



Diavik – the NWT's
largest producer of rough
diamonds

Bill C-15: Devolution & the MVRMA: Opportunities to Improve the Investment Climate in the Northwest Territories

**Presentation to the Standing Committee on Aboriginal Affairs and
Northern Development
January 30, 2014**



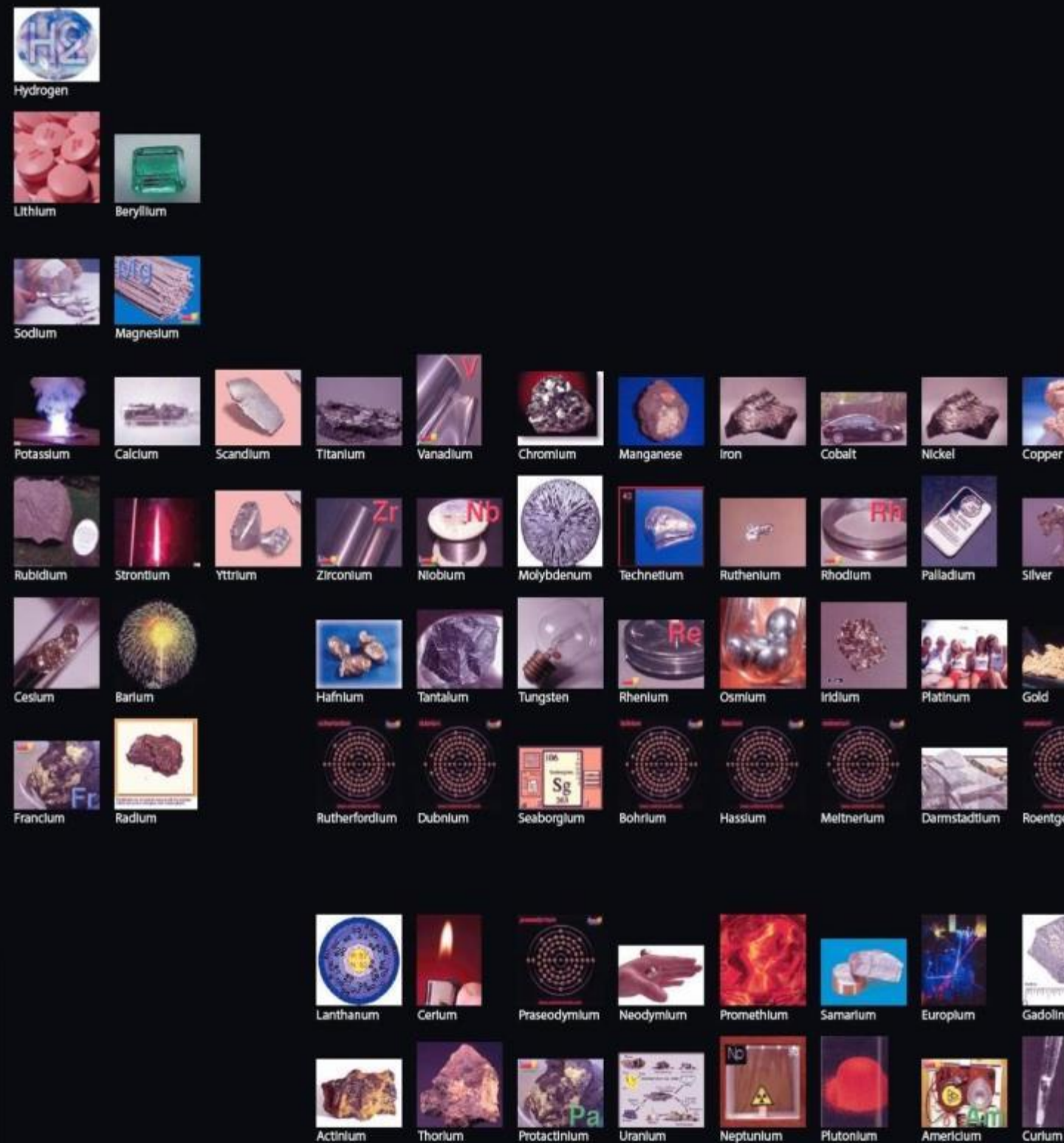
The Mining Association
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About MAC

The national voice of the mining industry in Canada:

- Advocacy - to advance the business of mining
- TSM Initiative – stewardship and social license
- 39 members in iron ore, gold, diamonds, oil sands, met-coal, base metals, uranium
- 50 members in engineering, environment, finance
- Members engaged in exploration, mining, smelting, semi-fabrication, supply



Canada's Mining Industry



Domestic Contribution

- 220 mines, 33 smelters and refineries
- 418K employees (2012)
- ~\$20B annual capital investment
- \$6.6B taxes and royalties (2012)
 - \$71B (2003-2012)
- Largest employer of Aboriginal Canadians

Global Competitor

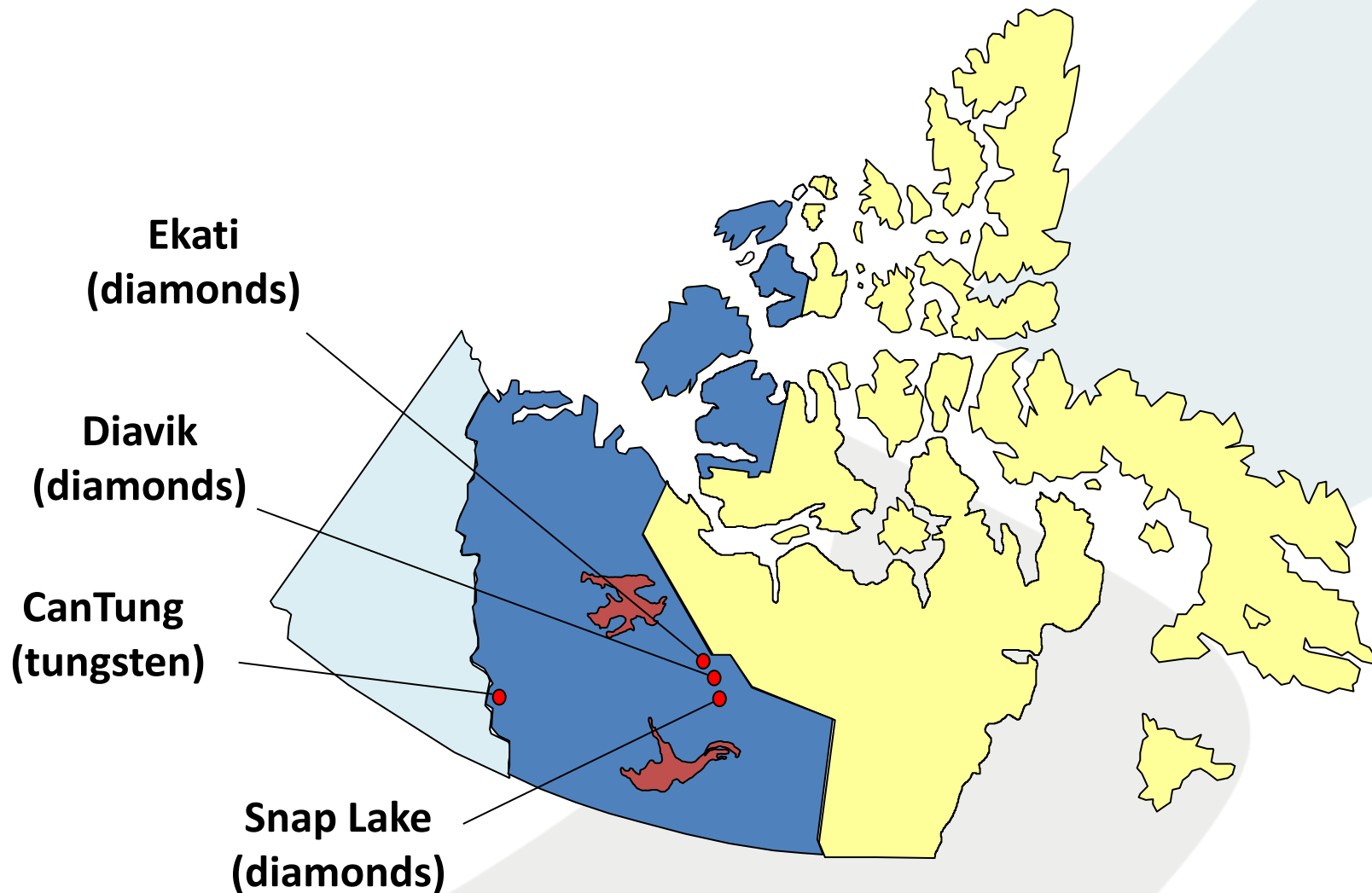
- Attracted 16% of world exploration spending in 2012
- 1,670 mining companies listed on TSX/TSX-V, 70% global equity, 47% foreign projects
- Minerals account for 20% of Canada's total goods exports
- Top five world producer in **diamonds, uranium, potash, nickel, platinum, zinc, aluminum, met coal**

NWT Mining Industry



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Past Producing Mines: Con • Giant • Lupin • Polaris • Nanisivik • Pine Point • Cantung • Discovery • Rankin Nickel • Rayrock • Outpost Island • Supercrest • Eldorado • Ruth • Terra • Norex • Silver Bay • Colomac • Tundra • Camlaren • Contact Lake • Ptarmigan • Tom • Mon • Cullaton Lake • Salmita • Hope Bay • Negus • Thompson-Lundmark • Rich • El Bonanza • Rycon • Bullmoose

Mining's Contribution to Canada's North

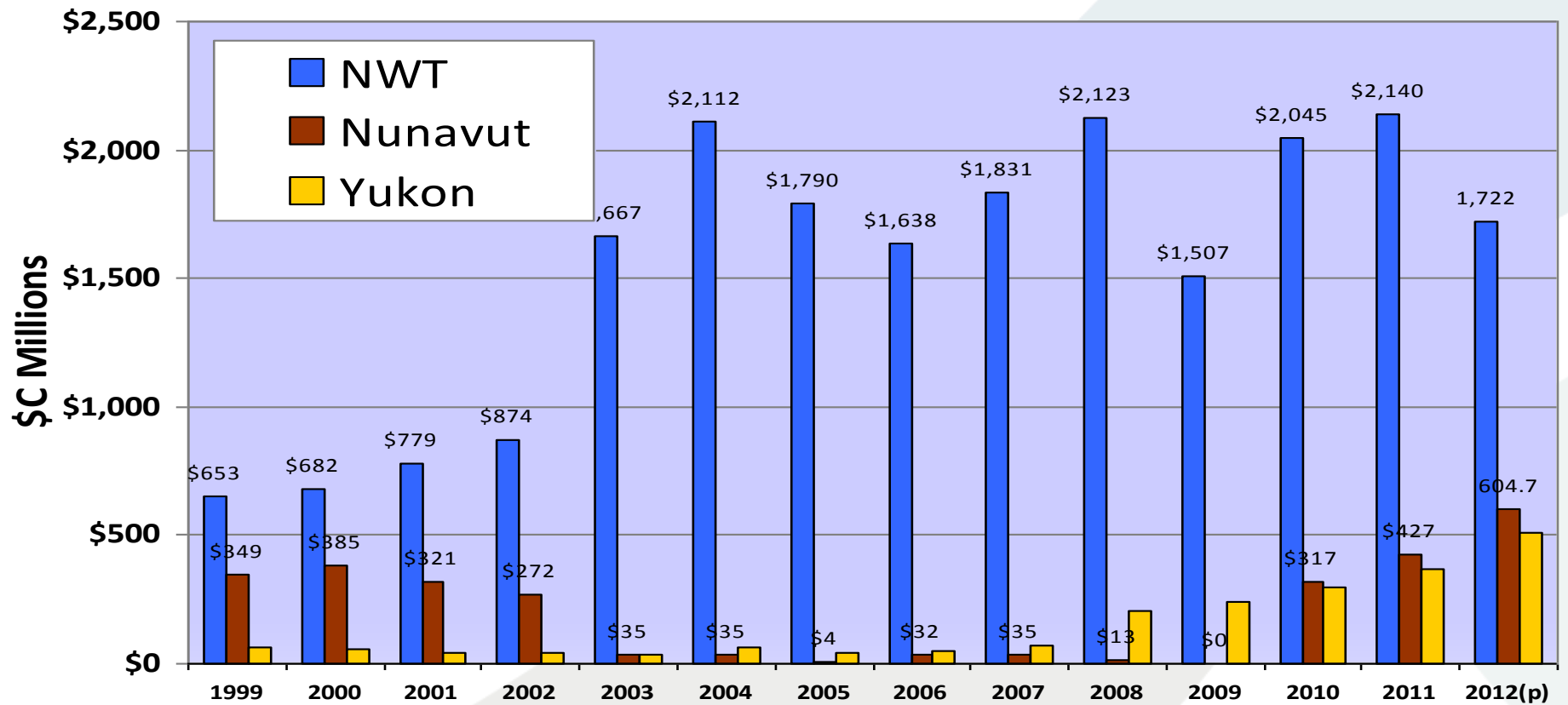
Mining is the Largest Private Sector Contributor to the NWT Economy

- **Employment**
 - 35,000+ person-years
- **Investment/Spending**
 - \$12 B+ in capital and operating expenditures; \$3.6 B in taxes & royalties
- **Business Development;**
 - \$9 B Northern, \$4 B Aboriginal
- **Contributions to Northern Infrastructure:**
 - Roads, rail, hydro development, shipping, and ice roads
 - > \$100 M for community development: health care, education and sports facilities,
- **Workforce development**
 - Extensive programming in Aboriginal skills training and education directly and via NWT Mine Training Society



Value of NWT Production

NWT, Nunavut and Yukon Mining Production

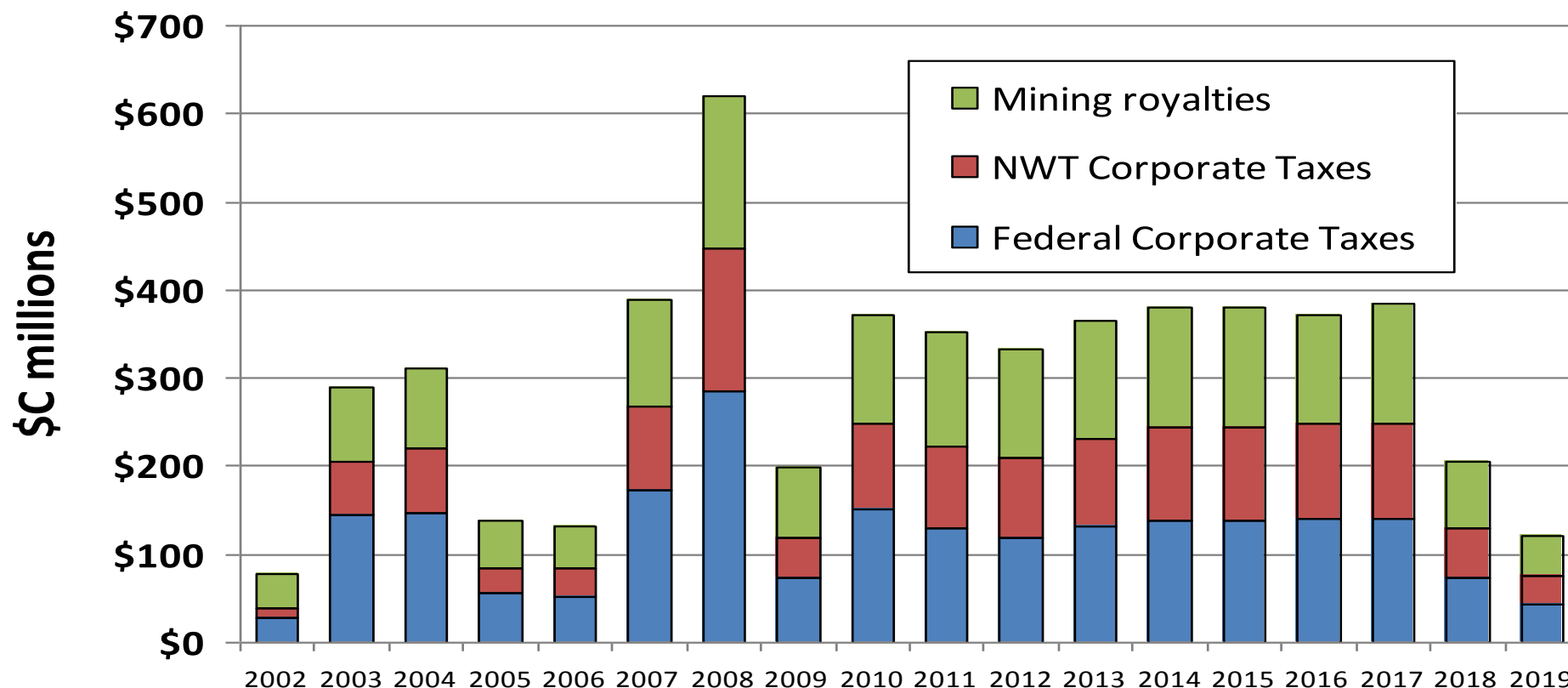


Natural Resources Canada – March 2013

- NWT mine production is the largest in the North
- This revenue pays wages, taxes and contracts with local businesses.

NWT Taxes and Royalties

Diamond Mining Taxes



Source: GNWT – ITI Economic Model

- To the end of 2013 Totals = \$3.6 Billion;
 - By 2020 = \$5.6 Billion
- Does not include – payroll, income taxes, fuel & property taxes
- Does not account for future discoveries

Aboriginal Businesses

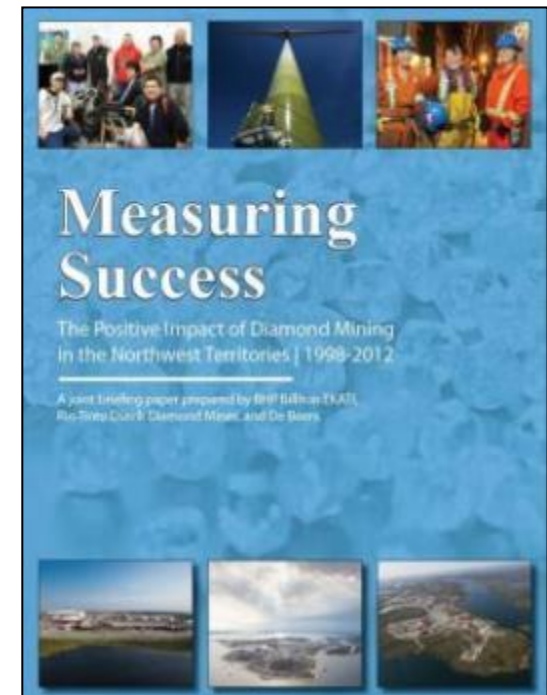
Serving the NWT Mining Industry

New Aboriginal companies created in past 15 years

- Tli Cho Logistics
- Tli Cho Landtran
- Tli Cho Cement
- Tli Cho Air
- Tli Cho Road Constructors
- Tli Cho Orica Explosives
- Denesoline Western Explosives
- Metcon
- Kete Whii Ltd.
- Kete Whii Procon
- Sodexho Alliance
- Exploration Medical Services
- Kitikmeot Cementation
- Lac De Gras Constructors
- Nishi Khon SNC Lavalin Inc.
- North Slave Logistics
- Nuna Logistics
- SecureCheck
- Lac De Gras Constructors
- Nishi Khon / SNC Lavalin Inc.
- Ekati Services
- I&D Management Services Ltd.

Det'on Cho Earth Energy
Det'on Cho DNX
Bouwa Whee
Det'on Cho Foraco
Det'on Cho Hazco
Det'on Cho Nahanni Construction
Det'on Cho New North
Det'on Cho NUNA
Det'on Cho Pure Earth Elements
Environmental Solutions
Det'on Cho Scarlet Security
Det'on Cho Stantec
Det'on Cho Training and Conference
Centre
Det'on Cho Logistics
Det'on Cho Medic North
Det'on Cho Mining Supplies
DICAN / ADG
Kete Whii / Ledcor
Kete Whii / Procon
Denesoline/ESS Compass
Denesoline/McCaw Drilling and
Blasting
Denesoline/Nuna Logistics
Denesoline/Tli Cho Logistics
Lutsel K'e Air Services
A.T.B. Construction
Trinity Helicopters

Akaitcho Helicopters
Dene-Emco Ltd.
Denesoline/Aboriginal Engineering Ltd.
Denesoline/Air Tindi Joint Venture
Denesoline/Arcan Constructio
Denesoline/De Beers Labour Contract
Denesoline/Discovery Mining Services
– Logistics Expediting
Denesoline/Deton Cho/Procon
Denesoline/Deton Cho/Ledcor
Denesoline/Dyno Nobel



Bill C-15

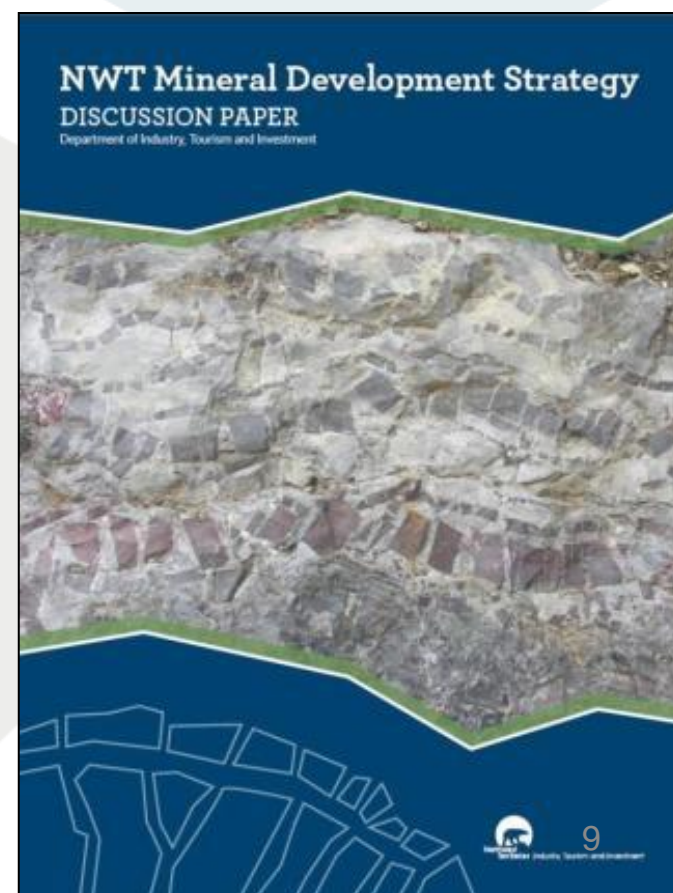
NWT Devolution

The transfer of responsibility for natural resources to the NWT is a long-awaited and important step forward

- Decision-making authority for natural resources transferred to the Territorial and Aboriginal governments
- **NWT Mineral Development Strategy** promises to improve the operating environment for mineral development

Five key pillars to improve competitiveness, performance and enhance northern opportunities

1. **Creating a Competitive Edge**
2. **Improving the NWT Regulatory Environment**
3. **Enhancing Aboriginal Engagement and Community Capacity**
4. **Promoting Sustainability**
5. **Enriching Workforce Development and Public Awareness**



Northern Regulatory Improvement Industry's Participation and Input

Participation by MAC – NWT & Nunavut Chamber of Mines – PDAC

➤ Industry's input has been predicated on:

2005	<ul style="list-style-type: none"> Auditor General's report outlined deficiencies in the NWT regulatory framework
2007	<ul style="list-style-type: none"> Cabinet Directive on Streamlining Regulation Minister Strahl introduced Northern Regulatory Improvement Initiative (NRII)
2008	<ul style="list-style-type: none"> Joint industry submission to Minister Strahl on NRII Industry participation in multi-stakeholder Roundtable on NRII Neil McCrank report: <i>"Road to Improvement"</i> on NRII
2009 - 2012	<ul style="list-style-type: none"> Nunavut Planning and Project Assessment Act (NUPPAA) introduced Industry joint submissions to AANDC on NUPPAA
2010	<ul style="list-style-type: none"> Response to Minister Duncan's Action Plan on Northern Regulation Industry input to NWT Surface Rights Board Act
2011	<ul style="list-style-type: none"> Industry input to NWT Land Use Plans Industry submissions on proposed MVRMA amendments
2012	<ul style="list-style-type: none"> Industry participation in MVRMA workshop, submission to Minister Duncan Input to MVRMA Land & Water Board policy development
2013	<ul style="list-style-type: none"> Industry participation in MVRMA workshop Industry joint submissions (2) on MVRMA to Minister Valcourt
2014	<ul style="list-style-type: none"> Industry submissions on Bill C-15 to Standing Committee on Aboriginal Affairs and

Mackenzie Valley Resource Management Act

- MVRMA defines the regulatory framework for most mining projects in the NWT
- Key proposed amendments under consideration:
 - Addition of Timelines; equivalency with CEAA
 - Ministerial policy direction to Boards
 - Life of project water licences
 - Restructuring Land and Water Boards
- All generally considered improvements to the act, however...there are opportunities for improvement

- **Timelines**

- Requiring completion of an Environmental Assessment (EA - 12 months) prior to commencing an Environmental Impact Review (EIR - 24 months)
- Solution – if EIR required, consolidate both to 24 months

- **Unwarranted referrals to Environmental Assessment**

- Referral of low-impact activities based on undefined “Public Concern”
- Solution – define “public concern”

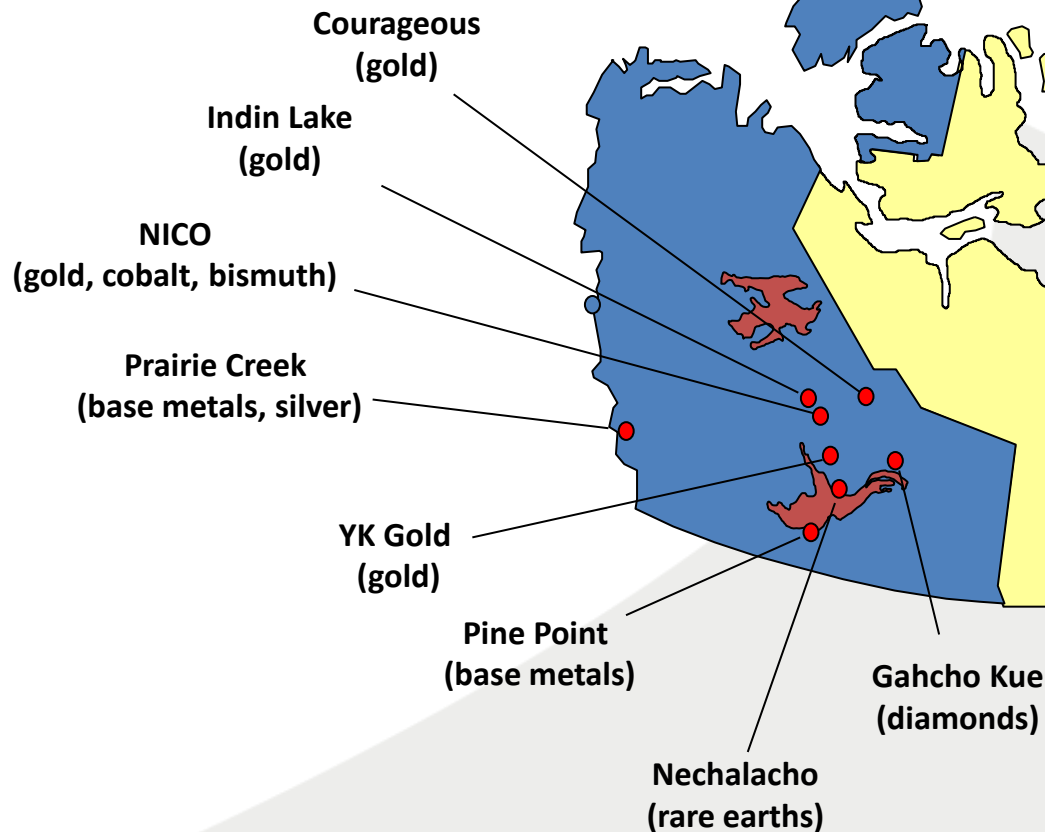
Ongoing Concerns – Opportunities for Improvement

- **Proportionality in Environmental Assessment**
 - Flexibility in the scope and intensity of an EA in proportion to the magnitude of the activity
- **Restructuring Land and Water Boards**
 - Industry has built productive working relations with regional board panels
 - Importance of keeping regional representatives involved with local projects
- **Clarification of the Crown's Duty to Consult**
 - Many procedural aspects delegated to industry

NWT Mines of Tomorrow

“Canada’s overall northern metal and non-metallic mineral output is expected to grow by 91% from 2011 to 2020...”

**- The Conference Board of Canada,
January 2013**



NWT’s Development Potential

- One of least explored regions
- Very high mineral potential
- 6 major projects in process
- New production within 5 years
- Additional project by 2020
- Major benefits for Northerners



NWT Investment Climate

Successful development attracts new investment, however...investment cannot be taken for granted

- **Capital is mobile and competition for it is global**
 - In recent years the NWT regulatory framework has been perceived as a deterrent to investment
- **Investment decisions are made on fairness and predictability of process**
 - Confidence in the regulatory process is paramount
- **An improved regulatory environment will help provide certainty for northern operators**
 - Affirming a supportive investment climate for development is critical for future development and the territory's economic and social well-being; Bill C-15 has the potential to support this objective, so we encourage you to consider recommendations we have put forward.

Thank You
Merci

**FOR MORE INFORMATION
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