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TOWARDS AN NWT MINERAL STRATEGY

INTRODUCTION

The benefits the NWT receives from the mining industry could increase dramatically over the next five years. Two companies have started underground sampling programs for diamonds at Lac De Gras, the feasibility study on the Izok Project is continuing, and the Colomac Mine is reopening. Exploration levels have increased dramatically in recent years, with the NWT accounting for close to 20% of total 1993 mining exploration expenditures in Canada.

About 60% of the 1450 workers employed in the NWT mining industry are NWT residents, but only about 10% of these are aboriginal. New mining development could result in an increase of over 2,000 new direct jobs, as well as spin-offs.

NWT residents and businesses have not realized all available opportunities from existing and past mining operations. This performance must be improved. To do so, the GNWT will have to take an active approach with the industry, using both mutually supportive partnerships and new legislative authorities acquired through devolution.

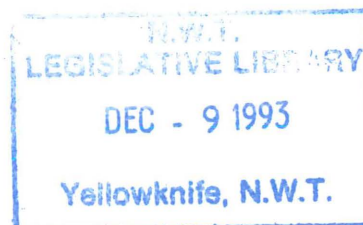
This paper outlines the key elements of a more comprehensive "GNWT Mineral Strategy", which is under development.

MISSION STATEMENT

The GNWT should establish a Mission Statement on Mining as a starting point for our mineral strategy. The following is proposed:

The GNWT encourages new mining development, providing the environment is protected for future generations, and meaningful benefits accrue to the NWT. The GNWT will work in partnership with the industry, the federal government, aboriginal organizations and other stakeholders to create a positive investment climate for the mining industry in the NWT, and to maximize long term net benefits to NWT residents.

December 2, 1993



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OUR OBJECTIVES

The specific objectives we wish to achieve from mining development include the following:

- increased education, training and employment for northerners, with priority for aboriginal residents;
- minimal damage to the environment;
- increased economic self-reliance;
- net financial benefits to the GNWT;
- maximum benefits from investments in new public infrastructure, such as roads, ports, air strips, and energy facilities; and
- increased NWT business opportunities from mining activities.

THE STRATEGY

The core of our strategy should be to maximize the net benefits we receive from mining. This can be accomplished through using the GNWT's influence and authority to increase mineral industry investment in the NWT and to expand the NWT's share of benefits generated by these investments, while minimizing social and environmental costs.

The GNWT should support mining development where it results in meaningful long term benefits to the residents of the NWT, and occurs in a manner which is consistent with the Sustainable Development Policy. These conditions have not always been met. We have mines with workers who live in the south and pay their taxes there. We have mining companies who don't use NWT businesses as much as they could, and we have mine sites which have caused damage to the environment.

The negative experiences with previous development need not be repeated. The settlement of aboriginal land claims, and the current political climate with respect to the protection of aboriginal rights and interests, have resulted in a strong incentive, if not a legal obligation, for the industry to involve aboriginal people in new projects. Awareness of plans for minerals devolution, which will allow the GNWT to determine royalties and to require benefits agreements in legislation, also leads industry to take greater interest in responding to our objectives. The industry will want to deal with and resolve benefits issues prior to the regulatory approvals process, and realizes that no public infrastructure or other discretionary services would be provided if commitments on benefits were not in place.

The GNWT must take further action to address some of the "supply-side" obstacles to achieving increased benefits. Lack of tangible commitment by the GNWT to fulfil its share of responsibilities for achieving increased benefits will damage our credibility and limit NWT benefits from mineral development.

ELEMENTS OF THE MINERAL STRATEGY

Employment

Mines need people. Our communities will have to provide educated and skilled workers. To do that the GNWT will have to continue to work towards higher levels of basic education, and ensure NWT residents are given preference for new jobs. The GNWT and industry must work together to create a more positive image of employment in the industry, and develop and implement training programs. Transportation from our communities to the job site is a barrier to increased employment which the GNWT, working with the industry, can reduce.

Business Opportunities

Mines need businesses which provide competitive goods and services. The GNWT will encourage NWT businesses to capitalize on business opportunities created by the mining industry, and will encourage the industry to inform NWT businesses about, and offer access to, those opportunities. The GNWT will assist businesses in planning for development and marketing to make them more competitive and in evaluating options for equity interests in mining operations. The GNWT will also seek opportunities to establish mineral processing and other value-added industries in the NWT.

Infrastructure

Mines need airstrips, roads, ports and energy facilities, which can also be used for public benefit. The GNWT is prepared to invest in infrastructure to support mineral development if net benefits will accrue to the NWT. The high cost, and significance of the potential benefits from new infrastructure, requires partnership between governments, industry and other stakeholders.

Benefits Agreements

Mines, communities and government need certainty about their mutual commitments. A benefits or development agreement must be entered into between a mining company and the relevant aboriginal organization or the GNWT, prior to the start-up of a new operation. This would be a requirement under a NWT Mining Act, following minerals devolution.

Environmental

The main environmental concerns challenging the mining industry include: wildlife and wildlife habitat disturbance during the exploration, mine development and operational phases; the disposal of waste rock and tailings; the disruption of surface and underground watercourses; and the generation of air pollutants and their discharge. Increased access to natural resources through infrastructure development can result in greater pressure on resources for recreation and hunting purposes.

It is recognized that environmental protection is often less costly than clean-up and that to exercise true environmental stewardship a preventive approach to the environment is required. Efforts will be enhanced to provide for cooperative environmental protection including monitoring, mitigation and assessment.

Increased Mineral Industry Investment

A positive business climate is needed to encourage the industry to invest in the NWT. Our business climate can be further improved through our efforts to gather more geoscience information to market our resources, to ensure access to high mineral potential lands, to establish a more predictable and efficient regulatory regime, maintain a competitive royalty and taxation system, and to affirm political support from government and aboriginal organizations.

Coordination and Consultation

Northern stakeholders must work together on mining development issues. Our objectives will be advanced most effectively through dialogue and consensus. The stakeholders steering group on mining and infrastructure in the Slave Province provides an essential forum, and will be continued and strengthened. The proposed "GNWT Minerals Strategy", which is being developed, will also be released for consultation with our stakeholders.

