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Chair

Mr. Bruce Stanton

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● (1545)

[*English*]

The Chair (Mr. Bruce Stanton (Simcoe North, CPC)): I call the meeting to order.

Good afternoon again, members.

To our witnesses, who have taken the time today to join us in this important study on northern economic development, we appreciate your patience while we dealt with a matter of committee business that we were finishing up.

As you know—or as you may know—this is our second-last meeting on a study that we've been conducting to identify the barriers and solutions to economic development in Canada's north.

We're delighted to welcome each of you here today. I will introduce each of you independently.

Just following the normal routine here, we will invite an up-to-10-minute presentation from each of you. We'll do that in succession. At the end of those three presentations, we will open up the floor to questions from members. We'll give you a bit more instruction on that once we begin that process.

We'll start with the names as they're listed under the orders of the day today.

First I will invite Greg Missal to speak.

Did I pronounce that right, Greg?

Mr. Greg Missal (Vice-President, Corporate Affairs, Baffinland Iron Mines Corporation): That's fine, yes; it's Mis*sal*. Thank you.

The Chair: Thank you very much. It's good to get that right at the start, because then members will know as well.

So Greg Missal is vice-president of corporate affairs for Baffinland Iron Mines Corporation.

Go ahead, Monsieur, for your 10 minutes.

Mr. Greg Missal: Thank you, Mr. Chair, and thank you, committee members, for having Baffinland here today to tell you a little bit about the project, and also to convey some of our thoughts on what some of the barriers are to northern development, particularly as they relate to us, but more than likely as they relate to most mining industry development in Canada's north.

By way of a bit of background about Baffinland Iron Mines, Baffinland is a company listed on the Toronto Stock Exchange. It's currently developing an iron ore project on the north end of Baffin Island, about 1,000 kilometres north of Iqaluit. The nearest communities to the project, called the Mary River project, are Pond Inlet and Iglulik, which are both about 200 kilometres away from the potential mine site.

The Mary River project is very unique in that it's very high-grade iron ore, almost a pure iron ore, if you will. There are very few projects globally that are of a quality this high. Luckily also, the deposit is very large. To date, the company has made five deposit discoveries at the site. The current project proposal has what we call deposit number one being at about 375 million tonnes of iron ore, which would be a direct-ship iron ore. By that, I mean it's a product you would take directly from the ground, and it would be crushed, screened, and taken to the coast, and then loaded on ships for direct shipment to the European market.

This product is quite unique compared to other iron ore deposits in the world that are lower-grade deposits. Some of these require processing or pelletizing. The Mary River deposit does not require that. It is a direct-ship iron ore, which is of huge benefit to everyone.

The current project proposal has the mine being run as an 18-million-tonne-per-year direct-ship project that would last for a 21-year period. The company considers that to be a first phase for this project. When you think about a 20-year mine life on deposit number one, it's pretty easy to see this project going for decades beyond 20 years. There are other iron ore mines globally that have mine lives this long. Some of the more world-class deposits do have that legacy to them.

The project itself, as you can imagine, given its size and scale, would be an absolute economic generator for the territory and particularly for Baffin Island. It would require very high employment throughout the construction period. We're estimating that to be probably about 1,700 people during that construction phase. That would be slightly lower during production, but we'd still be talking in the 400- to 500-person range during operations.

It's been fairly well broadcast that iron ore is a very popular and sought-after commodity on the global market at the moment. Prices are very strong, and there seems to be no indication that there's going to be much decrease in those prices in the near future.

I think the Mary River project probably isn't too different from other mining projects in the north in that the biggest obstacles that exist have to do with infrastructure. There is basically absolutely no infrastructure in the north. For a project like this, we would have to be flying in and flying out everything, or using a sealift, or shipping things. Obviously when you're doing that, costs for everything are extremely high. So these are very capital-intensive projects, which really put companies like ours and others at a disadvantage when pursuing projects like this.

● (1550)

Another obstacle that seems to exist in the north is a lack of good general skills amongst the people of the region. People seem to have the skills to take care of the jobs that exist in the communities today, but for servicing projects like this, the skill base simply isn't there.

Looking forward at the next three, four, or five years, we'd love to see some good acquisition of skills by the people so that they could participate actively in these projects, because as you can imagine, making the operations work in these mining projects that are very isolated requires a very broad set of skills.

I think on the skills front, it's also worth noting that funds for training obviously tie into that, but I mean training dollars for what I would call the better candidates that exist, not just dollars for people who are maybe EI-eligible or on welfare at the moment. We obviously want the best candidates possible coming to our mine site and working, and that's where we need to see the training dollars as well.

I'll stop there for today, Mr. Chair. I'll welcome any questions when we're done.

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

Now let's go to Mr. Mackey. Mr. Mackey—Peter, that is—is the president and CEO of Qulliq Energy Corporation. We're glad you could join us here today. Go ahead, please, for up to 10 minutes.

Mr. Peter Mackey (President and Chief Executive Officer, Qulliq Energy Corporation): I've brought copies of my presentation for you to hand out.

The Chair: Are they in both languages?

Mr. Peter Mackey: French and English, yes.

The Chair: Okay, by all means, we'll get our staff to take care of that for you.

Please go ahead. We'll circulate the documents as quickly as we are able to.

Mr. Peter Mackey: Okay.

First of all, thank you, Chair and committee members, for inviting me to represent Qulliq Energy Corporation at this committee.

I'll give you a bit of background about Qulliq Energy Corporation. We are the electrical supplier for Nunavut. We operate in 25 communities with 27 isolated diesel-generating power plants. There are no interconnected grids, and all of our energy is produced by the burning of fossil fuels.

We operate in, as I guess Greg could attest to, some of the harshest climates in which to operate as far as getting supplies or getting a resupply of our equipment goes. You have one shot during the summer at getting a sealift resupply, and after that, if you haven't got it, you're going to do without it.

Some of the barriers we face as an electric utility—and these are also faced by a majority of the people who look at developing enterprises in the north—are getting fossil fuels in on a sealift resupply and the cost of the fuel. A very minor increase in fuel prices per barrel means a huge increase in our operating costs, as it does for anyone operating a mine or a diesel-generating plant in the north.

We've attempted to look at alternative energies to reduce the dependency on fossil fuels, as well as to eliminate the risks associated with fossil fuels in terms of operating costs. Alternative energy options in the north are limited, and our ability to get them done is limited by the availability of the technologies and equipment in the north, as well as the expertise to work on those alternative energies.

Some of the other barriers we're facing as an electric utility in terms of any development in the north are our capital plans, which were affected by the development of the new territory. The power plants that operate in the 25 communities were designed originally for the Northwest Territories with smaller communities.

The division of the Northwest Territories into two territories caused a great experience in growth in many of these communities. Most of the communities were decentralized and received a government department, which caused enormous growth. Some of the communities doubled in size. The infrastructure that's in place, which was designed there, can't handle that type of growth.

We're faced with coming up with huge numbers of capital dollars in order to improve those communities. The issue is that our capital expenditures become direct rate increases for our ratepayers. Our ratepayers pay some of the highest prices for electricity, certainly in Canada and potentially in the world.

The lowest rate anywhere in Nunavut is 39¢ a kilowatt hour. In Iqaluit, added on to that is a fuel rider of about 5¢ to 6¢ a kilowatt hour. We're about to do our general rate application, under which we'll see even higher increases in these rates of electricity. Several communities will be paying more than $1 a kilowatt hour for electricity.

Another aspect is the workforce, the labour, as Greg mentioned in his presentation. We find ourselves hiring people from the south to fill a lot of the technical positions that are up in the north. Southern hires are typically transient in nature and are there for a short time and then move on. They aren't there for a long term. When they leave, they take the knowledge they have with them and leave that void, which you have to fill. Once again, you're filling that from the south. Southern hires, when they do come up, take a look at the cost of living in the north and make their stay very short.

We recognize the need to develop that expertise within Nunavut. Some things taking place will certainly contribute to development. There's a trade school opening up in Rankin Inlet, which we'll take advantage of. But we're still many years out in terms of having the level of expertise to meet the requirements that exist right now, let alone looking at having technical expertise that can supply for the future growth of mines or any kind of exploration that takes place in the north.

In terms of a solution to these barriers, Qulliq Energy can't come up with the money themselves to do a lot of these capital infrastructures to look at alternative energies. Doing so would cause a huge increase to our ratepayers, and as a utility, we can't get that kind of revenue from our ratepayers.

The Auditor General's changes two years back asked us to move from rate-regulated accounting to GAAP accounting, in large part because we can't, as a utility, utilize revenue from our ratepayers to fund our capital and O and M programs.

● (1555)

We're looking at partnering with birthright organizations in the north, partnering with the federal government and the territorial government, and we're even looking at potential P3 solutions. We're investigating potentially having private enterprise come in and partner with us in the development of capital infrastructure for the north.

One of the projects we're currently looking at is a hydro project for Iqaluit, the costs of which, in terms of getting it up and running, would be substantial, but it has the potential to displace over 35% of our fossil fuel consumption in the north. To put that into perspective, we're talking in the range of about 40 million litres that wouldn't be burned in the north if we got that one hydro project up and going.

As I indicated, any kind of development by Qulliq Energy requires huge amounts of money, and we've gone after infrastructure funding from the federal government, as well as any other kind of funding that's been introduced. Recently, one of the successes from this perspective was CanNor funding, which enabled us to put more efficient engines with better reliability into eight different communities. These engines allowed for infrastructure improvements without affecting the rates of our ratepayers.

We're doing some other things to offset the labour issues we have. We've become very aggressive in terms of trying to develop within Nunavut. For example, we recently held an apprenticeship boot camp. We brought in 50 northern people and ran them through a two- to three-week training period. We took the top 18 candidates, and we've made them full apprentices within Nunavut. These are local guys we hope to bring through our apprenticeship programs and then fill our trades requirements for the mechanical-electrical line as well as our technical positions. These are individuals who come from the north and live in the north. It's their home, so they have a vested interest. In this way, we're able to utilize that kind of training and that kind of program to offset some of the labour problems and issues we have.

To summarize, from our perspective as an electric utility in the north, the cost of doing business in the north is high, as indicated by Greg. We have shipping costs, which are for one time during the year. If you miss out, you lose it. Construction costs are extremely high, perhaps in most cases almost twice what they are in the south. Labour for maintenance after a project is up and done is expensive. Typically it involves rotating some southern people in or having very short-term southern hires. Operating costs are high, as evidenced by the cost of electricity in the north.

One of the things we're keen on, in terms of trying to see any economic development within Nunavut, is keeping all costs as low as possible. One of those is the electricity we charge. Commercial rates in all our communities are extremely high, which precludes the ability of a small enterprise to move in. Any kind of development is a huge cost for them.

One of the things we're doing is attempting to get a bigger stakeholder investment in the north. For that we're looking at partnering with the Government of Nunavut, the federal government, birthright organizations, and private industry.

That's it. Thank you.

● (1600)

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

Now we'll go to Mr. Erik Blake, who is the president of Icefield Instruments Inc. Mr. Blake joins us today from Trondheim, Norway. Norway, as you know, members, is one of Canada's circumpolar partners.

Mr. Blake, I appreciate your patience this afternoon. I guess it's not afternoon there. I know you're into the evening. We do appreciate you taking the time in the later part of the day to help inform our study.

You can hear me all right, I assume.

Mr. Erik Blake (President, Icefield Instruments Inc.): I can. Can you hear me okay at that end?

The Chair: Yes. The sound check is 100%. Let's carry on for your ten minutes then.

Thank you.

Mr. Erik Blake: Okay. Super.

I want to thank the chair and the committee members for allowing me the opportunity to speak to you today. I also want to thank you for accommodating my last-minute travel plans by arranging this video conferencing facility. I also want to apologize for my rumpled appearance—I just received my bags after being delayed on my way here.

Icefield Instruments is a small high-tech company with almost 20 years' presence in the north. We're based in Whitehorse, Yukon, and we design and manufacture and market a variety of electronic and electromechanical instruments to clients in mining, oil and gas, and academic sectors.

Given the small size of the local market, we have niche products, with few, if any, global competitors, and we rely heavily on exports of our products. For example, we build ice coring drills that are used by academic institutions around the world and borehole surveying equipment that's used in the mining and oil and gas industries, also around the world. In both of these cases we have just a handful of competitors.

When we first began operating in Whitehorse, there were two systematic obstacles to developing a knowledge-based industry. The first was a lack of confidence in local talent. Thankfully that has changed over time. People have come to appreciate that you can do some pretty incredible things from small communities. But it's still an issue, for instance, in trying to arrange financing. A lot of the local banks don't have the expertise to assess, if you like, out of the ordinary businesses in the north, so they defer to southern decision-makers, who maybe don't have the confidence that a northern company can make a go of it.

Another ongoing issue is simply a lack of critical mass. It's hard for me to find like-minded individuals to bounce ideas off, simply because the population is small. I'm not sure there's any way around that; it's my choice to operate a company in a remote area. But it's quite different from operating in a southern community or city.

There are some excellent programs that the Yukon government has put together in cooperation with federal and local partners. The Yukon technology information centre and the Yukon business development program have been excellent in terms of providing research and development funding and also business mentorship offerings that have really helped us develop our company. We've also received assistance from the Yukon trade investment fund, which has allowed us to attend trade shows and other marketing events that we might not otherwise have been able to afford.

Also, the Yukon government has recently started the Yukon Cold Climate Innovation Centre, together with a number of partners. That's a relatively new institution, and we're hoping that will go further in terms of developing more knowledge-based industry in the north and getting around some of these problems of lack of ability to brainstorm with people in that industry.

Transportation costs are also an issue for us, although perhaps less so. Our products tend to be quite high-end. The piece cost is high, so the extra cost of shipping things out is not significant. I think it would be a different situation if you were trying to sell widgets for $15. Our products are in the thousands of dollars, so it's not such a big issue.

There is an issue in terms of trying to arrange shipment, particularly when you're exporting to a global market. The situation in Whitehorse is that we don't have an international air cargo service anymore. Air Canada stopped carrying cargo, and the local Air North doesn't have transshipment agreements with other carriers.

We're restricted now to working with courier companies. But a lot of the courier companies have strange practices as well—for instance, for incoming shipments when we're ordering parts, they'll charge us for air service but they'll actually send it by ground. We do have ground service available in Whitehorse, but this causes time delays that are quite frustrating.

Recruitment of staff hasn't been an issue for us, but I know other companies that work in knowledge-based sectors have had issues. We're a bit away from the larger talent pools.

● (1605)

Once you do find staff, the staff retention is actually not such a big issue because people generally want to live in Yukon when they move there.

Those are the comments I wanted to make. I'd be happy to entertain questions when that's appropriate.

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

We're now going to the first round of questions from members. This is seven minutes for both the questions and the responses, so members may direct questions to either or all of you, and they'll make that decision as they go. Of course, it always serves our interest best if members and our witnesses keep their responses and questions succinct, and then we'll get through more of the material this afternoon.

We're going to invite Mr. Russell for the first question for seven minutes.

Mr. Todd Russell (Labrador, Lib.): Thank you, Mr. Chair.

Good afternoon to each of you. It's good to have you with us as we clue up what has been an extensive study of northern economic development.

Almost every presentation we have heard has related to the lack of infrastructure, in one form or another. If you had your choice, what would you want to see in terms of infrastructure? Maybe you have one or two top choices. That might be hard, as there are just so many.

My question as well is to Mr. Mackey. You raised a point again, and we've heard it a number of times: the shipment of goods by air is, of course, very expensive. There is one sealift a year. Is this still the reality with the expanded season, with less ice coverage? We hear, and some of the shipping interests in my area seem to think we could have a regular shipping season now going into certain ports, in Nunavut, for instance, perhaps for four or five months of the year, if, say, a roll-on, roll-off dock were in certain ports.

So I'm just wondering about that.

For Mr. Missal I have a little more of a direct question. If we build infrastructure, or if the government per se built infrastructure, and your mine was *x* number of kilometres away, do we build infrastructure for your mine in particular, or do we build it for the community there and then try to tie the two together? Your mine could be 300 kilometres north of a community, and if we build a dock for the mining company, every mining company is going to want one next to their mine. But there has to be some vision around tying the infrastructure development into the mining or other types of development.

I'd just like to have your comments on those.

Mr. Peter Mackey: Thank you for the question.

You're right, indeed. I'll clarify it in terms of the shipping. In some communities, such as Iqaluit, we'll get three or four resupply ships during the shipping season. A lot of the northern communities won't get that. They'll typically get a single ship. Part of the issue is that you're talking about a community, in some of the northern communities, of maybe 500 or 600 people. The materials going in are going to be limited in terms of resupply. The biggest customers are going to be your northern stores, co-ops, and then potentially us, as an operator of a power plant there. The demand isn't there to get the supplies in. The private shipping companies aren't going to be going up to drop off very limited things in terms of supplies.

● (1610)

Mr. Todd Russell: Could we expand the rotation of shipping into a place like Iqaluit if the companies took that on?

Mr. Peter Mackey: In Iqaluit we have almost a sufficient resupply there, and when you take into consideration that Iqaluit is the seat of the territory for our federal governments in Nunavut, and a lot of our companies use it as their base.... Logistically, it's a gateway into Baffin Island, so there is a substantial resupply there. But it's the other 24 communities that we have issues with in terms of construction or getting construction materials in to do a project or to do anything. If you don't get all your supplies on that one ship, you are toast.

Mr. Todd Russell: Okay.

Greg.

Mr. Greg Missal: Thanks very much for that question. It's a very relative and good question.

The topic of road building in terms of supplying infrastructure is probably a challenging one, because it's not as if we're going to start linking communities by road on Baffin Island. I don't think anybody is looking for that.

As it relates to our project, and probably to a number of other projects particularly across Nunavut, I think the deep sea ports are something that everybody seems to point at and say this is something where you can really build up a lot of synergy for a number of different groups: it can benefit industry; it can benefit the communities; it can benefit perhaps the coast guard, perhaps defence. You could probably brainstorm that to whatever level you want to take it to. There are just no modern deep sea ports that exist.

Now, we're going to need one for our project. If we build our project, it will have a deep sea port. If we had help doing that, sure, there is a chance it could happen sooner.

Mr. Todd Russell: Very quickly, what are the nearest communities?

Mr. Greg Missal: Iglulik and Pond Inlet are a couple of hundred kilometres away. The benefits to those communities are that you're bringing in more robust ships, and there's much more certainty to the sealift that happens once a year.

In the case of this project, we're contemplating year-round shipping. So we'll be coming in with icebreakers 12 months a year. These are specially built cape vessels that will potentially be able to bring in supplies to those communities year round.

Mr. Todd Russell: I'm not saying it's exactly your circumstance, but if you have a deep water port near Pond Inlet—and this is why I asked the question—and then you have a road between your mine and Pond Inlet, they will get the benefit of the infrastructure and greater shipping year round.

Mr. Greg Missal: That's correct.

Mr. Todd Russell: But if we don't build a deep water port and you build it next to your mine, it will be hundreds of kilometres away from Pond Inlet and they won't get the benefit of the deep water port or year-round shipping.

So we have to think about building those synergies, where the government can invest in infrastructure and it helps the community primarily, but it becomes a residual benefit for developments like yours.

Mr. Greg Missal: That's exactly right.

Mr. Todd Russell: Then you'll have shipping for 12 months. I know it's not a huge community, but when one person wants fruits and vegetables, it can apply right across the board.

Mr. Greg Missal: That's right.

Mr. Todd Russell: It's a similar type of thing for Iqaluit.

Mr. Greg Missal: That's right, and there's been a lot of talk, as Peter would know, about a deep-sea port being built in Iqaluit. It's hard to make the economics work, even for a city the size of Iqaluit. It really needs a hinge project—something large like the one our company happens to have. Those can be real drivers for projects like a deep-sea port.

[*Translation*]

The Chair: Thank you, Mr. Russell. Mr. Lemay, you have the floor for seven minutes.

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you. I will wait until you put on your earpieces. Mr. Chair, do not start the clock yet.

The Chair: I am starting it now.

Mr. Marc Lemay: No, first they have to get the translation. I always have to keep an eye on you, Mr. Chair!

I will not ask a lot of questions. I prefer that the time be used for the answers. You have the translation? Okay?

Mr. Mackey, I have a question for you. Your presentation did not talk about possible solutions. Actually, I have two questions, and the second is more or less for everyone.

What is being done with respect to alternative energy sources? I see in your presentation a lovely photo of a wind turbine in Rankin Inlet, but I would like to know whether there are other such projects to reduce dependence on fossil fuels, on the 40 million litres of fuel that you transport, which is really something. Are efforts being undertaken in this area or even in hydroelectricity? That is my first question for you, Mr. Mackey. I have another question that I would like all three of you to answer.

You mentioned infrastructure programs; I would like to hear your comments on education, training and employment activities for people, in other words, the Inuit population in the north. I understand they are aboriginals in the Yukon. I would like you to comment on that, as you did not cover it in your presentation. Do you enlist the services of the Inuit? Do you give them training? Are you equipped to provide training, especially in the north? What about the Yukon first nations? I will let you answer, Mr. Mackey. Then I would like to hear from Mr. Missal and Mr. Blake, please.

● (1615)

[*English*]

Mr. Peter Mackey: Thank you for the question, Marc.

In terms of alternative energy, yes, we've experimented with wind energy, limited to two or three different locations. Some of the challenges or barriers we identified actually led to the failure of those projects. We have put wind energy in places like Kugluktuk, but the windmills didn't have the local expertise available to provide maintenance. The technology was new to the community. We had difficulty integrating it into a small, isolated, local grid, and eventually the lack of maintenance caused the windmills to fail.

In terms of alternative energy as a whole, we're actively pursuing it. But what I have to stress is that every wind energy project we put out causes a rate increase for the community we're in. When you have a community that's paying 75¢ a kilowatt hour, they don't want to see us throw up a windmill or start a hydro project when they know it's going to drive their rates to $1.50 or $2 a kilowatt hour. Some communities in the north already have that rate cost. So when we do a project such as the hydroelectric one we're trying to work with in Iqaluit, if there is any opportunity to seek funding elsewhere, we've gone after that, because that type of funding doesn't affect the rates paid by our ratepayers.

To give you some clarity about what we can do in terms of alternative energy, in our last general rate application we asked our ratepayers for half a cent a kilowatt hour for alternative energy research, development, and implementation. That was turned down by the Nunavummiut and turned down by our utility rates review council. They didn't give us that permission. As a utility, we're not authorized to spend a single cent on alternative energies unless we get funding for it from alternative sources, so that it doesn't affect our ratepayers.

The hydroelectric project we're working on in Iqaluit, where we've done a pre-feasibility four-season study and are ready to move to a feasibility study...we need $6.1 million to do the feasibility study. We haven't received funding for that. We have sent out various proposals for infrastructure funding and nothing has come through. So that hydro project sits where it is until such time as that funding becomes available.

As for the second part of your question about training, we certainly do provide it. As I mentioned in regard to the apprenticeship program, we train these people internally. We provide for them. Typically, to ensure the success of these people, if they have to get education in the south for eight weeks in their first couple of years, we'll send some of our trade staff down with them to ensure that they pass, that they get through. We're interested in the success rate of these people because they become our future employees. We partner with the GN department of education, the apprenticeship division. We're attempting to establish and set up a program for power plant operators, a certification program for Nunavut power plant operators, recognizing that we have them in 25 communities. Mines are going to need them for diesel power plants. We're working with the department of education and trade schools in Rankin Inlet, establishing programs there that we can utilize and partner with them, and we provide the limited funding we can to them. The other aspect of that is that we're going to seek support from mining companies and industry to move these initiatives forward.

Thank you.

[*Translation*]

Mr. Marc Lemay: Mr. Missal.

[*English*]

Mr. Greg Missal: Thank you very much for the questions.

I'll start briefly by just touching on alternative energy.

Alternative energy use by a project like ours is minimal, mainly due to the fact that we're primarily using large equipment, heavy mining equipment, at the site, which requires fossil fuel, of course. There's really no other technology that exists for that type of equipment use.

At a very preliminary level, we have looked at a river system near the mine site, which looks like it could support a hydro project. However, we wouldn't see ourselves exploring that until we are well into production and are able to start generating cashflows before going down that road. That type of alternative use would probably only serve at our camp facility, for example, which really is a very small consumer of fuels versus the equipment usage for the site and the generator usage.

● (1620)

[*Translation*]

Mr. Marc Lemay: What about training?

[*English*]

Mr. Greg Missal: Pardon me?

Mr. Marc Lemay: *Formation*. My second question.

Mr. Greg Missal: As far as training goes, probably the most noteworthy point is that one of the requirements of almost any mining project, particularly in the north, is an impact benefit agreement—an Inuit impact benefit agreement in our case, of course. The company is working on an impact benefit agreement with Qikiqtani Inuit Association. That's progressing well. One of the main parts of that IBA is employment and training opportunities at the mine site. We will be equipped to do training, as well as the contractors who work for us. One of the main components of any contract that we let for this project will be the Inuit employment content. It's something we take very, very seriously.

[*Translation*]

Mr. Marc Lemay: Mr. Blake.

Mr. Erik Blake: The situation in the Yukon is a bit different. All the communities, except one, have road access. Old Crow is the only one accessible solely by plane.

Mr. Marc Lemay: What about training?

[*English*]

Mr. Erik Blake: In terms of education, a small company like ours doesn't really have the resources to take on trainee staff. But we do participate every year in a program that the Yukon government has for summer students in various fields. Our own company takes engineering students. Their salaries are subsidized by the Yukon government, and we've found that to be a very successful program. It's very rewarding to have university students working with us and having great ideas and stimulating the culture within our company.

The Chair: Thank you, Mr. Blake. If you could just finish that thought up, we are a bit over time here. I'll let you go ahead and wrap that up for Mr. Lemay.

Mr. Erik Blake: That's fine. I was just going to say, going back to the infrastructure issue, though we do have road access to every community except Old Crow, you have to recognize that Yukon is the size of France, with a population of 35,000 people. So the cost to the Yukon government to maintain that infrastructure is quite high.

I'll close my comments there.

The Chair: Okay. Great.

Thank you, Mr. Blake and others.

[*Translation*]

Thank you, Mr. Lemay.

[*English*]

Now we invite Ms. Ashton, who is joining our committee this afternoon.

Ms. Ashton is the member for Churchill.

Go ahead for seven minutes.

Ms. Niki Ashton (Churchill, NDP): Thank you very much.

There are a couple of pieces I would like to ask about. As was said, I am the MP for Churchill, so I am familiar to a large extent with some of the challenges facing the mining industry, exploration, and so on in isolated regions. It's obviously a bit different from the situation in the territories, but there are definitely some parallels.

My first question is about infrastructure. Perhaps looking at some of the transboundary issues, what are some of the challenges in terms of transporting what you need up to the territories or to and from? I know certainly our part of the country does quite a bit of work with Nunavut through Churchill, but I'm also wondering across the board what some of the challenges might be in that area.

The second question goes back to education. I'm familiar with agreements that enforce quotas and encourage local hiring, but often the rates of success aren't as high as we would all hope. I'm wondering, perhaps, if you share that experience as well. While commitments are made, perhaps it is challenging to hold on to people locally. What do you see as some of the challenges? Do you see some barriers, whether they are barriers of distance, of communication, or whatever you might see that also ought to be incorporated besides that set program of training? I'm familiar with other factors prohibiting people from continuing on with local employment with companies in their areas, so I'd like to hear your thoughts on that as well.

● (1625)

The Chair: Perhaps we'll do this in reverse and start with Mr. Blake; we'll go backwards from what we did the last time.

There are two questions there.

Go ahead, Mr. Blake.

Mr. Erik Blake: In terms of transportation issues, I mentioned in my presentation that we do face issues with trying to get goods shipped internationally, simply because of changes in the private sector with companies that are providing those services. We have these strange pricing situations or service provisions for companies bringing things in, whereby you're paying for air freight but getting ground service, which causes delays that have an impact on the operation of our business.

We also have another transportation issue that sometimes comes up, and that's shipping to our neighbour to the west, to Alaska. I think the regulatory issues surrounding border crossings have resulted in Yukon-based airlines not taking air cargo to Alaska because doing so involves just too much paperwork. It's not something they do. It actually ends up being more cost-effective to send goods down to the southern 48 and then back up to Alaska, which seems very strange. This includes trying to ship things by road from Whitehorse to Alaska. It's a frustrating situation when that comes up.

The Chair: Mr. Missal.

Mr. Greg Missal: Thank you very much for those questions. In terms of those transboundary issues—I think you called them that—I think the challenge in the area that I'm most familiar with, Nunavut, is the actual remoteness of Nunavut and the winter season that goes along with that and the challenges with ice.

There are these very small windows of opportunity, particularly for some of the northern communities on Baffin Island, where they can receive their sealift goods for the year. It's very challenging for people to have to order these items almost a year in advance to get something. The payment structure of that, I know, is challenging for people as well on a personal level. I think that seasonality window is probably one of the biggest challenges for Nunavut and Baffin Island in particular. I would say probably the same thing applies for western Nunavut as well.

On education, I think one of the real challenges that our industry sees is retention of people. As you pointed out, it is difficult to get to and maintain some of these employment goals that we all like to set at the beginning of our projects and try to reach. It can be challenging.

I think the fact of the matter is that working at a remote mine site isn't for everybody. It sounds like maybe it's a great idea when people hear about it for the first time. They're very well-paying jobs and you get to learn lots of different skills, but sometimes people have challenges being away from families, spouses, kids. That's a real challenge that exists.

The Chair: Thank you.

Mr. Peter Mackey: Thank you for the question first, Niki, and I agree with some of the comments that Greg has made.

From our perspective, from a resupplier shipping, some of the issues that are critical in terms of having a single resupply is that the resupply doesn't come until the ice is gone away in northern communities, so we may not get that in until September, before the resupply ship will hit us.

Our construction season is extremely short. By that time we're starting to see snow already. We have a very limited one- to two-month construction season, and then the weather, the climate, is too harsh for outdoor work so construction comes to a dead stop. That project then doesn't commence until the following year.

So that's one aspect of it. The other aspect is that in that short construction season, you're hoping to have that labour—that you don't have locally—brought up and available for you. Typically if you don't jump on that labour availability immediately right away and get them up and have them sit around, other projects are going to take them. You're not going to even be able to do that short construction season.

Some of the things that we've been forced to look at as a utility is designing modular-type power plants that we can construct in the south and ship them up as modules, along with the crane and equipment to put those modules together on site, because we don't see ourselves ever doing a stick-built power plant in a place like Grise Fiord. The equipment is not there, the talent is not there, the labour isn't there, and it will be a project that will go five years before it ever gets completed.

In terms of education, Greg hit right on it. We see it all the time as a big employer of Inuit people. We typically try to arrange our Inuit employment in terms of apprenticeship programs and mentorship programs, whether it be finance or whatever. We have a whole pile of initiatives that we put out to try to increase our Inuit employment.

We find that if we bring a person out of a community.... And we've had some really good talented individuals come out of the community who are high achievement individuals who could do anything within our company. They'll come out, we'll enter them into a program with us, a co-op program through university or through an apprenticeship program, and we'll be prepared to support them right up until their completion.

Because of the Inuit culture and being away from family, unless this is someone who comes to a community to work where their family is already there and they have a connection, typically a lot of them end up going back home and dropping out of the program. They'd rather be unemployed at home with family than be in Iqaluit or Rankin or Cambridge. That's the issue. Those are the central areas where we have our regional offices, where we have staff who can actually work with individuals and help them progress, along within the educational programs we have.

● (1630)

The Chair: Very good. Thank you, Ms. Ashton.

Now we'll go to Mr. Duncan for seven minutes, and then we'll begin a five-minute round after that.

Mr. Duncan, go ahead.

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

My questions start with Mr. Missal and relate to the progress on your development. First of all, I understand that you did actually arrange for a shipment of your ore to Germany. Perhaps you could tell us about that, just to demonstrate the category of ore and the prospects in a concrete way.

Mr. Greg Missal: Sure. Thank you for that question, Mr. Duncan.

Part of the normal development cycle of these projects is that a company typically hits a stage where they need to take what we call a bulk sample, which is almost like a large test sample of material that needs to be extracted and then sent to market. You want to see the quality and you want to see what the value is of that. Those results then feed into what we call our feasibility study for the project.

In 2008, Baffinland raised, through public markets, and spent in excess of $200 million doing a bulk sample project and shipped about 150,000 tonnes of iron ore to the European market, which is where we took the numbers from for our feasibility study. This allows us to tell people that we have one of the richest iron-ore deposits in existence today. It's almost pure iron ore. It runs at about 66%, 67%—and 67.4% or 67.5% is pure iron ore. So the quality is there, and, fortunately, we also have the quantity. It's useful to point out as well that this exercise shows that of course it's doable to do this from the north end of Baffin Island.

Mr. John Duncan: To give us a feel for the size of this project, how many communities would you likely be drawing labour from within Nunavut?

Mr. Greg Missal: Because Baffin Island is so large, we tend to think of ourselves as a north Baffin Island project, which includes those five north Baffin Island communities. They range probably from 200 kilometres to close to 500 kilometres away from the site. We would certainly be looking at making those communities points of hire for this project. The people who are interested, willing, and qualified to work for us would be flown, at our cost, from their home communities to our mine site for employment.

In terms of scale, it's actually hard to put into very relative terms for everyone, but right now this number one deposit has a 20-year mine life running at 18 million tonnes per year. That's doing 12 months a year shipping. That's 20 to 21 years right there. As to our other deposits—two, three, four, and five—we internally talk about this as being a 100-year project, which obviously has significant benefits in terms of generation over generation employment, training, and skill development.

● (1635)

Mr. John Duncan: I understand in 2008 you had 453 people working on-site.

Mr. Greg Missal: That's correct.

Mr. John Duncan: Where would those 453 people have come from?

Mr. Greg Missal: It was a wide variety, which is what you typically see at any of these projects. I believe approximately 30% to 35% of our workforce were local employees. For the rest, we had some people from Iqaluit and some people from the larger southern Canadian centres as well. Of course, you have all the different levels of skill requirements, and you have to fill those needs. We'd love to see those skills coming out of the local communities rather than having to bring them up from southern Canada.

Mr. John Duncan: The 30% or 35% of those who were "local", when they were largely laid off, what impact did that have? It's not very often you see a dramatic situation like that where you go from zero to 450 and then back to 60. That must have had quite a noticeable impact on those communities.

Mr. Greg Missal: The feedback that was generated, and that we keep hearing, is of course that once people realized what those jobs were all about, they wanted to know when we were going to get hiring again. They all understood that we were doing a bulk sample and that it was a one-season program. There's no doubt that people enjoyed working those jobs, enjoyed working at that mine site, and working close to home.

Mr. John Duncan: When will you be getting going again?

Mr. Greg Missal: We're at the stage right now where we have an environmental impact statement that's being developed. It's essentially your environmental assessment document that goes through all the regulators. In our case, it's the Nunavut Impact Review Board and on through the Nunavut Water Board for the permitting process. We believe we're going to have completed that EIS by the end of 2010. We've already gone through about a year of work in the regulatory process and we believe we have about two years remaining. So by the end of 2012 or early 2013, if all goes well, we would have our approvals in place to begin our construction.

Mr. John Duncan: The company will be vertically integrated. You're going to have ships, a railway, a mine, a community, and all the maintenance and power generation—one-stop shopping for everything.

Mr. Greg Missal: That's right. It's the way these sites develop. They have to be very self-sustaining. Of course, this is a unique project, in that it will also include year-round shipping. Obviously it's going to take very large vessels to do this. They'll have to be specially built vessels. We've been working with Fednav on the design of those ships, and they've been working with shipbuilders on their plans.

The railway is probably the largest construction component of the project, because you're dealing with putting a railway down on tundra, and North Baffin Island is relatively rugged as well.

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

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

Mr. Todd Russell: Thank you.

I note you talk about infrastructure. I think the government is planning to build or do something in Nanisivik. How many people live there?

● (1640)

Mr. Greg Missal: There are very few.

Mr. Todd Russell: There aren't very many. Perhaps you can get a population count.

Twelve months of shipping will be unique for this area. Has that formed part of your environmental assessment process?

Mr. Greg Missal: That's correct.

Mr. Todd Russell: What deficiencies now exist there in charting, navigational aids, lighting, and those types of things? I'm just trying to get a sense, because in talking to people in this area, that type of infrastructure should be an area of concentration as well.

Mr. Greg Missal: You're absolutely right. There are a lot of things that go into the knowledge base that helps you understand whether and where shipping is actually possible. The company has spent a great deal of money. During that 2008 season it spent about $5 million on bathymetric surveys measuring the depth of water in the Steensby Inlet area, which is where our port would be built.

There is more bathymetric work required. That is something we feel could very easily be done working with coast guard vessels or government programs to do the mapping. I guess we see the mapping as a bit of a federal responsibility. There are certainly ways we can work with the government on that.

Mr. Todd Russell: How many navigational aids actually exist?

Mr. Greg Missal: There are none. They would have to be put in place. Peter may know more about this than I do. A lot of the equipment is electronic. It's much smaller than it used to be. It's a matter of picking your points and setting your beacons. A lot of thought needs to be put to it as well.

Mr. Todd Russell: I understand that will depend on the routing and that type of thing.

Mr. Greg Missal: That's right.

Mr. Todd Russell: You're not going to mark every point and every shoal.

Mr. Greg Missal: That's right. Fortunately for us the Voisey's Bay mine is in the Hudson Strait. They've been shipping in and out of there for a number of years now. That would be the entry point for us to come up into Steensby Inlet. Very good knowledge of shipping already exists because of that Voisey's Bay project.

Mr. Todd Russell: I'm quite familiar with Voisey's Bay, of course, being from Labrador. I'd say they have to do a bit more charting. You must be 800 miles or more by ship from the area you're going to be shipping from.

Mr. Greg Missal: That's right.

Mr. Todd Russell: Can you just fill us in, Mr. Mackey, on the power situation?

We're at a dollar a kilowatt, and in Labrador we're used to diesel-generated stations as well. A lot of our communities still have them and the high rates. Our provincial government subsidizes the domestic or household use of them, but there's no compensation for commercial users.

How is your rate system set up? How much of a subsidization is there for domestic and commercial users?

Mr. Peter Mackey: I'm from Labrador myself, so I'm familiar with your area. Certainly I've worked in Labrador hydro.

From a subsidy perspective, residential customers have a subsidy, and it's seasonal. During the summer months, the first 700 kilowatt hours have a subsidy applied to them. Then, in the winter months, the first 1,000 kilowatt hours have a subsidy applied to them.

Nobody in the north pays the actual cost, their true cost of electricity or heating or anything. It's all heavily subsidized by the GN, the Government of Nunavut. The cost of energy is paid somewhere around the vicinity of 75% to 80% by GN in the north—that's heating and electricity—because the GN is one of the largest consumers as well.

Commercial customers pay a subsidized rate, but nowhere near what the residential customers have. The only other subsidy available to them is that small companies can apply to the Government of Nunavut, if they demonstrate that the costs for their businesses are in the $1 million to $2 million range. They're able to apply for a subsidy for their electrical costs for the year from the GN.

● (1645)

Mr. Todd Russell: Thank you.

The Chair: Thank you. That's it.

Mr. Todd Russell: As a note, our researcher just found out that the population of Nanisivik in 2001, in the census, was 77—which I must admit is a little bit bigger than Williams Harbour, where I come from.

Mr. Peter Mackey: Right now, it's zero. We run a power plant of three small engines in Nanisivik for the runway, which is utilized by Arctic Bay until the Government of Nunavut gets its airport up and running in Arctic Bay. So the population is zero in Nanisivik.

Mr. Todd Russell: That's a little smaller than my home community.

The Chair: The 2006 census confirms that information; it is zero.

Mr. John Duncan: Some might argue with you.

The Chair: I'm going to take the next question for the government slot. I have a couple of questions.

Mr. Blake, in your comments you mentioned that you're active in the Yukon. Have you had any work in either of the other two territories?

Mr. Erik Blake: Yes. We have shipped products to the Northwest Territories.

It's a bit of an interesting situation. In that case, our clients are in the mining industry. The head offices of those companies are located in Vancouver and Toronto primarily, and we make our contacts through trade shows in southern Canada. The projects then go in the summertime.

In terms of shipping, actually we have air carrier connections between the Yukon and the territories. The problem is shipping westward into Alaska. We really can't access that market easily because of the border issues.

The Chair: What issues would they be?

Mr. Erik Blake: It's simply that I guess the quantity of goods crossing the border by air is so low that the air carriers that fly between the Yukon and Alaska won't carry freight.

In shipping things by road, we're relying on long-distance truckers to stop in Whitehorse and pick up a small parcel and take that over the border, and they charge a phenomenal rate for that service. So really the only solution for us is to ship things to Seattle and then back up, which of course produces time delays.

In mining, it's often a time-sensitive thing. Somebody has a breakdown of equipment and we're trying to ship replacement parts, and the shipment takes four days instead of one.

The Chair: Okay.

I realize it's principally your customers who are the ones involved in actually doing core samples and the like. Based on the feedback that you've received from them, do you have any comment on the differences in regulatory regimes they face in terms of their work?

I realize that most of your customers will be working after geosurvey, after geomapping is done. They'd actually be at the site doing this sampling. Do I have that correct?

Mr. Erik Blake: Our products are primarily used in mining, and primarily in the exploration phase, early in a project when they're just trying to define subsurface resources.

To be honest, I'm not aware of the regulatory regimes they have to operate under in Alaska, so I can't comment on that.

The Chair: I appreciate that.

Mr. Mackey, I was intrigued by all the logistics relating to supplying fuel to your various locations throughout the territory. You made it very clear that if you don't get the sealift, you are really out of luck.

What actually happens if either you misjudge quantity or you don't get the lift you're looking for? Does the community literally have to abandon ship for the season? Could you shed some light on what actually happens in that case?

Mr. Peter Mackey: I certainly can.

In terms of fuel resupply, we tend to err on the side of having extra as opposed to having less. As a utility, we haven't run short. It's a little complicated in Nunavut, because we don't have bulk storage in all of our communities, so we rely on the petroleum products division of the Government of Nunavut to store some of our fuel. We will work through them, nominate the amount of fuel we want them to purchase for us, and they'll purchase and store it for us, and pay us as they deliver it.

Certainly some communities have run out, not because they were unable to determine the correct amount but because of late resupply, because of ice breakups being late, or the resupply ship coming in late. We recognize that some communities are going to run out of fuel. An airplane with fuel bladders flies in and tides them over until the resupply ship is able to get in.

The Chair: You mentioned the construction season during one of the questions from members. If your construction season is in the later part of the season—August, September, October—wouldn't there be any way to get out ahead of that so the first lift in at the front of the season could have the materials you need on it to start, say, in June or July, and then you could lengthen the season out some? Why is it that the actual season for construction is pushed off to the later end of that season?

● (1650)

Mr. Peter Mackey: That's just from the perspective that it may be the first sealift resupply ship that's going to get in.

The Chair: In September?

Mr. Peter Mackey: In Iqaluit this year our first sealift resupply ship is not going to get there until the first part of July.

Typically the first ship to hit Nunavut is in Iqaluit.

The volume of resupply in Iqaluit is such that the ship can hit probably only one or two more communities before it's heading back south to get more resupply to bring back up.

The Chair: So even though you have a planning window literally a year in advance, and you're going to get all of the articles that are in the docket, and you've planned it ahead of time, and you know what you need, it really doesn't hit the ground until late summer?

Mr. Peter Mackey: Absolutely.

The Chair: My goodness.

Okay, that's all my time.

Ms. Ashton, do you have another question at all?

Le Bloc n'a pas une autre question.

Go ahead, Ms. Ashton.

Ms. Niki Ashton: Thank you.

Perhaps on a similar theme, often we talk about how the north is the canary in the coal mine when it comes to climate change and the impacts on our environment and our communities, and most importantly on industry. We know that in our north very well.

I'd like to hear perhaps from all three of you about some of the challenges you're seeing as a result of changing patterns, especially in terms of infrastructure, with regard to melting permafrost, or the changes in seasons when it comes to shipping, and overall what it means for infrastructure and the impact on the work you do.

The Chair: We have about four minutes left, so there's about a minute and a bit each.

Let's go with Mr. Mackey, then Mr. Missal, then Mr. Blake.

Mr. Peter Mackey: The biggest effect we're noticing in terms of climate change is changes in the permafrost, which is affecting infrastructure that's already there. In places where we never saw the ground warm up sufficiently to cause us trouble with shifting, we now see that from time to time in different locations. It's something we now have to take into consideration in all the design work we do—the ground is going to warm; our permafrost is changing, and the depths are changing.

With regard to climate in general, we are seeing changes in weather patterns. In communities we knew we could reliably fly into in an emergency situation during winter months, because we weren't going to see bizarre weather patterns that wouldn't permit us to get in, we're now seeing more weather patterns and weather swings from a blizzard one week to fog the next, prohibiting access, which has never been the case in the past. All new weather patterns are developing.

Mr. Greg Missal: I would agree with Peter on the weather pattern changes. We have noticed them as well. There's more fog in odd times of the season, which makes it harder to get planes in the air, and you rely on aircraft transportation for everything.

In the areas around Baffin Island, according to some of the local people, they're seeing less sea ice forming, which in our case is actually a bit of a benefit, to be honest. We don't have the thick ice pack to deal with that we potentially would otherwise. Maybe there's a slight benefit there as well.

Ms. Niki Ashton: Do you have a similar issue in terms of permafrost and the effect on design or construction?

Mr. Greg Missal: We have to test out all the sites where any specific permanent structure is being built. We find that every site is slightly different, so we haven't specifically noticed that any sort of climate change is affecting that. Every site we find to be specifically different.

The Chair: Mr. Blake, did you have anything to add?

Mr. Erik Blake: In the Yukon, I'm not directly involved, so I don't know for sure, but certainly maintenance costs for roads that move through permafrost areas would increase with a warmer climate. And I know they're having issues with the formation of ice roads across rivers that are normally served by ferries in the summertime. Sometimes it takes longer for those roads to form and there is a longer period of time when the road is cut off while they're waiting for the ice crossing to stabilize.

● (1655)

The Chair: You still have another minute, Ms. Ashton, if you have anything else.

Ms. Niki Ashton: Perhaps going back to the point around education, I certainly appreciated your thoughts. What I've seen from our region is this idea that the closer educational institutions are, the better not just for educating but also for retaining the workforce. Of course, we've heard much about the initiative to have a university of the Arctic, and I'm wondering what your thoughts are in terms of having that kind of an institution close to where you work.

The Chair: I'm not sure who that's directed to.

Mr. Missal, go ahead.

Mr. Greg Missal: I think that is an absolutely valid point. Any educational institution that is closer to these communities in the north would be better for the people. It would be an over-generalization to say that it affects everyone the same way, but I would say it affects most people. They do not want to go too far away from their home communities for school, and they'd rather do it close to home. If they have to go somewhere further away, they'd probably just as soon not go.

The Chair: Thank you, Ms. Ashton.

Now we have another question from Mr. Dreeshen.

Go ahead for five minutes.

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

And thank you, gentlemen.

The first question is perhaps to you, Greg. When you talk about the purity of the ore that we have, do you have calculations as to how much...? All of that has to be smelted, or should be smelted, or would be smelted otherwise. Do you have any calculations as to what the CO_2 emissions are that are being saved by using the ore that you are dealing with versus what there would be in common fields?

Mr. Greg Missal: Those calculations do exist. I wouldn't even pretend to be able to tell you what they are off the top of my head. But all of the bulk sample ore went right into the blast furnaces in Europe and they ran all the metrics on it. I know that because it's so pure it's much easier for the furnaces to handle. We were told that in fact what the steel manufacturer would probably do would be to use this ore to mix with lower-grade ore from other parts of the world to actually bring it up and to help it. It would smelt the lower-grade ore actually more easily.

Mr. Earl Dreeshen: The other thing I heard you say earlier was this. You were talking about the payment structure, when things would come in, and they'd all come in at once; therefore, you were going to have to make this payment for the full year. Could you give me an idea of what types of arrangements are common under those circumstances?

Mr. Greg Missal: Sure. I don't live in the north, so I can't speak firsthand, but I've had a lot of conversations with people about it. From what I understand, from an individual's perspective, they are required I think to pay about 50% of the cost of their shipment, and then the other 50%....

Do you agree with that, Peter? Do you know offhand?

Mr. Peter Mackey: In terms of Qulliq Energy, we typically are asked to pay under the same normal terms, as net 30 days of whatever we have negotiated. So we have to purchase in advance because of the short construction season and because of the resupply aspects. So we'll purchase and pay for and not receive a product until eight months later because it's not coming up until that resupply.

Mr. Earl Dreeshen: Well, this is something, in all of our discussions, we've never really talked about and no one has ever brought it up, so it's good that you're able to bring that up.

Mr. Greg Missal: Yes. And of course with the mining industry it would be the exact same thing. Of course, it's that short window of operation that is a massive challenge for a mining project, particularly one that's just getting going and trying to get through the regulatory process. You're trying to do that timing coming out of the regulatory process so that you can actually utilize the year you're coming into. There is a huge cost if you miss that, because you're pre-ordering things, you're pre-paying for things when you probably don't actually have all your approvals in place to get going. That's a tough sell for people who are giving you the dollars to do these things.

Mr. Earl Dreeshen: Erik, because of the fact that we're talking to you through a video conference, I guess one of the things I wanted to ask, and perhaps all of you have a comment on this.... When you talk about broadband connectivity in the north and the things that are trying to be done, I was wondering how you feel that might help your respective organizations—when you talk about training or operational efficiencies. Erik, perhaps you could jump in on that.

● (1700)

Mr. Erik Blake: Certainly, our company relies very heavily on Internet access. We're a technology-based company; we're sourcing components from all over the world, and the Internet is an indispensable resource. We actually couldn't operate our company now from the north unless we had Internet access, and high-speed Internet is crucial. But we're lucky in the Yukon. There's been quite a long history of development of Internet technology, and I believe all communities in the Yukon are now served by high-speed Internet.

Mr. Earl Dreeshen: Peter, how does that fit in or how do you see that working in your communities as far as training is concerned, and to assist perhaps your own operations?

Mr. Peter Mackey: We had high-speed Internet before the Government of Nunavut put it in. As a utility, we operate our own satellite system on a negotiated bandwidth through Telesat for our core regional office and our head office. We rely heavily on the Internet in terms of training and development and having online materials accessible and available for our employees. We're in the process of expanding that and developing programs that we can roll out to every single employee, in terms of apprentices or accountants looking to become CAs, or any type of program at all for any of our employees. Having that available online over the Internet is a big boost for us as well.

Mr. Greg Missal: I would agree with that completely. We rely on it very heavily to do the business we need to do.

Another helpful part about the Internet that we've noticed is with our local employees, who are able to get on the Internet and contact home, whether it's typing an e-mail, or getting on a Skype voice communication, or something like that. It's another link.

The Chair: Thank you, Mr. Dreeshen.

Members, are there any other questions? Ms. Ashton, go ahead.

Ms. Niki Ashton: I would like to give the opportunity for Mr. Mackey and Mr. Blake to comment on the question that Mr. Missal asked, with respect to the value of having an institution like the University of the Arctic in the north to strengthen that culture of learning and also build towards retention in the workplace.

Mr. Peter Mackey: Thank you for the opportunity.

I indicated earlier with the trades that our apprentices typically have to head south. We're hoping to have at least the first or second block now in Rankin Inlet, in the trade school that's opening there. But historically we've sent them all south. We had almost a zero percent success rate if we didn't offer an initiative for them. About five to seven years ago, we started sending a tradesperson from the north with them for their first eight-week block. We paid this person to sit there, to be there and to make sure they got to class, and if they were missing their culture or missing being at home, to make sure there was someone there who could talk to them and help them get through so they could pass.

So we've done that sort of initiative in the past. It will be great to have them in the north once the trade school opens. Certainly it's a savings in terms of cost, but there's also a higher success rate.

In terms of a university in the north, that would be something we would be extremely interested in as well. We identify high achievers from land claims beneficiaries or Inuit people and look at putting them through a full university program. Some of it we can do online, but for some of it we have to send them south, and although they are really bright candidates with high potential who could become anything in the company at all, typically they look at the longer term of a university program, three months away down in the south, and it's almost a write-off. Very few of them have ever gone down and taken the opportunities that we've given them.

The Chair: Mr. Blake.

Mr. Erik Blake: The Yukon college has its main campus in Whitehorse, but they also have satellite campuses that deliver a variety of programs in all the communities of the Yukon. There are also some mobile training facilities that can move around, particularly for education and trades. The Yukon mine training association also runs core training courses for people to work in mining exploration and production situations. So I think in the Yukon we're quite lucky in that respect. We do have quite a good training system for trades.

Unfortunately, we lose a lot of our young people to places like the oil patch. They move down there and don't necessarily come home.

● (1705)

Ms. Niki Ashton: Thank you.

The Chair: Thank you, Ms. Ashton.

Seeing no other questions, I want to take this time to thank each of you for making yourselves available this afternoon and, in the case of Mr. Blake, this evening.

What time is it there, Mr. Blake?

Mr. Erik Blake: It's just coming up on 11 o'clock at night. There's a six-hour time difference.

The Chair: It's very kind of you to do this.

Mr. Erik Blake: It's okay. I'm still on Yukon time, so it's actually early in the afternoon for my body.

The Chair: There you go. It's good of you just the same. We appreciate your doing that.

To Mr. Mackey and Mr. Missal, this has been very helpful.

I'll use this opportunity to inform members what we have in store for next week. We have one hour to do a summary with the department officials here next Tuesday at 3:30. On Tuesday we'll also be doing the report on Nutrition North, as we had described. That leaves us Thursday to begin instructions to the analysts on this comprehensive report on economic development for Canada's north.

Gentlemen, we wish you a good afternoon and good evening. Thank you again for joining us here this afternoon.

The meeting is adjourned.

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