christie: Could I just add to that? In answer to your question about specific training programs, every mining company has a training plan that takes local people and puts them into various positions. We've also worked very closely with many of the training associations, the Yukon, Northwest Territory, and Nunavut training associations, that were funded by ASEP. They were tremendously successful in helping people move into higher positions, because often they provided some classroom content, which we as companies can't always provide. They ended up placing some of their trainees in various mining companies. There were lots of programs.

I've personally seen the success stories of many individuals. With respect to the numbers, it is really individuals. You watch the progress of one young mechanic as he goes from partying with his friends to actually valuing his job and his work and being proud of it so much that he finds a new circle of friends and moves on. It's those individual stories of success that really speak volumes. It will be those ones who move up into the higher positions and provide leadership for the coming generations.

I really think that putting more funding and effort into those mine training associations, which are job specific, will provide value.

● (1725)

Mr. Larry Connell: I'll follow up on that.

With respect to the Meadowbank operation, our in-house training programs take skills from entry level and improve those skills so that a guy who comes in at an entry-level position is moving up the skill ladder. On top of that, we participate in the Kivalliq Mine Training Society. That's a society we created along with the Government of Nunavut and the federal government to take people who have no entry-level skill and train them to get that first job at the mine. It was a three-year program. It was funded under the ASEP program, and it targeted 50 new people to enter the workplace in each one of the three years. The program has done better than that.

Mr. David Anderson: Can I interrupt you? I think my time is running out here quickly.

The numbers we got the other day showed a real difference between unskilled workers, of which a fairly low number are now required, and skilled workers, in terms of the trades and those kinds of things. Is that where you're trying to take people as quickly as possible then?

Mr. Larry Connell: We're trying to do both. We're trying to do it right from the entry-level people who have no prospect of getting of a job. We're also working on trying to get people into upgrading their skills. We're working on those as two separate levels.

Mr. David Anderson: How is that working? Mr. Scherkus said he has four. I got a sense there was a bit of frustration there that there weren't more. I'm wondering how that is working for you folks.

Mr. Larry Connell: We work for the same company. For example, we're trying to fill 14 mechanical apprenticeship positions right now at Meadowbank. We have four. The reason the other 14 aren't filled is that although we have good candidates who have aptitude, we cannot get them through the trades training entry examination. They don't have the basic literacy and numeracy skills. So we've recently done a memorandum of agreement with the Government of Nunavut for some trial programs to focus on getting some kids into that. It comes right back to what ITK has been saying to you, that there has to be fundamental help given to improve the basic level of education in Nunavut. We are failing to give kids a proper level of education in Nunavut. That failure in turn impairs our ability to take them up the skills ladder.

Mr. David Anderson: So is it a lack of resources or a lack of ability to get children through to the point where they—

Mr. Larry Connell: It's a lack of investment in the system. The reasons are very complex. It's not just a matter of throwing money at it; it's also making the appropriate investment of that money. There are a lot of complex reasons for it.

The Chair: Thank you, Mr. Anderson.

Mr. Allen.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here. I'll just follow up a little bit on what Mr. Anderson was saying.

Mr. Scherkus, I think you commented that the government seems more focused on social programs than on employment. What specifically were you referring to in terms of those social programs? Maybe you've accomplished some of that in your discussion so far, and the comments from the other folks will be helpful too. Specifically how would you suggest we change that paradigm?

Mr. Eberhard Scherkus: Probably a bit more frustration will come through. When we look at the GN over the five years we have been there, we can say there's been emphasis on day care and housing assistance, and when you look at the budget and the focus, there's been very little emphasis on economic development. I talked to the Minister of Health two weeks ago, and she mentioned something that I mentioned here as well. We have an 11% increase in the GDP on an annual basis, but only in the last week was the premier of Nunavut able to take time out to come and visit the development of the Meadowbank Mine. So you ask yourself where their emphasis is if during the three years that this mine was being built and the first gold was being poured, nobody visited it. As it was, it was snowed out so they couldn't land.

● (1730)

Mr. Mike Allen: Do you want to comment, Mr. Hoefer?

Mr. Tom Hoefer: If you look at the Northwest Territories...I'm going to give you an example. When the three diamond mines were built in relatively rapid succession, there was a strong opposite-side push for protected areas. There was this big fear of big land grabs by the mining industry. So there's a protected area strategy in the Northwest Territories now, and it's probably seen about $20 million invested in it in the last 12 years. It actually works very closely with communities. It creates community advisory groups, and their whole purpose is to go out and protect land. In that same territory, we don't have an economic development strategy. We don't have a mineral strategy. Nowadays, we look at the territories and say, “Well, look at all that land that's being proposed for protection.” It was a marketing strategy that worked very well if you put $20 million into it. The opposite to that side, the balancing side, wasn't there.

So I would say if you started to put money into working with communities on the economic development side, into how they could improve things and develop businesses and get that knowledge as well, if you put $20 million into it over the next ten years, you would start to see success there as well. But there's a gap.

Mr. Mike Allen: That takes me to my next question. We talk about the permitting, and in the last couple of meetings there have been a lot of horror stories with respect to the permitting and the lack of transparency or definition.

I know one of the projects that's going on in my riding. They just got a terms of reference for an EIA. They're going to prepare their EIA for the year in question, and then there will be a year after that. So it seems they've set some pretty decent timelines.

I'm led to understand that we have significant issues on the timelines. What is that doing to the development? Are we at risk of seeing our private investment capital go elsewhere just because of the delays? Are we going to see that, and as a result see a slump in our GDP in the north as well as our tax revenue?

Ms. Tara Christie: We're at great risk of losing investment capital. Newmont is a global company. The capital will go to the best projects in the world. So the projects in Canada have to compete with those other projects. If all the factors combined mean that projects in another part of the world are better projects, whether because of the rate of return or the ability to put them into production within a timeline that makes sense, that's what is going to happen for global companies.

The same is true for Canadian companies. Many of our Canadian companies are working all around the world, too. If they can't permit a project within the timeline of a cycle or have a reasonable expectation of when that project will be developed, they're likely to go elsewhere.

The Chair: Mr. Scherkus.

Mr. Eberhard Scherkus: In the financial world in which we find ourselves today, a lot of the financial analysts are fund managers, and they have a quarter-to-quarter window. So it either works for them or they don't work. They're willing to invest the money, or they don't. If they see something that is open-ended or a black box, they will not invest the money. They'll wait for a decision. It may be in two years or four years, but in the meantime that capital gets allocated elsewhere.

The Chair: Mr. Murphy.

Mr. Brent Murphy: From the exploration point of view, we recently went through a permit renewal for our company. It took us 14 months, and we're a junior mining company. That's 14 months that we could have spent working on the ground. We've invested over $50 million over the last three years in our project. Of the exploration dollars that have been spent in GNWT over the last year —$83 million, which represents a significant decrease—our company, Seabridge, has spent 25%. I would rather spend our dollars elsewhere, to be quite honest.

The Chair: Thank you, Mr. Allen. Your time is up.

Monsieur Lapointe.

[*Translation*]

Mr. François Lapointe (Montmagny—L'Islet—Kamouraska —Rivière-du-Loup, NDP): Thank you, Mr. Chair.

I would like to come back to the issue of the very long delays for obtaining environmental permits. Do the environmental analyses really take that much time? Is this what is causing delays in getting the projects done? We have heard a number of times that it sometimes takes up to four years for some projects to get their permit, which seems huge.

Is it the environmental analysis or the administrative process that's causing these delays in the procedures? Are these delays justified from a scientific point of view? For example, do we need three years to determine whether this species really goes in that space or is it simply administrative?

● (1735)

Mr. Eberhard Scherkus: I'll answer you in French.

For us, I would say that it's an administrative problem. It's not because of the data collection; it's the duplication and repetition of public hearings. We are wondering why we shouldn't hold a public hearing where all the stakeholders could ask their questions instead of putting the same questions three times to different organizations.

For us, in the case of the Meliadine and Meadowbank projects, it was strictly an administrative issue. Sometimes, yes, there are technical and data collection issues, but 80% of the time, it is an administrative issue, in our opinion.

Mr. François Lapointe: It's the administrative side that is repetitive.

Mr. Eberhard Scherkus: Exactly.

[*English*]

Ms. Tara Christie: I would add that duplication of process is absolutely an issue.

Jurisdiction is another issue. The assessors do their work, and the regulators usually wait until the assessors have done all of their work before starting anything. There could be some concurrent processes where the regulators are doing work in advance to reduce some of those processes, or taking the opportunity to use some of the public processes that are done during assessment to advance the work they need to do with the public.

So some concurrence and less duplication of process would definitely help the situation. It would not change the technical level of the review. The science is there. Industry can deal with the technical issues. The work is just dragged out for administrative purposes.

The Chair: Mr. Merritt.

Mr. John Merritt: Other people here may have more information, but it's my understanding—without taking away from the comments about particular delays—that the time requirements for assessment of projects in the Arctic are very similar to what you see in the provinces in Canada.

That might be good news or bad news. It's probably bad news for the mining industry, but I think it's important to put the Arctic in some kind of perspective compared to what happens in the rest of the country.

[*Translation*]

Mr. François Lapointe: Allow me to imagine the best possible scenario. In an ideal world, if we did a reliable scientific analysis, established parameters, made solid environmental recommendations, planned a reasonable consultation time with the inhabitants, the local aboriginal peoples, had a very efficient administrative process, came up with something that respected the environment, that fulfilled the consultation duties with the aboriginal peoples of those areas, how much time would all that take? Let's imagine the ideal world and a very efficient administration that follows the rules. I'm not talking about disorganized environmental results or conducting unmethodical consultations. How could that be done? Under what parameters?

Mr. Eberhard Scherkus: We are operating mines in the mountains in Chihuahua state in Mexico. This is the third mine we are building, and the process takes about 15 months. We will be able to follow the file on the Internet to see how it is progressing. So we never wonder where we are in the process.

We have another operation in Finland's far north, in Lapland. The authorities in Lapland are very strict, and it takes a year to a year and a half to complete the process.

Mr. François Lapointe: Mr. Cheechoo—I hope I'm pronouncing your name correctly—do you think a year or a year and a half is sufficient to fulfil our duties when it comes to consulting the aboriginal peoples? Obviously, all the information on environmental investments needs to be on the table. Under those circumstances, does that seem to be a reasonable time frame?

● (1740)

[*English*]

Mr. John Cheechoo: It think it would be reasonable if the proper Inuit representatives, organizations, and communities were consulted fully, as per their agreements that have been signed off. If they've reached that particular threshold, there's no reason why there should be a repetitive sort of process after that.

You see a lot of these issues in other areas—not just in mining, but also in wildlife management. Consultations go on for quite a long time because of legal ramifications and requirements, not only from the agreements themselves, but from legal actions that have been supported by the Supreme Court of Canada.

So there's a lot of complexity around those issues on rights and implementing the agreements. It depends on who you talk to. If you're talking to Inuit with a land claim wrapped around that activity and land area, then you're talking about a process that's in place. But if it were a lot more streamlined, it would still reflect and respect those land claim agreements. I don't see any problem with it being done that way.

[*Translation*]

The Chair: Thank you, Mr. Lapointe.

[*English*]

In response to an earlier question, Mr. Merritt said he thought the process took about the same time in the north as in the provinces. I saw some heads shaking. Does anybody want to respond that?

Mr. Connell.

Mr. Larry Connell: Yes. Typically in southern Canada it will vary. In a lot of the provinces, like Quebec and Ontario, a two-year-long environmental assessment process does work. There have been some extensive ones in B.C., and we all know where they've gone into court cases, which don't fit that average. But in Nunavut you can guarantee that you cannot get anywhere through that process in under four years. It is definitely longer in the north.

I was at a meeting in Rankin Inlet just two weeks ago, where the Kivalliq Inuit Association spoke to the Nunavut Impact Review Board, and even they said that this process needs to be streamlined, that there are too many repetitious steps in the middle, and that we can make it more efficient.

The Chair: Thank you.

Mr. Murphy.

Mr. Brent Murphy: In the Northwest Territories the most rapid assessment I believe has been three years, and some have dragged on over seven to eight years. So it is a very lengthy, complex process.

The Chair: Thank you.

Mr. Lizon, up to five minutes, please. Go ahead.

Mr. Wladyslaw Lizon (Mississauga East—Cooksville, CPC): Thank you very much, Mr. Chair.

We're talking about so many topics. I have a slightly different perspective on mining. I worked in the coal mines, and I can tell those who have never been in a mine that it's not necessarily the job that people line up for, especially those who have experienced it. For those who try it, it's very difficult and challenging to work in the mines. On top of this, you have other challenges working in the north.

My question is for all of you. Would you have any specific recommendations that you would like to tell this committee, or forward to this committee, that we can address on the issues that were discussed? We're doing studies on the exploration of the minerals in the north, and there are issues of human resources, regulatory processes, and others. Do you have any specific recommendations that you would like to address?

The Chair: Mr. Scherkus.

Mr. Eberhard Scherkus: I will start and be very quick. I think we are all in agreement that we need further education. It's not just formal education; it's simple education. You think of a culture in which you have elders who came off the land and then you have children, their grandchildren, who are on the Internet and have never held a job before. It's simple things like what does a job mean? What does a bank do? It's everyday things that we have to do. So it's education, but even start back at that rate.

Also really consider infrastructure. We're not talking about power lines all across the north; we're talking about a coat of asphalt on a runway, maybe adding 200 metres so a larger aircraft can come in. These are not big-ticket items.

We're talking about communications. I mean it's remote enough as it is. What can we do to improve communications in the north?

Goods and services for everyone. Mining is capital intensive, so it needs deep sea ports. But then the whole community, the whole region, benefits from the port as well and not only the mining companies. These, in our view, are simple things, and probably some of them can still be attained in my lifetime. They're not big, gargantuan projects.

● (1745)

Ms. Tara Christie: I guess I'd echo that about the infrastructure, particularly things like redundancy in communications. That satellite outage, which many of you may have known about earlier this fall, had a very significant impact, not only on our operations but on communities and businesses all across the north, where parts of Yukon, Northwest Territories, and Nunavut were completely out of communication with the world.

For those businesses that have set up in Nunavut that are trying to operate global businesses so they can compete, basically they were out of commission, some of them, for three or four days. You can't survive in a business environment when you don't have reliable telecommunications and reliable Internet, not in this day and age.

I wanted to provide a clarification with respect to timelines. It's not just the board assessment processes that are the problem. Often much of the problem is the federal permitting afterwards, or the other permitting agencies afterwards, which don't have those timelines.

That's particularly one role that the northern projects office could assist with, as project champion or.... Really, their role could be to help communication between those federal departments, and hold them accountable to the timelines, which would also help the boards to do their job because they could push some of those federal departments to provide the information to the boards in a more timely manner, and maybe get under the timeline, so that the boards could be under their timelines.

It's very difficult for the boards to try to push federal departments to provide information in a timely manner. The federal departments are also understaffed and busy, and many of the ministerial sign-offs that are required take ages—the projects sit on the desks of bureaucrats and we just don't get sign-off on permits. On that one Fisheries authorization that Chris referenced earlier, the EA had been done and then it took four years to get it signed off. Nothing changed in that four years, but it just took that long to get it signed off.

Thanks.

The Chair: Mr. Connell.

Mr. Larry Connell: With the ASEP program coming to a halt, we need the federal government to stay as a partner and help us in skills training, so that's a definite recommendation and ask.

The north needs help with its basic education system. ITK has laid out a great road map on how to move forward to improve education in the north. To me, that needs endorsement; it needs the federal government to decide. We all need to be partners to improve educational outcomes.

It's critical that the federal government help to make sure that these opportunities will benefit the north and benefit Canada as a whole.

The Chair: Thank you, Mr. Lizon.

Unfortunately, we're out of time for this question period.

Madame Day, for up to five minutes, and after Madame Day, Mr. Calkins for five, and that'll be it.

Go ahead.

[*Translation*]

Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP): Thank you, Mr. Chair. I will speak in French. I have a lot of questions, but I'll try to be brief.

You have all spoken about infrastructures, problems and issuing permits. You all spoke about agreements with Inuit—sometimes known by another name—land agreements. Mr. Tom Hoefer, you spoke about research and development, mapping, and community environment.

Mr. Cheechoo, your summary was really different from those made by the other guests. You talked about partnerships, respecting federal legislation, responding to the report, investing in education and tempering economic enthusiasm.

I think Mr. Scherkus said that there isn't enough commitment in the system. Mr. Cheechoo, you spoke about tempering the enthusiasm for the economy. I would like to hear your comments on both because they really are two opposite aspects.

Mr. Eberhard Scherkus: Thank you for your question.

As for the Nunavut government, we can give them the straight facts because Nunavut is a young territory that has 12 years of experience. So there is a lack of experience and a lack of experience as far as economic development is concerned. We hope that this will change with time.

We worked with the various Inuit communities and associations. They had the example of a company, of fair-minded people who came and changed their quality of life very quickly over four years or so. A lot of these people are now asking questions. We see that it is possible, that it is more than possible. Things are happening. These people are asking where their government representatives are in all this and why it is taking so long to manage some files. More studies are being requested while we are seeing more direct jobs being created.

● (1750)

Mrs. Anne-Marie Day: Mr. Cheechoo, what do you think?

[*English*]

Mr. John Cheechoo: Thank you, Anne-Marie.

I think it's important that educational attainment doesn't focus just on the industry. It should focus on different sectors—health, public sector jobs, private sector jobs, having your own enterprise, and so forth. Also, we need the ability to move from one region to the next to apply our skills. It's not just going to be your local people in one place. It should provide for people to move different places for different opportunities.

In fact, at one of the meetings we had with the ITK board of directors back in September, the presidents of the land claim organizations suggested that Inuit from one region should be able to go to another Inuit region to get work experience in that region and to share their knowledge.

For instance, if someone is working in Labrador and is from Labrador, he could move to the Northwest Territories and the Inuvialuit region and get hired there and then transfer that whole Inuit-to-Inuit experience. That includes a number of different areas, including the highly skilled areas of development. In one region, there might be a highly developed area for Inuit who are skilled in mapping, whereas in another Inuit region that's not so much the case. But you could transfer and move. There are different creative ways to use the leadership to do that within the Inuit world.

The Mackenzie pipeline has been going on for a whole generation, but they haven't started it yet. A lot of these projects take a long time. I agree with Mr. Scherkus that this is a beginning point. Even for the land claim agreements for Inuit, this is a beginning point—the first 30 years of starting out. These are big questions.

Industry and employment have to be approached in a holistic way. You can't let opportunity outstrip people's education, and you can't let opportunity escape the region itself.

I think people are enthusiastic because they want those things in place to make it work. If fundamental areas are falling behind, it's not going to work. I think we all have to agree that a larger strategy around these issues has to be looked at in the Arctic. We have a high cost of living and a high cost of doing business. We have important regulatory frameworks. Perhaps they are time-consuming, but those are the realities. How do you improve that? How do you look at it with acceptance in mind? I think that's an important part of this, because Inuit aren't going to leave the Arctic. They're going to be there. Whether there are jobs or not, the Inuit are going to remain in the Arctic as their homeland.

The Chair: Merci, Madame Day.

Finally, Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair.

I really appreciate the testimony. I appreciate the patience you've shown as we go through our parliamentary process. We had to leave for a vote, and I thank you for staying later than otherwise scheduled to hear our questions and concerns.

I'm hoping to get some further input on the Northern Project Management Office. I'm of two minds on this personally. I see that we have the Northern Project Management Office doing good work. They've just been stood up, and they're ramping up their abilities. But it seems odd to me that we would create another government agency to help businesses navigate through all the other government agencies, rather than just fixing the ones that need it. I want you to help me sort this out, whether it's necessary or redundant.

I'm wondering if anybody has any recommendations for the Northern Project Management Office, on how they see the office being improved or becoming more helpful.

● (1755)

The Chair: Mr. Hanks.

Mr. Chris Hanks: I asked a question of a number of deputies in this government as to why the major projects office south of 60 works and it seems to be making a difference in the process. The answer I got from all of them at the deputies committee was that they're all embarrassed to come in and admit that their department has fallen behind. And they've pushed each other to make that major projects office work. It really has been a consortium of your deputy ministers that have been successful.

The northern projects office doesn't have that same deputy committee, so there have been various ideas about whether or not the northern major projects office should just be simply rolled into the projects office and then you have one organization that's trying to help the federal family work together more effectively. One idea would be to bring them together and bring them underneath that deputies committee, which seems to be working south of 60.

Mr. Blaine Calkins: That's very interesting.

The deputies committee that works south of 60 has brought the game forward for the other departments, obviously, but because there is less jurisdictional involvement in the north there are fewer deputy ministers involved. Am I understanding this correctly? Is that the main issue?

Mr. Chris Hanks: It doesn't become the concern of the deputy of the environment or the deputy in AANDC as directly in the north as it appears to be in the south. I don't know all of the mechanisms as to why that hasn't happened and the governance differences that have led it to be successful in the major projects office. But I can tell you it works.

Mr. Blaine Calkins: Okay. Thank you. I think that's going to be very helpful.

I want to talk a little bit about the regulatory environment.

I'm an Albertan. We have a lot of exploration, we have a lot of surface mining, we have a lot of subsurface extraction of natural resources, we have surface extraction with forestry, and so on. It's very much a resource-intensive economy.

The north, obviously, is the new potential that is so highly touted. I'm excited about it. I've spent some time in the north. I was a fishing guide on Great Bear Lake during university. I just love the Northwest Territories. I've loved the places I've gone in Canada's north. It is a beautiful environment. It's a harsh environment; it's a tough environment, I understand that, and I was only there during the summer months. I survived the black flies and mosquitoes and the other perils that were out there, not to mention grizzly bears.

I fly over this country every week. I fly back and forth to Alberta. I fly over vast tracts of the Canadian Shield. I don't see anything. I don't see lights. I don't see roads. I see a bunch of nothing, and that's on a clear night. You see the odd community. Yet we have all of this environmental protection legislation restricting everything we can do. I know I've walked in places that no human being has ever set foot on before in Canada's north.

I have a zoology degree. I've spent a lot of time protecting, defending, and conserving Canada's natural resources. That's where my head space is at. But at the same time, I realize that as a former public servant of the Government of Canada, the Province of Alberta, and so on, I relied on the fact that our economy would grow and prosper in order to pay my salary and keep things moving forward.

From a regulatory environment perspective—and I'm happy to hear the recommendations you had—how do we compare to other countries that you may have operations in, insofar as the timelines and going from discovery to an extraction process?

● (1800)

The Chair: Mr. Calkins is out of time.

I think we have only 15-minute bells for this, which leaves us about 10 minutes or less. I'm going to have to cut it off. We're going to have to leave that as a statement.

Sorry, Mr. Calkins.

Thank you all very much for coming. You've been extremely helpful, and I do thank you for your patience.

We hope you'll have a look at the report when it does come out.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

Additional copies may be obtained from: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the following address: http://www.parl.gc.ca

Publié en conformité de l'autorité du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : http://www.parl.gc.ca