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Chair

The Honourable MaryAnn Mihychuk

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● (1530)

[English]

The Chair (Hon. MaryAnn Mihychuk (Kildonan—St. Paul, Lib.)): Welcome, everybody. We're here at the Standing Committee on Indigenous and Northern Affairs. Pursuant to Standing Order 108 (2) we are conducting a study on northern infrastructure projects and strategies. We have presenters here with us in Ottawa as well as on video conference. I welcome you all. The procedure is 10 minutes to present with the question period after that.

Before we get started, it's very important for us to recognize that we're on the unceded territory of the Algonquin people here in Ottawa. As Canada moves through truth and reconciliation, it's not only a formality, but it brings to mind our process of moving toward equality and justice.

Let's get started with the Honourable Wally Schumann, Minister, Department of Industry, Tourism and Investment, from the Government of Northwest Territories, on video conference.

Please go ahead whenever you are ready.

Hon. Wally Schumann (Minister, Department of Industry, Tourism and Investment, Department of Infrastructure, Government of the Northwest Territories): Thank you, Madam Chair.

If I'm going to run over 10 minutes and you to need to cut me off, you're going to have to go ahead because I don't know how long it's going to take.

The Chair: I will try to give you signals.

Hon. Wally Schumann: On behalf of the Government of the Northwest Territories, thank you for this opportunity to speak about our concerns and priorities and about how we can work together to improve the lives of northerners.

The Government of the Northwest Territories has been actively working with the Government of Canada to advance transformational infrastructure needs throughout the territory. Through our work on key policy documents such as the Arctic policy framework and the Arctic transportation policy framework, as well as in other forums, our government has been communicating our overarching goal of creating a prosperous, sustainable future for the people of the Northwest Territories.

A strong, diversified economy is the foundation that provides residents with the jobs and economic opportunities needed to support themselves and their families. Responsible resource development has been, and will continue to be, the backbone of our economy and is central to ensuring that the territory develops a strong middle class. With a strong resource development base, we will be able to support diversification of our local economies into emerging and established sectors such as tourism, traditional economies, agriculture, arts and crafts, manufacturing and commercial fishing. This diversification increases the sustainability of our economy and broadens opportunities for northerners.

Before I speak about specific economic and infrastructure priorities, I'll talk about how our government works to create opportunity through the Northwest Territories through our partnership with indigenous governments and businesses.

The Prime Minister has spoken extensively about indigenous reconciliation, and it's an important and welcome priority for many in Canada. The Northwest Territories is an example of how real partnerships with regional and community indigenous governments, based on mutual respect and recognition, can lead to increased political self-determination and economic participation for indigenous people.

Reconciliation is an ongoing process, but we think our territory is well ahead of the rest of Canada, and there are some lessons that can be shared. The Northwest Territories is the one and only jurisdiction in which decision-making and resource revenue-sharing agreements exist with indigenous governments. It's an area in which we are proud to be leaders, both for the benefit of our territory and for those who choose to invest in its future.

Our dynamic, modern economy is defined in large part by our innovative indigenous businesses. From mining and mining services, to indigenous culture, tourism and everything in between, our indigenous business community has evolved over decades of world-leading indigenous participation in business and economic development. The indigenous businesses have proven their capacity to play an active, fully engaged role in the economy and are encouraging NWT governments and organizations to act and invest accordingly.

Increasing and expanding participation and engagement of indigenous businesses in particular is evidence of a changing and fast-developing NWT economy. Earlier this month, leaders from the Dene, Métis, and Inuvialuit governments and the Government of the Northwest Territories met for a two-day, in-depth discussion about the future of the NWT economy and to identify concrete ways to work together to create a prosperous and strong territory, while still respecting aboriginal, indigenous and individual rights, legal authorities and priorities of each government. At the end of the two-day symposium, leaders agreed to consider establishing a working group with representatives from indigenous governments and the Government of the Northwest Territories to identify economic opportunities and concrete next steps it can take together to ensure a sustainable and prosperous future for all Northwest Territory residents.

Identifying the shared economic priorities of our government and indigenous governments helps us create the consensus we need to move forward as a territory. It will also help our government as we continue to work with the federal government on completing an Arctic policy framework that will set out federal priorities and spending commitments for social and economic development in the north. The Government of the Northwest Territories actively supports economic diversification through strategic investments to support tourism, film, agriculture, the information and knowledge economy, the traditional economy, manufacturing and other renewable resource-based activities locally, within Canada, and internationally.

While our economy is shifting, resource development remains the main contributor to the Northwest Territories economy and will be a significant source of middle-class jobs and business opportunities well into the future. Our territory has mineral and petroleum resources that could position it as a primary economic driver for our country. The recent announcement by Minister LeBlanc and Minister Sohi, including the beginning of negotiations around offshore resources, was a notable first step in the right direction for our government.

● (1535)

The Northwest Territories is home to many of the minerals that will fuel the global green economy, including cobalt, gold, lithium, bismuth and rare earth elements. Alongside our mineral resources, our territory has significant energy power potential. As we continue our shift to low-carbon alternatives, our hydro development has the potential to meet market needs and reduce greenhouse gas emissions.

A healthy environment is essential for northerners. We have decades of experience in safe and responsible resource development and are already positioned to drive innovation in cold-climate research.

Despite our enormous economic potential and strong indigenous partners, the Northwest Territories is still hindered, in that we still require much of the basic infrastructure that already exists in southern jurisdictions. This includes roads to which many of our communities do not have access. In partnership with Canada, we need to continue to build territorial and community infrastructure to support healthy and prosperous communities and to lower the cost of living.

Large-scale investment in northern energy, transportation and communications infrastructure corridors is key to creating investment and economic opportunities in all sectors. The Government of Northwest Territories has identified four priority strategic infrastructure projects, including the Taltson hydro expansion project, the Tlicho all-season road, the Mackenzie Valley Highway and the Slave geological province access corridor. Each of these has the potential to make a transformative impact on the territories by helping unlock our full economic potential, transitioning to a lower-carbon economy and stabilizing the cost of living.

We're a small population, and we can't get there alone. While we will be working with indigenous governments and businesses as well as industry, the federal government needs to be a key partner. The Government of Canada has been a key proponent in the vision and the realization of transformative infrastructure investment, and we look forward to continuing work with Canada to bring the north to the forefront of transformative nation-building projects and investments that will benefit all of Canada.

Working with the Government of Northwest Territories to make transformative investments in the NWT economy and infrastructure, people and environment provides the federal government with an opportunity to achieve goals in growing the middle class, fostering meaningful reconciliation, protecting the environment, promoting sovereignty and strongly positioning Canada as an Arctic nation.

The Taltson expansion is a key element of our vision to transform our economy by lowering industrial emissions, improving energy security, harnessing innovation, and reducing the cost of living, while providing access to clean power that will fuel the technology sector and advance indigenous reconciliation. Connecting the Taltson and the Snare hydro systems and expanding the Taltson capacity will provide cleaner, more reliable energy for over 70% of our residents and businesses and will lay the foundation for greening current and future mining development.

Partnering with indigenous governments to advance the Taltson expansion is essential for meaningful economic reconciliation and will be a key area of focus at the start of the project. Incorporating indigenous rights, knowledge and cultural values into project design and implementation will help create prosperity and sustainable livelihoods. Indigenous ownership and equity participation are an integral component of the project.

The project will apply innovative techniques and environmental stewardship through the deployment of Canada's first high-voltage direct current submarine cable in fresh water, which will span over 100 kilometres across Great Slave Lake, the tenth-largest lake in the world. Phase one will include a 60-megawatt expansion and a transmission line to connect the existing Taltson facility in the southeast part of the Northwest Territories to the Snare hydro system on the north side of Great Slave Lake.

This expansion would allow for the transmission line to be incorporated into the proposed Slave geological province access corridor, with a combined benefit of increased road access for more efficient resupply and development in mines in this resource-rich region, while reduced energy costs through the Taltson project would completely transform the investment environment for industry and the economic future of the territory.

The Taltson River currently has 18 megawatts of installed hydro power, but has 200 megawatts of potential that could be harnessed under the phased-in approach. All phases will rely on run-of-the-river technology without the need for new flooding.

The Government of Northwest Territories has been in discussions with Environment Canada regarding funding support for preliminary work, including—

● (1540)

The Chair: Minister, could I ask you to try to summarize, please?

Hon. Wally Schumann: We have the Taltson project we've talked about. We have the road projects that have been identified, the Tlicho all-season, the Mackenzie Valley and the Slave geological province. Tlicho has been secured with P3 conditional funding. For the Mackenzie Valley Highway, our application was for \$700 million, and we have one hundred and some million dollars to help move that along. That will be for the Great Bear River Bridge and some environmental studies, and moving that process along, and the small section from Wrigley to Mount Gaudet.

We will be submitting the Slave geological province in the coming round for the trade and transportation corridors funds, and we need your support in securing that funding, because we believe that it is the future of the biggest part of our economy in the Northwest Territories, which will benefit all of Canada.

The benefits that come from investing in infrastructure in the Northwest Territories have clearly been shown just in what we've done with the Inuvik Tuktoyaktuk highway. We had the chance to open that last year. We had Minister Sohi, Minister Bennett, and the Governor General up there. They were there for the grand opening, and I can clearly state to all of you on the committee today that the opening of that road this year has transformed that community. They've been overwhelmed with tourists. We have a whole new situation we have to deal with in Tuk, because we have so many people coming that they have to learn how to deal with the capacity issues and other investments needed there.

In the coming weeks, we're going to open the Canyon Creek access road, which is a small section outside Norman Wells and the Mackenzie Valley Highway. That's going to be taking place in November, but—

The Chair: Minister, you have a lot of needs.

You have a terrific presentation, and I'm sure we're going to get a lot of questions for you, which will give you an opportunity to continue your presentation.

Hon. Wally Schumann: Sure.

The Chair: For the other two presentations, try to be under 10 minutes so that we can get things on schedule.

We are moving to Hilda Broomfield Letemplier from the National Indigenous Economic Development Board.

Welcome.

● (1545)

Ms. Hilda Broomfield Letemplier (Board Member, National Indigenous Economic Development Board): Good evening to all committee members, and thank you for the invitation to speak with you today. I would like to start by acknowledging that we are gathered on the traditional unceded territory of the Algonquin and Anishinabe peoples.

My name is Hilda Broomfield Letemplier. I am from Happy Valley-Goose Bay in Labrador, and I am here on behalf of the National Indigenous Economic Development Board. Our board is made up of first nations, Inuit and Métis business and community leaders from across Canada, whose mandate is to advise the whole of the federal government on indigenous economic development issues. I am aware that you have begun a study of northern infrastructure projects and strategies. The board would like to offer its perspectives on this topic by presenting the work we have undertaken with regard to northern infrastructure.

In working on the critically important issue of indigenous economic development in the north, we identified infrastructure as a key ingredient for economic and social development. Therefore, the board has released reports and studies on northern infrastructure leading to the addition of an infrastructure index in our most recent 2018 indigenous progress report, due to be released in February 2019.

The first study we commissioned was entitled, "Study on Addressing the Infrastructure Needs of Northern Aboriginal Communities", and focused on Yukon, the Northwest Territories and Nunavut, as well as Nunavik and Eeyou Istchee in northern Quebec, taken as a whole, and the coastal region of Nunatsiavut in Newfoundland and Labrador. The study showed that although each northern region is unique, many northern indigenous communities face similar infrastructure challenges. In small northern communities, especially in remote areas with small populations, the critical infrastructure that supports economic development is often deficient or absent.

The study found that transportation, energy and telecommunications are key types of infrastructure most strongly linked to economic development. Allow me to elaborate on these key areas. On transportation, due to the lack of efficient transportation systems, costly workarounds must be developed. Port infrastructure is highly limited. In most communities, ships must use barges to unload the cargo, a process known as lightering, which is extremely time-consuming and costly.

Energy is fundamental to the daily operations of every business. For organizations that weigh the costs and benefits of investing in remote communities, the availability and cost of energy is critically important. This means that the shortage of low-cost and environmentally sound energy options proves a significant obstacle for business investment.

Telecommunications infrastructure is critically important for northern economies and communities. About 50% of communities across the north are dependent on satellite backbone to support basic telecommunications. Consequently, they have limited access to the digital economy and electronic service sectors due to the low speed, low quality and high cost of their systems.

We know that investment in infrastructure, particularly transportation, energy and telecommunications infrastructure, can leverage economic development. However, long-term economic growth also relies on community infrastructure that supports a diversified economy and good quality of life for community members.

Businesses across the north struggle to attract and retain employees when there is a shortage of suitable housing.

Our second study was the business case for a northern economic infrastructure system. To find out the actual dollar impact of greater infrastructure investment in the north, we commissioned a second study. This one was a business case analysis of eight proposed major resource projects across the north, for which the costs of needed infrastructure were weighed against forecasted benefits of the projects. The study found that public investment in northern economic infrastructure that supports major resource development will yield significant economic and fiscal returns.

Specifically, every \$1 spent on transportation and energy infrastructure will yield about \$11 in economic benefits and \$11 in fiscal benefits. The study also found that employment created by major resource projects in the north can generate \$3 for every \$1 that governments spend on providing services to people. In short, public investment in northern economic infrastructure that leads to major resource employment then contributes a significant fiscal premium to governments.

Reducing poverty reduces fiscal costs to all governments. This is important because raising the northern indigenous standard of living to that of other Canadians would take a great deal more tax dollars than would simply providing more employment opportunities for northern indigenous Canadians.

• (1550)

We then conducted a round table and report. In addition to the board's studies, we hosted a round table discussion in Whitehorse to consult local knowledge holders to generate ideas to leverage investment in northern infrastructure.

Our studies and consultation with northern leaders provided the groundwork for the board's report, "Recommendations on Northern

Infrastructure to Support Economic Development", published in 2016.

Northern Canada is facing many challenges in meeting the infrastructure needs of northern Canadians. To name only a few, building and maintaining infrastructure is more costly in the north—in fact, it is roughly 150% higher than in the rest of Canada—and accessing capital to support infrastructure projects can be challenging because of their inherent risk.

A significant infrastructure deficit puts the north in the position of having to play catch-up. Most funding mechanisms available in the north are overwhelmed by the magnitude of their infrastructure deficits, leaving little room for consideration of strategic infrastructure investments.

With regard to the board's recent work on infrastructure, following our 2016 recommendations report in which we called for bold investment in large, nation-building infrastructure, as well as greater investment in community-level infrastructure, the board has developed an infrastructure index for its upcoming 2018 indigenous progress report. Preliminary results show that major infrastructure challenges still persist for communities in the north.

Key findings include that the infrastructure gap is greatest for Inuit, followed by first nations and Métis, and the largest infrastructure gap is for housing, particularly for Inuit. Furthermore, remote non-indigenous communities enjoy a higher level of infrastructure than do remote indigenous communities.

The board would be glad to come back before this committee to discuss our 2018 indigenous progress report, specifically on the infrastructure index, in further detail, after it is published in February 2019.

Additionally, in February 2018, our board heard from the First Nations Tax Commission on an exciting new initiative. They are proposing to create a national first nations-led institution that would support a better first nations infrastructure system. The proposed first nations infrastructure institution would offer an improved infrastructure service-delivery model that would address the current infrastructure deficit on reserve while building first nations capacity. The tax commission has established a development board to explore the concept further. They are also engaging with existing regional organizations to determine how they could work together to offer an improved service-delivery experience for first nations.

We are happy to support this indigenous-led initiative. An improved first nations infrastructure system will reduce the cost of infrastructure development, improve health and social outcomes, and support the growth of first nation economies to build sustainable communities and nations.

We encourage the Government of Canada to continue working with the development board to explore this concept and other options advanced by indigenous communities and organizations that could improve the first nations infrastructure system.

Based on our previous and recent work, the board has identified numerous opportunities. Three of them include that the debt market is looking for long-term stable investment opportunities; the potential for significant payoff from investment in infrastructure in the north; and major resource projects in the north having a potential to generate \$3 in government revenue per worker for every \$1 that government invests in them.

To support northern infrastructure and economic development, the board recommends that the Government of Canada address three issues: coordinate investments in economic development infrastructure; increase infrastructure funding and financing; and support northern community capacity by funding research and comprehensive community planning.

It is the board's opinion that upgrading existing infrastructure and improving economic development infrastructure are prerequisites to affordable and sustainable housing in the north. Indeed, community-level infrastructure and large-scale infrastructure go hand in hand in supporting an investment-ready north.

The board would like to take this opportunity to reiterate that northern infrastructure is inadequate to meet the needs of all northen Canadians, indigenous and non-indigenous, and it is limiting our overall ability to realize the great potential of the north. Action is needed now.

With this, I would like to welcome your comments and questions.

Thank you.

The Chair: Thank you.

Our last presenter for this panel, from Nunavut Resources Corporation, is Patrick Duxbury.

Mr. Patrick Duxbury (Advisor, Nunavut Resources Corporation): Thank you, Madam Chair and committee members.

I'm here on behalf of the leadership of both the Kitikmeot Inuit Association and Nunavut Resources Corporation, who unfortunately are not able to be here today due to their annual general meeting being held in Cambridge Bay, Nunavut, this week.

As way of background, the Kitikmeot Inuit Association, or KIA, is a regional Inuit association whose authority is enshrined in the Nunavut agreement. KIA represents more that 6,000 Inuit living in the westernmost region of Nunavut. Nunavut Resources Corporation, or NRC, is a wholly owned subsidiary of KIA that is focused on infrastructure development.

On behalf of my colleagues, I appreciate the opportunity to present to you.

My presentation is on a transformational infrastructure project that the KIA is proposing, the Grays Bay road and port project, or GBRP. If constructed, this project will profoundly improve the economic and social prospects of the Kitikmeot region's residents. It will also yield significant benefits for Canada while assisting in reconciliation efforts with the Inuit of western Nunavut.

This project has national appeal. The Canadian Chamber of Commerce agrees with our assessment of the benefits of this project and recently passed a resolution at its annual general meeting calling on the federal government to fund the project.

In championing the Grays Bay project, KIA is working towards its goal of Inuit developing, upgrading and owning strategic infrastructure that generates greater economic opportunities, especially those from Inuit-owned lands that have associated mineral rights. For KIA, this kind of infrastructure creates the basis for an economy that is able to provide multiple benefits and opportunities for generations to come.

The GBRP project is a nation-building initiative. It's a modern-day version of Canada's 19th century railroad development. It consists of three major components. The first is a brand new fully equipped port at Grays Bay, located on the Northwest Passage between the communities of Kugluktuk and Cambridge Bay. The second component is an all-weather gravel road running 230 kilometres south from the port to the Jericho Mine site, where it would connect to the winter road to Yellowknife and then onto the national highway system. The third component is an 1,800-metre runway at the port site.

The total project cost, including contingency, is just over \$550 million. A portion of the construction costs is expected to be financed by third parties through project debt financing that would be repaid via road tolls and port usage fees, but to fill the gap, significant federal government support is required to make this first terrestrial connection to Nunavut work.

In addition to boosting the region's resource economy, there are two major strategic benefits associated with this project.

The first is that currently the nearest deepwater port to Grays Bay that is available to the Government of Canada is at Nanisivik, more than 1,300 kilometres away by air and almost 2,000 kilometres away by water. The Grays Bay port would be available to help Canada better respond to the increasing traffic in the Northwest Passage by supporting Coast Guard search and rescue operations, marine spill response, naval exercises and Arctic sovereignty in general.

The port is also well placed to be a hub for community and exploration project resupply. Goods could be trucked from Yellow-knife to the port along the winter road and then shipped by barge once waters are open in July. This would be a huge improvement from the current situation, in which goods typically come in between late August and early October. Not only would community resupply be more timely through the Gray Bay Port, it would cost less.

For Canada, the primary economic rationale to support this project is that it will lower the cost to access, explore and develop the mineral-rich Slave Geological Province, part of which falls within western Nunavut. With abundant and known gold, diamond, base metal and rare earth deposits, the Slave Geological Province is recognized as one of the most promising mining regions in Canada.

However, having great mineral potential does not on its own result in a prosperous economy. We know that, compared to their southern counterparts, northern resource developers face significantly higher costs at all stages of the development cycle from exploration all the way to reclamation.

Lack of infrastructure is at the heart of the situation. The infrastructure shortcoming is an indisputable contributor to the high cost of doing business in the north. This assertion has been confirmed by many parties, including the National Indigenous Economic Development Board and the Mining Association of Canada.

(1555)

Put simply, the north's infrastructure deficit is a bottleneck to development that must be addressed if the full potential of this region of Canada is ever to be realized.

In championing this transformational project, the Kitikmeot Inuit Association is attempting to reshape its future in accordance with a vision that was espoused by the Inuit negotiators of the Nunavut agreement.

KIA owns and manages more than 106,000 square kilometres of land in the Kitikmeot region, lands selected during the negotiation of the agreement. There are lands that include mineral rights, selected for their known economic potential and with the means through which Inuit could become more economically self-sufficient. The Grays Bay project would be especially effective in this regard. The proposed corridor would provide access to the highest concentration of Inuit-owned lands with mineral rights in western Nunavut.

There are already mining companies holding mineral rights along the Grays Bay corridor. However, without the type of publicly financed infrastructure in place that has supported resource development in other regions of Canada, most of these projects will remain infeasible; the minerals will remain in the ground; and Canada will forgo a substantial opportunity to benefit from this region's economic development.

Let me be clear. The opportunity cost is very real. Already one mining company, MMG, is poised to invest over \$1.5 billion in mine development, with an additional \$300 million in shared-use infrastructure that would be available to other users, including the federal government. Yet the business case for this project does not work unless someone other than a mining company builds the trunk road and the deep-sea port.

This single mine going into production is expected to generate an annual average of 3,500 jobs nationally over an 11-year period, projected tax revenues of more than \$665 million to federal or territorial governments over 11 years, and a \$7.5-billion surge in gross domestic product.

If these benefits seem conceptual, this summer has provided one very concrete reason why a port at Grays Bay is so important. You may be aware that the annual community resupply sealift is a lifeline for isolated Arctic communities. The Kitikmeot region is served by sealift companies based out of Montreal or Hay River in the Northwest Territories. This year, ice conditions in the Arctic were particularly severe, and because of this the Montreal-based sealift arrived several weeks later than usual. As for the Hay River sealift, ice conditions prevented it from reaching either Kugluktuk or Cambridge Bay. As a consequence, thousands of tonnes of supplies and vehicles bound for the Kitikmeot are now stranded in Inuvik For the people of these impacted regions whose lives and businesses are caught up in this situation, it is disastrous. Similarly, future situations would be completely avoided or greatly mitigated if there were a port in the Kitikmeot region with a terrestrial connection to the national highway system.

I will conclude with our recommendations to the Government of Canada. While our extensive efforts in Ottawa to promote this project have garnered near universal praise, there is no clear path for obtaining the necessary public financing that would release the social and economic potential of the area. The northern envelopes for existing infrastructure funding programs are simply not large enough to accommodate this nation-building and tax-revenue-generating project.

Beyond direct support for our project, we have three recommendations to the federal government.

The first is to add new funding to the national trade corridors fund. Such a step would align with the government's objective of diversifying trade.

Second, ensure that any northern envelope for infrastructure funding is large enough to support the scale of projects such as the GBRP, and also reflect the fact that there are significantly higher costs for infrastructure development in the north and that there is a lack of conventional public resources in the territories compared to in the rest of Canada.

My third recommendation is to ensure that sufficient funding for programs like the strategic partnerships initiative is there to allow indigenous proponents to seek to lead and develop their own projects in support of the natural resources sector.

I conclude my presentation and thank you.

● (1600)

The Chair: Thank you.

Questioning now moves to MP Yves Robillard.

[Translation]

Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.): Thank you, Madam Chair.

I thank the witnesses for their excellent testimony.

My questions are for Ms. Broomfield Letemplier.

In your 2016-2017 annual report, you talk about the aboriginal labour force being underrepresented in a number of areas. Is the situation improving? What factors could play a key role in this case?

• (1605)

[English]

Ms. Hilda Broomfield Letemplier: We feel the indigenous education is definitely improving, but there is more room for support, for training and for.... One of the real things we know, being Inuit, is that this is our home. This is where we live. When government invests in us, in our communities...

This is our home, we don't want to leave. This is where we want to be, this is where we want to stay. When investments in us are made, we're staying there. We're not going away. Major resource companies.... A lot of the operations are fly-in and fly-out, so they bring people from all around Canada.

When there is investment in the people who live there, it's a fantastic opportunity for the growth and development of our communities. Money gets invested in our communities. The people who live there are actually able to give back to the communities. They provide better for their families. They're able to give more back to the community. They have a better, more enriched life. They have higher self-esteem. It's so much healthier for the people in their own communities.

[Translation]

Mr. Yves Robillard: The same report indicates that per capita funding means that territories receive less infrastructure funding than provinces, as they are less populated.

How much does the per capita funding model contribute to the lack of infrastructure in the north? In what way does this system influence various economies in the Arctic?

[English]

Ms. Hilda Broomfield Letemplier: I realize that there are fewer people there, but I can't stress enough how important it is for the people who live in these communities to be able to give back to the communities, to see that they can do it as well as anyone else in the rest of Canada. It is important to see that we can grow our own communities. We have every opportunity to have as good a standard of living as anywhere else in Canada.

We have so many other things to offer. We have the tourism, nature, such beautiful animal life, hunting and fishing. That's a big attractor to bring people to our communities, but it's so much more important to feel that we are as good as anybody else.

Just because we're Inuit, or any other indigenous people, it's important that we can show that we're equal to other people in Canada, or in the world. We have so much more to offer. The

compassion and feeling, the whole natural being of how we are—that's what we offer.

(1610)

[Translation]

Mr. Yves Robillard: Most residents of Canada's Arctic communities are under the age of 30.

What impact does the relatively young population of the Arctic have on the current and future infrastructure needs?

[English]

The Chair: You have 30 seconds.

Ms. Hilda Broomfield Letemplier: It's quite important. The young have so much to bring. We're old school; because we're older, we do things the old way.

Because of telecommunications and the opportunity that telecommunications can bring, there are so many things that can be done now in terms of health, safety and learning, with the way the Internet has opened up everything in the world.

The young have such different perspectives. They have different ideas, different technology. They bring so much to the table. They're very innovative.

The Chair: Thank you.

The questioning now moves to MP Kevin Waugh.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you to the two groups in front of us and also on video conference.

Minister of the Government of the Northwest Territories, I'm going to go first to you.

How has the northern drilling moratorium affected your area?

Hon. Wally Schumann: I guess we can be very frank because we're in front of the committee.

When it first came out, we never got very much notice on the whole issue of the moratorium and the potential that was in the Beaufort Sea. There were millions and millions, if not billions, of dollars in bid deposits and land leases up there. That took away any hope we had of developing the Beaufort Sea.

In light of that, with the announcement last week with Minister Sohi and Minister LeBlanc about sitting down and starting to have discussions on developing and on how we're going to co-manage these resources ourselves and with the IRC—and I think the Government of the Yukon is mentioned in the press release as well—that at least gives us some hope of moving forward on this, even though the moratorium is still in place.

Mr. Kevin Waugh: On Monday, we talked about ports. It's ironic, because in the Arctic you have less marine infrastructure than does any other part of Canada, with no deepwater ports and few craft harbours. Well, there's Churchill, but we're talking about the Northwest Territories here.

What can we do to improve on that situation? As you know, ports open up your area more than anything else, especially in the winter.

Hon. Wally Schumann: Exactly.

One presenter alluded to the situation that we have this year in the Beaufort Sea.

A week or so ago, I went in front of a committee on sovereignty that was travelling around the north. They went to Iqaluit and Inuvik, and then they came down here and met with me and a couple of other people. I had a good opportunity to talk to them about exactly the same thing.

In fact, 40% of Canada's coastline is on the Arctic coast. We have no ports in western Canada. Sovereignty is a big issue for us. We have more sea traffic that we've seen coming in the last few years, even though we had a challenge this year.

We're working closely with the ocean protection application. We just announced a few days ago that they have supported our application on double-haul barges so we can deliver to these communities in a more timely, safe and effective manner. That's going to help a little, but that doesn't eliminate the port conversation that we need to have if we want to develop any type of offshore liquefied natural gas plant to support what's available.

As I said in my presentation, I believe most people don't realize the potential we have in the Mackenzie Valley Highway and the Beaufort around oil and gas. We have trillions of cubic feet of gas and billions of barrels of oil that are locked there due to lack of resources, and a port there would certainly make a big difference, not just to help us develop our economy but also around sovereignty.

Mr. Kevin Waugh: Thank you for those words.

I am interested in the National Indigenous Economic Development Board's recommendations from their report.

Could you tell me about the Grays Bay project included in those recommendations? Does the project have support from your board?

Ms. Hilda Broomfield Letemplier: Yes, there is support from the board, but we haven't been able to meet with the group. They have requested to meet with us. I'm not able to give full support on behalf of the board until we actually meet and I know that the full board of the support of the board until we actually meet and I know that the full board of the support of the support of the board until we actually meet and I know that the full board of the support of the

Mr. Kevin Waugh: When are you going to meet?

Ms. Hilda Broomfield Letemplier: We're meeting November 27 and 28. We were going to actually meet with them when we were up north, but we were switched to having our meetings here in Ottawa.

Mr. Kevin Waugh: I want to thank you for your numbers. Every dollar spent on transportation and energy will yield \$11 in economic benefits and \$11 in fiscal benefits. Thank you. We need to see these. The north can generate \$3 for every dollar the government spends on providing services to people, but we have to have infrastructure up there.

It's interesting, because, as you know, per-capita funding allocation means that the territories—Nunavut and all up north—receive less than the southern provinces do.

Ms. Hilda Broomfield Letemplier: Yes, per-capita funding hurts the north because of the smaller population. Costs are higher and investments don't go as far, so it makes it difficult.

Mr. Kevin Waugh: Mr. Duxbury, there were no federal programs that funded nation-building projects, i.e., projects that will not generate a positive return on investment in kind of a 20-year horizon, but still generate significant economic benefits to this country. The Canada Infrastructure Bank will consider only a project's ability to generate a positive return in the medium term of five to 15 years, so you're shut out before we even start this.

Mr. Patrick Duxbury: Yes.

Mr. Kevin Waugh: Let's talk about this. It's ridiculous that you have the most growth, I would think, in Canada up north and yet you're shut out because of these rules against you. What can we do as a committee to help you open up Nunavut, Yukon and Northwest Territories? If the Canada Infrastructure Bank provides only five to 15 years, what good is it to you up north?

Mr. Patrick Duxbury: We've looked at the Canada Infrastructure Bank as a potential opportunity for funding. However, you're pretty much right; what it offers is not going to help our project, mainly because while the Grays Bay road and port project offers an economic return—and I mentioned hypothetically that one mining company would generate \$665 million of tax revenues to government—that isn't taken into account, as we understand it, by the Canada Infrastructure Bank. It's focused on a market return. We can't offer a market return in these 20-year time frames. Under a 50-year time frame, it's a different story, but that's not what's on the table at this time.

What could the committee offer? I'd strongly recommend to the committee to really develop a vision about nation-building projects. Nation building is not complete. We're not finished as a nation, and the north is definitely the frontier where this has to happen. I pointed out, and I think it's confirmed, that there is amazing potential in these areas. It requires effort and a leap of faith, but one that's based in reality. It's confirmed in geology, and it's confirmed in the capacity of the people here to actually make it move forward.

The Chair: The questioning will now move to MP Rachel Blaney.

Ms. Rachel Blaney (North Island—Powell River, NDP): Thank you, Madam Chair.

I thank all of you so much for being here with us today.

I'm going to go to the National Indigenous Economic Development Board first.

Thank you for your presentation. One of the things you talked about was housing. The shortage of suitable housing is a huge challenge. I would ask you to just talk a little bit more about what that actually looks like in your region.

Ms. Hilda Broomfield Letemplier: Our report comes at an opportune time as the Government of Canada moves forward with a partnered approach to investing in infrastructure that will improve social, environmental and economic outcomes for northern and indigenous peoples and communities. The Government of Canada has welcomed our board's report and its recommendations for improving northern infrastructure in support of greater social and economic outcomes. Canada's new government has indicated that it will make significant new investments in public transit, green infrastructure and social infrastructure.

It's extremely important. One of the things we've noticed right from the beginning is that the money that's put out there for northern infrastructure can't be utilized because of basic needs like clean water, healthy food, a good place to live, etc. All the money that comes in for northern infrastructure can't even address the basic needs, so we're already behind. It makes it really difficult. We keep recommending that more money be put into northern infrastructure, because if you can't even survive, how can you think about those kinds of things when you need to take the money to pay for food? There are communities that don't even have clean water to drink.

(1620)

Ms. Rachel Blaney: Thank you for saying that. Crown-Indigenous Relations and Northern Affairs was here earlier this week, and one of the things they heard very clearly from the north was, "enough of the remedial approach; we need transformative infrastructure investment."

One thing you talked about is that it costs roughly 150% more to build and maintain infrastructure in your region. Do you have the ability to give us an example of what the real cost is? I think it would be very helpful for the committee to have a better understanding of what this really means.

Ms. Hilda Broomfield Letemplier: That is definitely something I can bring back to the committee, with actual statistics for you. I wouldn't be able to give you them right now.

Ms. Rachel Blaney: That would be fantastic.

Ms. Hilda Broomfield Letemplier: I'll be happy to get them back to you.

Ms. Rachel Blaney: I can't even imagine. I represent a northern riding on Vancouver Island. I think of some of our remote communities, where we have to ship in food. It's so much more expensive, and that challenge is not even close to the challenges you're facing. I think those numbers will really help us.

You also talked about 50% of the communities across the north being dependent on satellite backbone to support basic telecommunications. Can you tell us a little bit more about the challenges this dependence creates?

You talked about how high the costs are. Again, can you give us a figure of how high the costs are?

Ms. Hilda Broomfield Letemplier: I would also look to give that information to you as well. I wouldn't be able to tell you now exactly what it is.

It's sad, because the lack of telecommunications puts such a damper on what we can do, but with correct telecommunications we can do much more, with education, training, and all the things that are taken for granted, I think, in the south. We don't have the opportunity to get to those things in the north.

There is so much more that can be done with the youth. This whole telecom issue is so innovative, and this is how the youth operate. I do things the old way, but they don't. I just brought in a CPA who is a young girl who shows me things in leaps and bounds. That's what the youth have to bring now. We definitely have to work on telecommunications, because being stuck away where you can't just jump into a vehicle and go to the local store or have access to all the things we have in the south makes it so much more difficult.

Ms. Rachel Blaney: Yes, absolutely. Thank you so much.

Mr. Duxbury, you talked about your project, the Grays Bay project. I really like what you said. You said the infrastructure deficit is a bottleneck for the economy up there.

Could you talk a little bit more about what that bottleneck really looks like, for the sake of people like me? I don't know; I'm not from that area. It would be really helpful to get an idea of how this actually looks.

Mr. Patrick Duxbury: I think I'll refer you to the map that was passed along. The fact is that there are world-class mineral deposits in this area, many of which sit on Inuit-owned land, that are basically inaccessible at this point. In particular we talk about base metals, ones that really require transportation infrastructure. There's mining going on in Nunavut—gold mining particularly in this area, the Kitikmeot. There is a gold mine, but it's a very limited commodity, in the sense that you can take it out in a bucket, whereas obviously with the heavier materials, such as the base metals, we need ports and roads to access them.

That's a physical bottleneck. Without that infrastructure, these projects just don't go forward and they're not economical. One project or one mining company can't be expected to build infrastructure for an entire region; it's unfair. Where else does that happen, really?

If Canada is serious about building this country, we need to alleviate these bottlenecks through infrastructure that will allow not just one company to benefit but multiple companies and also the Government of Canada. As I mentioned in my notes, there are significant issues around sovereignty and around being able to basically have a presence in this part of the world.

I'll leave it there.

● (1625)

Ms. Rachel Blaney: Yes, that is important.

I have a last question for you. You said that the northern funding envelopes just simply are not enough. What would you propose would be more effective in that region? Now's your chance.

Mr. Patrick Duxbury: To be honest, ten times the amount of money would be required.

I'll give an example. In the national trade corridors fund, which is a \$2 billion pot of funding, there is a \$400-million set-aside for northern projects. That is going to be expended over a ten-year period.

I'll leave it there.

The Chair: The next question goes to MP Will Amos, and he's agreed to allow me a short question for the minister.

I understand that the NWT has a transportation policy, which is connecting every community. Is this a wise position, given new technologies? Can you just very briefly discuss your connecting community policy? Is it road connection?

Hon. Wally Schumann: Are you talking about transportation?

The Chair: Yes, transportation.

Hon. Wally Schumann: We have 33 communities in the Northwest Territories. That wouldn't be a policy. We have some Arctic communities that would never have a road to them: Sachs Harbour, Paulatuk, and Ulukhaktok, but as far as connectivity through telecommunications goes, we have cell service in all our communities now. The Government of the Northwest Territories has recently completed an \$80-million fibre link from Inuvik all the way down through the Mackenzie Valley to Alberta. We're looking at how we're going to connect some of those communities, possibly through the Tuk road, now that it's open, and put them on fibre, and a couple of other ones. They just had the Indigenous Connectivity Summit in Inuvik last week. The Internet Society was up here with 150 participants to bring awareness to those issues.

The Chair: Your goal is to have fibre to every community, or are you using satellite?

Then we'll move over to Will.

Hon. Wally Schumann: Some of them we would never get fibre to, but we have it down the valley and we're going to look at how we're going to hitch up the rest of them on the valley—

The Chair: Okay, Will.

Mr. William Amos (Pontiac, Lib.): Thank you, Chair.

Thanks to our witnesses.

I want to pursue that line of inquiry with the minister. It was a good one. Obviously the north is not alone in seeking better broadband and wireless coverage. All of rural Canada is hurting in that regard, so, Minister, it was really great to hear how your government has prioritized that kind of cell and wireless investment.

Minister, you have many opportunities for road infrastructure investment, and I imagine the requests from any number of different companies for investment to achieve that are significant.

We have one proposal here that we're looking at, Grays Bay Road, but there are many of these. How do you go about prioritizing, given that not all roads and ports will be built? At a certain point there's an infrastructure deficit, but there also has to be a recognition that just as in our rural communities, it can't all be built.

Hon. Wally Schumann: My presentation lists our priorities for Taltson and the road system. For the road system ones, it was part of this government's mandate to put those three forward. We've locked down and secured conditional funding for the Whati road as a P3

project through P3 Canada. That's going through its environmental process right now, and we're working with the last three proponents in the bidding on it. We had seven people come forward. We narrowed it down to three and we're working on that.

As for the other two, we recently got \$102 million dollars for the MacKenzie Valley Highway. That ask was broken into six pieces. Instead of submitting one big lump sum, the officials and I decided that we needed to break it out into pieces, to make it a little bit easier, seeing that the funding available across Canada is tight.

I want to update the committee a little bit, because I'm at 10 different FPT tables in the country, so my outlook on how things are going is a little bit different compared to that of a lot of other ministers. On the transportation file, when we first went to the table after the Liberal government got in, I distinctly remember sitting there and telling all the ministers in Canada that we have to get behindMarc Garneau and support him, because at that time he had \$1 billion for this whole country. I could spend a billion dollars in a heartbeat, just on roads in the Northwest Territories, never mind all of Canada.

We were lucky enough that he got \$2 billion dollars, and he did a carve-out for the north for \$400 million. It's not where we need to be, but it was definitely something. We're taking those avenues to pursue that with our other two projects, the MacKenzie Valley Highway and the Slave Geological Province.

The big thing that surrounds some of this stuff-I think people might be aware that I've said it at a number of tables—is that we have to quit looking at these types of projects in this country in a four-year election cycle. That is not going to get us anywhere. It's not going to help us develop our country. In the last couple of meetings I've been to, we've talked about reconciliation with aboriginal people, which is great. I believe we need to do that, and as I said in my presentation, I think we're the leaders on that. But a big part of it is that we've been talking about how to brand and sell our country to the global economy. I said to the last committee that I was in front of -the sovereignty guys who were here a couple of weeks ago—that we have our own issues in our own country that we need to resolve on some of these things too. We can't even get a pipeline across borders in our own country. We have a lot of issues we need to deal with internally, but at the same time, when he's talking about these types of infrastructure projects, \$2 billion dollars for the whole country really is peanuts. The infrastructure bank is an opportunity, but.... Someone asked what can be done differently with the infrastructure bank for the north. One of the opportunities we could do is to not give it to the national trade corridor fund. Maybe we'd do a carve-out for the north with a little bit different set of rules and conditions that help, because our situation is a lot different from that of the rest of Canada.

Our applications for the next round will be for the Slave Geological Province.

• (1630)

The Chair: We have about 30 seconds, or 45 seconds.

Mr. William Amos: Sure.

Could you summarize very quickly for the rest of rural Canada, which might not understand why the north needs so much more than other rural communities do, and which also feel as though they don't get enough, what the nutshell argument is?

Hon. Wally Schumann: We're probably at least 20 or 30 years behind on infrastructure in northern Canada. The Government of the Northwest Territories has an infrastructure deficit of between probably \$3 billion and \$4 billion. We don't have the basics that a lot of people have. We don't have roads. We don't have access to a lot of these things. As I said, I've sat at a lot of different tables, and there is some concern around rural and northern provinces for sure, but I think we're in a way tougher situation, and the cost of living is a killer.

The Chair: Very good. It's a huge challenge, but a huge opportunity as well. Thank you so much for coming to present to us.

That concludes our first panel. We'll take a short break. We will reconvene immediately to have our second panel.

Thank you very much.

• (1630) (Pause)

● (1635)

The Chair: I want to give enough time for all members to ask you questions, and for you to get your proposals in front of the committee.

Welcome to the Standing Committee on Indigenous and Northern Affairs, for the second hour. We have two presenters.

Again, you have up to 10 minutes to present, and then after both presentations are done, we'll have an opportunity to ask questions.

We're going to start with Tom Zubko from New North Networks,

Mr. Tom Zubko (President, New North Networks Ltd.): Thank you, Madam Chairman.

I have a book with me that will underline some of the issues I want to speak to you about. I thought perhaps I could pass it around to your members while we're having this discussion.

The Chair: That's not going to work, says Mike.

Mr. Tom Zubko: It'll get stuck in one place, I'm sure.

I have a magazine here, Madam Chairman, that was published in the north. It says on the cover that everybody's looking at Canada's far north except Canadians. It's much the way we feel often. It's good to see that your committee is taking a look at the north.

My name is Tom Zubko. I was born in Aklavik before the town of Inuvik was conceived and built. I was a pilot for my father, who was the first aircraft operator north of the Arctic Circle in 1946. My mother was the first nurse in Fort McPherson in 1948 until my father lured her to Aklavik and married her. We moved to Inuvik in 1959, the year the school and the residential schools opened.

After my aviation life, I got into communications. We work on cable television, Internet and many other communication systems to this day.

I would like to take the opportunity to address some issues on Arctic development. First I would like to address the issue of Arctic policy. Our Minister Schumann alluded to some of this.

I'm not sure why you are doing this process, except that it has been a practice for each governing party to abandon the policy of the previous governing party and develop a new one. Did you have a philosophical or fundamental disagreement with the previous government's policy? I would suggest that you probably did not, underlined by the lack of any kind of stated position coming into this term. I would suggest, then, that the north of Canada and its traditional treatment by southern Canada parties is more a matter of politics than policy.

Other northern countries like Norway have sustaining Arctic policies, and I would strongly recommend that, at the end of this committee process, you find a way to create an enduring position of the Government of Canada on northern development.

This is not to say that such policy should not be a living document, but changes should be tweaked in a massage, not through throwing out the baby, the bathwater and the tub and starting over. Perhaps you can start this journey by adopting some elements of the last government's policy and moving forward from there.

Starting with social fabric, lack of consistent policy has been very damaging to the social and economic fabric of the north. Following the residential school experience and its disruption to the last midcentury social fabric, many parts of northern Canada have been given the promise of strong opportunities to move into a sustaining wage economy and the accompanying potential to build strong families and the affordability of maintaining some semblance of traditional lifestyle much like the one the Inupiat in Alaska have been successful at.

When in almost every case these opportunities have been ripped away, this has been done in a pretty dramatic and disruptive manner, leaving many families in turmoil where the breadwinners of the family are now unemployed and no longer able to provide for their families. This has led to embarrassment, shame, alcohol abuse, severe family discord and the resulting social problems evident in our communities today.

To make it even worse, in my part of the north, this boom-bust cycle has taken place in three major cycles in my lifetime—build up, tear down, repeat. The north has become a place in which all development is considered high risk and for all the wrong reasons. Attracting capital becomes more difficult with each debacle.

Next, I'll talk about consultation and the per diem economy. In 1969, the Government of Canada indicated to oil companies from the U.S. that it would not entertain an application to build a pipeline from Prudhoe Bay to the rest of the U.S. through the northern Yukon and Mackenzie Valley. This was done with no consultation with the people of the north.

That lack of consultation was soon followed by consultations, which have existed to the present. We, of course, had the Berger commission, a three-and-a-half year process. This was followed by the export gas hearings and the Norman Wells pipeline hearings in the early 1980s, each of them about three years long. Then we had the JRP, which went on for six years in the 2000s. In between, we had a number of studies and processes such as the northern oil and gas action plan and the development impact zone, which went on for a number of years, studying how to maximize positive and minimize negative impacts.

● (1640)

In total, we've had fifteen and a half years of oil and gas hearings along with numerous other processes to govern development in the last 50 years. One has to ask, to what end?

Each and every hearing has had the same elements as its conclusion: Do it right, and respect the people and the environment. One result that was determined early on by some northerners, and certainly a good number of consultants and lawyers, was that the real and sustainable gravy train was in the hearings and the consultations. Many careers in Canada have been built and sustained almost exclusively on these activities. They are carpetbaggers, I think, as the resolution is a negative one from their perspective.

On top of all of this, we know that many of the special interest and environmental groups that are active in the north are funded by foreign interests, which are not acting in the best interests of Canada or Canada's north.

Such government-funded or -supported activities perpetuate and accelerate the view that studying and consulting is superior to taking a chance on development. Given this backdrop, it was deeply disturbing when the Prime Minister placed a moratorium on drilling in the Beaufort Sea with absolutely no consultation.

On the north and its part in Canada's economic framework, the question is, how can Canada have an Arctic policy if it forces everyone to leave? The Internet and the availability and exposure to the world make people realize there may be more options that do not include staying in the north as refugees in our own country.

More and more we see the brightest and best potential leaders coming out of school, going to university, and electing not to return.

Wasted opportunity and science in the north.... In 1969, right after Prudhoe Bay was discovered, Banister Pipelines led a group of companies in research facilities in Inuvik, where they brought two kilometres of four-foot in diameter pipe and heavy oil to build a test facility to determine how best to build a pipeline in permafrost conditions. They also set up a test facility near the Sans Sault Rapids near Fort Good Hope, where they experimented with natural gas pipeline options such as freezing the ground to maintain stability. This research helped engineers design and build the TransCanada pipeline and other developments on the north slope of Alaska.

Beaufort Sea development spawned significant groundbreaking and icebreaking systems to enable operations in ice-infested waters. Artificial islands with sacrificial beaches were pioneered in the Beaufort. New designs for icebreakers were developed that enabled ships to be effective with a fraction of the power of earlier designs. Caissons of several types were built and deployed into the Beaufort. Live trial studies on the effect of oil released under the ice were performed and extensively documented, along with experiments for mitigation of such potential events.

A huge inventory of research has been accumulated over the years, yet the people who make decisions on the future of the north have little or no awareness of this information.

I have a map—

● (1645)

The Chair: There's one minute left.

Mr. Tom Zubko: All right, I'll show you the map later.

A great majority of this equipment and knowledge went to Russia, which has been rapidly developing its northern resources, such as the recent opening of the Yamal natural gas system that is shipping LNG to China and Korea in icebreaking LNG tankers.

I have, very quickly, an example of government not acting in the interests of the north. Satellite ground stations have been built in Inuvik because of its location. There's a Canadian government site, and two years ago, a private site was built with clients from the U. S. and Norway, which could not make an arrangement with the Government of Canada site. It's been over two years since those companies engaged Global Affairs Canada to obtain licensing. It's still not completed. NRCan worked actively to prevent this licensing as they saw it as a threat to the station they built.

The Chair: Thank you. We're going to move on. You'll have an opportunity when members ask you some questions, so you can take that opportunity to finish your presentation.

We have another presentation, and this is from the Kivalliq Inuit Association, about a project they have.

You have 10 minutes to present. Go ahead.

Mr. David Ningeongan (President, Kivalliq Inuit Association): Thank you.

I have some important comments to make today, so I'm going to read from a prepared statement. I look forward to speaking with you further following my remarks.

[Witness speaks in Inuktituk]

Good afternoon, Madam Chair. My name is David Ningeongan, and I am the president of the Kivalliq Inuit Association. With me are representatives who are working with us, David Chadwick and Tom Garrett, from Chadwick Consulting. As well, travelling here to join us today is Phil Duguay, vice president Canada, Anbaric Development Partners, who is also working with us.

I am pleased that the committee is addressing the important topic of northern infrastructure projects and strategies. Northern communities are remote and isolated, and they pay some of the highest costs in all of Canada for goods and services.

As president of Kivalliq Inuit Association, I represent seven communities in the Kivalliq region of Nunavut, directly north of Manitoba. These are the communities of Arviat, Whale Cove, Rankin Inlet, Chesterfield Inlet, Naujaat, Coral Harbour and Baker Lake, representing a combined population of over 12,000 residents, roughly a third of Nunavut.

Our region is growing in both population and economic opportunities. Rankin Inlet alone has grown by 30% in the last three years. Our communities are young, and our youth are seeking opportunities. What holds us back the most from economic development opportunities is the lack of infrastructure that southern Canada takes for granted. The lack of broadband affects our education and health care. The lack of roads and proper port facilities affect the ability of communities to share resources or travel easily to a job.

This is a critical time for the federal government to be having these discussions. Through a new relationship of reconciliation, we have the opportunity to partner together to invest in infrastructure projects that will benefit communities and the federal government.

I am going to focus my remarks today on a critical national infrastructure project within our region, the Kivalliq hydro fibre link project.

The lack of renewable energy and reliable broadband infrastructure in the Kivalliq region is an issue faced by all of Nunavut. However, we have a unique opportunity before us right now. I'm going to highlight how this Inuit-led project is advancing at a critical time, with widespread government and private partner support.

I have come a long way to appear before you today. The fact is, I could not participate by video teleconference from my home community of Rankin Inlet because of the poor broadband Internet service in my community.

As mentioned, economic opportunities in our region are growing. The largest private sector employer in Nunavut, Agnico Eagle Mines, operates a gold mine north of Baker Lake. They are constructing a new open-pit mine north of Baker Lake, and are well into construction of a brand new large gold mine 25 kilometres north of Rankin Inlet.

These two construction projects alone represent a private sector investment of over \$1.2 billion. It is estimated that next year, when these new mines are operating, they will employ over 2,000 people, a third of whom are Inuit. Each year, the federal government will receive over \$60 million in payroll taxes alone from these new mines.

I mentioned these mines because they show that despite huge costs and the lack of basic infrastructure, our region has huge mining and other economic potential. What we need to do is unlock this potential with renewable, reliable, affordable energy and reliable broadband. The time to do so is now.

● (1650)

The seven communities and mines in the Kivalliq region, like all of Nunavut, depend entirely on burning diesel for electricity generation and heating. There is no access to North American electricity or natural gas grids and there are no roads in the Kivalliq region or connecting its communities.

Diesel fuel is transported by ship to the Kivalliq region during the summer months and is stored in each community. Diesel use leads to environmental problems, such as toxic fumes, the risk of ground contamination, spills and greenhouse gas emissions. Many of the diesel plants are operating beyond their life expectancy and need to be replaced. These plants were built and owned by the federal government some 40 years ago and are a federal government legacy.

We have a plan that would see our first community get off diesel power by June 2024. The Kivalliq region shares a border with the province of Manitoba, which has abundant renewable hydroelectric power. This creates the opportunity to connect the communities and mines in the Kivalliq region to Manitoba and the North American energy grid. The project also includes a plan for fibre optic cable networks so that for the first time we can have reliable cost-effective broadband Internet services in our region.

This project would link Nunavut to the rest of Canada for the first time.

As I mentioned, the time to advance the project is now. The Kivalliq Inuit have been working on this for many years. We completed an engineering scoping study on the project in 2015. The scoping study concluded that this project could save the federal government and the Nunavut government upwards of \$40 million annually in reduced subsidies of diesel power, while addressing environmental concerns. The savings for the mining industry were estimated to be upwards of \$60 million annually. With the pending price on carbon coming into effect soon, these numbers will go up, as will the urgency for renewable energy solutions.

The mining industry needs energy to operate and grow. We are at a critical time to ensure that private sector investment in renewable energy will maximize community benefits. The hydro and fibre transmission line will do that, and we prefer this project.

I am pleased to inform the committee today that we have also reached an important milestone in our planning process. We've launched a partnership with a private sector transmission company: Anbaric Development Partners. Anbaric is backed by an institutional investor. This will allow the federal government to leverage significant private sector capital to complete this project.

This is an incredible opportunity for the Inuit of Nunavut. With federal support, we will be able to enter into a joint equity partnership and advance the project. Our engineering and feasibility study planning is rapidly advancing.

This is a nation-building infrastructure project. It has the strong support of the Government of Nunavut; our territorial and national Inuit organizations, Nunavut Tunngavik Incorporated and Inuit Tapiriit Kanatami; all local leadership within the Kivalliq communities; Qulliq Energy, our territory's power corporation; the mining sector; and Agnico Eagle Mines.

Earlier this summer we submitted a pre-budget submission to the House of Commons Standing Committee on Finance that sets out the proposed project and the opportunity for private sector investment in partnership with the Inuit to advance this infrastructure project. I will provide the clerk with this submission, which includes letters of support for this project.

The project also has the potential to become a key component of a new federal Arctic policy framework. On Monday, you heard from federal government departments on how the new Arctic policy framework has identified the necessity for new approaches to address the needs of the territories.

In conclusion, the hydro fibre project will provide renewable, reliable and affordable energy. It will be a driver of economic

development that will benefit all of Nunavut and Canada. The cable hydro-fibre link addresses reconciliation between Canada and the Nunavummiut in Kivalliq region. It is an infrastructure project that creates both economic opportunity and a cleaner environment.

• (1655)

Thank you for listening to a brief summary regarding northern infrastructure and the need for a hydro-fibre link between Nunavut and Manitoba.

I will be happy to answer any questions.

The Chair: Thank you.

We're going to start that right now with MP Don Rusnak.

Mr. Don Rusnak (Thunder Bay—Rainy River, Lib.): Thank you to all the presenters for coming, and for coming as far as you had to come.

I'm going to be sharing my time with the member for Nunavut, Mr. Tootoo, but before that I have just one question. It is a question I asked NRCan officials here the other day.

You're talking about a project, a hydro transmission line, in the range of \$2 plus billion. Has anything else been looked at, like a mix of renewables within the communities? I know in northwestern Ontario, the federal government invested \$1.6 billion in the Wawatay power transmission line to connect 16 or 17 communities in northwestern Ontario. Some communities are looking at producing energy through run of river. I know Pic River and Pic Mobert are doing that on rivers that flow into Lake Superior. Is that an option for some of the communities in the territory you represent? Have other potential energy sources been looked at? Has a cost-benefit analysis been done comparatively to the money spent on a transmission line?

● (1700)

Mr. David Ningeongan: Thank you for that question.

The cost for this project is about \$1.2 billion. This project brings in fibre, as well, which we do not have. We're on satellite bandwidth right now. This would bring fibre optic cable into our region.

It is our preference as a project, as it's going to allow us to get fibre optic into our region so we're able to communicate like the rest of Canada and southern Canada.

Mr. Don Rusnak: It's a bundled project. It's \$1.2 billion for fibre and for transmission?

Mr. David Ningeongan: Absolutely, it's for both. It will connect five communities and two mines. It's not piecemeal.

Mr. Don Rusnak: Have you looked at other solutions to providing renewable energy in the communities? Has that been done?

Mr. David Ningeongan: I know our territorial government did look at river options in the region, but that does not bring up the fibre part of the project. Other options have been looked at, but for us, fibre is the key to allowing our region and the territory to be able to open up that bandwidth—satellite bandwidth—for the rest of Nunavut.

The Chair: MP Tootoo.

Hon. Hunter Tootoo (Nunavut, Ind.): Thank you, Madam Chair.

Thank you, Mr. Rusnak.

Welcome, David.

David is from my hometown. This project he's presenting for us today was probably something that was being talked about when we were teenagers running around Rankin Inlet. That's how long it's been on the books.

Much as we heard earlier, there's a lack of infrastructure. This type of infrastructure will open up the northern region to considerable economic growth and economic development, and will help create and maintain a sustainable economy in the north.

This has been talked about for a long time, and I know your study is well under way. What are some of the key things right now that are critical to getting from where we are now to where we need to get to, to get over the finish line and be able to provide the region with cheap energy and fibre connection?

Thank you, Madam Chair.

Mr. David Ningeongan: We do have a private partner in place to allow us to move this project forward. Before, we never had that partnership. As well, the urgency is that Agnico Eagle is ready to invest now. The private sector ready to partner and carbon pricing, at the end, are what's going to allow us to move this forward for economic opportunities in the region.

The Chair: You have two minutes.

Hon. Hunter Tootoo: For that project it seems as though the stars are all aligning and everything is taking shape where you're having private sector investment plus industry, as they are already operating and willing to contribute to the project as well.

In your comments you mentioned that what you have set up right now with them would help the federal government, with their support, to leverage a considerable amount of private sector funding.

Do you have an idea of what kinds of numbers we're looking at as far as how significant the private sector investment budget for this project would be?

Mr. David Ningeongan: We had hoped we would have numbers in front of us today. We are hoping that within the next three weeks, after strategic meetings next week, we'll have those numbers available and ready to distribute. I apologize that we do not have those numbers in front of us now.

Hon. Hunter Tootoo: Okay. I know that's always been one barrier: Where's the support from the private sector, rather than not just relying 100% on the government?

Do you have a ballpark figure, like 40%, 50%, or 60%, or whatever it would be, that would come from the private sector,

where a portion of the project funding from the federal government would be leveraged from the private sector?

Thank you.

● (1705)

Mr. David Ningeongan: Sure. We are working closely with federal ministers to refine our ask to the federal government for the 2019 federal budget. A federal commitment would allow the Inuit to be a joint-equity partner in this project with the private sector. There needs to be a federal government backstop to support this project. Definitely, we will be looking for grants from the federal government to allow us to move forward with this major project in the central part of Nunavut, in the Kivalliq region.

Again, I cannot give you those numbers at this time.

The Chair: We've run out of time for you.

We're moving on to MP Arnold Viersen.

Mr. Arnold Viersen (Peace River—Westlock, CPC): Thank you, Madam Chair.

Thank you to our guests for being here today.

David, is the Grays Bay project close to where you're from? No?

Mr. David Ningeongan: There are other Inuit associations. I'm from the central and they're from the west.

There are three regions: eastern Nunavut, central, and west.

Mr. Arnold Viersen: Okay, so it's not anywhere close. It wouldn't affect you at all.

Mr. David Ningeongan: No.

Mr. Arnold Viersen: Shucks.

One of the things I've been interested in is the road infrastructure. You were mentioning something about connecting to southern Manitoba. Is that road access? Does that follow along from Churchill? Where would you access Manitoba?

Mr. David Ningeongan: It could be a combination of road or rail coming up from Manitoba into our region. Whether it comes from Churchill, The Pas, or Thompson, that would have to be studied. The Kivalliq Inuit Association applied to the national trades corridor funding to try to access road monies so that we could get two of our communities connected to Rankin Inlet. They're about 70 kilometres north and south of Rankin Inlet. Right now, a 15-minute flight is over \$400 to go from Rankin to Chester or Whale Cove. If we had a road between the three communities, it would cost \$20 or \$40 to drive over. So there's a major gap there. We do need road infrastructure within our Kivalliq communities as well.

Another example is that the people in the communities I just mentioned can't even drive to the mine north of Rankin Inlet, which is 25 kilometres from their home communities. They have to fly in.

Mr. Arnold Viersen: Okay.

How has the carbon tax affected your community?

Mr. David Ningeongan: It will be a challenge, but also it will be an opportunity, because it will allow for development to happen and allow us to go after green energy that we did not have the opportunity to move to in the past. I think the stars are aligned right now to allow us to get this project on the go, if we can get the federal commitment to support this initiative.

Mr. Arnold Viersen: Thank you.

Tom, you mentioned that Arctic policy has changed multiple times in your lifetime and in your experience up there.

I was just looking through the book you were handing around here. A lot of activity seemed to happen in the seventies and eighties. Is that first-wave stuff? You said "three times". Are you seeing anything going on right now in terms of drilling, exploration, or that sort of thing?

From the panel before you, we heard about how the highway up to Tuk dramatically improved things for the community of Tuktoyaktuk. Have you seen a lot more traffic because of it? Is tourism affecting your area? What about mining development, as well?

(1710)

Mr. Tom Zubko: We don't have much in the way of mining prospects close to us. Our natural resource play is oil and gas. I have a map here that I can show you after the meeting, if you're interested.

There were almost 200 wells drilled in the Beaufort Sea, mostly in the eighties. By the way, there were never any significant incidents arising out of those wells.

Mr. Arnold Viersen: Are those wells producing today?

Mr. Tom Zubko: They are not at all, not a single bit.

There were also many wells drilled in the Mackenzie delta area and surrounding areas. The only significant oil and gas play that exists today is Norman Wells, which has been producing oil since 1929. That's the oil field where Alexander Mackenzie noted that there was oil flowing into the Mackenzie River from surface areas along the riverbank. Other than that....

The three periods, by the way, were, first, pre-1977, when the Berger inquiry and the National Energy Board halted potential for development; the second one was the Beaufort Sea development. The third was in about 2000, when the oil companies felt that they probably could run a gas line into the Beaufort and up the valley. Quite a bit of activity ensued, until it became clear that the review process really didn't seem to have any kind of end, and all of the proponents pulled back from all of their activities awaiting some kind of certainty from the environmental and social review that was carrying on.

That went on for six years. It was terrible, in my opinion, and it served no purpose.

Mr. Arnold Viersen: One thing I note coming from northern Alberta is that the oil patch and the logging industry demand roads; they demand Internet service; they demand cell service or, if they can't get those, for sure radio service. There are therefore repeaters being put up and that sort of thing.

Was that the experience in 1977 and 2000; that come hell or high water, they were getting up there, and they would build the road;

they would buy the big truck; and they would demand probably radio service at that point? Was that your experience in that time as well?

The Chair: That's a yes or no answer. We're over our time.

Mr. Tom Zubko: Yes.

The Chair: We'll move on to MP Rachel Blaney.

Ms. Rachel Blaney: Thank you, everyone. Thank you so much for coming here and presenting to us.

David, if I could start with you, I'd appreciate it. You talked about the project, and I want to ask a few questions.

You talked about how this would include fibre, which would connect several communities. Could you share with us what other opportunities having that kind of connection could open up for those communities?

Mr. David Ningeongan: There are a lot of opportunities with this hydro fibre project. It will allow for more businesses to be developed in the region. Recycling, for example, or bakeries, which cost a lot of money to run, will be available for that opportunity.

Specifically on the fibre optic, education is a key thing. We cannot do long-distance training right now because of our satellite broadband issues. This will allow our people in the territory to have that option.

Specifically for health care, there is telehealth. We're having issues with telehealth being done regularly, because we do not have this fibre optic in the region.

Once we get fibre optic into the Kivalliq region, it will open up more bandwidth to the other communities in the territory for their use as well. It won't benefit just five communities or seven communities in my region; it will have a lasting impact on the whole territory to have that option.

● (1715)

Ms. Rachel Blaney: It's an important infrastructure investment and would probably allow you to not always have to fly to Ottawa when you come to these meetings. I bet you'd appreciate that.

I know this is concrete and you may not have an answer for it, but it would be great if you could give it to the committee. One of the things I'm wondering about is what the cost difference will be between having the diesel power as opposed to when you're put into this system so that you can get hydro. I think it would be really helpful for our committee to understand that as we are making recommendations. If you can't answer that today and if you could give that to the committee, I'd really appreciate it.

Mr. David Ningeongan: Yes.

Ms. Rachel Blaney: I want to touch on the diesel a bit. In my riding in southern British Columbia, we get snow like this and everybody stays at home because they don't know what to do, so I will never compete with you about those realities. One of the indigenous communities that I represent, Dzawada'enuxw, has diesel as well for their really remote community. Their infrastructure for diesel is wearing out. It's aging rapidly. They have significant concerns.

You mentioned that in your presentation. Could you talk about what the risks are with this aging infrastructure for diesel?

Mr. David Ningeongan: Not too many years ago in Rankin Inlet our power plant shut down. All the generators were out of commission. They had to fly emergency generators into our community. That had a lot of impacts on the people. Also, it's not just that in terms of our infrastructure. Our community is on a utilidor system, so once you have no power, the water lines start freezing.

With the aging power plants, the chance of that happening again is very real. It's going to cost millions of dollars per community to upgrade their power plants. Just as an example, for our westernmost community in the other region, the Kugluktuk region, it cost them \$30 million just to upgrade their power plant not too long ago.

If you consider \$30 million times seven, that's \$210 million of potential investment the government is going to have to put in place in our region, because there is a 40-year life expectancy for any power plant, and all our power plants are past their life expectancy.

Ms. Rachel Blaney: You live in a very cold climate, obviously, so if the diesel power goes out during the coldest parts of the year, what kinds of risks does that mean for the communities you represent?

Mr. David Ningeongan: When we lost all our power, it happened in the winter.

The community scrambles to get temporary generators to be connected to the furnaces or a boiler. Not every house has that opportunity. Not every individual who owns a home has that option, and not even the public housing units have that option.

We do have issues with freeze-ups. It is a real challenge for our communities in the Kugluktuk region and in Nunavut, because it has happened in multiple different communities.

Ms. Rachel Blaney: Thank you.

You also talked about the gold mines and the work they've done, and also the work they've done in building infrastructure in the regions you serve. You also talked about how one-third of the employment for the Inuit in your region is work at that gold mine. With regard to the project you're talking to us about today, could you just talk a bit about having that infrastructure, what that would mean for employing more Inuit people in the region, and just what those impacts could be?

The Chair: You have one minute.

Ms. Rachel Blaney: In one minute, let's just wrap it up.

Mr. David Ningeongan: Thank you for that question.

Housing is a real issue right now in all of the Nunavut communities, as you heard, but that is not allowing other people in the region to come to Rankin to work at the mine. We really appreciate, Agnico, as an Inuit organization, investing millions of dollars to put in private roads going to their mines, and being able to drive on these roads has helped our people and our harvesters as well.

It really benefits not just industry but the people in Rankin, for example. Instead of going for two weeks in and two weeks out, the people who are from Rankin will be able to go home at night to be with their families. I think if the option is there with proper housing in place in the community, other families will move to Rankin so that they can come home at the end of the day to be with their families. That is a real concern with regard to infrastructure as well.

(1720)

The Chair: I'm going to just ask you to provide us with the numbers when you get them, and we will try to incorporate them into your presentation.

Now, it goes to MPs Will Amos and Terry Duguid. Terry will be leading off this session of questioning.

Mr. Terry Duguid (Winnipeg South, Lib.): How much time is left, Madam Chair?

The Chair: There's seven minutes or a little bit less, because we have a bit of committee business..

Mr. Terry Duguid: That's okay. I have just one question, Madam Chair. Hopefully, my colleague will come back.

The Chair: Okay.

Mr. Terry Duguid: Those were a couple of very interesting presentations. Thank you so much for being here, and for coming a long way.

As Hunter knows, I've participated in the Hudson Bay round table for many years, and this issue has been on the table for a long, long time. I certainly understand your growing impatience. I've also been up to Rankin Inlet twice. I've stayed with Aunt Dorothy—Hunter's aunt—and I could get an NFL football game on the TV, but I couldn't get a YouTube video. I really experienced up close and personal just what a barrier that is to commerce, to starting small businesses and particularly to education and connecting young people to so much of what the world has to offer.

The new thing for me today is your private sector partner. Is there a danger, if we don't move quickly enough, that the private sector interest might go away? That's one issue. I'm wondering about the private sector interest of Agnico Eagle also chipping in, because they obviously have a commercial interest.

Also, can you maybe give me the latest on the Manitoba government's interest? I know I've heard before with the previous government that it's very expensive, and hydro seemed to be somewhat reluctant. Have you made the larger economic case? In the old days when I had something to do with the port of Churchill, the economic relationship with the Kivalliq was very, very strong. It's much weaker now. The fuel is now coming from Montreal, and construction materials because, of course, we didn't have an operating railway—

The Chair: I'd like you to really tighten it up, because we need five minutes for an in camera session.

Mr. Terry Duguid: The questions are about the danger of private sector interest going away, and the interest of the Manitoba government.

Mr. David Ningeongan: Thank you.

The Manitoba government is basically waiting for the federal government signal on how we move forward with this project. I think our private sector partner is there to stay, as long as we get the federal support to move the project forward. Right now, as it is, without federal support, I don't think this project would be going forward, but we will make that—

Mr. Terry Duguid: But, would you still say time is of the essence?

Mr. David Ningeongan: Absolutely. The urgency is that there will be renewable energy investments in the north. For us, the goal is to maximize community benefits, and this project does that. It gets five communities and two mines and fibre all in one shot.

The Chair: Thank you.

Mr. Terry Duguid: Thank you.

Say hi to Aunt Dorothy for me.

The Chair: Merci beaucoup. Meegwetch.

Safe travels. Thank you for coming in.

We're going to go in camera, so we're going to ask everyone to leave the room so that we can do some committee business.

They want to know if we're going to travel, how long this study is, and three issues.

[Proceedings continue in camera]

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