

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
9TH ASSEMBLY, 8TH SESSION**

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BEFORE
THE NATIONAL ENERGY BOARD

IN THE MATTER OF
AN APPLICATION BY
ARCTIC PILOT PROJECT

PHASE I

PANEL 1 - POLICY

PREPARED EVIDENCE OF PANEL CONSISTING OF:

HONOURABLE RICHARD W. NERYSOO
MINISTER FOR ENERGY AND RESOURCE DEVELOPMENT

ENERGY AND RESOURCE DEVELOPMENT SECRETARIAT
GOVERNMENT OF THE NORTHWEST TERRITORIES
YELLOWKNIFE, NORTHWEST TERRITORIES
XIA 2L9

FEBRUARY 1982

1 I am speaking to you on behalf of the Executive Committee of the Government
2 of the Northwest Territories. As you may know, the Executive Committee is
3 the senior decision-making body of the Government of the Northwest Territories.
4 The Commissioner, Deputy Commissioner and seven elected ministers serve
5 as members. We are responsible for decisions on policy and program and for
6 relations with the Federal Government. It is also important for you to
7 realize that the Legislative Assembly is made up of twenty-two fully elected
8 members with a native majority. I am appearing today before the National
9 Energy Board to express the concerns of citizens of the Northwest Territories
10 about the Arctic Pilot Project. The Government of the Northwest Territories
11 speaks on behalf of its people to articulate requirements for increasing
12 benefits from resource development, for adequate protection of traditions
13 and lifestyles, and for meaningful and northern-based control of resource
14 development.

15

16 Exploration for non-renewable resources has long been a reality in the
17 Northwest Territories. We are aware that the development of our economy
18 depends to a great extent on the level of activity in the non-renewable
19 resource sector. The next twenty years will see an increasing emphasis
20 on the implementation of production technology. It seems that industry
21 is prepared to invest the billions of dollars necessary to develop the
22 resources in the Northwest Territories. The Norman Wells oilfield expansion
23 is an example of this. Industry is also preparing plans for hydrocarbon
24 production in the Beaufort Sea.

25

26 The implementation of Socio-Economic Action Plans with industry is one
27 mechanism that can respond to the concerns of the Government of the
28 Northwest Territories. These plans are developed in consultation with
29 Mr. Munro in his role as the Minister of Indian and Northern Affairs.

30

31 An Action Plan details the programs that industry will use to provide
32 benefits to Northerners, in the form of jobs, training and business

1 opportunities. It spells out the protection measures, the compensation
2 programs as well as the information and participation methods that industry
3 will use.

4
5 The plan forms the basis for monitoring the actions of resource developers.
6 I cannot over-emphasize the importance of the Socio-Economic Action Plan as
7 it can control and manage the socio-economic impacts associated with a
8 resource development.

9
10 The review mechanisms such as the Environmental Assessment Review Process,
11 and the agencies of the Federal Government, such as the Beaufort Sea Office,
12 also provide opportunities for the Government of the Northwest Territories
13 to articulate concerns about resource development.

14
15 The mandate of the Government of the Northwest Territories has, over the
16 years, made necessary the development of close liaison and communication
17 with the native organizations.

18
19 Recently, the Government of the Northwest Territories has concluded
20 agreements with the Dene Nation and the Metis Association. These
21 agreements outline the arrangements for the funding that Mr. Munro has
22 provided for programs related to the Norman Wells project. Of special
23 interest, will be the formation of the Project Management Committee with
24 membership from the Territorial and Federal Governments, communities and
25 native groups.

26
27 The Government of the Northwest Territories, through its Executive
28 Committee and civil servants, has acquired considerable experience in
29 effective representation and practical planning for major resource
30 development, much of it through the Norman Wells project. We are committed
31 to maintaining our involvement with that project and to establish that
32 intensity of involvement with all major resource development projects.

1 The Government of the Northwest Territories has also been very interested
2 in the development of the Arctic Pilot Project. Our staff have met with
3 industry officials on numerous occasions. Our Government has participated
4 in regulatory reviews of this project such as the Environmental Assessment
5 Review Panel. Also, on December 3, 1981, John Amagoalik, President of the
6 Inuit Tapirisat of Canada, and Simon Awa, President of the Baffin Region
7 Inuit Association made a presentation concerning their position on the
8 Arctic Pilot Project to the Legislative Assembly. They requested the
9 support of the Government of the Northwest Territories in pursuing a
10 rigorous examination of the Arctic Pilot Project development plans.

11
12 The position of the Government of the Northwest Territories on the Arctic
13 Pilot Project reflects our commitment to residents of the Northwest
14 Territories and to the Inuit Tapirisat of Canada and the Baffin Region
15 Inuit Association to seriously review the Arctic Pilot Project proposal
16 and to determine conditions that will provide benefits to the residents
17 of the Northwest Territories.

18
19 We want to make clear our context for support of the Arctic Pilot Project.
20 Our position is one of support with conditions. It is the entire list of
21 conditions that adequately reflects the concerns of the Government of the
22 Northwest Territories.

23

24 Conditions for Support of the Arctic Pilot Project

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- 26 1. Arctic Pilot Project, Inc. must assure the Government of the
27 Northwest Territories that at no time will the Arctic Pilot Project
28 become more than an experiment for the duration of the project.
29 It is the pilot project as described, not its potential for adaptation,
30 but its careful control of cargo, consisting of liquified natural gas
31 and its small scale shipping component, that is supported by the
32 Government of the Northwest Territories.

1 There are proposals from industry in the Western Arctic that call
2 for a fleet of ice-breaking tankers in the Northwest Passage. We
3 believe that Arctic Pilot Project can be an opportunity to permit
4 study and assessment of the impacts and to evaluate the technical
5 feasibility of gas production and transportation in the Arctic.

6 In response to those who think that the Arctic Pilot Project approval
7 will represent support for year round Arctic marine transportation,
8 the Government of the Northwest Territories does not support the
9 transportation of oil in ice-breaking tankers through the Northwest
10 Passage. The Government of the Northwest Territories believes that
11 pipeline transportation options are preferable to the expansion of
12 marine traffic in the Northwest Passage.

- 13
- 14 2. It is also important for the National Energy Board to realize that
15 the Government of the Northwest Territories recognizes and supports
16 the concerns expressed by native organizations that claims based upon
17 aboriginal rights to land in the Northwest Territories may be
18 prejudiced if large scale resource development are allowed to
19 proceed before substantial progress has been made towards a settle-
20 ment. With that in mind, the Arctic Pilot Project must conform to
21 any management regimes negotiated through the Inuit Rights settlement.
22
- 23 3. It is our intention to negotiate a Socio-Economic Action Plan directly
24 with Arctic Pilot Project, Inc. and the following conditions will form
25 the basis for discussions with the proponent.
- 26
- 27 a) Arctic Pilot Project, Inc. and its contractors must work with
28 the Government of the Northwest Territories, settlement and
29 municipal councils, and local residents to jointly plan and
30 implement measures to cope with potential negative social
31 consequences of the project.

- 1 b) Arctic Pilot Project, Inc. and its contractors must work with
2 the Government of the Northwest Territories, settlement and
3 municipal councils and local residents to develop employment
4 strategies which ensure northern residents shall have the
5 right of first refusal on all jobs in which they are interested
6 and for which they are qualified or trainable.
7
- 8 c) Arctic Pilot Project, Inc. and its contractors must work with
9 the Government of the Northwest Territories to ensure that
10 northern businesses will be utilized in the construction and
11 operational phases whenever possible.
12
- 13 d) Arctic Pilot Project, Inc., the Government of the Northwest
14 Territories and settlement and municipal councils must set up
15 a committee to conduct a needs assessment survey within the
16 impact area to determine employment skill needs, industrial
17 training needs and entry level for these industrial training
18 requirements. Subsequent to the completion of the survey,
19 Arctic Pilot Project, Inc. and the Government of the Northwest
20 Territories will develop and deliver industrial training programs
21 and entry level training to ensure that northern residents
22 are qualified to compete for all employment positions.
23
- 24 4. Arctic Pilot Project, Inc. must assure the Government of the Northwest
25 Territories that construction operation and abandonment of the project
26 will take place with minimal damage to the flora and fauna of the
27 region.
28
- 29 a) Arctic Pilot Project, Inc. must assure the Government of the
30 Northwest Territories, Hunters and Trappers Associations and
31 native interest groups that environmental impacts will be minimized
32 and adequate contingency plans developed to protect the renewable
33 resources of the region.

- 1 b) Arctic Pilot Project, Inc. must assure the Government of the
2 Northwest Territories, Hunters and Trappers Associations and
3 native interest groups that disruptions of wildlife harvesting
4 activities will be minimized.
5
- 6 c) Arctic Pilot Project, Inc. must develop appropriate plans to
7 allow the Inuit to carry on traditional resource harvesting
8 activities and must assure the Government of the Northwest
9 Territories, Hunters and Trappers Associations and native
10 interest groups that losses to the renewable resource base
11 resulting from the effects of the project will be the subject
12 of a plan for compensation of the resource users.
13
- 14 d) Arctic Pilot Project, Inc. must assure the Government of the
15 Northwest Territories that environmental baseline data gaps
16 will be identified, that effects on renewable resources and
17 their uses will be monitored and that appropriate plans and
18 studies will be funded to address unanswered concerns. The
19 Government of the Northwest Territories, Hunters and Trappers
20 Associations and native interest groups must be assured a
21 meaningful role in advising and directing future biological
22 studies funded by Arctic Pilot Project, Inc.
23
- 24 5. Historical and archaeological sites known and discovered during
25 construction activity on Melville Island, specifically the Bridport
26 Inlet area, must be protected according to appropriate guidelines
27 and principles established by the National Museum and the Government
28 of the Northwest Territories Northern Heritage Centre.
29
- 30 6. Arctic Pilot Project, Inc. must assure the Government of the
31 Northwest Territories that the community marine resupply will not
32 be affected by the shipping activities of the project.

- 1 7. A project management structure including representatives from
2 Arctic Pilot Project, Inc., Federal Government, the Government of
3 the Northwest Territories, settlement and municipal councils and
4 native interest groups will be established which monitors the
5 management of the project.
6
- 7 8. The applicant should, at all times, remain aware of the requirements
8 in the Territorial Public Health Ordinance and should expect to be
9 strictly accountable for meeting all legislated standards and
10 procedures including public health and sanitation, pollution and
11 medical care of its camp employees. Despite the intrinsically
12 experimental nature of the project, at all times the standards
13 identified in the Ordinances of the Northwest Territories must be
14 observed by Arctic Pilot Project, Inc. for they relate directly to
15 the health and safety of the workers involved in all on-land aspects
16 and phases of the project. Examples of Government of the Northwest
17 Territories Ordinances include the Fire Prevention Ordinance and
18 Regulations, Safety Ordinance and Regulations, Electrical Protection
19 Ordinance and Regulations, and Boilers and Pressure Vessel Safety
20 Ordinance and Regulations.
21
- 22 Finally, I will outline some aspects of our position that have yet to
23 receive much attention. I want to point out additional and necessary
24 benefits from resource development. To realize significant results in
25 these areas will, I suspect, take much planning, discussion and negotia-
26 tion with industry and the Federal Government.
27
- 28 9. It is our position that Arctic Pilot Project, Inc., in consultation
29 with the Government of the Northwest Territories, should develop a
30 plan to provide energy to accessible communities and Arctic Pilot
31 Project, Inc. will include in its production proposal the delivery
32 of such energy.

1 I want to emphasize that we believe the residents of the Northwest
2 Territories must receive an energy benefit from large scale hydro-
3 carbon development taking place in the Territories. We are concerned
4 that the Northwest Territories receive guarantees of reasonably priced
5 energy supplies. Considering the relative size of the northern demand,
6 and the high costs associated with our current energy mechanisms, it
7 is not an unreasonable request to call for the adjustment of energy
8 distribution networks to meet northern needs. I am advised that
9 using current delivery schemes, northern communities along the Arctic
10 Pilot Project, Inc. shipping route, will be paying \$26 per gigajoule
11 for oil in 1986 while the passing tankers will be carrying liquified
12 natural gas priced at \$10 per gigajoule in Toronto.

13
14 10. It is our position that the Government of the Northwest Territories
15 should receive an equitable share of the revenues and royalties from
16 the Arctic Pilot Project. These revenues are currently projected
17 to accrue to the Government of Canada.

18
19 Resource development projects involve a cost to the Government of the
20 Northwest Territories in the form of increased programs and services and
21 community infrastructure. Revenues and royalties from the development
22 projects are an accepted mechanism to offset these costs. Yet these
23 methods are not yet available to the Government of the Northwest Territories.

24
25 I have been advised that our Government can expect about 580 million
26 dollars (1981 dollars) over the life of the Arctic Pilot Project. This
27 is from property taxes and our portion of corporate income taxes, and
28 assumes a 10% inflation rate. In contrast, almost 8 billion dollars are
29 generated for the Federal Government through corporate income taxes and
30 gas revenue and excise taxes. Our support of northern resource development
31 projects will certainly reflect our ability to participate fully in the
32 economic benefits.

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34

1 The development of resources is an issue that brings daily demands on the
2 Government of the Northwest Territories. We seek to become more involved
3 with the processes that set into action the development of northern
4 resources. It is only natural that when resource development projects
5 take place because of national and international factors, that local
6 people seek to derive the economic and social benefits potentially associated
7 with projects. Benefits can be in the form of new and better job oppor-
8 tunities, business growth and development of community services. Because
9 of growing energy bills and because of the nature of our resources,
10 communities of the Northwest Territories expect energy benefits. In
11 light of the projections of royalties and revenues accruing to the Federal
12 Government, the Northwest Territories government is seeking an equitable
13 share of these revenues.

14

15 In this day and age of corporate responsibility and environmental sensitivity,
16 it only makes sense to design and operate projects in such a manner as to
17 alleviate and minimize impacts on lifestyle styles and traditional pursuits.
18 The Government of the Northwest Territories looks forward to well balanced
19 and orderly development of resources in the Northwest Territories.

20

21 It is with these principles in mind that the Arctic Pilot Project is
22 supported.

23

24 I wish to thank the Board for this opportunity to speak and for the serious
25 consideration that will be given to our presentations.

HONOURABLE RICHARD W. NERYSOO

MLA MACKENZIE DELTA

Mr. Nerysoo is the minister responsible for the portfolios of renewable resources, energy and resource development. He is also the chairman of the Legislation and House Planning Committee.

Mr. Nerysoo is responsible for the Northwest Territories Water Board and the Science Advisory Council.

Richard Nerysoo was born in a camp on the Peel River, Northwest Territories, and received his education in Fort McPherson, Inuvik and Whitehorse.

He was vice-president of the Northwest Territories Indian Brotherhood (now Dene Nation) between 1975 and 1976 and then worked for the Territorial Government one year before he was elected vice-president of the Dene Nation representing the Mackenzie Delta region.