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Chair

Mr. Bruce Stanton

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• (1530)

[English]

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

We're going to get started as quickly as we can here today. We have one hour to hear from two of the last of several that we have left to finish our study on northern economic development. We know this to be specifically barriers and solutions that prevent economic development in the north. We'll get to our witnesses in a moment.

As I say, we only have one hour, members, and then we'll be taking a brief suspension and then going in camera to consider the report for the study on the Aboriginal Healing Foundation.

You'll also know that we will be having bells at 5:15, so we'll take as much time as we think we can here, and then we'll have to finish up.

On the orders of the day, we welcome here today first Lawrence Connell. Lawrence is the corporate director of sustainable development for Agnico-Eagle Mines Limited. And we also welcome John Stevenson, who is the manager of Nunavut Resources Corporation.

Gentlemen, we will essentially start off with a presentation of up to ten minutes from each of you. We will do them in succession, and after that we'll go to questions from members.

So let's begin with Mr. Connell, for ten minutes. You have the floor.

Mr. Lawrence Connell (Corporate Director of Sustainable Development, Corporate Office, Agnico-Eagle Mines Limited): Thank you, Mr. Chairman.

Members of the committee, thank you for giving Agnico-Eagle the opportunity to speak before you.

I'm sure that nearly everyone appearing before you on this study has indicated to you that the problem in the north is capacity, that it is a major obstacle to sustainable development. We would concur, but rather than spending time discussing that lack of capacity, I'd like to basically look at potential areas where we think solutions can be found.

AEM, or Agnico-Eagle Mines, is a widely held Canadian public company, and it has grown to become one of the top ten gold companies in the world. It is now one of the largest private sector employers in both Nunavut and northwestern Quebec.

Nunavut is an important component of the future well-being of Canada. There are significant mineral resources in this area that have already been discovered and delineated, and they're awaiting the next economic upturn in metal prices to become the future generation—

[Translation]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Could you speak more slowly, because the interpreter...

[English]

Mr. Lawrence Connell: Nunavut is an important component of the future well-being of Canada. There are significant mineral resources in this area that have been discovered and delineated, and they're awaiting the next economic upturn in metal prices to become the next generation of Canadian mines. These new mines will yield wealth for Canada as a nation, and under the right conditions could help Nunavut to grow out of its current economic dependency upon the federal government to become a net contributor to the future economic well-being of our country.

Development of our northern resources is also the fastest and surest way for Canada to solidify its claim to sovereignty over our Arctic region. AEM is a believer in the future mineral potential of Nunavut, in particular the Kivalliq region, and has invested close to \$1.5 billion since 2006 to develop the Meadowbank Gold Mine near Baker Lake. The mine started production in February 2010 and has created close to 600 new permanent well-paying jobs. The company currently employs over 175 local Nunavummiut, which is 35% of our current workforce. This one mining project alone will generate an annual revenue equivalent to 35% of the current Government of Nunavut budget and will create annual operating expenditures of over \$100 million for a minimum expected mine life of ten years. That's a total of \$500 million in payroll, income, and mining taxes.

To be brief, we suggest that the major barriers to economic development in Nunavut are a lack of strategic infrastructure, specifically in the area of access, transportation, and electrical power. The mining industry relies upon transportation links to get its products to market and its operating supplies in. The high cost of transportation in the north is currently a significant economic disincentive to doing business in Nunavut. It is a significant factor in the high cost of living faced by northern residents and Nunavummiut in particular. It contributes to the poor standard of living seen across Nunavut and is an obstacle to creating a sustainable economy in the territory.

The mining industry will contribute to the development of the infrastructure needed to develop these mineral resources of Nunavut, but it cannot do the job alone. The federal and territorial government have to take a leadership role in supporting development of the infrastructure needed to increase the pace of this development. The problem is that the needs are great and the availability of cash limited, so how do we prioritize where to invest to obtain the greatest return to the people of Canada?

In our opinion, the focus should be on infrastructure initiatives that reduce the cost of living in Nunavut. This will also reduce the cost of doing business in the north and set the stage for the creation of a sustainable northern economy in which reliance on the south can be reduced. Northerners want to be in control of their own future, but at the moment they cannot see the way to bring this dream to reality.

What type of infrastructure will do this? We see it as an investment in strategic deep-water ports in the north to reduce the cost of transportation, strategically placed access roads that will allow for the distribution of goods and services across the territory, and investment in power generation in areas where reducing the cost of power will trigger industrial development.

The second point is the shortage of a skilled workforce in Nunavut. Nunavut needs a priority investment in its human capital to ensure that Nunavummiut have the ability in this generation to fully participate in the mineral development that is beginning to occur in the Kivalliq region. The people of Nunavut currently do not have the array of skills needed to fully participate in the development occurring on their land. The majority of the skilled workforce are still coming from southern Canada. This trend needs to be reversed for the north to become economically sustainable. We could also significantly reduce our costs of doing business at Meadowbank if we could source more of our workforce in the communities nearest to the mine. It is expensive to move a large workforce between southern Canada and Meadowbank every two weeks.

• (1535)

The federal and territorial governments should work with industry in an accelerated fashion to ensure that the people of Nunavut benefit from this mineral development in their backyard. The time is now for large-scale investment in adult skills training that is designed to get Nunavummiut involved in the mineral development of this region so that within five years, as Nunavummiut gain the skills and experience to take on these roles, the number of southern workers coming north drops significantly. The diamond industry in the NWT has been trying to accomplish this for close to ten years, with limited success. It cannot be left to industry alone. To make significant progress, the federal and territorial government has to take a greater role. The economic returns are there. Increased employment will lead to increased taxes and less dependency on social programs. The spinoffs to the communities will start to build sustainable economies in the communities of Nunavut where mineral development occurs. It will also indirectly enhance project economics by reducing our indirect costs.

We need to focus on the 25- to 40-year-old Inuit adult population. The high unemployment rate and the long-term dependence on social assistance in this age group has had a serious impact on the self-esteem of Nunavummiut. The Inuit are a proud people and need

our help to climb out of this long cycle of dependence. If we work with them, we will see a positive response that will lead to the growth of a sustainable middle class. As the adults gain their self-respect by becoming independent, they will provide the role models for the younger generation. The current status quo is just not working.

The third and last point I had was the complexity and uncertainty in the existing rules and procedures surrounding access to land for exploration, and in obtaining regulatory approval in authorizations to allow development to proceed. The rules and procedures governing access to land for exploration and the regulatory process are too complex and are not living up to the expectations of Nunavummiut. This complexity leads to high costs for both industry and government and leads to uncertainty in the outcome for both industry and Nunavummiut. We acknowledge the need to protect our environment and its natural resources in Nunavut and to do this with the equitable and meaningful involvement of all Nunavummiut, but the current process has become too cumbersome and needs to be fixed to better serve everyone. The reduction of duplication in these processes will also lead to lower costs and provide credibility in the process.

We acknowledge the recent first reading in the House of Commons of Bill C-25, the Nunavut Land Use Planning and Project Assessment Act. Industry supports the intent of this legislation, and it is a good start, but this act alone will not reduce the complexity of the process and it will not create the streamlining that we need in the process.

In summary, the economic future of Canada is aligned with the future economic well-being of Nunavut. The mineral industry has shown that Nunavut possesses world-class mineral resources. If the potential for actual mines is to be fully realized in this generation, however, strategic investment by the federal and territorial government is needed.

Those are the three points I've made: investment in human capital; investment in critical transportation that reduces cost of living and hence cost to business; and investment in community infrastructure to allow new northern small businesses to grow.

Thank you, Mr. Chairman.

[*Translation*]

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

It is now Mr. Stevenson's turn.

[*English*]

I should say also that Mr. Stevenson here comes at the recommendation of the Kitikmeot Inuit Association, which was an organization that contacted us about presenting on this important study.

Mr. Stevenson, you have ten minutes, and hopefully you'll be able to hear us all right. Once we get to questions, there will be an opportunity to have translation as well. We'll tell you a little bit more about that at the end of your presentation.

Go ahead.

Mr. John Stevenson (Manager, Nunavut Resources Corporation): I can hear you.

Thank you, Mr. Chair and members. Good afternoon, and thank you for the opportunity to address the committee.

Your work is viewed by KIA, the Kitikmeot Inuit Association, as very important, indeed critical to the development of the north.

Before I continue, I'd just like to acknowledge Larry Connell. I do know him from AEM, and I actually wholeheartedly agree with just about everything he said, and particularly, from a KIA standpoint, what he related to with respect to infrastructure and skills training. Those are very important components to KIA.

Mr. Charlie Evalik, the president of the Kitikmeot Inuit Association and the chair of the Nunavut Resources Corporation, sends his regrets. Unfortunately, he is travelling this week on NRC business. Assisting Mr. Evalik with the NRC project have been Mr. John Donihee, as project lead, Dr. Ron Wallace, as project manager, and me.

The purpose of this presentation is to provide an overview of KIA, or the Kitikmeot Inuit Association; introduce one of KIA's strategic objectives, the NRC, or the Nunavut Resources Corporation; and to provide an overview of the NRC concept and its potential role in northern development.

The Kitikmeot Inuit Association was incorporated in 1976 to represent the interests of Kitikmeot Inuit. In those days, it was referred to as the central Arctic, an area just north of Yellowknife—well, quite a ways north of Yellowknife actually. It achieved many of its early goals with the signing of the Nunavut land claims agreement in 1993. Since then, it continues as an important body and acts as a designated Inuit organization under the claim. It has responsibilities for ownership and management of Inuit-owned lands—some 103,000 square kilometres, which is just a little smaller than Nova Scotia and New Brunswick combined. It is also responsible for negotiating impact benefit agreements and oversight of water quality on Inuit-owned lands, just to name a few responsibilities.

KIA's head office is in Cambridge Bay. It has offices in each of the five main Kitikmeot communities. KIA has negotiated impact and benefit agreements with mining companies in the past, including diamond mines in the Northwest Territories primarily due to adjacency reasons, and more recently with Miramar, now Newmont Mining Corporation Canada, in the Kitikmeot region. However, in at least two recent cases in the Kitikmeot region, developers have sold properties located on Inuit-owned lands for significant returns prior to benefits flowing to Inuit.

It has become clear to KIA that it needs more tools in its toolbox than just IIBAs, or impact and benefit agreements, if it is to meet its mandate to ensure lasting and meaningful benefits for Inuit and indeed for Nunavut. Hence the idea of the NRC, an idea that would take Inuit from level one of the economic value chain, just receiving rent, and level two of that same chain, providing goods and services primarily negotiated through impact and benefit agreements, to levels never seen before in Nunavut: level three, which would be investing equity in major resource projects, and level four, which

would be reinvesting earnings from those investments into other future projects.

Inuit equity participation offers the potential for Inuit to participate in a meaningful way in major resource and energy developments planned for Nunavut. Many such projects presently offer tremendous economic opportunities, not just for Nunavut but for Canada as a nation. Such initiatives also advance the securing and reaffirmation of Canada's Arctic sovereignty interests. There are existing strong precedents and models for aboriginal equity participation and ownership in Canada. Further, several Canadian private sector mining, energy resource, and financial companies have stated that they are actively seeking aboriginal and northern partners.

● (1540)

Commitments made to the north in the 2008 Speech from the Throne were reaffirmed in Canada's economic action plan with the announcement of the creation of a regional development agency called Canadian Northern Economic Development Agency, or CanNor. In announcing the agency, the Prime Minister noted,

CanNor is a tangible acknowledgement that the federal government places the north higher on its agenda than ever before, and it will be a fundamental component of the government's northern strategy going forward.

The Prime Minister two days later in Pangnirtung said,

We are very concerned that as development occurs here in the territory that the local people don't just share in the wealth generated by that development but that they share in the development itself... In our judgment, there's not enough of that happening.

Kitikmeot Inuit Association and NRC Nunavut Resources Corporation strongly agree with and support these observations, and we applaud the northern vision that the statements imply.

Here it is suggested that what is missing from the northern policy is a possible recognition of the value of and need for direct equity participation by Inuit in major resource developments in Nunavut through private sector investment vehicles. Through the promotion and formation of an NRC, the potential for Inuit corporate partnerships with major Canadian resource development and financial interests would be significantly enhanced. Using such an economic development model, Inuit could work through their own corporate entities to secure and enable their own economic and social security.

The NRC could provide Inuit with another valuable economic development tool, in addition to IIBAs and other mechanisms, to work constructively with northern developers, investors, and related national and international financial houses to secure those resources. In short, it is Charlie Evalik's vision, and now that of many more Inuit since Mr. Evalik began the journey to establish the NRC, to take Inuit involvement in northern economic and resource development in Nunavut to a new level through the NRC. In doing so, we aspire to develop a different economic vehicle for the north, one that works for the benefit of Inuit and of Canada as a whole.

I would like to quickly read the three recommendations that were made in the submission that was provided to the standing committee in January:

It is recommended that the potential of the NRC to enhance northern economic and resource development activities be recognized by the committee and that it make specific recommendations to government to support this initiative in principle.

It is recommended that the committee consider and recommend to governments that innovative financial support mechanisms be defined to allow the NRC to achieve its initial aims to participate and achieve an equity interest in certain major resource developments in Nunavut.

It is recommended that the committee acknowledge, indeed emphasize, the importance to Inuit...of achieving more direct control of, and participation in, future major resource developments in Nunavut through equity participation in those projects.

We respectfully request the support of the standing committee to encourage Canada to assist the KIA and NRC to realize their goal.

This concludes my statement. I look forward to any questions you might have.

Thank you, Mr. Chair.

• (1545)

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

Mr. Stevenson, there will be some questions *en français et en anglais*.

We're going to begin with Mr. Russell.

This is a seven-minute round, for both the question and the answer, so the more succinct you can keep your questions and answers, members and witnesses, the more questions and the more material we can get through.

So let's go to Mr. Russell for seven minutes.

Mr. Todd Russell (Labrador, Lib.): I want to thank each of you for presenting to us this afternoon. I have a couple of questions, one for each of you.

Mr. Stevenson, you mentioned greater equity participation on the part of Inuit-owned corporations or entities in certain developments, and you talked about innovative financing solutions. I'm paraphrasing a little bit. Could you just expand on what you mean by innovative financing solutions or approaches that would allow Inuit to have more of an equity stake in a number of these developments?

To Mr. Connell, I guess we can note that you've certainly had some success in terms of your operations in the north. I believe you have a number of mines up and running, and two more coming on stream. I'm just wondering if you could outline what initiatives your company took in particular to engage Inuit in Nunavut, and what kinds of strategies you employ in terms of your company today to bridge the employment barriers that might exist.

I'd just like to get a better sense from each of you on those particular questions.

• (1550)

The Chair: We'll start with Mr. Stevenson. Go ahead, Mr. Stevenson.

Mr. John Stevenson: Thank you, Mr. Chair.

It's what Dr. Ron Wallace, one of the leads on this project, calls "highfaluting finance". I think it involves a number of partnerships in order to achieve this equity interest. The other thing we are also trying to achieve is not to use any Inuit money. We are not going to

be using the Nunavut Trust, for example. We are seeking partnerships with investment houses; there are a number of them in Canada. We are talking to the major banks.

So it's equity interest, financing, and we're also talking to the Government of Canada for a bit of seed capital to get started. We recognize it's not going to be easy.

I believe the first project will be and needs to be one that provides some cashflow for NRC so it can keep its lights on and we're not reliant on government for operations and maintenance. Also, of course, a major partner will be industries themselves.

Mr. Todd Russell: Does the IIBA allow you to have an equity stake in a number of these developments now? Could that not be negotiated under that particular vehicle?

Mr. John Stevenson: IIBAs could be used as a mechanism to achieve an equity interest, but the problem with IIBAs, as I stated earlier, is that you need a project to have an IIBA. By the time you have an IIBA, you have an Agnico-Eagle on your lands, an IIBA that's paying dividends. You have a gold mine on your lands.

What happens before you get to the Agnico-Eagles is that there are a number of interim companies making small fortunes from the Inuit lands without building a project. The vision is to take advantage of those interim steps so the Inuit will benefit from the entire process, not just the end.

Mr. Todd Russell: Thank you.

Mr. Connell.

Mr. Lawrence Connell: Some of the initiatives we have taken... I'll tell you briefly about them, because there are quite a few. During construction we recognized that the chance of us getting local or Inuit skilled construction workers would be very limited, so we chose to take on the role of acting to provide all the services for the construction companies that came north to build Meadowbank. In doing that we supplied the accommodation, the food, the moving of materials, and the delivery of materials. That allowed us to build a strong base of lower-skilled Inuit employees who have now become the core of provisional skills to the mine.

We chose the model to get us a quick start during the construction phase. Recently, working with Human Resources Canada, the Government of Nunavut, and the Kivalliq Inuit Association, we created the Kivalliq Mine Training Society. We've committed \$9 million to that venue over the next three years. I think the federal government is putting \$2.5 million into it, and the Government of Nunavut is putting in \$600,000. The concept of the training society is to provide skills to new employees that will get them into entry-level jobs at Meadowbank. Our target is to get 50 new skilled employees in each year over the three years.

The kinds of programs we've been running, for example, are taking local people down to Morrisburg College in the Ottawa Valley to be trained as heavy equipment operators. We now have 40 haul-truck operators, all from the local communities.

We've done the same with Northern College in Ontario, with mill operators. We're engaging in that. The problem is there are still only 50 employees per year. We're making a small dent in a bigger problem. I think there's room to take that model and build on it.

We do have an Inuit impact benefit agreement that's flowing money to the Kivalliq Inuit Association. It has scholarships, but we have found that scholarship programs are very unsuccessful in motivating students to come south for higher education. So we have recently engaged McGill University and Nunavut Arctic College to look at how we can bring some of those training programs into the north.

I'll use this good case in point as an example. Nunavut Arctic College is getting the engineering for a mines training centre to be built in Cambridge Bay. That's been on the books for almost five years. I think they received \$1.3 million last year to do the assessment and the design. They know that the next impediment is that the capital cost of building is \$45 million, and there is nowhere on the horizon where they're going to get that. That process is probably going to be another five or six years before we see the first student from the program, which is almost halfway through the life of the Meadowbank mine.

The local communities were asking this to be moved forward in 2005. We see the slowness of this and where there's the need for an accelerated program, as partnerships together, to increase the pace.

• (1555)

[*Translation*]

The Chair: Thank you very much.

We will now move to the Bloc Québécois. Who is going to ask the questions?

Mr. Lemay, go ahead.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you for being here. I listened carefully to your remarks and I am asking myself a question. We are almost at the end of our study. Mr. Connell, I read what you wrote very carefully. By listening to you and reading what you wrote, I am wondering if we shouldn't try to trigger—I am going to be careful about how I word this—a change in thinking?

There are Aboriginal people in the north. I understand there are Aboriginal people in the Yukon and the Northwest Territories, but if we look at the Inuit case, given everything that I have heard during the last months, I am not sure Inuit are ready for an invasion like that. You can contradict me if you do not agree with me. This invasion is just starting, especially in terms of mining exploration and exploitation. Let's just look at mines. I am wondering how we are going to do it. I know Meadowbank well. In my riding, there is a mine called Lapa. It is just at the border with my colleague's riding and it is operated by Agnico-Eagle Mines Limited.

When Lapa mine opened, we told them there would be small problems because of the way they think in the north. So I ask myself how we will do it. It is all very well to invest millions, but if Inuit are not on board—since it is they we are talking about—why would we do that? And how can we get them on board?

I would like to hear what you have to say about that since, in my view, that is one of the main obstacles.

I am not even concerned about money; there is lots of money. When I look at the potential profits of Agnico-Eagle Mines Limited, I am not worried about money. But the workforce and training, and especially labour retention, do worry me.

I would like to hear what you have to say, Mr. Connell, and perhaps you too, Mr. Stevenson. Take your time, I am listening.

Mr. Lawrence Connell: Thank you, Mr. Lemay.

[*English*]

You're quite right. I wouldn't say they weren't ready. If I take the example of Baker Lake, which is where the Meadowbank mine is, we have to look at a bit of history. In the 1980s they were approached by a company called Urangesellschaft to develop a uranium mine near the community. They were not ready at that time. The elders of the community said to the mining company, "No, go away; we're not ready for you yet."

When Meadowbank came along—it's 20 years later—the elders had recognized that over 20 years they had not improved. Actually, things had got worse in their local community. So they were very willing to participate and help us in the creation of the Meadowbank mine. We have a very engaged community liaison committee of elders and other business leaders working with us on Meadowbank.

I think the aspiration, the desire, is there. But I believe there has been some disappointment for the people of Nunavut with the slow pace at which government has helped them come forward. We continually see conflicts between the Government of Canada and Nunavut, and we wonder if this is not getting in the way.

But from a community level, I really believe that the people of the communities want to take their lives into their own hands. They feel it's time. They want to participate and they're looking for help. And they will respond.

• (1600)

[*Translation*]

Mr. Marc Lemay: Mr. Stevenson, what about you?

[*English*]

Mr. John Stevenson: Thank you.

I agree with what Larry said. I would also add that in the eastern part of the Kitikmeot region—which is, again, the area north of Yellowknife, formerly known as the central Arctic—the Inuit worked in the Polaris mine 20 or 30 years ago. There is some experience there. In the western part of the region, the Inuit have worked in the Beaufort on the oil rigs. They've worked at the Lupin mine, which is a gold mine in the central Arctic. Right now they're working at the Diavik diamond mine and the BHP diamond mine in the Northwest Territories because they have an impact benefit agreement with those mines.

So I think the desire is there. I agree with you. It is a bit of a chicken-and-egg thing when it comes to building a \$45-million school. But it's Kitikmeot Inuit, at least. I've been requesting that the construction of that school be ramped up. And they've been requesting, for many years now, that the mine training centre be built. And it still has not been officially announced that it will be constructed. The construction of it would enhance the skills of the Kitikmeot Inuit, and so will... This is another initiative KIA is working on, but one that involves something similar to what Kivalliq has done, which is to develop a skills strategy. The skills strategy obviously will require centres like a mine training centre in the Kitikmeot region.

[Translation]

Mr. Marc Lemay: Thank you.

[English]

The Chair: Merci, Monsieur Lemay.

Let's now go to Madam Crowder, for seven minutes.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Thank you, Mr. Chair.

I want to thank both of our witnesses today.

I want to start off with you, Mr. Stevenson, by referencing a Harvard study on mining that was just released. Although it doesn't apply to your area—it deals specifically with the Takla first nations in northern British Columbia—I think some of the recommendations from that study are probably relevant to the north.

Just broadly, the study indicated that first nations “bear an unfair burden at every point in the mining process, from the registration of claims to exploration, production, and abandonment of closed sites”, and that “urgent law reform is needed to shift at least some of this burden onto government and industry”.

I can't, obviously, in the short time I have available, deal with all the recommendations, but I want to focus in on the equity in revenue sharing, because that's one point that you raised in your presentation.

One of their recommendations to governments and key stakeholders is that they need to develop revenue-sharing plans and provide training and job opportunities for first nations. The recommendation talks about the fact that mostly what we see is employment agreements, which are simply trickle-down effects for the communities. It says:

This situation is particularly problematic because the revenue is derived from the natural resources found on traditional First Nation lands and comes at the expense of harm to those lands. Mining companies can improve upon this situation by sharing their revenue from mineral development with affected First Nations.

I'll come to the training when I talk to Mr. Connell, but could you give us more detail about what you would like to see in terms of revenue sharing or equity in these proposed mines?

Mr. John Stevenson: Well, right now throughout Nunavut, Inuit own land. That's different from many other jurisdictions in Canada for aboriginal people. Inuit actually own, fee simple, the land, or some of the land. They also own the sub-surface rights, in some cases. In the case of the Agnico-Eagle mine, much of that land, surface and sub-surface, is Inuit-owned land.

The opportunity for the NRC, though, is before all that. It exists now in terms of maybe an infrastructure deal or some other deals that Mr. Connell mentioned, but the opportunity for Nunavut Resources Corporation would have been Agnico-Eagle's predecessor: the people who went into Baker Lake and established the relationships, explored the land, found the gold, and made a lot of money when they sold the company to Agnico-Eagle Mines. That's where—

•(1605)

Ms. Jean Crowder: Sorry, Mr. Stevenson, but let me interrupt. With the Inuit, they end up with the royalties but there still isn't an equity interest, right?

Mr. John Stevenson: That's exactly correct.

Ms. Jean Crowder: So at the earlier stages of the process, when the mine proposal is being developed, that's where there needs to be more involvement from the Inuit. I agree that it's different from what we're talking about with the Takla, but this report is recommending that early involvement is absolutely critical in order to develop the plan for how Inuit or first nations would be involved.

Mr. John Stevenson: I agree with that. That's true.

Ms. Jean Crowder: Okay.

Mr. Connell, I don't have much time, but I want to come back to the training part. You acknowledge that training is critical. This report, of course, goes on to talk about how essential training is. It's great to hear that a training society for entry-level jobs has been developed, but the reality is that unless people work in the area of kindergarten to grade 12, the students aren't going to be turned out in order to take advantage of apprenticeship opportunities, or technical.

Is your company doing any work with the Nunavut government around kindergarten to grade 12, around any support or encouragement? We've seen the very high dropout rates.

Mr. Lawrence Connell: Yes.

We don't want to step in and take over government's role—

Ms. Jean Crowder: Absolutely not.

Mr. Lawrence Connell: —but what we have done is we have participated in school visits throughout the Kivalliq region. Our motivation message is to show the kids a pathway to where they can get employment, and encourage them to “aim for the max”.

We've participated in a gems program with some other corporations that actually brought students out to the Meadowbank mine last year. These were bright students, selected from each of the high schools, and they came out and spent time with an elder and a mentor living at the Meadowbank site. They job-shadowed.

Again, we were trying to show pathways for these students, to show them a route where they could come back. It is important that we work on both sides. We want to ensure that we maximize the entry-level jobs and then move them forward within the company by training on the job. But it's also important that we aim to get the next generation of managers, engineers, and accountants from somewhere in Nunavut as well.

We are trying to do that, but the education system in the north does need a lot of work. There are bright spots and there are bad spots. You often see the impact there of one good teacher in a community.

Ms. Jean Crowder: Do I have time?

The Chair: You have a minute and a half.

Ms. Jean Crowder: In your presentation you indicated that 175 Nunavummiut people are employed with the company, making up 35% of the current workforce. What percentage of those people are in more than entry-level jobs?

Mr. Lawrence Connell: I would say more than 90% are in the entry-level positions. We've now started to move a small number upwards with on-the-job training, but we've only been in operation for a couple of months.

Our intent is to take those we already have employed and develop their skills by training them within the company. We have already—

Ms. Jean Crowder: Do you have an internal mentorship or an internal training program that is more than just on-the-job training?

Mr. Lawrence Connell: Yes, we do, and laying out a career path for every Inuit employee is actually part of the IIBA.

Ms. Jean Crowder: Great.

Thank you, Mr. Chair.

The Chair: Thank you very much, Ms. Crowder.

Now we'll go to Mr. Duncan for seven minutes, and that will end our first round. Go ahead, Mr. Duncan.

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

My first question is for Mr. Connell. You mentioned Bill C-25, the NUPPAA legislation, and then you stated that it was a good start but that more streamlining is required. Could you give us a couple of examples of what you meant by that statement?

Mr. Lawrence Connell: The NUPPAA legislation basically enshrines the process we have now, and it critically adds clarity to the process and it adds timelines, which are critical to moving a process forward, but it doesn't do anything to get rid of the overlaps.

If I take a project through the environmental assessment process and on through permitting in Nunavut, I will have gone through three distinct levels of public hearings. At the end of this five-year-long process, even the elders in the community are asking, "Why are you coming back with the same project, with another public hearing round? Why can't these be rolled up and why can't we move forward?"

We believe there is a lot of room for overlap to be reduced by coordinating some of these roles as we move through the process.

•(1610)

Mr. John Duncan: What would be the authority that would be able to accomplish that?

Mr. Lawrence Connell: It basically has to be coordination among the instruments of public government, the IPGs, meaning the Nunavut Impact Review Board, the Nunavut Water Board, and the Nunavut Planning Commission, all of which are created through the Nunavut Land Claims Agreement Act. There has to be an agreement between those groups to come up with a process that streamlines it.

Right now it's a retreat back to what's entrenched in the land claim agreement, and we're stuck with a process that just isn't working for anybody.

Mr. John Duncan: Thank you for providing that clarity.

As part of your presentation you also had a suggestion that referred to infrastructure needs, but it was specific to power generation. Can you give us some examples? We've had other presentations in this regard, but specific to Nunavut, what significant opportunities are there?

Mr. Lawrence Connell: I think that for Nunavut there is some hydro potential. I'm not an expert, but there are hydro potential opportunities in the Kivalliq region that are being looked at. I also think that small-scale nuclear technology is something that should be looked at for Nunavut.

To put this in perspective, the cost of power for the Nunavummiut person living up there is phenomenal. It's a large proportion of their income, much more than we would ever see or even tolerate in the south. At Meadowbank we've already built the power plant, but our cost of generating power is about 35% of the total operating cost of that mine. If we'd had access to another form of power, it would have significantly reduced the cost of that operation. For Meadowbank that's gone, and I don't mean to apply it to Meadowbank; what I apply it to is other mines out there that may be marginal at this point in time, but that could be shifted into development by just a simple change like that.

We'll also see extension of the diamond mines if we have them linked to a power grid, because as they come past their reserve, one way of extending their reserves is to lower their costs and make the marginal grade of material into ore.

Mr. John Duncan: Thank you for that. Obviously it's power generation and transmission capability.

I have a question for Mr. Stevenson.

With regard to community impacts, I wonder if you can describe for us what the Agnico-Eagle project has done for the community of Baker Lake in terms of unemployment and in terms of the overall community and what it portends. This must be very much a sea change in what's happening in the community, and you'd probably be able to give us a better glimpse into the future as well.

Mr. John Stevenson: I can't speak for Agnico-Eagle, because it's in the Kivalliq region, and I'm in the Kitikmeot region, which is a little bit west of Baker Lake. I've been to Baker Lake recently, and I've been to Baker Lake a number of times over my life, and there has been a sea change. I think it's quite positive. I am much more familiar with Cambridge Bay and Kugluktuk vis-à-vis development. Right now the Hope Bay mine is being developed by Newmont south of Cambridge Bay, and that has had a similar effect on Cambridge Bay and on the entire region in fact. I would say there are probably between 60 and 70 Inuit working at Hope Bay mine right now, and it's only in the early stages. It's just in development, under construction actually.

The plans are, I know, for many more Inuit to be working there. President Evalik has worked on the Kitikmeot skills strategy, which is similar to the strategy Larry referred to earlier. I know from experience, living in that region, that a lot of Inuit worked in the past at Tahera or presently work at Diavik and BHP, and they're reliant on those jobs. It's one thing to get capacity, but when you stop using that capacity, it's a real loss.

• (1615)

Mr. John Duncan: What is the constraining factor here? If the training or the employment opportunity is available, is there take-up from the local community, or is the take-up the limiting factor? Is it the availability of training and employment or is it the take-up that's the limiting factor?

Mr. John Stevenson: I would propose it's likely that the labour force needs far more skills training. Skills training is predominantly the issue. The opportunities are there, but children are not getting out of high school at the pace we'd like to see, and therefore people are not eligible to even get into training if training were available.

Mr. John Duncan: I guess I'll go in a similar direction to that of a previous questioner.

The Chair: Actually, sorry, Mr. Duncan, we're a little over time there. As a matter of fact, we just got engaged here on another matter and let you go over time. I know it doesn't happen too often.

We have three more speakers left on the list. We're going to allow maybe three minutes each, and that will wrap us up close to our mark.

So let's go to Ms. Neville for three minutes, and she will be followed by Mr. Dreeshen and Monsieur Lévesque.

Ms. Neville, go ahead.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Thank you.

Thank you very much for your appearance here today.

My question is a very simple one. According to what you have said today, and what speakers who have previously come before the committee have said, unequivocally the overriding concern seems to be education and skills training for individuals in Nunavut. I wonder

if each of you could comment on what you would see as the first and second priority of the federal government's engagement in education and skills training. What should they do or should the government do first, and quickly?

Mr. Lawrence Connell: Can I start that off?

Hon. Anita Neville: Sure.

Mr. John Stevenson: I'll go first.

Hon. Anita Neville: Go ahead:

Mr. John Stevenson: Extend the ASEP program, the aboriginal skills and employment partnership program, for at least another five years in order to take advantage of the current mine projects that are being constructed and just being developed, including Agnico-Eagle and Hope Bay Mining Limited.

Hon. Anita Neville: Thank you.

Mr. Lawrence Connell: I would concur with that. The ASEP program is what we're starting to build from, and we should see jobs flow from that in this next three-year period. The Nunavut government always suffers from resource... We recognize education is their role. I think they need assistance in developing job strategies and in creating a strategy for how we're going to move forward. I think they're so bound by capacity problems that they aren't able to move. I think that needs someone to guide them through it and help them through it.

Hon. Anita Neville: You mean with a job strategy, but how would you marry the education component to the job strategy?

Mr. Lawrence Connell: I really believe that while education is very important, the key right now is making sure that students see a value to education. I think we will make gains in education when students realize why they're staying in school. We won't see that until we get, in the home life, the self-esteem of parents to realize there is value to that job. We have a cycle now of many generations of dependency, and I really believe we have to do something at the adult level, which will in turn then provide a value to the education. That value has to be passed on, and students have to then see why they're going and see a career path. Right now I don't think they see a way forward, so they're not motivated to go anywhere.

The Chair: Thanks, Ms. Neville—right on time.

Now let's go to Mr. Dreeshen for three minutes.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much.

Again, just to speak of the self-esteem and the cycle of dependency and so on, I think it's so significant. We've heard a lot about the need for that type of study and that type of challenge being met.

I'd like to speak to you about the community liaison committee and how you also tie into the community. Mr. Connell, perhaps you could describe what takes place there and how you manage to interact with that particular committee.

•(1620)

Mr. Lawrence Connell: We started off by having regular sessions with the hamlet council. We recognized that it was only getting us so far. So we created a community liaison committee, where we went to each group in the community—the elders, the youth, the business community, adult education, educators—and they select from among themselves who represents them at that committee. The committee meets with my management about every six weeks, and any subject related to the mine is on the table.

Initially there was a flurry of housekeeping activities, things that were very minor, but they were very important. They were seen to be an ability to actually move forward on those. That has now led to a trust between the two parties. So they now are able to engage in actually doing things like how to move adult education forward in the community to create the positions at Meadowbank. But it takes time to build trust in that kind of a committee relationship.

Mr. Earl Dreeshen: If I could go into the economic impact there's going to be on the communities, in your presentation you had spoken of the Nunavut land claim agreement and how it's been able to help with the Inuit impact benefit agreement, as well as the water compensation agreement. Again, the thought is that there are going to be extra benefits that will be going to the community there. So when we talk about how the mineral royalties flow to the Inuit, I wonder if you could comment on how that's done and what we can expect for the communities.

Mr. Lawrence Connell: The mineral royalties from Meadowbank flow to the Government of Canada in the first years, and in turn they flow back to Nunavut Tunngavik Inc. The reason for that is the Meadowbank claims pre-dated the Nunavut land claim agreement. The second half of the mine life were actually on Inuit-owned lands. It would just bypass that and the royalty revenues would go straight to NTI. So NTI then has their role as to how they then return that money to do the business or services they perceive they need to do for the Inuit people. We're unsure as to how it's going to flow back to the community right now, but that's in the hands of the Inuit people to decide for themselves. And who better to have that opportunity? They will be able to do what they want with that income.

The IIBA has money that's allocated. It goes straight to the regional Inuit association with money that's there for business development, for the creation of entrepreneurs. It's there for wellness strategy, for a post-closure period, because we know that mines come to a close, and it's important that there be something left.

[Translation]

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

Mr. Lévesque's question will be the last one.

Mr. Yvon Lévesque: But not the least one, Mr. Chair.

Mr. Connell, how many years did you spend exploring Meadowbank before you started to work it?

[English]

Mr. Lawrence Connell: The Meadowbank discovery was first made in about 1985, and it went back and forth, becoming a deposit. So it took in the order of almost 20 years for that deposit to be assessed and for us to realize there was a value there. Of course within that 20 years we saw great fluctuations in the price of gold. So

at times it was a resource, sometimes it was not. So that took time. But typically the mining cycle is a long cycle, whether it be 10, 15, or 20 years. That's not unusual, from the first discovery to it becoming a mine.

[Translation]

Mr. Yvon Lévesque: You have a transit facility in Val-d'Or for the material that goes to Meadowbank. There is also a stopover for those who work on the territory. I believe you make at least three trips per week to get the workers in and out. You also know the First Nations University of Canada. We changed the name to improve access for Inuit. We are calling it now the First Peoples' University.

Have you ever contacted the First Peoples' University to see if they could help you? For example, what if, every week, you were to send three, four or five Inuit for a week of study in Val-d'Or and they came home for a week, and then you sent another group? Have you considered the possibility of training people this way as part of an agreement with the university?

•(1625)

[English]

Mr. Lawrence Connell: We actually have, although not in Val-d'Or. The problem we've run into is we have to go through Nunavut Arctic College. They have the mandate as the post-secondary school educator.

Yesterday we were at a meeting with them and McGill. We're looking at ways for partnerships between universities to actually bring the early education level up to Nunavut, rather than bringing the students down to McGill. We would have the pre-BSc courses, for example, in sciences done within the Nunavut Arctic College, in cooperation with McGill. That would then feed those students into a university system down south for the graduate degrees.

In doing that, the students would be in their home communities for a few extra years, and that's very important in Nunavut. People are very reluctant—I won't say scared, that's the wrong word—because stepping out to go to the southern world has not gone well for them, so it's not something they do lightly. People want to come back, so if we can bring that early education to them we can encourage more people to get into those programs.

[Translation]

The Chair: Thank you.

Mr. Yvon Lévesque: Is that it?

The Chair: Yes.

Mr. Yvon Lévesque: Already?

The Chair: Absolutely, you only had three minutes.

Mr. Yvon Lévesque: You are only giving me three minutes?

The Chair: Yes, in fact, you went over by 40 seconds.

Mr. Yvon Lévesque: That's discrimination.

The Chair: Thank you, Mr. Lévesque.

[*English*]

Thank you very much, witnesses, for your presentations this afternoon and for your patience with our technical problems.

It's great to have you here, Mr. Stevenson, coming in from Yellowknife, and Mr. Connell.

Members, thank you for your questions and attention.

We'll suspend for approximately three minutes.

[*Proceedings continue in camera*]

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