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Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

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• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. It's good to see everybody back after a constituency work week. I hope all the members of Parliament had a good one.

We're here today to continue our study of resource development in northern Canada.

We have as witnesses today from the Canadian Northern Economic Development Agency, Mitch Bloom, vice-president, policy and planning, and Donald James, director general, northern projects management office. We have from the Department of Indian Affairs and Northern Development, Janet King, assistant deputy minister, northern affairs organization, and Sara Filbee, assistant deputy minister, lands and economic development. She isn't here yet but is coming.

We will get started right away with presentations.

Monsieur Gravelle, you have a point of order.

Mr. Claude Gravelle (Nickel Belt, NDP): Sorry. I was a little bit late coming in, but I'd like to raise a point of order, a point of information, from the previous meetings, if I may.

The last time, when Brian Gray was here with Natural Resources—no, not Brian Gray but the other fellow who was here.... He said Brian Gray would come to the natural resources committee soon. Can we know when that “soon” will be?

The Chair: Yes. I have a clerk right on the ball here. He says he's coming on Wednesday, the next meeting.

Mr. Claude Gravelle: He's coming on Wednesday.

My other point of information is when Mr.... It says Mr. Gray here, but it wasn't Mr. Gray. When he was here previously, he said that Meadowbank transferred federal funds to the Northwest Territories in excess of \$1 billion. I think \$300 million in royalties was collected. According to our sources, all of that information is not correct.

That's why we would like to have the officials from those three governments appear in front of this committee, just to clarify. We want to get to the bottom of it, as to what's true and what's not true, and the officials from those territories could certainly clear up the matter.

The Chair: It's appreciated, I'm sure, by them that you have given advance notice of this. It gives them time to get the answers together.

While we're dealing with other issues, then, and before we get to the witnesses, I may as well do it now. On November 2, 2011—and I've chatted with most of you about this—there is a delegation from Norway coming to Canada. They have one time slot available, which coincides with the second half of our committee meeting. They would like to meet with this committee. They deal with resources and of course northern resources.

What I'm proposing is that we have a one-hour meeting that day, maybe two witnesses, and then we close the meeting down and meet informally with the delegation from Norway. They would appreciate it. I think it could be really helpful for us. If there's agreement, we'll proceed with that and have a one-hour formal meeting and a one-hour informal meeting with the delegation from Norway. Is there agreement to do that?

I see agreement. Thank you very much.

Let's go directly to the presentations on the orders of the day, on the agenda, starting with the Canadian Northern Economic Development Agency.

Mr. Bloom, go ahead please, sir.

Mr. Mitch Bloom (Vice-President, Policy and Planning, Canadian Northern Economic Development Agency): Thank you very much,

[Translation]

Mr. Chair and members of the committee.

[English]

On behalf of the Canadian Northern Economic Development Agency, I want to thank you for asking us to appear with you today with our colleagues from the Department of Indian Affairs and Northern Development. I'll keep my remarks brief in order to provide the committee with as much time as possible to pose questions in support of your study on resource development in the north.

The Canadian Northern Economic Development Agency, known as CanNor, was established in August 2009. The agency operates a series of economic development programs that support northerners and aboriginal people. It complements these efforts through policy and research activities that advance the understanding of northern economic development challenges and opportunities. Further, it provides major project coordination services and advice to industry and governments through its northern projects management office.

CanNor's goal is simple: advance economic development in Canada's three territories by aligning and maximizing the collective impact of all stakeholders and partners in economic development in the north.

[Translation]

At CanNor, we recognize that energy and mineral resource development is at this time the core economic driver of the north. Developing northern natural resources allows us to stimulate the economies of northern regions and Canada; improve employment, education and social development of aboriginals living in the north; support healthy communities; enhance and expand northern infrastructure; and generate new revenue for the government.

All the partners involved in the development of northern resources have the same goal in mind. I'm talking about the implementation and enforcement of an effective regulatory system that would enable all the stakeholders to participate in a suitable process. CanNor understands that reality and focuses its efforts on moving that goal forward.

• (1535)

[English]

CanNor's northern projects management office, or NPMO, is one component of a broader initiative to improve the regulatory environment in Canada's north. Established in May 2010, NPMO is a service organization designed to improve the review and approval process for development projects in the territories.

The office provides regulatory pathfinding for industry and coordination of federal departments in environmental assessments and permitting processes, works with federal departments to coordinate crown consultation with aboriginal groups, and will hold the official record of crown consultation. Further, NPMO project managers located in offices in the three territories work with federal regulators, the northern boards, and industry to identify and resolve project-specific issues.

[Translation]

Once the projects obtain regulatory approval and the building and production phase begins, the numerous northern communities and companies must meet a number of challenges so that they can fully participate in the projects and benefit from them. Among other things, the communities and companies must ensure that they have access to an educated and well-trained labour force that is ready to begin working. They must also be able to count on the companies' development programs and capital, and the community infrastructures required for supporting regional development projects.

[English]

Here, CanNor is working with clients, industry, and partners to address these challenges and take advantage of the opportunities offered by resource development projects. The goal is to align the interests and capacities of communities and northern businesses with project proponents by accessing CanNor and other government programs.

Coordination between the project review process, as facilitated by NPMO, and regional economic development, as assisted by CanNor's economic development programs, is important. For

instance, over the last two years, CanNor program strategic investments in northern economic development have assisted resource exploration by investing \$10.7 million towards geoscience research, effectively building a database of geoscience information that is used by industry to strategically guide investments and by governments to assess resource potential.

There are many other examples of CanNor programs that support economic readiness planning, capacity and skills development, and infrastructure projects in aboriginal and northern communities, such as: organizing community opportunities planning exercises and workshops, like the one offered to the Northwest Territories communities last year in advance of the Avalon rare earth metals mine; providing financial support to communities and aboriginal organizations to negotiate impact benefit agreements with resource development companies; providing financial support to the Aboriginal Pipeline Group, which has a one-third ownership interest in the Mackenzie Valley pipeline, with the goal of maximizing the long-term financial benefits to aboriginal peoples along the route; and

[Translation]

funding nautical infrastructure projects. Those projects would include moving forward the implementation of transportation networks and power generation and distribution projects, as well as broadband access projects.

So far, CanNor has been working with territorial and local partners on more than 30 infrastructure-related projects totalling over \$25 million. That work has been done thanks to the Community Adjustment Fund, Canada's Economic Action Plan and the Strategic Investment in Northern Economic Development program.

[English]

Our forecast suggests there will be more than 20 northern research development projects over the next 10 years, resulting in more than \$15 billion in capital investment. This excludes the Mackenzie gas pipeline. Project management and coordination by the northern projects management office will be important to move these projects through the regulatory systems. At the same time, CanNor's economic development programming will be helping aboriginal and northern businesses to take full advantage of these opportunities with the knowledge that labour and business throughout Canada are also important participants and beneficiaries in the north's economic development.

Canada is at an important time in the development of its northern territories. CanNor understands this and is working hard to fulfill its mandate of fostering economic development in the north by aligning federal efforts with those of stakeholders and partners to the collective benefit of northerners and all Canadians.

[Translation]

Thank you, Mr. Chair and members of the committee.

• (1540)

[English]

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

We go now to the Department of Indian Affairs and Northern Development. Janet King, you're giving the presentation, I understand, as assistant deputy minister, northern affairs organization.

Ms. Janet King (Assistant Deputy Minister, Northern Affairs Organization, Department of Indian Affairs and Northern Development): Thank you, Mr. Chair, for the opportunity to appear before the committee today.

I have with me today my colleague, Sara Filbee, assistant deputy minister of lands and economic development at Aboriginal Affairs and Northern Development, as well as—should more detailed information be required—Mimi Fortier, our director general of northern oil and gas, and Paula Isaak, director general of natural resources and environment.

[Translation]

My remarks today will focus on Aboriginal Affairs and Northern Development Canada's role in resource development in the north from the broad mandate of northern development to its regulatory responsibilities.

Resource development in Canada's north is important to northerners and Canadians. Last week, I attended a conference in Edmonton on the future of Canada's north. Many of the speakers talked about the importance of responsible resource development.

[English]

Through the Department of Indian Affairs and Northern Development Act, the Minister of Aboriginal Affairs and Northern Development Canada is responsible for the economic and political development of the north. More specifically, the minister is directly responsible for resource management, including lands, waters, minerals, and oil and gas, both in the NWT and in Nunavut, in the same manner as provincial governments in the south, whereas in the Yukon, the focus is on the broader development context. In the offshore, jurisdiction remains with the federal government throughout the north.

AANDC furthers the political and regional economic development in the north in a number of ways, including the negotiation and implementation of land claims and self-government agreements and the devolution of responsibilities to territorial governments. Northern governments have taken on greater responsibility over the past few decades, assuming province-like responsibilities that were previously held by the federal government. This includes the devolution of land and resource management in the Yukon in 2003. In January of this year, Canada and the Government of the Northwest Territories signed an agreement in principle on the devolution of land and resource management in the NWT. Devolution activities contribute to the development of the region by moving the responsibility for decision-making closer to the people who are most affected by the decision.

[Translation]

Natural resource development has played an integral role in opening up the north, from the gold rush in the Yukon, petroleum exploration in the Mackenzie Valley, to the discovery of diamonds in present day Northwest Territories and Nunavut.

[English]

The Arctic region is estimated to contain one-fifth of the world's remaining oil and gas resources, making Canada's north a potential large future energy supplier. It is the world's fourth-largest producer of diamonds by volume and third by value. There continues to be offshore interest in oil and gas, with industry poised to make major investments in the Beaufort Sea with commitments to spend \$2 billion for the drilling of exploration wells in the Beaufort offshore.

[Translation]

The Minister of Aboriginal Affairs and Northern Development Canada exercises his responsibilities in resource management in two ways: firstly, through the issuance of rights for land, minerals, gravel, and oil and gas; and secondly, through his policy development and decision making in the regulatory process.

● (1545)

[English]

The northern regulatory regimes were created to ensure responsible resource development in a remote region while providing for environmental protection. These principles are embodied in the various comprehensive land claim agreements across the north, and in turn are reflected in the enabling pieces of legislation and regulations that underpin the regulatory regimes in all three territories.

Currently the land claim agreements outline the required legislative provisions, and AANDC works very closely with aboriginal groups to ensure that the spirit and intent of the comprehensive land claims agreements are reflected in the legislation.

[Translation]

Each northern territory has its own resource management regime depending on their political development. In the Yukon, for example, the administration and control of lands and resources was transferred to the Government of Yukon on April 1, 2003, pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement. Territorial legislation was passed to regulate the transferred responsibilities. Of course, in Yukon as in the other two territories, there are still many other federal regulatory requirements that apply to fisheries, navigable waters and explosives, among other areas.

However, Yukon's environmental assessment legislation continues to be a federal law. I am talking about the Yukon Environmental and Socio-economic Assessment Act.

[English]

In the Northwest Territories there are currently four settled land claim agreements: the Inuvialuit Final Agreement, the Gwich'in Comprehensive Agreement, the Sahtu Dene and Metis Final Land Claim, and the Tlicho Final Agreement. The remaining portion of the NWT is still involved in ongoing negotiations. This creates some significant differences in the regulatory picture. For instance, due to differences in land claim agreements, the Mackenzie Valley Resource Management Act applies in most of the NWT, while the Canadian Environmental Assessment Act applies in the most northerly region, the Inuvialuit settlement region.

Over the years concerns have been raised by various stakeholders regarding the functioning of the regulatory regime in the NWT, which led my department to undertake an independent review of the issues and subsequently release the McCrank report in 2008. Consequently, the department has taken steps to address the challenges of the regulatory regime in the NWT and the north with the establishment of the action plan to improve northern regulatory regimes, a \$25 million investment over three years.

The action plan focuses on three key initiatives: to develop and amend legislation and regulations to complete and improve the regulatory system in the north, to fully establish environmental monitoring programs in the NWT and Nunavut, and to ensure a strong aboriginal voice.

[Translation]

Nunavut has a single land claim agreement between the Inuit of Nunavut and Canada signed in 1993. The agreement establishes the regulatory regime for project development and the establishment of five boards to manage these projects. Those boards deal with the following five areas: land use planning, environmental assessment, water rights issuance, surface rights disputes and wildlife management. To date, the process has been working well while the federal government continues to develop the regulatory regime. In fact, we hope to see the new Nunavut Project and Planning Assessment Act, which is Canada's final outstanding commitment in the Nunavut land claim agreement, re-introduced in Parliament as soon as possible.

Along with responsibilities for resource management, the department also has a very strong commitment to the environment and sustainable development. Some of our recent focus has been on environmental monitoring and Arctic science.

[English]

A key element of the action plan to improve northern regulatory regimes is the implementation of two community-based environmental monitoring programs: the cumulative impact monitoring program in the NWT and the Nunavut general monitoring program in Nunavut. They aim to achieve excellence in environmental management and stewardship through effective monitoring and assessment of cumulative impacts.

Our department's commitment to cumulative effects monitoring and assessment is not limited to onshore. Last summer our minister announced the Beaufort regional environmental assessment initiative, with funding of \$28.8 million over five years. This is a multi-stakeholder initiative including grants and private sector funding to sponsor regional, environmental, and socio-economic research that

will gather new information vital to the future management of the Beaufort Sea.

● (1550)

There is also exciting work in the science and environmental monitoring front in the high Arctic through the development of the Canadian high Arctic research station. This new station, to be located in Cambridge Bay, will be a world-class, year-round, multidisciplinary facility on the cutting edge of environmental monitoring and research issues. Four key priority areas have been identified, with one focused on resource development to ensure that development is economically and environmentally sound and promotes social development.

To support the government's commitment to building a world-class high Arctic research station, Canada also invested \$85 million to the environmental action plan through the Arctic research infrastructure fund. This investment will provide the opportunity to ensure that a robust network of infrastructure is in place.

[Translation]

In support of international Arctic science, Canada has played a significant role in International Polar Year, which started in 2007-2008 and will be wrapping up at a final conference entitled "From Knowledge to Action". The conference will be held in Montreal, Quebec, in April 2012. International Polar Year is the largest-ever program of multi-disciplinary research focused on the Arctic and Antarctic regions.

[English]

I will now briefly discuss our responsibilities with respect to resource development on reserve, essentially south of 60°. My colleague, Sara Filbee, is responsible for this area.

[Translation]

South of the 60th parallel, Aboriginal Affairs and Northern Development Canada has a mandate to manage the legal obligations of the Crown by enforcing the Indian Act, the Indian Mining Regulations and the Indian Timber Regulations.

[English]

There is considerable mineral potential on reserve lands. According to the last mineral potential inventory that was produced in 1991, about 50% of the 3,000 Indian reserves have a fair to high metallic or non-metallic mineral potential. Diamond, gypsum, graphite, coal, potash, uranium, and gold occurrences are promising on-reserve prospects.

Most of the mining activities on reserve are related to sand and gravel extraction. However, there is interest in other metallic and non-metallic mineral deposits.

[Translation]

In addition, the Crown has judiciary and statutory obligations related to the management of oil and gas resources on first nations lands. Indian Oil and Gas Canada, a special operating agency, manages those resources on the Crown's behalf.

That agency handles the oil and gas resources of some fifty first nations with oil and gas agreements. All funds collected on behalf of first nations are placed in their trust accounts. The agency also helps first nations manage and control their oil and gas resources.

[English]

As I have briefly outlined, AAND has a role in northern resource development, from political evolution through to devolution and land claims, and we retain responsibility for lands and waters, including improving the environmental assessment regimes. I have also outlined the department's activities around increasing our knowledge of the Arctic environment, with the aim of protecting and ensuring sustainable Arctic ecosystems.

Thank you for your time today, and I look forward to our discussion.

The Chair: Thank you very much for your presentation, Ms. King.

Before we go to questions and comments on that section, perhaps I could get some clarification from you. You made a comment to the effect that one-fifth of the world's known oil and gas reserves are believed to be in the north. Could you clarify what exactly the north is? Is it the Canadian Arctic, is it the Arctic belonging to all countries that have a share in the Arctic, or does it go beyond the Arctic to include the oil sands, for example?

Ms. Janet King: It does refer specifically to the Arctic and it does refer to the full Arctic area.

The Chair: Okay, not only the Canadian Arctic.

Ms. Janet King: Not only the Canadian Arctic, the offshore Arctic.

The Chair: Thank you very much.

We go now to the first round of questioning, starting with Mr. Calkins, and then we'll go to Mr. Bevington and then Mr. McGuinty.

Mr. Calkins, for up to seven minutes.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Mr. Chair. This is quite interesting.

I want to start off with a few questions. I have a habit of asking about seven questions up front and then giving folks the time to answer them. I only have one question this morning, with about 14 parts, so we'll get at it right now.

Mr. Bloom, I really appreciated your testimony.

You talked about being stood up in August of 2009. Can you tell me what your annual budget is? Where did you get your employees? Are they new hires, or were you able to bring employees in from existing departments? It sounds to me like we've created an economic development agency to basically facilitate the private sector in dealing with the Government of Canada, so we've created

more government to help the private sector deal with more government. I'm just wondering if I got that right.

I'm not trying to be cynical; I think it's actually good if we have a coordinating agency. It sounds to me like your agency is a portal for coordinating everything to get things moving.

But it seems to me that those kinds of things should have existed in previous departments anyway. I'm wondering how the evolution of that came about, and how you got your staff, where they came from, and if they have experience. Can you tell us what their experience might be so they can deal with the north? Most of the issues in the north are fairly complicated, so I think we're talking about some fairly good expertise there.

Can you give us a little more clarification on where \$15 billion in investment is going to go, what kinds of projects we can expect to see, and what kind of response from the government will be needed in order to facilitate that investment?

And because you were so recently stood up, in 2009, I'm going to ask if you were part of the red tape reduction process. It would seem to me that the agency you run would be the perfect agency to ask questions about reducing red tape so we can get through the process of government regulation and getting projects off the ground.

Ms. King, my question for you is fairly straightforward. I'm curious about how many outstanding land claim agreements we have across the territories.

The most notice I took of this was on the devolution of responsibilities. As you know, the transfer of natural resources acts of 1930 gave the provinces jurisdiction over their own natural resources. In the north, the three various territories seem to have an ad hoc approach to this.

We've got devolution of environmental responsibility. Is that something your department is looking to get off the books, per se? Are you looking for further devolution on the environmental side of things to the territories?

The question constantly lingering in my mind is the one dealing with duty to consult and some of the issues raised by duty to consult. Can you explain the differences of duty to consult within an established land claim agreement and one where there is a land claim being made and there is no agreement in place? What are the differences, and what are some of the challenges facing the private sector and governments in moving forward with projects?

Hopefully there's enough time to answer.

• (1555)

The Chair: They have four minutes to answer, Mr. Calkins. There are a lot of big questions there.

I will cut you off after seven minutes, which is four minutes more. But later on, if someone else wants to ask those questions, you can certainly pursue them.

Go ahead, please, Mr. Bloom, to start.

Mr. Mitch Bloom: Yes. Thank you for the questions. Indeed, the organization was established a little over two years ago, in August 2009. Its current annual budget is \$44 million. That's \$30 million of what I would call program funding. Those are the contribution programs that we operate, some of which I made reference to earlier. There is about \$14.5 million that we use to cover off our overall operating costs across the three territories we operate in.

It was an extremely good question on the hires, because you are right, it is technical work and you do need to understand and know the north. CanNor's core, if I can call it that, actually came from the Department of Indian Affairs and Northern Development. Those people and those programs came over and provided us with a solid base of understanding of what was going on. To complement that, we did things like establishing a northern projects management office. Don James, who is sitting next to me, will give you a good example of the small but deep technical expertise we have to bear on projects like that. You are right that you have to understand the regulatory process. You have to understand how the private sector itself understands major project development in order to bring your value-added to the process.

There is no question about it, we have a fairly seasoned team on the ground, and it's growing and maturing as we go through time. The bringing together of that aspect that I talked about whereby we do both the pathfinding and supporting of the major projects with the on-the-ground community economic development is definitely something that is unique to CanNor in its creation. That's the objective: to ensure the major development does have the impact and is spread throughout communities in the north.

As I said, in that respect it is important that we have that kind of team in place. You asked about the \$15 billion in investment and talked about the response from government. I am sitting here as part of that response from government. The government felt it was extremely important that it have that kind of focal point. I attended the same session that Janet did last week in Edmonton, which was quite remarkable in terms of the breadth of organizations and individuals attending it. They said what you said, actually, that it's about time and it's a good thing there is an organization completely dedicated—because INAC did have some of these activities before that we do right now—and very much focused.

I am not a regulator. Our job is to make sure the regulators are doing their jobs and to make sure industry understands that to the best extent possible. Is it really adding value to the process? I can only tell you what major corporations have told me when they come into the office or speak to me at the large conferences. They say they love the fact that there is an organization out there that they can turn to that will provide them with clear guidance in that regard.

I will make one more comment on red tape reduction. It just flows from the previous comment on the question you posed. It is our job north of 60° to try to make sure we are keeping the entire system of federal government focused on regulatory streamlining and simplification. Again, I am not encumbered as the regulator the way my colleagues are, so yes, we get to push them and try to make sure we are maximizing that to the collective benefit of Canadians, understanding at the end of the day that it is running through a process that is legislatively established.

● (1600)

The Chair: Thank you, Mr. Calkins, for the questions.

And thank you, Mr. Bloom, for your concise answers.

We will go to Mr. Bevington for up to seven minutes. Go ahead, please.

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair.

I am very pleased to be here. I know the issue of CanNor actually came to my attention much before the events of two weeks ago, with various companies coming to me asking why there were such delays in the final approval of their funding for the projects they were working on. Information came out that only the minister right now can make financial decisions with CanNor, while previously the minister was only involved when decisions were less than \$250,000. Is that the case today?

Mr. Mitch Bloom: The answer to your question is yes. Our minister does make decisions on the programs and funding we provide to communities and projects.

Mr. Dennis Bevington: How low does this go, with the financial decision-making right now?

Mr. Mitch Bloom: The minister makes decisions on all the projects based on recommendations she gets from the officials.

Mr. Dennis Bevington: Does she make decisions on the ordinary operation of the offices?

Mr. Mitch Bloom: No, I was speaking to the project proposals that come in through our contributions program, the \$30 million programs I made reference to earlier.

Mr. Dennis Bevington: What impact has this made on the decision-making process in project approval? What is the average length of time right now for a project to be approved through the minister's office?

Mr. Mitch Bloom: That's a good question. I can't honestly answer you regarding how long it takes, but I can try to respond to the "what has it done to the process" question. It's a very rigorous process because it has to get through several levels of the organization prior to approval by the minister, which ensures we are providing our best advice once and at that point the minister decides.

Mr. Dennis Bevington: As of June 6, 2011, only 10 projects this year, most of them multi-year projects, were approved. How many have been approved since then?

Mr. Mitch Bloom: I can't answer that sitting in front of you today, but we'd be happy to provide you with that information.

Mr. Dennis Bevington: Okay.

Now, the department is subject to an internal audit, and the minister said the audit's not complete and that she would act only once it is completed. But Friday the Prime Minister said:

The reason we have regular internal audits is to ensure that organizations are... well-run. When they find they're not well-run, we take action. This is a draft audit, we're looking at the completed audit but we have already some time ago started to make changes to ensure better management of that organization, and we will.

Which is it? Are they waiting to finalize the audit or are they acting on an incomplete audit right now and making changes to the department?

Mr. Mitch Bloom: We have received the draft audit, and it is just that: a draft. So when it's final, it's final.

Mr. Dennis Bevington: But you've made changes to the department already, as the Prime Minister has indicated?

Mr. Mitch Bloom: Every organization works every day to better its operations. CanNor has done that from the first day. We'll do it tomorrow, and a year from now we'll continue—

Mr. Dennis Bevington: What kinds of changes to the financial management that have taken place in the last six months are we talking about?

Mr. Mitch Bloom: We're always working to make sure that we're as on top of the books as we can be for the organization.

Mr. Dennis Bevington: Okay.

The initial decision was made by the Prime Minister to place CanNor's office in Iqaluit. What was the department's recommendation for the location of the office prior to that decision being made?

• (1605)

Mr. Mitch Bloom: Actually, that's a good point, and I can't answer that because it was not part of its own department at that stage. It would have been part of Indian and Northern Affairs. But I'm not aware of any recommendation that was ever provided by that department, or certainly by CanNor, because it didn't exist.

Mr. Dennis Bevington: What impact has the Iqaluit location had on the hiring and retention of qualified staff?

Mr. Mitch Bloom: It's interesting—and I think it goes back to the previous question—that we were able to inherit a lot of good-quality talent on the ground, and that talent is still on the ground in Iqaluit. If you really want to get to know your community and understand its impacts, the best way to do that is to be there on the ground.

Mr. Dennis Bevington: So you're saying the fact that you haven't been able to retain a chief financial officer had nothing to do with that? And that officer was located in Ottawa?

Mr. Mitch Bloom: Yes, as far as I know, the chief financial officer has always been located in Ottawa.

Mr. Dennis Bevington: Okay.

One of the findings of the comptroller general's audit, as we've heard, is that no financial management framework was ever established. This should have been one of the first things done when a new agency was set up. Why was this framework not established?

Mr. Mitch Bloom: I think you can understand, as I said a few questions ago, that it is a draft audit, so I won't be commenting on any of the content of that audit.

Mr. Dennis Bevington: Do you have a financial management framework in the department right now?

Mr. Mitch Bloom: Every department has a financial management framework.

Mr. Dennis Bevington: Was it established at the beginning, two years ago?

Mr. Mitch Bloom: Again, I think it's best if I not comment on these particular—

Mr. Dennis Bevington: Do you know the answer?

Mr. Mitch Bloom: I wasn't in the organization.

Mr. Dennis Bevington: Do you know the answer? You're in front of a committee.

Mr. Mitch Bloom: No, I understand.

Mr. Dennis Bevington: If you have an answer, you can give it. It's not part of an audit.

Mr. Mitch Bloom: I'm saying I wasn't there two years ago.

Mr. Dennis Bevington: So you have no knowledge of this?

Mr. Mitch Bloom: I wasn't there two years ago, so I can't—

Mr. Dennis Bevington: You have no knowledge of when the financial management framework was established?

The Chair: Mr. Anderson, go ahead on a point of order.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): For one thing, I think the witness is being badgered, and from another perspective, the audit is not finished. Mr. Bevington wants the witness to speak about an audit that he has not done. It's incomplete. The draft's been given. When that audit is completed, it will be released and he can criticize it at that point.

I think he needs to stay on topic today.

The Chair: Thank you, Mr. Anderson.

Mr. Bevington, if you—

Mr. Dennis Bevington: Can I respond to that point of order?

The Chair: You can if you want to.

Mr. Dennis Bevington: Okay. To the point of order, the financial management framework is not part of the audit; it's part of the department. When I ask a question about the financial management framework, I'm asking about whether one is in place in the department. That's a little different from asking him what the content of an audit is, Mr. Chair.

The Chair: Mr. Bevington, I was actually just going to interrupt you and ask you to ask questions through the chair. Don't get too aggressive with the witnesses. Ask any question you want, but give them time to respond.

Mr. Dennis Bevington: Okay.

I guess my question is, how much political pressure was put on this agency to set it up quickly. Were normal controls and practices to safeguard Canadians' money tossed out the window?

Mr. Mitch Bloom: The short answer to your question is this. I'm a public servant. I'm under no pressure other than to deliver the best-quality service, with proper efficacy and due diligence. And certainly since I've joined the organization, as far as I know, it has operated on that basis throughout its existence.

Mr. Dennis Bevington: That's certainly not the information I've heard from many people who have worked in this department or in this agency. I think this is something that needs further examination, but I guess we'll have to wait.

How's my time doing, Mr. Chair?

The Chair: You have a minute left, Mr. Bevington.

Mr. Dennis Bevington: Thank you.

What is the current situation with the chief executive officer of the organization?

Mr. Mitch Bloom: We currently have an interim president who would serve as the deputy head of the organization. That person has been appointed, by order in council, by the Prime Minister.

Mr. Dennis Bevington: Is that person on contract? What's the name of that person?

Mr. Mitch Bloom: She is Colleen Swords. She is an existing deputy-level individual within the public service. She happens to be the associate deputy minister of Aboriginal Affairs and Northern Development Canada as well as, now, the interim president.

Mr. Dennis Bevington: Is the previous executive officer now working in or on contract with CanNor?

Mr. Mitch Bloom: No.

Mr. Dennis Bevington: Nicole Jauvin is not on contract with CanNor.

Mr. Mitch Bloom: No.

Mr. Dennis Bevington: Is she on contract with the minister?

Mr. Mitch Bloom: I couldn't speak to that.

Mr. Dennis Bevington: Okay.

The Chair: Mr. Bevington, thank you for your questions.

Thanks for the answers.

We go now to the Liberal Party, and Mr. McGuinty, for up to seven minutes, please.

• (1610)

Mr. David McGuinty (Ottawa South, Lib.): Thanks, Chair.

Thank you very much for being here, ladies and gentlemen. It's good to see you, and to see some of you again.

I just want to clarify something, Mr. Bloom. You work for a special operating agency. Is that correct?

Mr. Mitch Bloom: No, it's actually a stand-alone department under the Financial Administration Act. I believe it's under schedule I.1.

Mr. David McGuinty: It's not a departmental corporation.

Mr. Mitch Bloom: No.

Mr. David McGuinty: It's a stand-alone department.

Mr. Mitch Bloom: Yes.

Mr. David McGuinty: Your reporting line is where, exactly. Where does the organization report to exactly?

Mr. Mitch Bloom: It reports to Minister Leona Aglukkaq, who is the minister responsible for the organization.

Mr. David McGuinty: If I understood it clearly—I'm not going to put words in your mouth, but if I can, I'll paraphrase—you said that you were perhaps a little less fettered in terms of your ability to overcome red tape and to try to streamline regulatory approvals processes. You mentioned in your testimony, I think, that there were 20 northern projects being contemplated over the next decade. And you said that within the existing legal framework, you weren't fettered the way a regulator was.

We have now a stand-alone department, effectively, reporting to Minister Aglukkaq. How do you interface with the energy sector at NRCan? Who is ultimately in charge of energy policy-making, for example, in northern Canada? Is it your organization, or is it NRCan?

Mr. Mitch Bloom: I can take that.

I don't think any one department is ever in charge, at the end of the day, of trying to achieve the outcomes we have. We're a small organization. Our strength is going to be in aligning all the federal departments, such as NRCan, AANDC here, and Environment Canada. It's not to be the driver; it's to help steer, if I can put it in those terms, in terms of a bus.

I just want to comment. I think that was a fair understanding of what I said. We are less fettered. We're not a regulatory organization, as AANDC is or Fisheries and Oceans is. They are working through a process and are coming to a decision as to whether to provide their regulatory approvals or permits. We aren't. We don't have that responsibility. That allows us—how shall I put it?—to keep an eye on the overall system as a pair of fresh eyes. We are able to make sure that things are moving through, and to at times even challenge or help solve problems when they come up.

Mr. David McGuinty: If I understand, then, for example, you have a certain power to convene, and you have a certain responsibility to pull together what might be described as sometimes competing interests.

Let me ask you about some competing interests. The government says it has a national climate change plan. It's been saying that for five and a half years now. The latest iteration of the plan is that it's going to reduce overall greenhouse gas emissions by 17 points from 2005 levels in the next eight and a half years. Do you have a plan for climate change you are helping to drive, through your relationships with line departments and other actors in the north? Do you have a climate change strategy or some kind of energy strategy you can share with us?

Mr. Mitch Bloom: No, I'm afraid that our organization doesn't. Perhaps we're too new in the game. It's certainly a relevant factor, as are all components of the notion of sustainable development, which Janet made reference to as well. Development is put through that broader lens and that broader context. But no, we don't ourselves have—

Mr. David McGuinty: Have you ever seen a national climate change strategy or plan that would have a direct bearing, for example, on the 20 northern projects being contemplated over the next 10 years, and, for example, on the fact that the Arctic region is estimated to contain one-fifth of the world's remaining oil and gas resources?

Mr. Mitch Bloom: No, I personally haven't seen that, but that doesn't mean it does or doesn't exist.

Mr. David McGuinty: Ms. King, have you seen a plan? Do you have a plan that you work from? Do you have a blueprint you're operating from as you move forward as a regulator in your relationships with aboriginal peoples and so on?

Ms. Janet King: We work from the regime of the regulatory frameworks we have now in the three territories in the north, each of which includes environmental assessment processes, and it is through the environmental assessment processes that one would be attempting to assess impacts on the broader subjects such as climate change. That's our framework.

Mr. David McGuinty: So that's your framework?

Ms. Janet King: Yes.

Mr. David McGuinty: Your framework is the existing environmental assessment regime in Canada.

Ms. Janet King: That's correct.

Mr. David McGuinty: So neither of you and neither of your organizations has a blueprint that you're working from. For example, the European Union has a 600-page...basically a collective energy strategy and climate change reduction plan. Do you have a plan? You have no plan that you're working from. You're working on an ad hoc project-by-project environmental assessment process. Is that right?

• (1615)

Ms. Janet King: I wouldn't say it's project by project. We have publicly established regulatory frameworks, which include due environmental assessment processes. So those represent the framework we work under. I think the question you're posing might belong better in other departments. We do not necessarily establish national plans for climate change.

Mr. David McGuinty: Mr. Bloom said earlier that he's pleased that large corporate interests, many for whom I used to act, are now coming into his offices, and I feel very good about the fact that there's a streamlining, perhaps an overcoming of red tape.

Mr. Bloom, when you sit down with a major proponent of an oil and gas development for a fossil fuel exploitation project in the Beaufort, surely you're talking about greenhouse gases, no?

Mr. Mitch Bloom: What's interesting, I think, and Janet said this.... Maybe I can just reiterate in a bit of a different way.

There's a legal regulatory process established by legislation approved by Parliament. Those are the processes we're responsible for in terms of making sure they're being adhered to and doing our best in our own case to "pathfind" it. That's the legal process, and those are the tools we've been given.

Mr. David McGuinty: So your mandate then does not include sitting down with corporate proponents and having an open discussion about the implications of projects in Canada's overall greenhouse gas emissions?

Mr. Mitch Bloom: Again, I would come back to Janet's comment. I think there are other departments that are perhaps—how should I put it—more mandated than we would be for an activity like that.

Mr. David McGuinty: But you're the central hub now. You said yourself you're the centre of the wheel of spokes emanating outward,

and your power to convene and reconcile differences between line departments gives you a certain freedom, a certain mobility, that regulators don't have. So you're saying that the responsibility for Canada's overall reduction of 17% from 2005 levels in the next 12 years is somebody else's responsibility?

Mr. Mitch Bloom: Absolutely.

Mr. David McGuinty: When you sit down with Exxon or Esso or Shell Oil or Gulf, or any other exploiter of natural resources in the fossil fuel sector, are you saying to me that you have no conversations, no mandate, no examination of what the impacts will be in Canada's greenhouse gas emissions?

Mr. Mitch Bloom: I think I said our goal is to align the efforts of all federal partners, so it would be very important for any project proponent to make sure they've done the rounds throughout the federal government and all the departments with their own various responsibilities. There are others who have that. In that sense, you're right. Being the convenor is an important role, but it doesn't mean you become the spokesperson for every issue.

The Chair: Mr. McGuinty, your time is up.

Did you want to respond, Ms. King?

Ms. Janet King: I would just add a comment. The coordinating role being played also respects the mandates of other departments. It does not crosswalk over to the other mandates of departments that may carry responsibilities linked to that.

The Chair: Thank you.

Now to the five-minute round.

Mr. Lizon.

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

Thank you, ladies and gentlemen.

I just want to clarify something in your mandate. If I understand correctly, you are coordinating with the proponents. Are you like a one-stop place where people can come and don't have to go to different departments? Is this exactly what you're doing? Could you elaborate on this? If I were a person who wanted to invest and open a project in the north, I would rather come to one place and have them deal with other departments, rather than going to different departments and dealing with them myself.

Mr. Mitch Bloom: You actually have said it better than I could, so thank you for posing the question in that way.

That is the goal, to become the one-stop single window for the private sector to get into understanding the regulatory process. Effectively the words I used were "pathfind for them", so they know where to go, and we can make sure they have that knowledge and are able to go forward on an expedited or at least on an efficient and effective basis. As I alluded to, it also sometimes means pointing them to the other regulators in the system, making sure they understand what the roles of the review boards that exist in the territories are. But yes, the goal is to provide that single-window access to simplify the interactions from a business perspective.

Mr. Wladyslaw Lizon: Is it actually working like this at the present, or have you still some way to go?

Mr. Mitch Bloom: I chose my words carefully; I said “goal”. It's not perfect yet. I would be disingenuous if I said that. The function, which Don next to me leads, has been around for a little over a year and a half. It takes time to build up that credibility and that capacity. To say it's a goal...it's not an aspirational goal; it's one we work on every day, and there's more work to be done.

Mr. Wladyslaw Lizon: Thank you.

Promoting economic development is a key part of our government's northern strategy. Can you expand on how large a role you see natural resources development playing in strengthening economic activity in the north?

• (1620)

Ms. Janet King: I understand you had a witness last week from Natural Resources Canada, and anticipate another, so I'm sure you will hear in detail their role in the broader economic development in the north, guided by the northern strategy.

There's significant work being done on the part of NRCan. I would prefer to leave that to them to describe, but it covers broad knowledge acquisition through geoscience mapping, for example, mineral assessment, oil and gas work, and many other pieces of work.

Mr. Mitch Bloom: If I understood your question, I think it was also to ask what's the role of resource development in the north.

I had an interesting experience in Alaska several weeks ago, and I put myself back in time 70 years. I was talking to a former governor and he was explaining what Alaska was like before they discovered oil on the north slope; it was like Canada's north now.

You can agree or disagree—I didn't really have a view on Alaska's development, if it was done the right way or not—but they took a single resource-based commodity and turned that state into something they're very proud of. I see that same opportunity with respect to where Canada is going. That's one of the reasons I said in my opening remarks what's very important isn't only resource development, resource extraction; it's what it means to provide a sustainable economy in Canada's northern territories so that when the extraction is finished, jobs are still there, communities remain there, and economic development continues.

Mr. Wladyslaw Lizon: What would you say are the main challenges facing resource development in the north?

Ms. Janet King: My apologies for misunderstanding. I heard Natural Resources Canada. But perhaps I may respond briefly to that question as well.

Natural resources have a significant impact on potential economic development in the north. As you are aware, 20 years ago the revenue stream of the Northwest Territories was based on four declining gold mines. That has turned around significantly now with the diamond mines, in terms of providing \$2 billion to their revenue. This is an example to show the impact that natural resource development can have on that part of the Northwest Territories.

Could you repeat that last question?

Mr. Wladyslaw Lizon: I asked what, in your view, are the main challenges facing resource development in the north.

Ms. Janet King: There are some significant challenges. The north is quite vast; it's far away and it has a very severe climate. Because of its remoteness, size, and difficulties, infrastructure is a persistent challenge in the north—a full range of types of infrastructure.

Capacity, the population of the three northern territories—when I'm speaking, I'm speaking about the three northern territories primarily. There is a very small number of people available in the north, skilled and able to move forward natural resource development. So there are two.

I'm sure there's another one.

The Chair: Actually, Mr. Lizon, your time is up.

We go now to Mr. Trost for up to five minutes.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair, and thank you to the witnesses for being here.

As I was looking through some of these notes, I was thinking of the times when I used to work in the north as a geophysicist. I was particularly thinking of one day when I was with the senior geophysicist. When you do exploration for ground-based projects you need to have a fairly basic grid on the ground where you number off some wooden pickets and some things like that, and myself and the senior geophysicist were spending the day numbering off the pickets. It's not a job you generally go through university to do, and I remember thinking two basic things. One, what a waste, because I knew how much it cost to get us up there and what they were paying; and two, what a shame that local people weren't taking up the opportunity to do this rather basic job.

This brings me to the question, how does one ensure that the maximum benefit is there for the local population, both from an efficiency perspective and from an overall economic and social development perspective? With that as a background, how do northerners directly benefit from mineral resource development? You can break it off into a specific section for oil and gas, because it's my understanding there are some things directly related to oil and gas.

That'll be my first question, and both Ms. King and Mr. Bloom can take that if they want.

• (1625)

The Chair: Go ahead, Ms. King.

Ms. Janet King: I can respond and hand it off to Mitch, if he'd like to add anything.

I, too, have spent time with pickets up north, so I understand your perspective.

With respect to northerners' directly benefiting, it is common business practice now, and good corporate responsibility, for companies that are implementing and pursuing major projects in the north to establish impact-benefit agreements with the first nations communities, and not just those immediate to the project. They tend to be regional in nature, so they look to engage and sign formal impact and benefit agreements that touch on the economic and social aspects of the potential positive impacts of the project through its lifetime.

On the oil and gas side there's another approach. Again, it's a benefit agreement, this time in the legislation, to pursue an elaboration of the impact benefits. So again, there's a requirement to sit down with first nations and elaborate what potential benefits would accrue during the lifetime of the project.

Mr. Mitch Bloom: I have a couple more to add. One is labour. There's a high emphasis, a high desire to be able to hire locally, especially in the north. With the cost of bringing labour in from the south and the ability to keep people working in the north, it's just way more expensive and way more complicated. Almost all resource project proponents would love to be able to maximize that. It becomes a matter of maximizing skills and abilities, and that's why it's also important to be able to build behind that. Everything from mining training simulators, which I know some territorial governments have helped support, to advancing literacy and things like that so that people can feel free to work on a mine site is really important.

I have two other quick points. One is business creation. A lot of project proponents are also quite interested, through the benefit agreements and other tools, in working with local businesses, and very often aboriginal-based businesses as well. So there's a real benefit there.

And at times, you'd be surprised, there are even social benefits. I remember hearing from a mine proponent talking about the importance of people on-site eating properly while they're there. They had to eat properly, and it ended up addressing issues of diabetes in the community, which ended up going back into the house, with proper eating habits there—amazing.

Mr. Brad Trost: Very quickly here, because I have about 50-some seconds left, you talked about the mining training simulators all the way down to basic literacy skills. Those are real issues. What would we be doing having a senior geophysicist do mining pickets?

Who coordinates that? Who takes the overall global view of how we integrate the full needs of the community for labour force development, right from basic literacy skills, showing up for job/work basic skills, right up to the top, looking for what we need for the more technical occupations?

Mr. Mitch Bloom: I'll give you an answer that's probably not what you're looking to hear. There are many players. There are the territorial governments. There are multiple federal departments. There's the private sector itself, quite anxious to become involved. I think your question points to the importance of bringing people together and aligning them around understanding the labour market and the gaps. People are talking; it's going well. There's more distance to be crossed.

The Chair: Thank you, Mr. Trost.

We go now to Monsieur Gravelle, and Monsieur Lapointe, if Monsieur Gravelle finishes on time, for up to five minutes.

Mr. Claude Gravelle: Thank you, Mr. Chair.

My question is for Ms. King, and it concerns the Ring of Fire, the Cliffs chromite project. This is a huge project that is going to have a lot of effect on northern Ontario and the aboriginal people. There are a lot of infrastructure needs. It's going to provide lots of employment for the people, but it's also going to have an impact on aboriginal rights and their secret and sacred sites.

Two of the first nations—the Matawa First Nations and the Mushkegowuk Council, I believe, have submitted requests for consultations and negotiations to establish a review process. The CEAA announced on Friday the project would undergo only a comprehensive assessment. This is a unilateral decision that may have included the Ontario government and mining companies but did not include the aboriginal people.

Are you aware of this project, and what is your role?

Ms. Janet King: Mr. Chair, that project lies under the responsibility of my colleague, Sara Filbee, so if I may, I'll turn to her for the response.

• (1630)

Ms. Sara Filbee (Assistant Deputy Minister, Lands and Economic Development, Department of Indian Affairs and Northern Development): Actually, my response is going to be that the project lies under the responsibility of CEAA, which is responsible for the environmental assessment in terms of the determination. So we're not even, in this particular one, a responsible authority, which we would be, for example, if the project were directly on a reserve site. They are the ones that have made the determination as to the appropriate level of assessment that would go on.

Mr. Claude Gravelle: But if CEAA is making a decision that concerns the first nations, with you being part of INAC, wouldn't it be your responsibility to make sure they make the right decisions?

Ms. Sara Filbee: Our responsibility is to work in supporting other federal government departments with respect to their consultation duties to make sure they're aware of them; however, we're not the police, so to speak. We're more of a resource for them in terms of their responsibilities. They, with their own policies and procedures, respond to the needs and the situation.

Mr. Claude Gravelle: But if you're noticing that they're going in the wrong direction, would you intervene?

Ms. Sara Filbee: No, we would not. That's their responsibility to make their determinations; we're not going to tell them how to do their mandate. We may provide advice, but that would be the extent of it.

Mr. Claude Gravelle: Thank you.

The Chair: Thank you.

We'll go to Monsieur Lapointe.

[Translation]

Mr. François Lapointe (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, NDP): My first question is for Mr. Bloom.

How long have you been with CanNor?

Mr. Mitch Bloom: I started working there three months ago.

Mr. François Lapointe: Only three months?

Mr. Mitch Bloom: Yes.

Mr. François Lapointe: You are fully aware that the Comptroller General of Canada identified many problems within your organization. One specific issue is a huge surprise for me:

[English]

misuse of credit cards.

[Translation]

Do you agree with the comptroller on that?

Mr. Mitch Bloom: As I said when answering other questions earlier, that audit is only in its draft stage right now. I cannot share my own comments on that issue before the audit process is completed.

Mr. François Lapointe: Who is in charge of the audit process within your organization?

Mr. Mitch Bloom: That role belongs to the Comptroller General of Canada, who comes under the Treasury Board of Canada Secretariat.

Mr. François Lapointe: So, the Treasury Board of Canada Secretariat is in charge?

Mr. Mitch Bloom: Yes. CanNor is a small organization. Consequently, the auditing is done by the Office of the Auditor General of Canada, which comes under the—

Mr. François Lapointe: CanNor's official stance is that, as long as the Auditor General's work is still ongoing, CanNor will not adopt a position regarding the issues raised by the Comptroller General of Canada. Is that correct?

Mr. Mitch Bloom: Yes.

Mr. François Lapointe: Could you help me clarify something? You talked about a rigorous process before a project is considered by the minister. However, you said that you could not estimate the length of the process.

How can a rigorous process not have clear timeframes? I don't think that adds up.

Mr. Mitch Bloom: I fully agree with you. Our goal is to have an effective and rigorous process.

I myself am not sure of how long each project takes. Some projects are simpler than others. Some projects take several years and others take only a short time. They don't all require the same amount of time; it varies.

Mr. François Lapointe: As with any rigorous process—

The Chair: Thank you, Mr. Lapointe.

[English]

There will be a spot for the New Democratic Party right after Mr. Harris. We'll go now to Mr. Harris for up to five minutes.

Go ahead.

Mr. Richard Harris (Cariboo—Prince George, CPC): Thank you.

I may share my time with Mr. Allen if we have time left.

Thank you, ladies and gentlemen, for appearing today.

Mr. Bloom, I'm really interested in the goals you've set, as you've described them. I think it's certainly worthwhile. Can I just get you to expand on it a little? If a potential investor or stakeholder seeks your help, you would try to make sure they're directed through all the

right regulatory agencies that they have to...to try to have their project start up.

Would it be your organization's goal to stay with this stakeholder as somewhat of a shepherd, to get him through the maze of the regulatory levels, until it's either a go-forward or, unfortunately, it wouldn't be happening? Would you play a shepherd's role with some of these people?

• (1635)

Mr. Mitch Bloom: Thank you for the question. I was listening to you pose it and hoping that I would have a chance to make it sound like we don't just point them in the right direction and wish them the best of luck. No, quite to the contrary; the goal is to keep them right through the process.

We're also the keeper of the federal timelines, if I can call them that, around federal regulatory responsibilities. So we watch, to be honest. I watch my colleagues over here and their organization, as well as other organizations, to make sure they are working within the agreed timeframes.

We don't have many established yet, but as is the case south of 60°, we will require all departments to sign what we call "project agreements" with us, which will outline their roles, their responsibilities, and when they will have their work done by. When they don't get the work done on a timely basis, we share that information together.

Mr. Richard Harris: Okay, thank you.

My next question is to Ms. King and Ms. Filbee. I'm not sure whose department this would be.

Over the summer I was quite taken aback by somewhat of a unilateral statement by AFN Grand Chief Shawn Atleo, where he said, in effect, notwithstanding all of the environmental or the fisheries issues on natural resource harvest, that, in his opinion, first nations will always hold a veto over any and all resource harvests in Canada. I found it unilateral and somewhat unsettling.

Would either of you like to comment on that?

And you may not have seen the statement. It was in the *National Post* or *The Globe*, I'm not sure which one. I'm paraphrasing, but it's a fairly accurate paraphrase, I think.

Ms. Sara Filbee: I think he is representing his constituency very well, and that is the perspective, so he's entitled to take that position.

As a federal government, obviously, whether it's environmental assessment or permitting or so on, we look at balancing of a number of different responsibilities. Obviously, aboriginal interests are a significant part of that, but not the only one.

Mr. Richard Harris: Thank you.

The Chair: Mr. Allen, go ahead. You have about three minutes.

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

Thank you to our witnesses for being here today.

Ms. King, when you were talking about the McCrank report you started going through some of the challenges. With the regulatory... the environment in the north is confusing and incomplete, so you started talking a little bit about some of your challenges in trying to deal with that. The action plan had a \$25 million investment over three years. I think you indicated that in your statement. It was regulatory, environmental monitoring and ensuring a strong aboriginal voice, and then you went on to the cumulative impacts.

Is this investment intended to have that new regime fully in place in three years? Or do you see that regime happening earlier than the three-year investment?

Ms. Janet King: Some of that investment is happening now. We have already launched some of the cumulative impact work. So some of it's happening now. As you are aware, we are looking forward to tabling a legislative initiative, the Nunavut project and planning act, which is coming shortly.

So we are actively investing now. We hope to conclude all of the commitments within that three years and continue to move forward with what we've learned from that time after the three years.

Mr. Mike Allen: I'm assuming—and I shouldn't assume anything, but at the end of the day we want to try, I would hope, to reduce the EA timelines a little bit and at least lower the red tape and actually get in through this process. You talked a little bit about that. And there's some discussion about introducing timelines in this legislation as well.

How are you reconciling what are potentially competing initiatives in terms of lowering timelines? As Mr. Bloom said, he was actively watching your timelines, which was an interesting view going back and forth there. But how are you going to reconcile those initiatives when you're actually implementing more types of things into this process, but yet you're going to try to legislate and regulate the timelines? How much flux is there in those timelines? Just how are you going to manage that process? It seems they potentially could be competing initiatives.

Ms. Janet King: First, we work with all of our federal colleagues, in terms of effectively managing those timelines, including having consulted quite extensively in terms of proposing certain timelines going forward in the legislation. We broadly consulted with other levels of government, communities, first nations, and our colleagues in other federal departments.

On competing initiatives, I think what I would say we're aiming for is an appropriate balance between time, efficiency, effectiveness, finding developing processes that can effectively address the competing interests' activities in such a regulatory regime, but at the same time providing some degree of transparency, stability, and certainty as all of the proponents on any side of the discussion move forward through the process. So there's a transparency and a certainty that the issues will be addressed in certain timeframes, but again I emphasize by following significant consultation in terms of what appropriate timelines those would be.

• (1640)

The Chair: Thank you.

Mr. Allen, you are on the list here after Mr. Lapointe and Mr. Bevington.

Go ahead, Mr. Lapointe.

[Translation]

Mr. François Lapointe: Mr. Bloom, I want to quickly come back to the rigorous process that is supposed to help the minister make only the right decisions. We know that the minister is in charge of making all the decisions. If we are indeed talking about a rigorous process, it surely consists of a procedure that is divided into stages. What are those stages?

Mr. Mitch Bloom: We act with due diligence. We have a process whose first stage consists in assessing the proposal. An organization that wants to carry out a project makes a proposal. It must fill out a form. The program has a number of criteria that must be met. All those criteria must be properly assessed before a recommendation is sent to the minister. As I said before, the organization's director general and one of its deputy ministers must approve the recommendation before it can be considered by the minister. That is what the process consists of.

Mr. François Lapointe: Okay.

My next question is for Ms. King.

Regarding the potential development of the Beaufort Sea, I think that something very important has happened. I share Mr. McGuinty's concerns when it comes to that development. Less than two years ago, the House of Commons unanimously adopted a motion stipulating that the operational conditions should be as safe as they can possibly be.

As I understand, the North Sea that surrounds the Scandinavian countries cannot be developed without first ensuring that the relief well is operational. That must be done even before the development begins. Has that consideration been the focal theme of your meetings with potential offshore petroleum operators?

[English]

Ms. Janet King: Yes, those considerations are present.

I would also like to point out that some of those considerations are being worked through right now by the review of Arctic drilling by the National Energy Board. They are the people who are responsible for ensuring that the technical operational aspects of the actual drilling meet necessary standards. As you may be aware, they are actively involved in a full review right now, having recently had a week-long consultation session in Inuvik, and are intending to report before Christmas, as I understand it. They would be addressing the specific parameters that would be deemed safe and appropriate for Arctic drilling.

[Translation]

Mr. François Lapointe: Okay. Thank you.

[English]

The Chair: Mr. Bevington, you have about two and a half minutes. Go ahead, please.

Mr. Dennis Bevington: Thank you.

Mr. Bloom, you mentioned that most of the staff has been in Iqaluit for a while. How many positions are with the head office in Iqaluit right now on your organization chart?

Mr. Mitch Bloom: I wouldn't want to be held to the number, but I believe it's just under 30. There are about 27 or 28 people.

Mr. Dennis Bevington: How many people worked for INAC prior to the decision to set up CanNor?

Mr. Mitch Bloom: I'm sorry, I don't have that information.

Mr. Dennis Bevington: There were probably a few. A few people worked there, but not many.

Obviously, most of the people who work there work for your department. If the organization chart is full, how full is that organization chart in Iqaluit with personnel on the ground?

Mr. Mitch Bloom: We have the people we need on the ground, if that is the question. I am not sure—

Mr. Dennis Bevington: Were the head office functions such as the chief financial officer and chief executive officer slated to go to Iqaluit?

Mr. Mitch Bloom: I don't know if a position was slated to go. I can't honestly answer that one either, other than that.... I can be honest with you; as I said earlier, the position is in Ottawa right now.

Mr. Dennis Bevington: You were honest with us in telling us that most of the people who work there had been there previously, but quite obviously they couldn't have been.

• (1645)

Mr. Mitch Bloom: That's the difference between the headquarters function and the regional function. There were no headquarters because there was no independent department. That had to be established afterwards.

Mr. Dennis Bevington: Aren't most of the problems with the internal audit the problems you've had with the head office development?

Mr. Mitch Bloom: Again, as I said earlier, I am in no position to comment on the audit.

Mr. Dennis Bevington: Okay.

Madam King, there are two things that almost everybody has agreed with that need to be done to the environmental assessment process in the north. One of them is to get the land use plans in place and the other is to build the capacity of the organizations in the north to deal with the environmental assessment. What work are you doing to accomplish that?

Ms. Janet King: The land use plans are essential to moving ahead with the development of effective and clear regulatory regimes. It is helpful to have the land use plans available. There are currently land use plans for the Gwich'in settlement area and some areas of Nunavut. Draft plans are actively being developed in the Sahtu settlement area and for Nunavut. We are working on an interim Dehcho plan. Lots of work is ongoing with respect to land use planning.

We continue to invest in board capacity, working both to ensure sufficient annual funding and to address related project workload demands as well as offering a variety of training programs. It is a little different in the Northwest Territories and Nunavut to work to build the capacity of the members and officers of the boards.

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

We go now to Mr. Allen, for up to five minutes. Go ahead, please.

Mr. Mike Allen: Thank you, Mr. Chair.

I just want to follow up where I left off last time on the timelines for this. There's a project in my riding in New Brunswick that is actually going through an environmental impact assessment. They just went through the terms of reference, which were published in August. Then there'll be a year for the company to actually put together their environmental impact assessment. After that there will be a year for the approval. They've set the timeline as a year for that approval. So sometime in the fall of 2013 this could all shake out.

Do you envision a process like that, where you would set specific timelines as part of the regulatory aspect of what you're looking at for the north? Are you looking at a timeline on approval of these projects that would be somewhat similar in order to be consistent across the country? Is that even realistic?

Ms. Janet King: I can't speak to specific comparisons of absolute timelines. Unfortunately, I just don't have that information.

I can tell you, as tabled in the legislation for the Nunavut project and planning act, that we have laid out proposed timelines to guide the timing for decisions, to move through that regulatory process, and environmental assessment is one part of that.

I can't do the math right now to add up what all of those pieces would accumulate to, to respond to your absolute comparison. But we could provide that information to you.

Mr. Mike Allen: That would be great. But offhand, do you have the timeline for the environmental impact assessment portion of it that you're proposing?

Ms. Janet King: I don't have that information specifically at hand, my apologies. But we'll get that for you.

Mr. Mike Allen: That would be wonderful. We'll put that over, too.

My next question is around the resources. Mr. Bloom, you said a minute ago that Mr. Trost wouldn't like your answer that everybody is responsible. And that's true. When everybody is responsible, you wonder who is responsible.

I guess this is a question for both people here today. What do you see as the major resource potential, in terms of what it means for potential resources and human resources that are going to be required to execute the potential resource development in the north? Who has a feel for the timeline as to when that will happen? And who has the lead on assessing the resources and human resources that are going to be required for that?

Mr. Mitch Bloom: I'll start off. It's a great question.

One of the things I've learned in resource development is that we don't control it. World markets and other factors also control it very much. You can get very excited about potentials and be excited for a very long time. It's not an easy process to simply match your labour market need against specific projects until they're actually operational and on the go. I think we had reference to Meadowbank a little bit earlier. That's a good example.

Ultimately the project proponents are the ones who best know the resource needs. If you're asking about specific projects, a project proponent will lay out exactly what is going to be needed in terms of labour market as the project is developed.

From the government's perspective, and certainly from our own perspective, it's important for us to be able to be part of that process. So we are watching, monitoring, and seeing where the gaps are. I used the example of literacy and numeracy a little bit earlier. It's an important gap. You can't work on a mine site if you can't read the safety sign.

I think the members of the committee know that the government made a significant announcement in the last budget around that. So the government is watching and trying to make sure that we're filling those kinds of gaps. I used the example of mine simulators. It's not easy to take people out of the community to provide them with the training they need in order to be able to work in that kind of situation. So again, government help steps in and works with the private sector and with territorial governments to try to provide the means to do that. But it's not an exact science.

• (1650)

Ms. Janet King: If I could step back to the early part of your question about the resource potential of the north, we are aware of a number of potential development projects. Mines are operating now. They continue to need capacity. Some are in the environmental assessment process, so they are on their way to a final decision, and some, we understand, will be proposed in the future. I speak to one in particular, which should be significant, the Mary River deposit in Baffin Island, which is a potentially significant resource development with the potential, again, to have a significant social impact requiring human resources.

I agree with Mitch's response on who leads. I would add a level. The communities, too, are deeply involved. The territorial governments in their respective responsibilities are deeply involved. We are interested parties and work within the federal role to support that as much as we can.

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

We go now to Mr. Gravelle, and Madam Day, if there's time.

Mr. Claude Gravelle: I'd like to go back to the Ring of Fire for a minute, just to get a couple of clarifications.

Did INAC advise or resource CCAA on the aboriginal consultant obligations, and if so, what was the advice? If not, why not?

Ms. Sara Filbee: I don't know specifically with respect to that particular mine. I can get an answer for you. Consultation accommodation is handled in another part of the department, but I'm happy to get an answer for you.

Mr. Claude Gravelle: Can we make sure she gets that answer for us?

My next question, again, is this. Did I understand your testimony earlier to say that if another arm of the government, like CEAA, was not following consultation obligations you would not intervene to fight for that?

Ms. Sara Filbee: The responsibility for consultation accommodation for governments lies with respect to those who are doing

particular regulatory activity. If we're not doing that regulatory activity, our role is limited to advising on them. As I said, we're not the enforcers. There are a number of mechanisms for that, such as the courts and so on. That's not our role and not our mandate.

Mr. Claude Gravelle: If another arm of the government was violating the intent, you would not intervene? You would not advise?

Ms. Sara Filbee: Our role is to advise only, and the determination of the facts of a case as to whether something was being violated or missing or whatever is not our role at all.

M. Claude Gravelle: Okay, thank you.

[Translation]

The Chair: Ms. Day, go ahead.

Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP): It is said that, in the oil and gas industry, the Department of Aboriginal Affairs is working with the aboriginal governments and communities. Could you tell us how the roles, the terms, the rules, and the tasks are divided between your department and the communities?

Did you understand my question?

[English]

Ms. Janet King: Do you mean between communities specifically?

[Translation]

Mrs. Anne-Marie Day: I'm talking about aboriginal communities.

Ms. Janet King: In every region, we have a consultation framework for discussions with all the aboriginal communities.

• (1655)

[English]

So embedded in the regulatory framework is the requirement to consult. As Sara was saying, there's a requirement to consult with first nations communities.

On many aspects we consult directly with the first nations communities on their broad interests in both the regulatory process and the environmental and social impacts. One example, as I mentioned earlier, is BREA, our current regional environmental assessment work. We're working quite closely and in full partnership with the Inuvialuit communities, in this case to elaborate gaps, priorities, and interests so that we can pursue and invest in knowledge acquisition to assist in answering some of their questions and issues pertaining to oil and gas development.

[Translation]

Mrs. Anne-Marie Day: If a community does not agree with the outcome, who has the right of veto?

Ms. Janet King: What do you mean by "right of veto"?

Mrs. Anne-Marie Day: Who decides? If an aboriginal community does not agree with the outcome, who decides? Which side carries more weight? Do aboriginal communities ever disagree?

Ms. Janet King: First, we try to conclude an agreement. If we can't come to an agreement,

[English]

the responsible minister for the different acts would have the final decision-making authority on a proposal moving forward in the appropriate regulatory regime. There are many mechanisms along the way for appropriate engagements with the first nations communities.

[Translation]

Mrs. Anne-Marie Day: I have one last question. When there is an invitation to tender while an environmental study is being conducted, do you wait for the results of that study before deciding who will obtain the contract? Does that consideration play a key role?

Ms. Janet King: Could you repeat the question?

Mrs. Anne-Marie Day: If there is an invitation to tender for a project—

Ms. Janet King: In the oil and gas industry?

Mrs. Anne-Marie Day: I'm talking about an invitation to tender in the oil industry and the decision about who should be awarded the contract. When an environmental study is under way, do you wait for its results before deciding which company will obtain the contract?

[English]

Ms. Janet King: We certainly have the results of the environmental assessments before any project decision is taken.

[Translation]

Does that answer your question?

Mrs. Anne-Marie Day: So you are telling me that you do wait for the results. However, an environmental study can take a while.

Ms. Janet King: Yes, every time there is an environmental study for a specific project,

[English]

we wait until it's finished.

[Translation]

Mrs. Anne-Marie Day: Thank you.

The Chair: Thank you, Ms. Day.

[English]

We go now to Mr. Anderson for five minutes, followed by Mr. Trost.

Mr. David Anderson: Thank you, Mr. Chair.

Thank you, folks, for coming today.

I want to talk a little bit about the Beaufort regional environmental assessment that was announced in 2010. I was just wondering if you could tell us a little bit about that and how you see it supporting regulatory decision-making in the future.

Ms. Janet King: The Beaufort regional environmental assessment—for quick reference we call it BREA—is, to my view, a very innovative partnership where our department is sitting down together with the Inuvialuit leadership, with the private sector, to elaborate, look at, the potential for a strategic regional environmental assessment in the region. Some of the investment has been, as I just mentioned, directed towards acquiring information, new

knowledge, that any one of those proponents has identified as a gap. So we've sat down at the community level, for example, with the Inuvialuit and worked in the overall governance of the program to bring those gaps and interests to discussion with the private sector, with the leadership, the first nations leadership, and in our role as well. Blending those together we are moving forward on a research program that's already been launched, again, pursuing the gaps in knowledge identified by both the Inuvialuit and the private sector, the communities, the local leadership—so investing there in the knowledge.

We're also organizing to have all of that information, all of the information acquired, to be easily accessible to all interested participants as well. So all new information coming in will be posted in language and in a structure that will be accessible to all interested participants.

Mr. David Anderson: Do you expect that filling those gaps then will deal with some of the issues and concerns that we hear raised about resource development in that area?

Ms. Janet King: Particularly since they've been identified, the challenges have been identified by those interested in those challenges, yes.

● (1700)

Mr. David Anderson: Okay.

I'd like to move further south. You had a short section at the end about some of the development in southern Canada.

In the development of a modernized on-reserve oil and gas regime, I understand there have been some significant improvements made in terms of environmental protection. I'm just wondering if you can tell me a little bit more about this. What are those improvements and how do they compare with the off-reserve requirements?

Ms. Janet King: If I may, as well, this belongs in my colleague's realm of responsibility.

Ms. Sara Filbee: Thanks very much.

The responsibility for oil and gas on first nations lands lies with Indian Oil and Gas Canada.

As some of the folks in the room might know, we have been engaged in bringing up to date the Indian Oil and Gas Act. It was brought through about a year or so ago, and we're now engaged in working on the regulations. One of the problems is that this particular piece of legislation was significantly outdated in terms of the enforcement abilities, even lack of audits, and so on. So it was very difficult for Indian Oil and Gas Canada to ensure that it was fulfilling its fiduciary obligations to the first nations for whom it was the regulator.

For example, some of the new federal regulations will be targeted at reclamation, remediation, abandonment of oil and gas sites, and also better enforcement capabilities. Currently, under the old act, the only enforcement ability is to actually stop the lease and terminate everything, which, if it's a more minor violation, becomes a bit of an overreaction, so it basically is not available. Going forward there will be more graduated types of responses. As I say, we're still working through the details of the new regulations with the Indian Resource Council and with our experts, but it will be a much more up-to-date piece of legislation.

Mr. David Anderson: What's the process, then, to have those changes made? Can you just go through that quickly?

Ms. Sara Filbee: The act was brought through by the House, but it was not proclaimed. It will be proclaimed when the regulations are completed.

We are working with the Indian Resource Council to develop the issues. This means heavy engagement by the first nations in terms of the issues that are important to them and identifying them with significant use of technical experts with respect to the details. As you can imagine, it's a highly complex area and there's just an awful lot.... We're talking about books and books and books of background information. So it's a very time-intensive process.

Mr. David Anderson: It would be similar, then, to off-reserve requirements?

Ms. Sara Filbee: The challenge is that on federal reserve lands the provincial requirements don't apply. This will incorporate, by reference, provincial regulations where appropriate. One of the problems in attracting investors is a reserve system that is vastly different from that which exists in the neighbouring province's lands. When the regulatory system is not up to date or competitive, we say you could effectively "sterilize" the lands of their value. So we're trying to remedy that problem.

The Chair: Thank you, Mr. Anderson.

Mr. Trost.

Mr. Brad Trost: Thank you, Mr. Chair.

Someone noted that one of the benefits that accrues to northerners through development is to work with local businesses. Now here's the question that arises from that: how does one work with and encourage local business while still finding best value for dollar? How are the two elements integrated? If it is best value for dollar with local businesses on projects, they'd naturally get it. So how do you balance between the two?

Mr. Mitch Bloom: In certain ways, northern economic development is not like southern economic development. There is always the ability to work with local people as the job force. But to work with local businesses as a business force is an incredible advantage from an economic perspective, both for the businesses and the companies that are relying on their services. I don't think they're mutually exclusive choices. The ability to work with those northern businesses offers the potential of a good financial return.

• (1705)

Mr. Brad Trost: I've worked up north, too, and I know sometimes that's true, though it may not always be quite as representative. But if that's automatically true, why would there need to be any sort of

preference, or is there any preference for local aboriginal or local northern businesses? Is it all across-the-board lowest bid, best-quality product, or is there some sort of preferential program in place?

Mr. Mitch Bloom: Earlier, one of us spoke of the impact benefit agreements. When projects go forward in the north, often on aboriginal lands, you have to sign an agreement with the landholder. It's our intention and desire to see that development works its way through the community, and to see a trickle-down or spillover effect.

Moreover, the development in the rest of Canada is vital to this. Major labour needs, skilled labour, and large equipment used for development in the north are coming from all across this country.

But there is a real incentive to try to work locally. There's actually an economic incentive as well.

Mr. Brad Trost: That will do.

The Chair: We go now to Mr. Saganash.

Mr. Romeo Saganash (Abitibi—Baie-James—Nunavik—Eeyou, NDP): Thank you, Mr. Chair, and my thanks to the witnesses today for their testimony.

First of all, I have a general question. Given the constitutional realities of today, especially related to the duty to consult, everyone realizes, finally, that the future of Canada is in its north. I'm pretty happy about that. Given that new context of political and legal realities, and we can add to that the new social and environmental realities, what types of adjustments have INAC and now AANDC put in place to take into consideration the new reality up north?

Second, I'd like to hear from you on the impact of the 2% cap on funding, especially as it relates to education. This is a question that's directly related to human resources up north. What impact has this 2% cap on funding had, particularly as it relates to education, on resource and economic development up north?

Also, because I wasn't satisfied with the answers you provided to my colleague, Mr. Gravelle, about the duty to consult, how do you analyze your role with respect to the duty to consult the other departments and the fiduciary responsibility of the Government of Canada toward aboriginal peoples?

Finally, you mentioned that you are aware of a list of projects being proposed in your region of responsibility. Is it possible to have that list for the benefit of this committee?

The Chair: Ms. King, go ahead, please.

Ms. Janet King: I'll start at the end and work backwards.

Certainly we'll provide you with a list of projects that represent our knowledge at this point in time. We'd be glad to provide that.

On duty to consult, I may just add a point, and then I'll let Sara complete the answer.

With respect to our role with other government departments, it's in neither my area of responsibility nor Sara's, but our department has elaborated a broad guide on duty to consult. It's fairly detailed, and it assists all other departments to know what's required in terms of moving through appropriate duty to consult. That's a very tangible contribution we've made. The group that has that knowledge is also available to advise and inform any other department that is engaged in a duty to consult as well. So we work very closely with them to remind and inform them of the need, the best practices, and the best processes in terms of duty to consult.

The Chair: Ms. Filbee, go ahead.

Ms. Sara Filbee: I can't add anything, over and above what Janet has added, to my response. The agency that is responsible, in this case CEAA, for making the determination has the obligation to look into the duty to consult and to enforce that. All we can do is provide resources and advice, and they take it from there.

You may wish to address your questions to them with respect to that particular case.

• (1710)

The Chair: Ms. King, do you have something to add? Go ahead.

Ms. Janet King: I can go further up the questions.

The second question you posed was on the impact of the 2% gap in funding for education. Could you be precise about that 2%...just to be clear?

Mr. Romeo Saganash: It's in funding in general.

Ms. Janet King: It's in funding in general.

I do need to say that education in the north is funded territorially. We do not fund. It's not part of our mandate to fund education in the north, so it has no impact in our case.

And I'm sorry, I'm saying "north". My responsibility is in the three northern territories. So if you're referring to "north" as being south of 60°, we would need to pursue that. Is that what you meant?

Mr. Romeo Saganash: Would it be fair to assume that, whether it's under your responsibility or the responsibility of the territorial government, any cap on funding, whether in education or other areas, has an impact on aboriginal communities and their capacity to participate in the economic development in the region?

Ms. Janet King: It's outside my expertise to comment knowledgeably on the 2% gap in funding or on any impact. I can repeat what my colleague Mitch indicated, that broadly it is understood that education in the north is going to be quite important to build the capacity, the skills, and the engagement of northerners to participate effectively in northern resource development.

The Chair: Thank you, Mr. Saganash.

Mr. McGuinty, go ahead for up to five minutes, please.

Mr. David McGuinty: Thanks, Chair.

If I could, I'd like to go back to where I left off. I asked you earlier about a national energy strategy of some kind and whether you had any kind of plan in front of you in terms of the government achieving a 17% reduction in greenhouse gases from 2005 levels by 2020.

Mr. Bloom, you said maybe 20 minutes ago that one of your roles is to be a federal timelines watchdog and that you were closely watching the work of Ms. King and others to make sure they complied.

You said, in response to a question—I'm not sure who asked it on the government side—that you played a highly facilitative role, that you helped "walk" project proponents through federal government infrastructure with the hopes of bringing their projects to fruition.

So I'm going to ask you this again. As a federal timelines watchdog, how are you walking your proponents through a 17% reduction in greenhouse gases from 2005 levels by 2020?

Mr. Mitch Bloom: As I said, our role is with respect to the regulatory process, and that is not part of the regulatory process. So it's not something that we keep timelines on or keep an eye on.

Mr. David McGuinty: Ms. King.

Ms. Janet King: The processes we are involved in are the regulatory frameworks. They're designed to achieve the objectives that have been laid out in their legislation. To my knowledge, they are not directly referenced to such a plan.

Mr. David McGuinty: So for Canadians to understand, what you're saying is that the regulatory processes that both of you navigate in one form or another don't embrace a 17% reduction of greenhouse gases from 2005 levels by 2020.

Mr. David Anderson: A point of order, Mr. Chair.

The Chair: Mr. Anderson.

Mr. David Anderson: I think Mr. McGuinty is trying to go fishing where there are no fishes. He's completely off the topic of what the witnesses are here for. He's heard from them several times that this isn't part of their mandate, and yet he continues to go there. It would be good if he pursued a line of questioning on the resource development in northern Canada. That's what these folks are here to testify to today and I think we should keep our questioning to that.

The Chair: The questions do seem to apply more to the environment department.

But Mr. McGuinty, go ahead.

Mr. David McGuinty: Mr. Chair, if I could reply to the point of order, that's precisely the problem. The notion of having a northern Canadian study without examining the environmental implications of massive resource exploitation is simply unconscionable in the 21st century.

I'd like to go back to my question, if I could, and switch gears, then, Mr. Chair.

• (1715)

Mr. David Anderson: Mr. Chair.

The Chair: A point of order, Mr. Anderson.

Mr. David Anderson: Quickly, to address that, if Mr. McGuinty were actually serious about that, he would have put in witnesses for our witness list. I understand he has not done that, so I'm wondering why he's criticizing the witnesses we do have. If he's not choosing to engage more fully in this—

The Chair: Okay, Mr. Anderson, it's not a point of order.

Go ahead with your questions, Mr. McGuinty.

Mr. David McGuinty: Thank you, Mr. Chair.

For the record, Mr. Chair, I didn't submit witnesses because I actually liked the list of witnesses that had been proposed and I didn't see any need to add any additional voices.

If I could go back to my questions, then, in line with Mr. Anderson's grave concerns about not talking about environmental issues, as we exploit northern resources, the Government of Canada is bound by a national sustainable development strategy.

Mr. Bloom, are you aware of that strategy? Have you read it?

Mr. Mitch Bloom: Yes, actually.

Mr. David McGuinty: How do you interpret the sustainable development strategy as you walk project proponents through the myriad of regulators and other federal players as they move their projects forward?

Mr. Mitch Bloom: The regulatory process is one that's legislated. It's based, as I said, on acts of Parliament that have been approved. There are not elements to which you're referring with respect to climate change or greenhouse gas within that regulatory framework. Our job is to keep people following through the legal process. If it had those elements, be assured we would ensure there was compliance with those legal elements as well.

Mr. David McGuinty: Are you sure the sustainable development strategy adopted by the Conservative government has no bearing on legal elements in terms of climate change?

Mr. Mitch Bloom: My response was that the regulatory process itself does not contain provisions related to that particular aspect.

Mr. David McGuinty: Hearing both parties present today reminds me of an instance about 10 years ago. In another life, an organization I worked with convened 20 deputy ministers in a room. We co-hosted a meeting with the then-Clerk of the Privy Council, Mel Cappe, and it was a full day on energy, the north, sustainable development, and environmental concerns.

At the end of the meeting, a very insightful business executive was asked for his response. He said these were very enlightening, very important, very informative sustainable development strategies across the board—eight cross-cutting elements—but he had one question: who's in charge here?

Mr. Bloom, Ms. King, as you look to navigate your regulatory responsibilities and project promotion responsibilities, and to overcoming red tape responsibilities, as you've described them, at the end of the day I've concluded from your testimony that there is no overarching energy/environment interface that you're operating under except what is reduced to regulation.

Who is ultimately in charge of guiding the overall exploitation of Canada's non-renewable resources in the north? Who is in charge?

Mr. Mitch Bloom: Would you like me to try to—

The Chair: Mr. Bloom, go ahead with a short answer. Mr. McGuinty's time is up.

Mr. Mitch Bloom: Again, we can only speak to the matters within our mandate. That particular aspect is not within our mandate. It's just not something that our organization is personally responsible for.

The Chair: Thank you, Mr. McGuinty.

And thank you for your answers.

We go now to Mr. Lizon for up to five minutes.

Go ahead, please.

Mr. Wladyslaw Lizon: I have a question to Ms. King. In your presentation you mentioned there is an agency called Indian Oil and Gas Canada, which is responsible for obligations related to management of oil and gas on first nations lands.

Can you tell us more about what that agency is and what it does? One of the things you mentioned is that the agency collects money on behalf of first nations and that the money is held in trust accounts. Is there anything else they do? They're not simply collectors of the financial resources, are they?

Ms. Janet King: Mr. Chair, again, this is under the responsibility of my colleague.

Ms. Sara Filbee: Yes, IOGC, Indian Oil and Gas Canada, is a special operating agency. It's responsible for managing and regulating oil and gas resources on first nations reserve lands across Canada. It's headquartered in Calgary, but obviously it reports through me to the deputy minister and the minister of AANDC.

There are more than 50 first nations with active oil and gas agreements. All funds that we collect on their behalf are placed in their trust accounts.

At the top line, the functions of IOGC in assisting first nations with designated reserve lands in the oil and gas process are to help them negotiate, issue, and administer agreements with oil and gas companies; conduct environmental screenings; monitor oil and gas production and sales prices; verify, assess, and collect money such as bonuses, royalties, and rents; and ensure that legislative and contract requirements are met.

• (1720)

Mr. Wladyslaw Lizon: I have a question about these funds they collect on behalf of the first nations that have these agreements. By the way, are there any first nations that do not have agreements? You mentioned there are 56 with active agreements.

Ms. Sara Filbee: If there are developments on reserve land, then Indian Oil and Gas Canada is involved. So this is the number of first nations that have developments on their lands.

Mr. Wladyslaw Lizon: What funds are they collecting on behalf of first nations? Are they simply royalties, or are they any funds that come before the development?

Ms. Sara Filbee: Mostly royalties, bonuses, rents, but anything with respect to development of those particular resources.

Just to give you an idea, in the 2010–11 fiscal year, IOGC collected almost \$257 million in oil and gas moneys, and over the last five fiscal years it has collected more than \$1 billion on behalf of first nations.

Mr. Wladyslaw Lizon: How are these financial resources managed? Do they go back to the first nations, or what do they use them for?

Ms. Sara Filbee: They go into trust accounts managed under the Indian moneys section of the department, but they accrue to the first nations.

Mr. Wladyslaw Lizon: Okay.

Is this a federal agency under the ministry of...?

Ms. Sara Filbee: Yes, it's a special operating agency that reports to the minister. It's headquartered in Calgary but reports to the Minister of Aboriginal Affairs.

Mr. Wladyslaw Lizon: It sounds to me, correct me if I'm wrong, that this agency has some responsibilities that maybe overlap with other departments. Would that be the case?

Ms. Sara Filbee: Not so much, because if they're federal reserve lands, clearly the provincial laws don't apply unless they're of general application. But if they're specific to reserve lands, they wouldn't apply. Obviously, the Department of Fisheries...if that would apply, that would apply as well. So it's not so much overlap; they're the only agency doing the regulatory work on behalf of oil and gas first nations.

Being that it is a complex world, there's always overlap somewhere, but it's not necessarily in conflict.

Mr. Wladyslaw Lizon: I have a question for Mr. Bloom.

Do you interact with this oil and gas agency in your work?

Mr. Mitch Bloom: No, it doesn't operate in the areas we operate in.

Mr. Wladyslaw Lizon: It does not. Okay, thank you.

The Chair: Thank you, Mr. Lizon.

We go now to Mr. Anderson for up to five minutes. Go ahead, please.

Mr. David Anderson: I talked a little earlier about the differences of either devolution or evolution of rights and responsibilities among the three entities in the north. I wonder if both organizations can talk a little on a practical level...do those different levels have an impact on you? How do you deal differently with Yukon, the Northwest Territories, and Nunavut? Does it make a difference when you're doing projects, and if so, how?

We're going to be writing a report at the end of this, so I think it's important that we're able to point out some of those differences, and perhaps some suggestions you might have for dealing with them.

The Chair: Ms. King, go ahead.

Ms. Janet King: Thank you for the question.

As I pointed out in our remarks, because of the different stages of devolution, the federal role in each one of those territories is different. In Yukon, I know that in my organization we no longer have regulatory responsibility for lands and waters and resources. CanNor continues to be involved from an economic development perspective.

In the NWT and in Nunavut, the Minister of Aboriginal Affairs and Northern Development continues to have the responsibility for administering lands and waters and so on in those territories. So we are closely involved in that case, in terms of the processes, the regulatory frameworks, and the ongoing interest in nurturing that development in the north.

On the specific responsibility to interplay, perhaps I'll...

● (1725)

Mr. Mitch Bloom: It just means that there are more partners and that the partners are sometimes different. As Janet mentioned, in the Yukon, the Yukon government has been "devolved" these authorities, which AANDC continues to exercise within the other territories.

Land claims are also something that I'm sure the committee is going to want to look at. The agreeing to land claims results in certain bodies being created with respect to land management and environmental assessment, and that won't be the same even within individual territories.

Mr. David Anderson: Do you find your organization more involved or less involved in each of the territories given the fact that Indian and Northern Affairs plays a bigger role in one particularly than in others? Do you find yourself playing a smaller role there, or do you pretty much have the same role through the three territories?

Mr. Mitch Bloom: The partners change; the role doesn't change. Our job is to align the federal efforts as best as possible. When AANDC is the regulator, as it is in two of the territories, they're the vital partner. In the Yukon, we don't have a federal partner to align, but we have to be cognizant and do our best to make sure that the project proponents are fully informed about their relationships there with the Yukon territorial government.

Mr. David Anderson: You talked earlier a little bit about the IBAs, the impact and benefit agreements. Does anyone track the results of those? Do you folks track them and have any facts and figures on whether they've been effective or not?

Ms. Janet King: They're actually confidential business arrangements, so it would be very difficult for a government to know.

Mr. David Anderson: So the companies would maintain their own....

Ms. Janet King: Yes.

Mr. David Anderson: How do we know if we and others are getting good value for money and if the arrangements are good?

Ms. Janet King: We continue to track broad socio-economic indicators across the north.

Mr. David Anderson: It would be levels of employment and those kinds of things?

Ms. Janet King: Yes—levels of employment, levels of education, all kinds of measures of socio-economic status development progress. We use those indicators as well. We also maintain a good relationship with the companies, so we have an informal understanding at the same time.

Mr. David Anderson: Do you see tangible medium- and long-term benefits from them?

Ms. Janet King: If you look at, for example, the Ekati mine, I think it's very public the amount of employment there has been. There's been an impact on employment from a variety of communities, with tremendous economic benefit. In terms of the social impact back to those home communities, I think Mitch spoke briefly to some of the differences one sees.

So yes, one sees tangible benefits around any individual project.

Mr. David Anderson: Do you have any of that information that you could provide to the committee?

Ms. Janet King: I could see what formal information we have, with pleasure, and get back to you on that. I'm not sure how extensive it will be, but we'll certainly pull together what's available.

Mr. David Anderson: Okay. Mr. Trost and others had mentioned it earlier, so I think it's important that we're able to take some sort of a look at whether this is working or not for the people who live there.

Thank you very much.

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

Thank you very much to all of the members of the committee for their questions, and to the witnesses for the information. I think it helps provide a good solid base from which to work.

Mr. McGuinty, you have something you would like to say—a point of order?

Mr. David McGuinty: Mr. Chair, I'd raise this with you not as a point of order, perhaps, but simply for clarity of information.

I know that we've all addressed our minds to the question of submissions by witnesses. And I know that this is a case today where a submission was made as of the meeting's commencement, and it was not translated and able to be distributed.

Can we get your guidance, Mr. Chair, on how we can avoid this going forward? I know that all of us would like to be able to get the submissions beforehand.

From the tone and tenor of Mr. Bloom's testimony, I think he's a pretty experienced witness who's been around for a while, including at PCO.

I'm just wondering how we might be able to facilitate this going forward so that when we arrive, the presentations are available for us.

The Chair: Thank you, Mr. McGuinty.

We're at the early stages of calling witnesses for the committee. There wasn't a lot of time given, which makes it a little more difficult. As we move along, hopefully briefs will be submitted in time, and I'm sure they will. The clerk is encouraging witnesses to submit the briefs in time so that they can be translated appropriately and so that you can get them ahead of time. I think we'll see that work better as time goes on.

Thank you for bringing that up.

Thank you again to the witnesses. This was all very much appreciated.

The meeting is adjourned.

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