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Chair

Mr. Leon Benoit

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•(0845)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good morning, everyone. We're here to continue our study on resource development in northern Canada.

We have with us today two witnesses. Before I introduce those witnesses and have them give their presentations, I would just like to say that we've been having some difficulty, the clerk in particular, in getting opposition witnesses to appear. It's not for lack of trying. I would really encourage you to talk to your witnesses and make sure that those on the list are all given the head's up needed and all the encouragement possible to attend, because we've had great difficulty in that. Any help would be appreciated.

The witnesses today will both be by video conference. From the Northwest Territories Chamber of Commerce in Yellowknife, we have Hughie Graham, the president. And from the Yukon Chamber of Commerce in Whitehorse, we have Sandy Babcock, the president.

Welcome to both of you. We'll have you give your presentations in the order listed on the agenda for today. We'll start with Hughie Graham. Go ahead with your presentation for up to 10 minutes, please.

Thank you both very much for being with us today. We're looking forward to the information from your presentations and the question period.

Mr. Hughie Graham (President, Northwest Territories Chamber of Commerce): Thank you.

My name is Hughie Graham. I am president of the Northwest Territories Chamber of Commerce.

I'll give you a brief overview of the NWT Chamber of Commerce, the only pan-territorial voice for business in the Northwest Territories. Established in 1973, the NWT Chamber of Commerce has representation from every region of the Northwest Territories.

The chamber works to promote and create business opportunity, foster business development, and serve as a conduit for professional business relations between our members, territorial, national, and international governments.

We represent over 600 members collectively through member chambers in Inuvik, Norman Wells, Yellowknife, Hay River, Fort Simpson, and Fort Smith.

The NWT is resource rich. Resources account for 34% of the NWT's GDP. Of that 34%, three diamond mines currently in

production account for 90% of that GDP. Of these mines, BHP's EKATI mine is at its half-life.

The NWT runs the risk of boom-bust cycles, with future projects facing uncertain regulatory hurdles. Secondary industry suffers with the uncertainty of regulatory process, as well as aligning construction and production with market demands. One might only look at the Mackenzie Valley pipeline as opportunity lost due to regulatory uncertainty.

•(0850)

Some challenges that face industry in the NWT include access and infrastructure. With the completion of the Mackenzie Valley highway, a road to resources would be created. Norman Wells is a prime example of the lack of access to infrastructure in the NWT.

Husky Energy has been exploring parcels of land in the Mackenzie Valley over the past winter season. Exploration and drilling are set to increase, with more industry players joining Husky in Norman Wells.

Norman Wells is currently only serviced in winter by a roads system and in summer by barging on the Mackenzie River. Not only is the winter road season short but increased use of the winter roads caused residents of the communities on this road system to suffer due to overuse of the road.

Other mines on the horizon, such as Fortune Minerals NICO project and Prairie Creek Mine, will also need road infrastructure.

Another challenge is community capacity, small communities such as Fort Simpson with the Prairie Creek Mine and Norman Wells with Husky Energy need to build capacity to face the challenge of increased secondary industry demand.

As for markets, the Nechalacho mine on the north shore of Great Slave Lake faces real issues of missing potential market demands, much like the Mackenzie Valley gas project is doing currently.

Regarding exploration and mapping, the NWT remains largely unexplored and undermapped. This situation is being addressed somewhat through the federal government's commitment to the extension of the mineral exploration tax credit program and the commitment of the Government of the Northwest Territories to its mineral strategy.

As for aboriginal considerations, training capacities for aboriginals have been championed by the mining industry in the NWT. However, commitment from the federal government in training initiatives and education must be forefront as aboriginal populations account for half of the NWT's population.

Aboriginal consultation also needs to be clarified. We acknowledge that the Mackenzie Valley resource management boards and the federal government have recently undertaken a number of initiatives that are intended to clarify the requirements and procedures that are necessary in order to fulfill the constitutional duty to consult aboriginal peoples, and where appropriate, to accommodate any potential infringement of aboriginal rights, titles, or interests. However, considerable doubt and uncertainty still surround the role that the proponents are expected to play. There is increasing recognition within the exploration and mining sector that it needs to secure and maintain a social licence to operate, and industry is prepared to do its part. The risk of inadequately fulfilling the duty to consult is another source of uncertainty for the industry.

We also need guidance on how to ensure that the scope and intensity of consultation is proportionate to the potential of the project to infringe upon aboriginal rights or interests. From industry's perspective, there is a critical need to resolve what the crown's duty is, and what industry's role is, especially given that the duty to consult and to accommodate are fundamentally obligations of the crown.

What can the federal government do? Regulatory requires capacity-building and funding. Appointments need to be made in a timely fashion. Land claims should be settled. Land-use plans should be encouraged to proceed whether land claims are settled or not. Funding needs to be in place to facilitate the creation of land-use plans. We need to clarify aboriginal consultation. There needs to be advancement of legislative changes and timelines for projects. Community capacity needs to increase. We need to support aboriginal training funding. We need to support business capacity-building, and we need to ensure funding to participate in the regulatory process.

Thank you.

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

We have now, from the Yukon Chamber of Commerce, Sandy Babcock, president.

Go ahead please, Ms. Babcock.

Ms. Sandy Babcock (President, Yukon Chamber of Commerce): Thank you.

Thank you to the members of the standing committee for this opportunity to appear before you today to express the views of the Yukon Chamber of Commerce on the socio-economic impacts of resource development in northern Canada.

The Yukon Chamber of Commerce is the umbrella organization of all Yukon community chambers of commerce. It effectively represents over 800 businesses in the territory.

As a business organization, our primary areas of interest include the development of legislation, regulations, and public policy that shape and support sustainable economic growth in the territory and the strategic spending of public funds that support economic development, infrastructure development, and business and economic development.

The Yukon Territory occupies a land mass of 482,433 square kilometres and has a population of 35,944, the highest since the Klondike gold rush of 1898. Since 2002, the Yukon has enjoyed sustained economic growth, primarily from mineral exploration and development. Eleven of the 14 first nations in the Yukon have settled their land claims and have self-government.

The Yukon has three operating mines that extract copper, gold, silver, lead, and zinc. A recent survey of junior mining companies holding Yukon properties highlights that eight companies each anticipate having a producing mine by 2015. Another four are planning production by 2018. This would give us 15 operating mines in the Yukon territory over the next six years.

Tourism is also an important economic generator in the territory, with strong markets in Europe, Asia, the United States, and the domestic market.

Other sectors of the economy include forestry, agriculture, oil and gas, trapping, and innovation and technology. We anticipate continued strong economic growth in mineral exploration, development, and production; construction; tourism; and retail.

A strong economy does not come without its challenges. A key challenge is to balance the needs of resource development activities with the needs of other sectors, such as tourism, culture, and environment. The resource sector places heavy demands on transportation and energy infrastructure, broadband width, and labour markets.

In terms of investment in infrastructure, the Yukon is a small jurisdiction, with limited financial resources under the current resource revenue sharing agreement with Canada. However, its infrastructure needs are large. With a huge demand for its resources and a highly active mining sector, roads, airports, communications, health care, and power generation are all feeling pressure to provide service to this growth sector. The importance of infrastructure cannot be stressed enough.

Our recommendation to Canada is that the Yukon government and Canada negotiate a resource revenue sharing agreement that recognizes the demands and financial implications placed on the Yukon because of resource development. My understanding is that discussions are under way. However, we need to see that concluded sooner rather than later.

Growth in resource development and population growth have placed a severe strain on energy generation surpluses and the energy transmission network. We recommend that the federal government invest in the Yukon by providing clean and reliable energy generation and transmission that supports economic growth.

With the implementation of the Yukon Environmental and Socio-economic Assessment Act, environmental impacts of resource extraction are well identified and heavily weighed. However, the socio-economic impacts are not as well illustrated or identified, unless there is a negative reaction to a project. Due to the high volume of projects required to go through the YESAA process, little energy is invested in identifying the socio-economic benefits. The majority of projects are located in rural Yukon, where only small population bases exist. There is not the capacity in the communities as a whole or in first nations that may see projects in or near their traditional territories.

The Yukon Chamber of Commerce recommends that Canada consider that the Canadian Northern Economic Development Agency, known as CanNor, provide information, research, and support to Yukon communities on the potential impacts and benefits of projects registered through the YESAA process.

The Government of Canada has developed a northern strategy. This strategy has raised awareness of and commitment to developing Canada's north. However, the absence of a comprehensive economic development strategy for the Yukon is seen by us to be detrimental to the execution of the strategy.

•(0855)

Further, a comprehensive strategy can identify and mitigate the demands and needs of growth before they reach a critical condition.

Our recommendation is for Canada to support and participate in the development of a comprehensive economic development strategy in partnership with the private sector, Yukon government, and Yukon first nations.

Thank you.

•(0900)

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

We go now to the questions and comments. We will start with the member of Parliament from the Yukon, Mr. Leef. Go ahead, please, for up to seven minutes.

Mr. Ryan Leef (Yukon, CPC): Thank you very much, Mr. Chair. Thank you to both our witnesses. It's very interesting to hear the similarities in challenges in the neighbouring territories presented by both of you.

Mr. Graham, you talked about the challenges with the development and access to infrastructure, particularly in some of the more remote communities and the Mackenzie Valley area. I'm wondering if you could speak about, and if you are aware of, the increase our government has worked with in the territorial borrowing limits for the Northwest Territories.

Some are criticizing that as problematic for the NWT. I think it's our position that increasing the territorial borrowing limit, particularly for the Northwest Territories, will allow the territorial government to invest over the long term and to build the critical infrastructure you are talking about to meet those challenges. Do you have any comments on that?

Mr. Hughie Graham: I couldn't agree more. The ability for the Government of Canada to increase the territorial borrowing limit

when necessary is certainly critical to investing in major infrastructure projects in the Northwest Territories. One might only look at the proposed Inuvik to Tuk highway that's going ahead. That will be a big piece of infrastructure in the Northwest Territories, to be able to meet the challenges of that project as it goes forward. It's certainly critical to be able to deal with the territorial borrowing limit.

Mr. Ryan Leef: You spoke about the NWT's GDP—34% coming from resource development, and 90% of that 34% from your diamond mines. Do you have an indication of what the total exploration investment represents in terms of the GDP—just exploration, not necessarily operating mines?

Mr. Hughie Graham: I don't. I can only comment that I know that the exploration dollars that are going to be spent in 2012 are an increase over what they were in 2011. I don't have an exact figure as to what that accounts for in the GDP.

Mr. Ryan Leef: What was the dollar amount in 2011?

Mr. Hughie Graham: I don't have that in front of me. I think it was in the neighbourhood of just over \$100 million. This year it is set to be about \$130 million.

Mr. Ryan Leef: That's still a significant investment just in the exploration aspect.

Mr. Hughie Graham: Yes, it is.

Mr. Ryan Leef: Do you think the investment in infrastructure and access to that infrastructure would boost your exploration, or would it just support your operations?

Mr. Hughie Graham: Certainly. If we look at the creation of a Mackenzie Valley highway, that opens up a road to resources. Not only that, but if the Mackenzie Valley pipeline were ever to be constructed, that opens up the Mackenzie Valley as well to start to contribute to that pipeline. Definitely, any infrastructure would increase any exploration.

Mr. Ryan Leef: Thank you.

Good morning, Ms. Babcock. How are you today?

Ms. Sandy Babcock: I'm good, thanks.

Mr. Ryan Leef: Good.

Both of you talked about capacity development. Could you maybe touch on the importance to industry in the Yukon of the temporary foreign workers program and the foreign workers initiatives?

Ms. Sandy Babcock: Yes. The temporary foreign workers program has been extremely successful and beneficial to our business community, particularly in the capital city of Whitehorse. A number of years ago, businesses were considering either reducing their hours of service or closing down completely because they could not find skilled or unskilled workers to service their businesses. With the improvements in the temporary foreign workers program, it's a lot more expedient than it was in the past.

A number of businesses in Whitehorse, as well as some in other communities, take advantage of that program. Then we see a lot of these temporary foreign workers apply to the nominee program and become citizens in Whitehorse. It has been extremely beneficial. We don't know where we would be without it. We have a severe labour shortage. It does include skilled and unskilled workers. Our population of Filipinos who have come through on the temporary foreign worker program has grown to 2,000 within the last three to five years. That's pretty significant. They play an important part in our community.

• (0905)

Mr. Ryan Leef: You talked about the infrastructure as well, and we just in the past year made some significant investments in the international airport in the Yukon, and recently up to \$37 million in infrastructure projects across the territory for roads and municipal infrastructure that's been required. Can you maybe touch on how important the maintenance of the international status and the Government of Canada's investment in that international status of the Whitehorse airport is for the tourism economy and broadening our economic basket, so to speak?

Ms. Sandy Babcock: Certainly our penetration in the European market would not be what it is today without the investment in the Erik Nielsen Whitehorse International Airport. Due to regulations through Canada Customs, the airport was at threat of being shut down from accepting international flights. Through investment from Canada and the Yukon, an expansion was made to accommodate an enlarged and more secure holding area for international flights.

Last year we enjoyed two flights a year from Frankfurt direct to Whitehorse, as well as one flight a week direct from Zurich, Switzerland. This year, I believe, we are seeing one flight a week from Frankfurt, but I do believe that there is exploration into the Asian market, because if you look at the globe, we're actually closer to Japan on a direct flight than Vancouver. So the improvements at the airport are extremely important. You have to keep in mind that when visitors fly into the territory, that airport is their first impression of the territory, and to have something that is more modern.... I've been to the airports in our sister territories and we're very fortunate to have the airport that we do. It makes a huge impact on tourism development.

The Chair: Mr. Leef, it's great to have you at our committee. As you can see, the issues we discuss here are extremely important to the territory you represent.

Now we go to the member of Parliament for the Northwest Territories, Mr. Bevington.

Go ahead, please, sir, for up to seven minutes.

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

I'm pleased to be here as well, and welcome to our guests, Mr. Graham and Ms. Babcock.

I want to go after this issue of dollars and cents, because to me it's vital in the Northwest Territories. The federal government raised the borrowing limit in March to \$800 million for our territory, but our borrowing right now—and a lot of it is utility borrowing that is self-financing—is at \$575 million at the end of this fiscal year. We have

the project, the Inuvik-Tuk highway, where we're looking at having to invest up to \$100 million in that project to meet the federal commitment of \$150 million. We have renovations to the Stanton hospital, which are going to run in excess of a quarter of a billion dollars. We have a number of fiscal requirements here. The \$800 million might sound large, but when you take it in context with what it really is, it's going to be just a temporary measure and we'll be back to the government for more.

The question is really about what the government has put in this year's budget implementation bill. They put conditions for borrowing, and one of the conditions that I've seen through the internal documents of the Government of the Northwest Territories is that the government is going to include in the borrowing limit all self-financing debt. So this means that the types of investments that we're looking for in the Northwest Territories and in Yukon—as I see from the comments of Darrell Pasloski, the premier there—in hydro development, in transportation infrastructure, are going to be considerable.

Do you think that the self-financing part of the borrowing limit should be a condition that is set by the federal cabinet, or should we be lobbying this federal cabinet to make sure that is not part of the conditions of borrowing? I'll go to either of you to answer it if you could.

• (0910)

The Chair: Mr. Graham.

Mr. Hughie Graham: I guess that's all a matter of perspective. If you see the federal government controlling the NWT's borrowing limit as setting a limit and not being able to increase it, then that's certainly an issue. But if the perspective is that the federal government is able to increase the borrowing limit to handle major infrastructure projects, then that matter of perspective is not an issue.

Mr. Dennis Bevington: So then in reality you're saying that the federal government should control the pace of development in the Northwest Territories by controlling the fiscal capacity of the Government of the Northwest Territories?

Mr. Hughie Graham: No, I'm saying they should be a partner in the development of infrastructure in the Northwest Territories.

Mr. Dennis Bevington: How does that work in the Yukon? Do you see that the Yukon should be going cap in hand to the federal government when it needs to borrow money?

The Chair: Ms. Babcock.

Ms. Sandy Babcock: In the Yukon we have no net debt and from everything I hear, from all politicians, there is no interest or desire to bring the territory into debt. We're quite happy with the situation that we have now.

Mr. Dennis Bevington: When you're talking about the Casino mine with a requirement of 120 megawatts, you would rather see that go to private enterprise to produce that power rather than through, say, Yukon Energy, your crown-owned energy corporation?

Ms. Sandy Babcock: As a business organization, we always support private sector activities and involvement in our economy. We don't currently have the capacity to support a mine of that size from an energy perspective, and I know that the company is looking at generating its own power. From our perspective, that's the way it should be. Yukoners should not be paying for their power.

Mr. Dennis Bevington: But there's an opportunity as in the provinces where they developed hydroelectric, which actually turns out to be a bonus to the governments because it's a profitable endeavour. So you think that the governments have no role in developing hydroelectric power in the Yukon?

Ms. Sandy Babcock: No, that's not what I'm saying at all actually. Yukon benefited from investment in hydroelectric power, most recently with contributions from the federal government as well as the Yukon government in the expansion of our Mayo B hydro dam. It's been very beneficial to the territories. We were able to connect more communities to the grid.

What I'm saying is that the private sector is quite willing and should be paying their own way. They should not be looking to government to provide their energy. If they are close enough to the grid, they pay the cost to hook up to it. That way, it benefits everybody.

Mr. Dennis Bevington: I know in the Northwest Territories our government takes a different attitude. It views the hydroelectric potential as something that will, in the long term, reduce the cost of power to the people of the Northwest Territories if they invest in it. That's one of the issues we have. We have a potential investment of three quarters of a billion dollars in the Taltson expansion project for servicing mining development.

Mr. Graham, how do you see that going? Do you think it should go to, say, ATCO to do that investment or should the Government of the Northwest Territories benefit from investing in its own resources?

The Chair: Mr. Graham, go ahead.

Mr. Hughie Graham: I think at this point you can certainly look to a private-public partnership in order to do that. With the Taltson project as you speak, certainly untapped energy is spilling over the dam there, and if that's connected to a potential Northwest Territories-wide grid that doesn't exist yet but certainly could, that would be fantastic. And if that's connected to the Alberta grid and power is shipped south and sold at a profit to help subsidize the power throughout the Northwest Territories, that too would be fantastic. It's in negotiating perhaps a public-private partnership to be able to do that.

Mr. Dennis Bevington: I actually found that your presentation on the regulatory system, Mr. Graham, was bang on. That's what people in the north are saying. They're not saying make one, consolidate the boards, because they know that would upset the land claims process. I think what you said there and the conditions that you've laid out are the ones that are commonly held by almost everyone in the Northwest Territories. I thank you for that. It's a very good presentation.

The Chair: Thank you, Mr. Bevington.

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

● (0915)

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

Ms. Babcock, can I go back to the comments you made. You said the Yukon has a comprehensive environmental assessment regime in place. What did you call it?

Ms. Sandy Babcock: It is the Yukon Environmental and Socio-economic Assessment Act. It's a piece of federal legislation and the acronym is YESAA. Pardon me for doing that part way through my presentation.

Mr. David McGuinty: No problem.

I heard you on the difficulties of trying to refine and to identify what the socio-economic aspects are. But I want to go to something you said in your closing remarks, which was there is no "comprehensive economic development strategy for the Yukon" right now. By extension, I'm going to take some liberty and say there probably is no comprehensive economic strategy in Canada's north.

By economic strategy, do you really mean development strategy?

Ms. Sandy Babcock: Probably, I do. I mean an economic strategy to forecast where it is we want to go, how we're going to get there, and the challenges we're going to have to overcome as we go along.

Mr. David McGuinty: A strategy of that kind would, of course, embrace infrastructure and labour mobility and labour needs. It would also address environmental and carrying capacity challenges in the north.

There would be some kind of trajectory, looking out say 30 to 50 years. Right?

Ms. Sandy Babcock: Absolutely. We find it leaves a real hole when we're looking at development projects or environmental issues, because honestly, not everybody is on the same page as to where we want to be going.

Mr. David McGuinty: Thank you for that.

Mr. Graham, can I go back to your comments about regulatory reform? You singled out the Mackenzie Valley pipeline issue as sort of a hallmark example of what has gone wrong with regulatory reform.

Were we misunderstanding the situation when we heard that over four years of delay was because of the project proponent? Are we misunderstanding something down south?

Mr. Hughie Graham: I don't think we see it that way in the Northwest Territories. The consultation took much too long. I think it was in the neighbourhood of seven years to consult with the aboriginal groups throughout the Mackenzie Valley and into Yellowknife.

Mr. David McGuinty: Picking up on that particular case, your assessment is that this is an aboriginal consultation challenge.

Mr. Hughie Graham: That's certainly part of it. If there were definitive timelines set for the joint review panel in order to get their work done, I think you would see that project under construction today.

Mr. David McGuinty: The government is proposing in its budget—in what's buried in a hundred and some pages of environmental and regulatory reform measures—that there will be a two-year cap on timelines but that any project proponent who needs to stop the clock can do so and take all the time they need, for example, to meet the requirements of the regulatory body.

How is that different from the situation today?

Mr. Hughie Graham: I think at that time, if the proponent were.... Let's say the markets didn't enable the project to be profitable, that would allow the proponent to stop or put the project on hold.

Mr. David McGuinty: Let's say that a major project proponent runs into difficulties right now with aboriginal relationships and consultation and that sort of gums up the whole works. That has nothing to do with capitalization or commodity pricing.

I guess I'm trying to find out what, in your estimation, is the single largest stumbling block to making sure we have a good and effective regulatory system. Is it aboriginal consultation? You've focused quite a bit of your comments on that.

Mr. Hughie Graham: Certainly aboriginal consultation is a major part of that. We're trying to say that industry is certainly ready and prepared to consult with the aboriginal people and that perhaps it's more of a Government of Canada issue.

In any of the projects I've seen go through, any of the regulatory process, aboriginal consultation has not been the stumbling block. Where we've seen it falter is with definitive timelines and appointments to boards.

• (0920)

Mr. David McGuinty: Federal appointments to boards.

Mr. Hughie Graham: Correct.

Mr. David McGuinty: In terms of the projects that are ongoing in the NWT—and I know it's a very different context from Yukon, with 11 of 14 settled land claims, and effectively self-government, if I understood Ms. Babcock's testimony—in your estimation what is the general approach now to dealing with aboriginal peoples? Are businesses understanding that the next steps in agreements with aboriginal peoples are equity positions in the projects and not simply socio-economic agreements or impact and benefit agreements?

Mr. Hughie Graham: Certainly one might only look at the Mackenzie Valley pipeline, which has the aboriginal pipeline group as a major stakeholder. Land claims groups throughout the Mackenzie Valley were all offered equity positions in that pipeline and still are today, if they want to get on board.

Industry certainly understands that there is a role for aboriginal groups to play as equity shareholders.

Mr. David McGuinty: Is it making it easier for project proponents to work through their relationships and get their projects under way?

Mr. Hughie Graham: With the stalling in a lot of these projects because of the regulatory process, aboriginal shareholders...does it help to get these projects going? Certainly for any of these groups that are offered an equity position, it does add value to the project

but there are no projects going today, so it's tough to say where we are.

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

Now we're starting the five-minute round. Mr. Trost, go ahead, please.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

One of the key things we've been working on here in the federal budget has to do with regulatory certainty, regulatory processes. Mr. Graham, you mentioned in your remarks—I think it was you—about the boom-bust cycle in the NWT and how regulatory certainty would be helpful. Would you care to elaborate on what you think the benefits of regulatory certainty would be for the NWT?

Mr. Hughie Graham: As we go forward and the Government of the Northwest Territories strives to put in an economic development strategy, it would certainly level the playing field. Many of us have been in the north for a number of years and have experienced the bust cycle in the 1990s, and certainly nobody wants to get there ever again. The Northwest Territories are on a peak. They can either fall forward or they can fall backwards and with regulatory certainty, we're hoping we're going to fall forward and we're going to continue to get some certainty in mining development.

As I said, the NWT is resource-rich and with projects like Husky Energy in Norman Wells or the Prairie Creek Mine or Nechalacho. If we can start to predict not only where the markets are going to be, but with regulatory certainty, where we're going to be able to put projects and go forward with them, that certainly takes out those bust cycles in the boom-bust cycle.

Mr. Brad Trost: I know no one can be an expert on every regulation in the budget, but the general direction the government is going with deadlines and attempts to eliminate overlapping processes, without knowing the detail, would you say that would be helpful for your territory?

Mr. Hughie Graham: Absolutely, it has been one of the five priorities that the chamber of the Northwest Territories has been lobbying for. We've taken it to the Canadian chamber to have regulatory change championed. It's certainly important to the Northwest Territories Chamber of Commerce.

Mr. Brad Trost: Ms. Babcock, it would be similar in the Yukon, I assume.

Ms. Sandy Babcock: With the Yukon Environmental and Socio-economic Assessment Act, we feel we have that regulatory certainty. There are timelines entrenched in the regulations whereby not only the review committee has to respond to project applications but the proponents as well. That really has been instrumental in the Yukon moving forward with its resource development in the area of mining, but it also encompasses all other land-based activities. They also go through the process. It really has been instrumental in our success here. I can't stress strongly enough that the timelines being entrenched in the regulations were critical.

• (0925)

Mr. Brad Trost: One thing we always ask almost all our witnesses is about labour market training, conditions, and supply. The story I tend to tell at committee is that when I worked at Paulatuk as a geophysicist, there was a day when we didn't have anyone available in the town to mark pickets. So we had a senior geophysicist whose bill rate was probably around \$500 a day—mine was probably \$250 to \$300 a day—and we were marking “N50”, “N25”, “S75” on pickets. There was a shortage of labour for people to do grade 6 work in Paulatuk, a place which at the time had a level of unemployment.

With that experience in looking at some of the jobs that will be needed in that resource sector, what is the most effective way that we can support job training in your two territories. I'll start with Ms. Babcock and then go to Mr. Graham. What can we do to help you meet the labour market requirements in the Yukon and the NWT?

The Chair: Ms. Babcock.

Ms. Sandy Babcock: Certainly, investment in the mine training fund... Canada has invested heavily in it, but more investment is required. That has been very successful in getting Yukoners working in the resource development area. Other activities that I'm involved in include developing skills model tables.

In the Yukon right now the situation is a little odd, because the April statistics indicate an unemployment rate of 7.9%, which is actually the highest we've seen in a couple of years. We have been down as low as a 4.5% to 5% unemployment rate, which was very difficult for us.

In terms of training, there has also been discussion on creating a university in the north. That would be extremely helpful in keeping our children here in the territory. I'm sure it's no different in the NWT. When our children go south for a university education, we often lose them; they stay south. Being able to provide that training and educational opportunity in the north would be extremely valuable.

The Chair: Thank you, Mr. Trost.

Mr. Allen, for up to five minutes, please.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Mr. Chair, and thank you to our witnesses for being here.

My first question I would like to ask of both Ms. Babcock and Mr. Graham.

Mr. Graham, in your comments, you talked a little bit about community and business capacity-building. Under questioning by Mr. Leaf, we talked a little bit about the temporary foreign worker program and access to people.

What other kinds of capacity-building do you see as critical to your business community? I'm assuming that infrastructure is critical for your community, but for the business community, what do you see as the other major capacity-building exercises?

The Chair: Mr. Graham, go ahead first, please.

Mr. Hughie Graham: There certainly needs to be the ability to bring more aboriginal business to the forefront. With the creation of the three diamond mines, there have been approximately 75 to 100

aboriginal businesses created and benefiting from those mines over the last 15 years. We need to be able to identify where there's opportunity for secondary industry to take advantage of these resource development projects. The help provided by developing an economic development strategy for the NWT would certainly be crucial.

The Chair: Ms. Babcock.

Ms. Sandy Babcock: Training for business is actually something that we've been working on. For about five to eight years before 2002, the Yukon was experiencing a severe reduction in its economic activity, and we found that a lot of our small businesses became very small. They moved back towards an owner-operator type of situation. We don't have many medium-sized businesses. The majority are small, with almost half of our business community home-based in the territory. That gives you some sense of how small our businesses are.

I think that as we move on, businesses will require a higher level of expertise in administering their enterprises. This comes in the area of safety training and human resource management, which we find are real gaps in the territory for business owners. They do not have the capacity for that within their organizations.

If Yukoners are to benefit from Yukon opportunities, they really do need that leg up to compete with outside companies or to offer their products and services to the large proponents of their services in the mining community. They really do need that type of training internally in their own organizations. When you're an owner-operator, most of your day is spent doing your business and your night is spent doing red tape.

• (0930)

Mr. Mike Allen: Thank you.

Picking up on that, Ms. Babcock, you talked about the different industries and the innovation and technology. Is that innovation and technology based primarily on the resource sector or on other drivers?

Ms. Sandy Babcock: I'd say it's primarily based on cold climate innovation. Being in a relatively isolated jurisdiction in Canada, our business community has had to become very innovative because businesses here often work in isolation and don't have access to the specialized personnel or materials they require. So they're innovative in their practices. The cold climate also requires them to be more innovative in terms of road construction, heating, and those sorts of things.

A number of years ago Canada was funding innovation centres across the country, and the Yukon went through a process to see if there was an opportunity to have a cold climate centre of excellence here. We do have one. However, we did notice that Canada withdrew a lot of its support. This was a nationwide thing.

I think there's a lot of opportunity to bring research to the territory, particularly in relation to the cold climate. It could be for heating, or cooling, as the latter's only the opposite of heating. We've seen road research going on. We do see some tire manufacturers and automobile companies bringing their vehicles up north to test them in a cold climate.

So that's really an area that I think we're underutilizing in the territory. We have the expertise and we should be exporting that knowledge.

Mr. Mike Allen: Thank you.

Mr. Graham, you talked a lot about roads and infrastructure. Given these would be major projects in terms of building any kind of infrastructure like that, do you see any issues with the approval process and any major stumbling blocks in building these roads to these resources?

Mr. Hughie Graham: With the Mackenzie Valley highway, the great thing is all the project development reviews are in the books. It's ready to go. It just needs funding. Are there hurdles to overcome in physically building roads? Absolutely, but I think all your regulatory work is done.

The Chair: Thank you, Mr. Allen.

Mr. Julian, you have up to five minutes. Go ahead, please.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thanks very much, Mr. Chair, and thank you, Ms. Babcock and Mr. Graham.

I'm a long-time member of the New Westminster Chamber of Commerce, and a proud member of the Burnaby Board of Trade, so we welcome our chambers of commerce to the committee today.

Ms. Babcock, I wanted to follow up on something you said. I may have misunderstood, and I want to be very clear about this. You suggested there were about 2,000 Filipinos in the Yukon, and you were speaking about temporary foreign workers. How many of them would be temporary foreign workers, in your estimation?

Ms. Sandy Babcock: I don't have those exact figures in front of me, but I would estimate probably 70%. Some are families.

Mr. Peter Julian: So probably around 1,500 or so?

Ms. Sandy Babcock: Yes, primarily working in the service industry.

Mr. Peter Julian: So about 1,500, and that's out of a total population of how many in the Yukon now?

Ms. Sandy Babcock: It's 36,000.

Mr. Peter Julian: You also flagged, at the same time, that the Yukon now has an unemployment rate of 7.9%, which is the highest it's been in a number of years.

Ms. Sandy Babcock: Correct.

Mr. Peter Julian: I flagged that because when we talk about the whole issue around vocational training, apprenticeship training, one thing that folks have flagged is that there seems to be a real push on to bring in temporary foreign workers, and at the same time we've had real concerns expressed across the country about the cutbacks in federal funding and in some cases provincial funding for apprenticeship training. The famous ITACs, the industry training and apprenticeship councils, over the last few years, have simply been eliminated.

Would you suggest there needs to be a real commitment by the federal government, working with the territorial governments, to put apprenticeship training in place, so that we can train folks here in Canada and pay them adequate wages to do those jobs that are in demand?

Ms. Sandy Babcock: Certainly, more support can always be had. Yukon has been very successful in their apprenticeship training program. I believe some of our numbers are skewed because our population is low. When you get outside the capital city of Whitehorse into the communities, it skews the numbers because the unemployment rates are much higher, and I think there are more pressing issues in terms of society in the communities, where a lot of the people are not employable for a variety of reasons.

We need to dig deeper into why these people are not employable, and assist them in getting back to being involved with society and working, meeting their needs and business community needs.

Mr. Peter Julian: Thank you for that.

I'd like to ask both of you, and I'll start with Mr. Graham, about the issue of social licence. You raised that, Mr. Graham. That is a real concern that's been raised around Bill C-38. The environment commissioner testified a few weeks ago before a subcommittee studying Bill C-38 that the number of environmental assessments nationally will move from 4,000 to 6,000 down to 20 or 30. So a lot of mining projects and energy projects will be excluded from a federal environmental assessment.

Have you any concerns about that? Certainly a lot of Canadians have raised concerns about losing that social licence, when the federal government is basically eliminating the vast majority of environmental assessments in the country.

● (0935)

Mr. Hughie Graham: Again, I did mention social licensing. As projects move forward in the Northwest Territories, industry certainly realizes they have to play their part, and industry certainly will play their part in order to advance projects.

Mr. Peter Julian: Ms. Babcock.

Ms. Sandy Babcock: I don't see that being an issue in the territory. The Yukon Environmental and Socio-economic Assessment Act is designed to capture all projects. I can give you an example.

They have an online registry that you can subscribe to, and it gives you notifications of all applications or changes or decisions that are made. In the course of 30 days, I received over 123 project applications through this online registry. There is no capacity to look at all of these projects. They range from small to large.

The YESA Act, it does not supercede... Sorry, I'm thinking of the other piece of federal legislation. I was going to call it CEEA, I think that's it. We don't go through that process. We have a one-window approach.

The Chair: Thank you.

Mr. Julian, you are out of time.

Mr. Calkins, for up to five minutes.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you very much, Mr. Chair.

Mr. Julian has raised a point that I would love to follow up on with Ms. Babcock. I was speaking last committee to the Mayor of Dawson, and asked him this very question. I think the Yukon is uniquely poised to speak, with what's already happened in the Yukon, to what we're proposing to do with the environmental process across the rest of Canada with Bill C-38.

You have a one-window process where you have one environmental impact assessment. I'm assuming the process is through the most stringent regulator, and I'm just wondering, has your experience in the Yukon been that environmental integrity is compromised at the expense of development, or has it actually been seen as a positive on the environmental side as well as on the investment and development side?

Ms. Sandy Babcock: I would say the latter. The environmental assessment, the YESAA, was born out of the Yukon Umbrella Final Agreement, which provided the framework for the negotiation of Yukon land claims, so this is supported by first nations. Industry was very cynical, I guess you would have to say, about bringing in the YESA Act and implementing it.

However, our experience has been very positive. It's not to say that improvements can't be made. Improvements can always be made, but it has been.... I think for the environmental community, they have their opportunity to put their concerns forward. The YESA Board is an apolitical body that reviews applications. They make recommendations to government on whether to accept, amend, or reject a project. There is plenty of time for public input into the process, and I think that Yukon, as a whole, has benefited from this one-window approach.

● (0940)

Mr. Blaine Calkins: Just to be clear, that approach does have legislated or regulatory timelines, where governments have to respond in a timely fashion throughout the entire process. Is that correct?

Ms. Sandy Babcock: That is correct.

Industry negotiated very strongly to have that put in place, and it's provided the certainty that we were looking for.

Mr. Blaine Calkins: Of course, the pristine environment that most Canadians, those who are fortunate enough to have visited the north.... In your opinion, it hasn't been compromised in any way through this streamlining of the regulatory and legislative approach?

Ms. Sandy Babcock: No, because it doesn't streamline the rules. It only streamlines the process. That's what it is. It's a process.

Mr. Blaine Calkins: Absolutely. The strength of the legislation is still there. The process is just reducing duplication and barriers. I understand fully.

I have a question for both of you, then.

When it comes to employment and the opportunities that are presented through natural resource development in your respective areas, what have we seen insofar as the aboriginal employment rate is concerned? Has it benefited significantly? Is there a large difference between the aboriginal and the non-aboriginal employment rates in your respective jurisdictions?

The Chair: Go ahead, Ms. Babcock.

Ms. Sandy Babcock: I have never seen that breakdown within the territory of aboriginal and non-aboriginal employment. What we have seen is that through impact and benefit agreements between a proponent and a first nation, where they're operating in their traditional territory, the training has definitely increased. The participation of the first nation community in a project has increased. I believe that at the Minto mine, which is owned by Capstone industries, their first nation participation is about 40%, so I think that's quite significant. We're seeing more and more of that in the Klondike region. Businesses are used that are first nations-owned and operated, and individuals are being employed as well.

Mr. Blaine Calkins: Mr. Graham, do you have anything to add?

Mr. Hughie Graham: I'll echo Ms. Babcock's comments that through impact and benefit agreements, there are percentages that need to be northern hired and percentages that need to be northern-aboriginal hired, which is excellent. I said earlier that 75 to 100 aboriginal-owned businesses have been created through impact and benefit agreements in the last 16 years in the Northwest Territories, which has been a boon to the economy.

Mr. Blaine Calkins: Thank you.

Do I have time still, Mr. Chair?

The Chair: Mr. Calkins, being that you asked, no. Otherwise, you would have had five seconds. But thank you very much, Mr. Calkins.

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

Mr. Jamie Nicholls (Vaudreuil-Soulanges, NDP): Thank you, Mr. Chair.

Thank you, Ms. Babcock and Mr. Graham, for being here with us today to offer your information.

Mr. Graham, you mentioned, and touched upon briefly, the support for training and funding for aboriginal groups as well as the duty to consult. Section 35 of the 1982 Constitution Act outlines aboriginal rights, and it's considered that in any relation between the crown and aboriginal groups, the honour of the crown is at stake. This is outlined in precedents such as Haida Nation v. British Columbia in 2004 and the Taku River Tlingit First Nation v. British Columbia in 2004.

I'm wondering if you can speak to the relation between the crown and the Sahtu Dene, and can you expand on the challenges? For example, are consultation materials from the federal government distributed to aboriginal groups in North Slavey? Do they provide materials in that language?

● (0945)

The Chair: Go ahead, Mr. Graham.

Mr. Hughie Graham: I'm sorry, I can't comment on that. I'm not privy to any of that consultation information.

Mr. Jamie Nicholls: I see.

You mentioned before in earlier testimony today the seven years it took to consult aboriginal groups, which I'll get back to in a second. Under the new regime outlined in Bill C-38, large development decisions can be overridden by cabinet if they're judged to be important. What do you think the first nations will think about this decision and change? What effect will that have on the idea of the honour of the crown?

Mr. Hughie Graham: Again, I don't know if I can comment on that other than to say that the land claims are protected under the Constitution, and I think that's primary.

Mr. Jamie Nicholls: You mentioned the problems with the regulatory process. Part of the process and part of the regulations is this duty to consult. As you mentioned, in the Mackenzie Valley, it took seven years to consult aboriginal groups. If this is identified as a regulatory problem, I'm having trouble seeing the fact that it's being cited as a problem, when we've agreed with each other today that it's a constitutional duty of the crown to uphold aboriginal rights. Would you agree with me?

Mr. Hughie Graham: I would agree with you. But I believe that the flaw in the Joint Review Panel's consultation was that there was no timeline to it—

Mr. Jamie Nicholls: I have a few more questions.

The Chair: Please let the witness finish the answer.

Go ahead, Mr. Graham.

Mr. Hughie Graham: Again, there was no timeline to the Joint Review Panel's consultation process and then the decision to the National Energy Board. When there were no timelines in place, the JRP was given free reign to take as much time as it...

Mr. Jamie Nicholls: Section 35 mentions nothing about timelines.

You also commented on difficulties with regulatory agencies. I'd like to talk about programs at Aurora College. Are you suggesting that institutions such as Aurora College are not properly training natural resource technicians to deal with regulations?

Mr. Hughie Graham: I'm not an expert on Aurora College and what their training programs are, sorry.

Mr. Jamie Nicholls: But this is one of the main institutions in the north to train aboriginal peoples to work in the industry. To me, it seems to be part of the program to safeguard and manage environmental consultations with aboriginal groups. One of the program objectives is to, "Clearly communicate resource management policies, procedures and decisions to various stakeholders at the community and territorial level", and to deal with different agencies, such as the provincial and federal governments. Are you suggesting that this institution is not doing its job?

Mr. Hughie Graham: I'm not suggesting that at all. In the environmental processes that take place with the Mackenzie Valley environmental review boards in the Northwest Territories, we are not seeing very many issues at that level.

Mr. Jamie Nicholls: Another issue is the two-year cap that's going to be put in place. Don't you see that as posing constitutional challenges with section 35? If the crown has a duty to consult, how can you cut off the length of the consultation periods with aboriginal groups? How can you tell aboriginal groups they only have two

years to say their piece and that you're then going to go ahead with this? Won't there be constitutional challenges down the road from the fact of the duty to consult in section 35?

Mr. Hughie Graham: I believe you could do the consultation and regulatory process in a two-year window if you removed the duplication that exists in the system today.

Mr. Jamie Nicholls: Do you think the first nations groups would agree with you about that?

Mr. Hughie Graham: It depends on how you consult, I would guess.

The Chair: Thank you, Mr. Nicholls.

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

Mr. Joe Daniel (Don Valley East, CPC): Thank you, Mr. Chair, and thank you, witnesses.

Mr. Chair, I'm just going to change the direction a little bit. In your presentations, you talked about the major infrastructure issues like roads and electricity, etc. But in this day and age we really need to stay connected with infrastructure such as the Internet and Internet access to remote places. Can you talk a little bit about that in terms of what you have and what is planned for the future?

• (0950)

The Chair: Ms. Babcock, go ahead.

Ms. Sandy Babcock: We are starting to experience a shortage of broadband width in the territory. For example, the Yukon College—based in Whitehorse but with campuses throughout the territory—delivers some of its classes via video conference but has actually had to cancel classes on occasion because it didn't have the broadband width to deliver the whole class. Our society is changing, and there's so much more downloading through the Internet, digital TV, and the games that the kids play.

It's not only our capacity that's at risk here. We also don't have redundancy in our connection to the south, so if there is an accident with the line and it's cut as a result of construction or if something else happens to it, we're without any communication whatsoever to the south, the east, and the west.

So it is a concern in the territory. As far as the steps being taken to address it are concerned, at this point in time I think we're at the early stages of identifying the problem and then working on a plan to see what can be done about it. The redundancy is a huge issue on top of the capacity.

The Chair: Mr. Graham.

Mr. Hughie Graham: We have an exciting piece of infrastructure that has huge potential in the Inuvik region in the Beaufort Delta area and that's a satellite recovery station. We need a fibre optic link to run down the Mackenzie Valley to connect us to the south. There is a huge economic opportunity in the Inuvik region for broadband. When I was speaking with the president of Northwestel here, our communications provider for the Yukon and the Northwest Territories, he said that they would establish a redundant line down the Dempster Highway to connect this fibre optic link.

Like the Yukon we have a problem with redundancy; we have a single line south. As this project goes forward we will have the opportunity to open up many communities down the Mackenzie Valley to broadband capabilities.

Mr. Joe Daniel: Are there any other infrastructure issues that need to be dealt with in addition to these major ones?

Mr. Hughie Graham: Certainly in the Northwest Territories we have just opened up our territory to competition—much of which is going to happen in the Yukon as well. So as we see more business players come into the communities to offer alternative services, such as broadband telephone service, telephone access, and television, we'll see northern innovation again spark up and solve the problems of that connectivity.

Mr. Joe Daniel: Ms. Babcock.

Ms. Sandy Babcock: One of the things we haven't touched on in terms of infrastructure is port access in the north, either in the high Arctic, or Yukon, which has been very successful in accessing a port in Alaska through the community of Skagway. Particularly, when you're looking at transportation of your resources, port access would be a huge benefit to the resource extraction industry.

As well, port rail is another area that has been investigated for the Yukon. We currently do not have rail service to the south. Again, that would be a huge benefit to the resource extraction community.

Mr. Joe Daniel: In terms of the aboriginal communities, do they have enough access to education and the proper training? Is there a partnership between industry on the actual requirements they need to fill the jobs, so that we're not chasing more people from foreign countries to come in as temporary workers?

Ms. Sandy Babcock: I can speak to the Yukon—

Mr. Hughie Graham: We see a—

Ms. Sandy Babcock: Sorry, Hugh. We'll go alphabetical. I'm going first.

In Yukon, the Mine Training Association does have private sector partnerships. The mining community proponents do invest financially, as well as with their time and perspective on the training requirements they have, to ensure we're training people for the right jobs and that there will be jobs for them afterwards. That certainly is happening in the mine training community.

In other areas, for instance, oil and gas, I haven't discussed that much; it's not a huge sector in the territory. However, we are seeing activity in north Yukon on oil and gas, with a view to liquefying the natural gas. There is no infrastructure in place to move it otherwise.

That's an area for training, particularly the first nations community. I know that with the project in north Yukon, they do employ first nations. They are currently negotiating an economic benefits agreement with the Vuntut first nation.

Some of that is happening. It doesn't mean we can't do more. With a population of 36,000 people, it's difficult to do everything at once. We do have to manage our growth and how we address it.

• (0955)

The Chair: Thank you.

Thank you, Mr. Daniel. Your time is up.

We go now to Ms. Liu for up to five minutes.

Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP): Thank you, Mr. Chair.

I'd like to thank our witnesses for waking up very early this morning to meet with our committee. I would also like to thank my colleague Mr. Daniel for his line of questioning on communications infrastructure. That was something I was also interested in.

I'd like to go back to some issues raised by my colleague Mr. Bevington on financing. We know the Yukon is trying to focus in the long term on large-scale hydroelectric projects. In order to do so, we know the territory's power grid would have to be connected west, with Alaska, or south to British Columbia in order to sell excess power to other jurisdictions.

However, we know the costs of such an intricate tie-in would be \$1.5 billion to \$2 billion, which Premier Darrell Pasloski says is beyond the territory's financial capacity in the foreseeable future.

We do know, as you noted, Ms. Babcock, that the private sector will be involved and other parties will be involved. But what specifically is the federal government's role in financing?

Ms. Sandy Babcock: That's a very good question; it would probably depend on who you ask. From the chamber's perspective, we're talking public infrastructure, not necessarily projects to service a specific project. There is an obligation to provide energy to the public within the territory, and that comes from our crown corporation, Yukon Energy. They have partnered with the private sector to develop some hydro lines.

There's also a huge opportunity for Canada to invest. When you consider the royalties they receive from Yukon—from the mining, the oil and gas, any other land-based activities—it's in their best interest to invest and become a full partner in this territory.

Ms. Laurin Liu: My colleague mentioned communications infrastructure bandwidth. You mentioned ports, as well.

Are there any other infrastructure projects you didn't have a chance to talk about that you'd like to bring up now?

Ms. Sandy Babcock: I know that I mentioned rail. Yukon recently renewed their cooperative agreement with the State of Alaska. For your interest, Yukon shares the longest Canada-U.S. border. It's with Alaska. It's the longest one in the country. That's a little piece of trivia for you.

We have a lot of exchange back and forth. The U.S. has actually invested in road infrastructure in the territory by maintaining the Alaska Highway. On port access, the U.S. government is investing millions of dollars in improvements to the port. A lot of that is to service the mining community in the territory.

We have other partners as well. I think we work in a day and age when it has to be public-private partnerships, and we have to look at other jurisdictions as well.

Ms. Laurin Liu: I would also be interested in knowing, Mr. Graham, the effect of the infrastructure requirements for the Mackenzie Valley highway.

Could you go into more detail about the costing and the specific infrastructure requirements?

Mr. Hughie Graham: I'm sorry. I don't have any costing in front of me on the Mackenzie Valley highway, and I couldn't even hazard a guess.

Again, as I mentioned earlier, all the project development reviews up and down the Mackenzie Valley for the highway to be constructed are in place. That was finalized, I believe, in January of this year. Once that's ready to go, it's then a matter of finding the money to complete a piece of nation-building infrastructure.

•(1000)

Ms. Laurin Liu: We have been talking a lot about the labour market. We also know that the cost of living is a big issue in the north. The FCM, the Federation of Canadian Municipalities, recently passed a resolution to raise northern residents' tax deductions.

I'll ask Ms. Babcock, first, if you have any comments about that. If we have time, I'll go to Mr. Graham.

Ms. Sandy Babcock: The Yukon Chamber doesn't really have a position on that. Of course, we would welcome increasing that tax incentive for northerners, the northern living allowance. We do live in a higher cost jurisdiction. Housing's higher, food's higher, and transportation is more expensive. It's one of our challenges in attracting people to come here to live and work.

Ms. Laurin Liu: Mr. Graham.

Mr. Hughie Graham: I'll agree. We have the same challenges in the north, especially with the cost of power in the Northwest Territories. We're not in the position of having a territory-wide grid so that we can take advantage of hydro projects like the Taltson. Any ability to lower the cost of living is certainly great for attracting more workers and people to the north.

The Chair: We go now to Monsieur Galipeau, for up to five minutes.

Mr. Royal Galipeau (Ottawa—Orléans, CPC): Thank you very much, Mr. Chairman. Thank you very much, Ms. Babcock.

Mr. Graham, I bet it doesn't happen often that you have to get up early like this to deal with eastern standard time.

I don't know very much about your territories. I've been to both your capital cities, but I'm particularly interested in aboriginals.

I found an interesting statistic from the Northwest Territories. The 2006 census says that your population was 41,464. In 2011, it was 41,462. There are two people missing here somewhere.

Half or a little bit less than half the population is aboriginal. What's been the experience in terms of employment and partnerships between first nations and industry?

Mr. Hughie Graham: In the Northwest Territories, it has been fantastic. Through the impact and benefit agreements established through the creation of the three diamond mines just northeast of Yellowknife, there is a commitment to aboriginal hiring. When you hire aboriginals, you have to train them. Groups such as the Mine Training Society in the Northwest Territories have been fantastic. They are establishing skills and training for aboriginals to take part in employment that's happening on their traditional lands.

Mr. Royal Galipeau: Thank you very much, sir.

Ms. Babcock, I looked up Yukon, too. There are 33,000 people. Twenty-five per cent are aboriginal.

How are the partnerships between the first nations and industry working there?

Ms. Sandy Babcock: Particularly in the resource development area they are very strong. I want to preface that by saying that the Yukon is more of an inclusive society. For instance, we don't break down first nation-owned or non-first nation-owned business in our membership. We're all business. We're all part of the community and we all contribute and benefit from it.

So, it's a little difficult for me to talk about that because it is more of an integrated and inclusive society in the Yukon.

Mr. Royal Galipeau: Mr. Chair, would you stop the clock for a minute.

The Chair: Ms. Babcock, for some reason your sound has become garbled, and so we can't understand you. We're going to continue questioning Mr. Graham until we get the sound fixed.

Go ahead, Mr. Galipeau.

Mr. Royal Galipeau: Ms. Babcock, I hope we can come back to your answer, but we couldn't hear it.

Mr. Graham, we hear suggestions from some parties across the way about an increase in corporate taxes. What would an increase in the corporate tax rate mean to investment in the north?

•(1005)

Mr. Hughie Graham: It's up to industry to create jobs. If you increase corporate taxes you then give industry a reason not to exist.

By allowing industry to create more jobs to increase the tax base, I think you would recapture many more dollars than you would by a corporate tax increase.

Mr. Royal Galipeau: I've heard from both you and Ms. Babcock about the importance of small business. What has been the impact of the small business tax credit that this government has offered?

The Chair: Mr. Graham.

Mr. Hughie Graham: The small business tax credit has certainly helped industry to be able to provide more jobs, to hire, to train, to improve its workforce. Certainly any kind of tax credit to small business, when you're talking about dollars and cents and pennies and nickels, is a big deal.

The Chair: Ms. Babcock, we think we have your sound fixed. Go ahead.

Ms. Sandy Babcock: I would certainly agree with Mr. Graham that any kind of—

The Chair: No. I'm sorry, your mike or the sound is still garbled. We'll try again to fix it. In the meantime we'll continue the questioning of Mr. Graham.

Go ahead, Mr. Galipeau.

Mr. Royal Galipeau: I'm done for questioning. I'm really anxious for the answers though.

The Chair: Okay.

Mr. Royal Galipeau: Thank you, sir.

The Chair: We go now to—

Mr. Royal Galipeau: Can we get the answers when the sound is fixed?

The Chair: We'll see how we can handle that when it gets fixed.

Mr. Royal Galipeau: Thank you, sir.

The Chair: Mr. Anderson.

Mr. Hughie Graham: I would just comment that this is a great indication of why we need redundancy in broadband capability in the north.

Some hon. members: Oh, oh!

The Chair: So this was staged, was it?

Go ahead, Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): I come from a rural riding where we had the northern exemption at one point although we were along the Montana border, so I understand some of the pressures you're facing.

I wish we had sound from both of you. I'd like to talk to you a little about the difference in the agreements. I understand Yukon has the YESAA and the Northwest Territories has a resource sharing agreement. Can you tell me—and I hope we can get some conversation from Ms. Babcock—if you had a resource sharing agreement similar to that of the Northwest Territories what difference would that make in Yukon?

Maybe, Mr. Graham, you can talk about those benefits until we get the sound corrected here. You don't have the same YESAA, but you have the economic impact benefits and the resource revenue sharing. Talk to me about that a little, please.

The Chair: Go ahead, Mr. Graham.

Mr. Hughie Graham: We certainly do. In the Northwest Territories, as you may be aware, we're striving for devolution, and certainly we're trying to negotiate a better deal. You're always trying to negotiate a better deal.

We're hopeful that once devolution comes, we'll have more control over our territory as provincial-like powers come to fruition.

The impact of resource sharing agreements is good. It allows us to put money into our coffers. It allows us to put money into Canada's coffers. We'd like to try to get more of a commitment from Canada to be able to provide funding to societies like the Mine Training Society. In the north that's largely funded by the territory through these resource sharing agreements, but it's not backstopped by the Government of Canada. So when we don't have funding there's no other place to go to get more funding for that.

I've run off course there.

Mr. David Anderson: Are you working towards an agreement, such as YESAA, in terms of your approval structure? Is that something you would like to see?

Mr. Hughie Graham: Absolutely. We would certainly like to take control over our own destiny in devolution.

Mr. David Anderson: Ms. Babcock, could you talk to us to see whether this is working now?

•(1010)

Ms. Sandy Babcock: I'll give it a whirl. Can you hear me now?

The Chair: It's working fine.

Would you like to answer, Ms. Babcock?

Ms. Sandy Babcock: Regarding the resource revenue sharing agreement, Yukon currently has a cap of \$3 million. After that, all monies go to Canada.

I do believe the agreement in the NWT has a cap of \$50 million, so there's a difference of \$47 million.

Hugh, am I correct?

Mr. Hughie Graham: I'm sorry. I don't have the exact numbers.

Mr. David Anderson: I presume if you had that kind of agreement you'd appreciate that. It would allow you to do a few more of the things you're talking about here today.

Ms. Sandy Babcock: Absolutely. It would make more monies available to maintain the infrastructure that has increased pressure on it, regarding resource development activities and the influx of people in the territory. It would alleviate some of the pressures on our health care system and social safety network. It would be very welcomed.

I do understand that negotiations are under way between Yukon and Canada. We would certainly like to urge Canada to step up that process.

Mr. David Anderson: Quickly, because I do have another area I want to go into, what do you see the role of the chamber being in encouraging those discussions? The Prime Minister made that commitment to your premier, and I think they're having preliminary discussions. How do you see your role?

Ms. Sandy Babcock: Certainly our role will be supporting those discussions, as well as supporting the need, because it is a need for Yukon to receive more of its resource royalties.

Mr. David Anderson: Can I switch direction a bit? We had some hearings, particularly around the Ring of Fire in northern Ontario and aboriginal communities, on the possibility of getting them involved in the economy. For some of those communities, it was a very new idea that they would be involved in resource development.

I'm wondering if you can tell us about some of the success stories in your aboriginal communities. I know you don't have the same breakdown as you mentioned there is in the south, but can you talk about some of the places where things have really worked, some examples that folks who may not be experienced in these matters could look at to find some good direction for the future?

Ms. Sandy Babcock: I certainly think the example of the Minto mine operated by Capstone is a great success story. They negotiated an economic impact and benefit agreement with the Selkirk First Nation. There were several components to it.

I'm not intimate with that agreement itself, but I do know there was job training criteria involved in the agreement. They received royalties to the tune of millions of dollars, which has been very instrumental in addressing clean water issues within their community, as well as employment standards that they have to meet. They train and employ people who reside within the Selkirk First Nation traditional territory.

That really is a success story. They're using the royalty money to improve the community for their people. The mine is receiving trained staff who stay there, because—

Mr. David Anderson: We're losing you again.

Mr. Graham, do you have any examples we could add to our testimony as well?

Mr. Hughie Graham: In the Northwest Territories, I'll go back to the diamond mines. With their impact and benefit agreements, there's been lots of opportunity for aboriginal businesses. Like I said, there's been 75 to 100 aboriginal businesses created due to that.

Something I haven't mentioned is the ability for partnerships with aboriginal groups. There are a lot of businesses in the Yellowknife area that exist because of aboriginal partnerships. Business or industry will come into an area, partner with an aboriginal group, and transfer skills, so that when the time comes the aboriginal group is perhaps ready to go into business on their own and do their own development.

The Chair: Mr. Nicholls, you have up to five minutes.

Mr. Jamie Nicholls: Ms. Babcock and Mr. Graham, you discussed a bit about infrastructure needs, and, Mr. Graham, you discussed taxes briefly with Mr. Galipeau, which brings up an interesting subject.

Am I to understand it's industry that benefits from publicly funded infrastructure when tax money goes towards infrastructure projects, but it is the individual taxpayer who should shoulder the burden rather than a corporation? Is that what I was to understand?

•(1015)

Mr. Hughie Graham: Let's talk about mining, for example. Mining has been a big innovator in the north, and it has created large infrastructure itself, but it's also because of the two gold mines that are here in town that hydroelectricity was brought into Yellowknife. Asking industry to create that infrastructure again would be extremely difficult. Infrastructure has ballooned, and industry can't shoulder that burden all the time.

Does the taxpayer benefit from that—

Mr. Jamie Nicholls: That was public investment.

What about when pollution occurs, such as just happened with the pipeline spill in the Red Deer River in mid-south Alberta? Do you believe industry should pay for that, or should taxpayers foot the bill to clean up spills?

I have a citation here. It says in terms of economic viability that there are businesses and towns that rely on the lake that was affected by the spill for business all summer. So should taxpayers pay this bill, or should it be the industry that caused the spill?

Mr. Hughie Graham: I'm not very familiar with the spill that's just occurred. There was a spill that occurred in the Northwest Territories—

Mr. Jamie Nicholls: Mr. Graham, just on the principle, should it be the polluter that pays—the industry that has polluted—or should it be the taxpayers who are affected by the pollution who should pay for the cleanup?

Mr. Hughie Graham: Is it bad to say I see job creation from that?

Mr. Jamie Nicholls: You see job creation from environmental degradation? I would say that would be bad. I would say that's not the vision I want for my daughter. I would say, yes, that is bad.

There is a lot of economic growth from hardship in our economy. When people get divorced, there is economic growth. Lawyers are hired and we see growth, but the fact that we see economic growth from bad things doesn't mean that is the vision we as Canadians want. As a public administrator, I don't see that is the way most Canadians want to go. Most people I talk to in my community want to safeguard the environment. They don't want to think about job creation from environmental degradation, so I have to disagree with you on that point.

Ms. Babcock, you testified at the finance committee in the fall, and you talked a bit about a housing crunch and housing affordability. Could you elaborate on that?

Ms. Sandy Babcock: Yukon is still experiencing a housing crunch. It is not only the city of Whitehorse. It expands into the communities. A large part of that challenge for us is probably because there is a lack of planning and foresight into how much our population is going to expand, recognizing that the demographics are changing, that our children are now in the housing market, so more pressures are being created there.

Our challenge, from the chamber's prospective, is to have housing that is affordable. The rental market is extremely low, with a vacancy rate of probably about 1% right now, a situation that is creating huge problems in attracting young professionals to the territory or in keeping our own younger people in the territory to stay here and work.

Government at all levels is very responsible in its commitment to social housing, whether it's the government of first nations, Yukon, or Canada.

We're talking about housing that is affordable for people. Right now we just don't have that. That lack is creating problems within the business community. They can't attract or keep skilled and unskilled people here.

Mr. Jamie Nicholls: If I have time left, Mr. Chair, I'll pass it to Mr. Cleary.

Mr. Ryan Cleary (St. John's South—Mount Pearl, NDP): Thank you very much.

Ms. Babcock, I'm a member of Parliament from Newfoundland and Labrador. In Labrador the problem that we have, which you just touched on in your answer to Mr. Nichols, is the vacancy rate. The vacancy rate in places like Happy Valley-Goose Bay—and the mining industry is booming with iron ore, for example, precious metals, copper, cobalt, you name it, we've got it—is practically zero.

You mentioned a vacancy rate of 1%. What exactly is being done to tackle that problem?

• (1020)

Ms. Sandy Babcock: One of the things the chamber has been involved in, because we have devolution in the territories, so we have authority over our lands.... The Yukon government has actually been the land developer in the territory for many years, and is only now opening up to private sector development. In the past, the private sector has not been able to come in and acquire enough land to put a development together. We then experienced a shortage in our inventory of land that was available to develop. We don't seem to be able to attract private developers to build apartment complexes, partly because there's just no land available to do that in, so it's really an issue of land availability.

The Yukon government is now opening up tracts of land for private development. So we're anticipating, within the next year or two, that some of this pressure will be alleviated; however, we're still not seeing enough being done in terms of the rental market and what that is going to look like.

The Chair: Thank you, Ms. Babcock.

Thank you, Mr. Cleary and Mr. Nicholls.

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

Mr. David McGuinty: Thanks, Chair.

Ms. Babcock, can I go back to the Yukon Environmental and Socio-economic Assessment Act? When was that brought into being?

Ms. Sandy Babcock: I think it received assent between 2002 and 2004. I'm sorry, I can't remember exactly when.

Mr. David McGuinty: That was under a previous government.

Ms. Sandy Babcock: Yes, and it was a work in progress for many years before that.

Mr. David McGuinty: For how many years was it a work in progress?

Ms. Sandy Babcock: The Umbrella Final Agreement, I believe, was finished in the early 1990s, and then probably in the mid-nineties work was started to develop YESAA itself and its regulations. It probably took at least five to eight years.

Mr. David McGuinty: Is it fair to say that YESAA, as a process, is supported by first nations?

Ms. Sandy Babcock: Yes, absolutely.

Mr. David McGuinty: Is it supported by environmental groups?

Ms. Sandy Babcock: Yes.

Mr. David McGuinty: Is it supported by industry?

Ms. Sandy Babcock: Yes.

Mr. David McGuinty: It is supported by labour?

Ms. Sandy Babcock: Yes. Actually I'm not sure that labour has played a large part in that, so I'm going to retract that.

Mr. David McGuinty: So, generally speaking, it has widespread support across pretty much every stakeholder group in the Yukon?

Ms. Sandy Babcock: It didn't start out that way, but as we've seen it implemented, yes.

Mr. David McGuinty: So consultations were extensive leading up to this, and dialogue occurred. This wasn't buried in a budget bill, was it, when it was launched? Was it just sort of announced?

Ms. Sandy Babcock: No. A committee was called.

Mr. David McGuinty: Right—it took a lot of time and a lot of multi-stakeholder consultation to arrive at an end product that people bought into.

Ms. Sandy Babcock: That's correct.

Mr. David McGuinty: You have a timeline. What is the timeline that YESAA works under?

Ms. Sandy Babcock: It depends on the size of the project. Attached to every stage of a project, there are timelines according to which the YESAA committee, the review committee—depending on the size of the project and what levels it goes to—has to respond. Now this could include timelines regarding requests for more information, and there's also an onus on the proponent to come back with the required information.

Mr. David McGuinty: If the proponent can't meet the timeline, can the proponent put up their hand and say, "I want a time out?"

Ms. Sandy Babcock: Yes, as can the committee itself.

Mr. David McGuinty: The body is an apolitical body, and it renders a decision to accept or reject the project. Is that right?

Ms. Sandy Babcock: They actually are a recommending body. So they make a recommendation to Canada, Yukon, and first nations, I believe, to accept, amend, or reject

Mr. David McGuinty: That's to the federal government, the Yukon government, and first nations governments?

Ms. Sandy Babcock: Please don't quote me on that. It's been a long time since I looked at the structure of YESAA. I think who the deciding body is depends on whether it happens on crown lands or not.

Mr. David McGuinty: So if a recommendation is made to not proceed with a project, can an order of government overturn that?

Ms. Sandy Babcock: Yes.

• (1025)

Mr. David McGuinty: Which order of government can do that?

Ms. Sandy Babcock: I have seen it with the Yukon government.

Mr. David McGuinty: Okay. It goes through government for final sanction, then. So this is very much a recommendation body. It's not a quasi-judicial, decision-making board.

Ms. Sandy Babcock: I'm sorry, it has been a long time since we looked at this structure and how it was working. The YESA Board actually rejected an application just recently.

I would have to get back to you, if you wouldn't mind. I would prefer to confirm that and get back to you.

Mr. David McGuinty: Okay.

Ms. Babcock, the government is saying that it's going to pursue, really, a kind of principle of subsidiarity, meaning that they're going to defer to an existing environmental assessment regime if they judge that the regime is as robust as the federal one. Do you know whether the federal government is going to accept the YESAA process as being capable of substituting for the federal one?

Ms. Sandy Babcock: It has been these last eight to ten years.

Mr. David McGuinty: Right. So in terms of the ease with which projects are being managed in the Yukon, there is a marked difference because of YESAA, compared to the NWT.

Ms. Sandy Babcock: We've seen a decision being made on a project within 30 to 90 days, for smaller projects. For one large project, projections were made, actually, that it could take up to three years if all the requests for more information or extensions were involved. A project could take up to three years, which is considerably better than what I think the NWT is experiencing. Seldom do we see it take that long.

The Chair: Thank you, Ms. Babcock, and thank you, Mr. McGuinty.

Mr. Daniel, you have up to five minutes. Go ahead, please.

Mr. Joe Daniel: Thank you very much, once again.

I'm going to focus more on how you are actually going to fulfill the sort of skills gap you're going to have with all these major projects coming online, etc. I really just want to pursue that line of thinking in terms of what major skills you're short of for developing all these projects that are coming online. That is to either of you.

Ms. Sandy Babcock: If I may go first, one of the things the Yukon government has is a five-year capital projects budget. They overlay all other levels of government projects as well as private sector projects on top of this five-year plan. Then they do an analysis of what businesses are available to support these projects, what manpower is required, and what skills are required. So they have this inventory looking forward five years. They also have the ability to schedule some of their projects so that they're not putting too much pressure on the private sector, so that suddenly we see 10 companies come in, get the work, and then leave again, and we haven't strengthened our own business community because of that.

It's looking five years forward and trying to manage this type of growth that we're seeing. That's a really important piece up here.

Mr. Joe Daniel: Thank you.

Mr. Graham.

Mr. Hughie Graham: I believe with the completion of an economic development strategy, which the NWT is currently

without, we'll have a better ability to be in the same situation the Yukon is in and will be able to look five, 10, or 50 years out to make sure that we have the ability to man projects.

There is also the ability to tap into other areas of Canada. Our diamond mines today see a lot of fly-in, fly-out traffic. People will make their wages here and then fly back to other parts of the country to live their time off from their mine shifts.

Mr. Joe Daniel: On the training of aboriginals and local indigenous peoples, we often hear a lot about the training provided for what I would term sort of the lower-level jobs, such as driving the big trucks or equipment like that or welding and skills like that. But we don't hear very much about how they are being trained to take on supervisory or managerial roles and leadership roles. Can you comment on any of that?

• (1030)

The Chair: Ms. Babcock, go ahead.

Ms. Sandy Babcock: I can't really comment specifically on what individual companies are doing, but this does lead back to my earlier comments on the lack of middle management in our business community. That really does speak to what you're saying, in terms of the human resource training, those management-type positions, safety, and those sorts of things. Dialogue is ongoing with Yukon College to look at their offering a lot of these programs to address these needs and gaps.

The Chair: Mr. Graham.

Mr. Hughie Graham: I had the pleasure of taking part in the Canadian Chamber's skills development round table just earlier this week in Yellowknife. I was happy to note that there are internship programs in the north, as well as a northern leadership development program, which could certainly use more funding to be able to take aboriginal workers to that next step.

Mr. Joe Daniel: How much time do I have?

The Chair: One minute.

Mr. Joe Daniel: I'll call it quits there.

The Chair: Okay.

Does anybody want to take Mr. Daniel's remaining minute?

Go ahead, Mr. Anderson.

Mr. David Anderson: Are we next in the line anyway?

The Chair: You actually are next so we'll tack it onto your time.

Mr. David Anderson: This is a bit of a follow-up to my earlier questions and those of Mr. Daniel, but what have been your most effective educational training strategies to keep younger folks in school, and your most effective training strategies, more generally? How involved are your member companies in the education system, because I think we've seen from testimony here that we have to start earlier than grade 11 or 12, that we certainly can't wait until students are out of high school before we get involved in encouraging them to continue to participate in the education system.

So what's worked in your areas?

Go ahead, Mr. Graham.

Mr. Hughie Graham: In the Northwest Territories, because we do have a lot of mining, the Mine Training Society has been beneficial to the north, as have been the apprenticeship programs. I'm not familiar with other apprenticeship programs and funding throughout Canada. I do know that the apprenticeship program does work in the Northwest Territories—often too well, as apprentices are trained and then they leave the north. Could more be done for retention? Absolutely.

But early childhood development does need to be tackled, and you're right that more incentives need to be provided earlier than grades 11 and 12.

Mr. David Anderson: At what level do your companies get engaged in the system? Do you know that?

Mr. Hughie Graham: I'm sorry, I don't.

Mr. David Anderson: Okay.

Ms. Babcock.

Ms. Sandy Babcock: I agree wholeheartedly that we need to get in before grades 10, 11, and 12. In terms of career counselling, I believe a lot more work could be done in this territory for our young people. I don't think they're fully aware of the opportunities that exist. Perhaps 10 years ago there weren't many opportunities, and this is one area we let lag behind us.

At the Yukon college level, the business participation is very good in terms of their sitting on committees and being involved in the apprenticeship trade program. There is a lot of involvement by our businesses at the college level, but we see less in the public education system. I'm going to make a note of that to make sure that we bring it forward. I actually had that discussion with somebody the other day, that we need to do more in that area, in the skills.

Mr. David Anderson: Okay.

This is changing the topic a bit, but the issue of foreign environmental groups participating in Canada and trying to change public and economic development in different areas across the country has come up a few times in our hearings. I'm wondering if you have any comment on the appropriateness of that.

The other day, I think one of my colleagues opposite basically saw an equivalence between foreign activists getting involved in environmental battles and foreign investment, and saw foreign investment as pretty much similar to foreign environmental groups trying to stop development. Do you see them as being the same thing? Do you see the benefits of foreign investment that you don't see from these activists engaging in political lobbying?

• (1035)

The Chair: Mr. Graham.

Mr. Hughie Graham: I don't think I have witnessed that in the Northwest Territories, so I don't know if I'm able to comment on it. On an individual level, I would say that I would be against foreign activists telling Canada how to manage its lands and resources.

Ms. Sandy Babcock: We've actually seen a lot of that trying to influence public policy in the Yukon Territory, particularly in the area of land-use planning. From the chamber's perspective, we don't feel that their opinions or positions should be treated with the same level of respect as the citizens of Canada who express their views.

Often they are based on limited information and knowledge of what they're talking about. They don't really understand the complexity of issues, particularly within the Yukon first nations—that environmental issues are not always simple things to deal with.

We certainly respect the environment that we live in. We feel very privileged to have such a clean environment up here, and I would say the folks...[*Technical Difficulty—Editor*]...are committed to ensuring that we...[*Technical Difficulty—Editor*]...but when we let outside international environmental groups influence public opinion....

The Chair: Ms. Babcock, your voice is garbled over our communications system again, so we'll just have to go to Mr. Graham for any final questions.

Mr. David Anderson: I think Ms. Babcock will make sure that testimony gets transcribed, because what you had to say there was very important, Ms. Babcock.

I'll just change the subject a bit. Perhaps we'll have to stick with Mr. Graham on this.

What are the major projects in the future in your territory? What are the big projects that your members are looking at over the next five to 10 years?

If we have the time and the communication with Ms. Babcock, I'd like to hear from her as well.

Mr. Hughie Graham: Certainly, again, the NWT being so resource-rich.... With our NWT and mining, we have a gold project called Tyhee, which is just outside Yellowknife. We have Fortune mining's NICO, a gold, copper, cobalt, and bismuth mine. We have Thor Lake, which is rare metals. That's Avalon, just on the north shore of Great Slave Lake. We have Prairie Creek, which is Canadian Zinc's zinc and lead mine. We have Gahcho Kué, which is diamonds, in the same area as the EKATI mine and the De Beers Snap Lake Mine, and then we have Pine Point.

It's interesting to point out that these six potential mines equal the jobs in only one of the diamond mines, which is the BHP EKATI mine. We stand—again, as I said earlier—on a pinnacle. We stand to be pushed back or we stand to be vaulted forward. If we could get regulatory control and timelines established, we could certainly eliminate that boom-bust cycle.

The Chair: Thank you, Mr. Graham.

Thank you, Mr. Anderson.

We'll go now to Mr. Bevington.

We're going to have to leave a few minutes at the end to decide whether to go ahead with Thursday's meeting in light of what's expected to be a long voting period.

Go ahead, Mr. Bevington.

Mr. Dennis Bevington: Thank you, Mr. Chair.

To Mr. Graham, with the Mackenzie Valley pipeline project, of course, if you remember correctly, that was a project where at the beginning of the project a cooperation plan was struck to bring together all the different environmental processes that would be engaged in the development of the pipeline. We can see the results of that. It wasn't very successful at bringing them all together. In fact, in some respects it made the work of the board very difficult to accomplish.

Quite clearly within the Northwest Territories there is a regulatory system put in place, the Mackenzie Valley Resource Management Act. It's had success. Some projects have been done in timelines that are two years or less over the course of the work.

I see that you're not asking for major changes in the Mackenzie Valley Resource Management Act. The Minister of Indian Affairs and Northern Development has suggested that he's going to bring forward legislation to consolidate all the land and water boards, and that's something that people in the Northwest Territories have been standing up against. They recognize that when we get into breaking constitutional agreements with first nations, we'll be into another kettle of fish.

So I really appreciate that you've focused on the types of things that can be done within the existing regulatory system to finish off the land-use plans and to increase the capacity of the boards to actually do the work. It's complex work. You've also pointed out the need for timely appointments by the federal government. This is something that's registered with us over and over again.

But when you talk about environmental degradation, we're very familiar with that in the Northwest Territories. You must admit that with many of the mines we've had developed in the Northwest Territories over the years, we've had extreme problems afterwards with the cleanups. A point in case is the Giant Mine in Yellowknife, considered one of the largest environmental problem areas in the country, with over 270,000 tonnes of arsenic buried underground, with no solution to it at all other than to keep it frozen over the next millennium. At about two megawatts of power a year, the cost to the taxpayer is going to be borne *ad infinitum*.

Your charter of your NWT Chamber of Commerce says quite clearly that you're in favour of sustainable development and environmental protection. That's correct. So when we talk about how important the regulatory process is to ensure that what is going on in the Northwest Territories is done in a correct fashion, I think you're on side for that, aren't you?

● (1040)

Mr. Hughie Graham: I agree. You know, we all need to be stewards of the environment. We all need to do environmentally sustainable development. When you talk about the Giant gold mine, you're talking about a mine that was developed in the thirties, when there was no regulatory body in place to make sure that reclamations were included in these mining plans.

I think going forward, as long as we consult properly and ensure that reclamation processes are put forth in mining plans—fantastic.

Mr. Dennis Bevington: You mentioned about the mines investing in hydroelectric power. Wasn't it actually, at the time, the Northern Canada Power Commission that built all the hydroelectric infrastructure on public money? It's now part of our legacy infrastructure for communities, including Yellowknife. In the South Slave, where the Pine Point Mine was built, we have the Taltson dam, which was built by Northern Canada Power Commission as well, using federal money.

So in reality, the public investment in the Northwest Territories has been, in terms of energy investment, very positive for the Northwest Territories. Is that not correct?

Mr. Hughie Graham: Absolutely, and it should continue.

The Chair: Thank you, Mr. Bevington.

I want to thank the witnesses very much. From the Yukon Chamber of Commerce, Sandy Babcock, and from the Northwest Territories Chamber of Commerce, Hughie Graham, thank you both very much. The information you have given us today will be very helpful in writing our report.

Now, to the committee, I just want to ask the opposition if they expect that the votes will carry us through tomorrow's meeting. If that is the case, then I suggest we postpone the meeting so that we don't have witnesses sitting here with no committee to hear them.

Mr. Anderson.

Mr. David Anderson: We would agree, but I have another point as well. We're comfortable with that.

The Chair: Okay.

Is it agreed that we cancel Thursday's meeting?

Mr. Jamie Nicholls: Mr. Julian and I agree that the meeting should be cancelled.

The Chair: Okay.

It is agreed by the committee that we will cancel the committee meeting.

Mr. Anderson, is there something else?

Mr. David Anderson: I was talking to Mr. Julian before the meeting. I think we need 20 minutes to half an hour in either Tuesday's or Thursday's meeting to discuss future business. We have a report to discuss. I also talked about potentially doing some travelling in the fall. If we can schedule that in for whatever meeting works better, maybe we'll let you do that.

● (1045)

The Chair: Okay. We'll work on that. We'll schedule that in so we know where the committee is heading next fall. We don't re-establish committees in the fall now. We just carry on from the spring and summer session.

Thank you all very much for your input today.

If there's no further business, the meeting is adjourned.

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